



JS Global Capital Limited

Half Yearly Report
June 30, 2013
(Un-audited)

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Company Information

Board of Directors	Mr. Basir Shamsie Mr. Shahid Hameed Mr. Khurshid Hadi Mr. Aslam Khaliq* Mr. Naief Abdullatif S A Mohammad Mr. Abdul Hamid Mihrez Mr. Muhammad Yousuf Amanullah Mr. Muhammad Kamran Nasir	Chairman, Non-Executive Director Vice Chairman, Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Chief Executive Officer
Audit Committee	Mr. Muhammad Yousuf Amanullah Mr. Shahid Hameed Mr. Basir Shamsie Mr. Ilyas Ahmed	Chairman Member Member Secretary
Executive Committee	Mr. Muhammad Kamran Nasir Mr. Shahid Hameed Mr. Basir Shamsie Mr. Muhammad Yousuf Amanullah Mr. Naief Abdullatif S A Mohammad	Chairman Member Member Member Member
Human Resource & Remuneration Committee	Mr. Aslam Khaliq* Mr. Muhammad Kamran Nasir Mr. Shahid Hameed <small>*resigned on July 03, 2013</small>	Chairman Member Member
CFO & Company Secretary	Mr. S.M. Tariq Nabeel Jafri	
Auditor	M. Yousuf Adil Saleem & Co. (A member firm of Deloitte) Chartered Accountants Cavish Court, A-35, Block 7 & 8, KCHSU, Shahrah-e-Faisal, Karachi	
Internal Auditor	Ernst & Young Ford Rhodes Sidat Hyder & Co. Chartered Accountants	
Bankers	JS Bank Limited MCB Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited NIB Bank Limited Bank Alfalah Limited United Bank Limited	
Legal Advisers	Bawaney & Partners, 4th Floor, Beaumont Plaza, Civil Lines, Karachi	
Share Registrar	Technology Trade (Pvt) Limited, 241-C, Block-2, P.E.C.H.S., Karachi	
Registered Office	6th Floor, Faysal House, Main Shahra – e – Faisal, Karachi Telephone: 92-21-111574111, Fax: 92-21-32800163, 32800167 www.jsycl.com www.jsglobalonline.com	

Directors' Report to the Members

The Directors are pleased to present the un-audited financial information of JS Global Capital Limited (the Company) for the six months ended June 30, 2013. Summarized results are set out below:

	Six Months ended	
	June 30 2013	June 30 2012
	------(Rupees)-----	
Profit before tax	161,410,570	139,434,781
Profit after tax	121,185,837	99,306,373
Earnings per share	2.42	1.99

ECONOMIC REVIEW

Pakistan's economy continued its bumpy ride forward over January-June 2013 (1HFY13), where barring inflation, the macro battle was an uphill one on almost all scores in FY13. GDP growth remained slow, clocking in at 3.6% for FY13 vs. Government start-of-the-year target of 4.3%, hampered by the acute energy shortages restricting capacity utilization to its full potential of key industries in the country. Key macro concerns in the period under review centered on (1) the expanding fiscal deficit, where the Government's final estimates suggest the FY13 fiscal deficit of 8.4% (vs. 4.7% target) and (2) the external account. Despite a moderate current account deficit of US\$ 2.3 bn (~1.0% of GDP) in FY13, debt repayments to the IMF took a toll on country's foreign exchange reserves that decreased from US\$ 13.86 bn as of December 31, 2012 to US\$11.01bn as on June 30, 2013 while the Pak Rupee depreciated by 1.9% vs. the US Dollar over 1HFY13. Meanwhile on the positive side, inflation numbers remained soft in 1HFY13 (average 6.5%), with FY13 CPI averaging at 7.4% YoY. Soft inflation was supported by (1) sharp cut in gas prices in July 2012 and (2) soft international commodity prices, which manifested itself via lower food inflation. As a result of the same, the State Bank of Pakistan (SBP) opted to cut the policy rate by 50 basis points to 9.0% in its Monetary Policy Statement (MPS) on 21 June, 2013. Looking ahead, the Government has again set somewhat ambitious targets for FY14 with GDP growth targeted at 4.4% and inflation target at 8.0%.

EQUITY MARKET REVIEW

The Karachi Stock Exchange (KSE) posted strong returns over 1HFY13, where the benchmark KSE-100 Index rose by 24.25% in the period under review. KSE-100 returns were robust compared to regional markets, which posted an average return of 2.16% in the same period, resulting in KSE outperforming the region by approximately 22%. Market performance was supported by an increase in trading volumes as well, where Average Daily Turnover (ADTO) at the KSE rose to 250mn shares (US\$73.66mn average value traded) in 1HFY13 vis-à-vis 196mn shares (US\$55.98mn average value traded) in the corresponding period last year. On a sequential basis, trading activity at the KSE over 1HFY13 rose by 68% vs. the previous six months (July-December 2012). Strong market returns were largely owed to (1) improved investor confidence after Pakistan's first democratic transition of power was completed smoothly on May 11, 2013 and PML-N formed a simple majority Government in the centre; (2) rising corporate profitability and strong dividend payouts; (3) continued monetary easing by the Central Bank; (4) steady foreign investment inflow, where net foreign portfolio investment in the period under review spiked up to US\$409.82mn (supported by one-time inflow owing to Unilever Pakistan buy-back transaction) vs. US\$38.20mn net foreign portfolio investment in the corresponding period last year; and (5) partial pay-down of the energy circular debt towards end of June 2013, via a Rs. 326 bn settlement which boosted the energy sector. Improvement in economic activity post general elections, possible privatization of Government owned enterprises and strong corporate earnings growth are the key triggers that could give further boost to the market going forward while Rupee weakness and potential harsh conditions imposed by the IMF, if any, contingent to loan disbursement are the key risks.

FIXED INCOME, CURRENCIES AND COMMODITIES REVIEW

The onset of 2013 was met with a 50 basis point cut in Discount Rate (DR) settling it at 9.50%, post MPS announcement in December 2012. Trading in fixed income instruments reflected the announcement, but to a nominal extent as steeper inflation figures for January 2013 (8.07%) as opposed to December 2012 (7.03%) neutralized the effect.

Successive Monetary Policies, announced in February 2013 & April 2013 maintained the DR at 9.50%. Subsequently, inflation figures for 1HFY13 observed a continuous downward trend, closing in at 5.8% for June 2013 as opposed to a figure of 8.07% at January 2013. The resultant impact of the monetary easing cycle and declining inflation trend, on money & capital market fixed income instruments was reflective and overall yields, though volatile from time to time, declined. Average 3 year PIB traded in the secondary market at a yield of 10.44% in January 2013, declined to an average of 9.65% by June 2013. Moreover, speculation of a 50 basis points cut in DR in the MPS scheduled for June 2013 also push the rates downwards towards the end of 1HFY13.

Though the cuts were intended to spur an uptick in private lending and increase overall business activity in the economy, however law and order situation and power shortages kept the lending restricted to working capital requirements only. The Government of Pakistan stood as the biggest beneficiary as their lending cost was reduced massively. Other key players benefited by the monetary easing cycle were commercial banks, mutual funds and corporate entities.

Open Market Operations (OMO) during 1HFY13 conducted by the SBP exhibited successive weekly injections into the secondary market, though with a declining trend as well. Re-entry into an IMF program and SBP's aim to stabilize the volatility in fixed income instruments served as the key driving forces in OMO reductions.

Pakistan Mercantile Exchange ('PMEX') volumes have shown phenomenal growth during 1HFY13 and traded value surged by 23% to Rs. 566 bn during the period under consideration from Rs. 460 bn in the corresponding period last year.

Maize, Steel, Copper and International currency pairs are expected to be made available for trading in the ongoing calendar year. The addition of new commodities will provide further depth to the market beside creating new opportunities for trading and hedging strategies.

COMPANY PERFORMANCE REVIEW

The Company earned net income of Rs. 121.19 mn for the six months ended June 30, 2013 vis-à-vis net income of Rs. 99.31 mn in the comparative period last year, clocking up a growth of 22.03% over the same period. Significant increase in capital gains by 54.50% and more modest growth in operating revenue by 22.40% and other income by 10.43% over the same period last year contributed to the bottom line. Furthermore, the Company managed to contain administrative expenses despite general inflation.

Despite market-related challenges and the country's economic condition, 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.

ACKNOWLEDGEMENT

We express our sincerest appreciation to our employees for their dedication and hard work and to our clients, business partners and shareholders for their support and confidence.

We would like to acknowledge the positive role of the Securities and Exchange Commission of Pakistan, the Stock Exchanges and State Bank of Pakistan in strengthening the Capital Markets; enforcing good governance and taking measures to protect investor rights and interests.

For and on behalf of the
Board of Directors

Basir Shamsie
Chairman

Karachi: August 22, 2013

Auditor's Report to the Members on Review of Condensed Interim Financial Information



Introduction

We have reviewed the accompanying condensed interim balance sheet of JS Global Capital Limited (the Company) as at June 30, 2013 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the six months ended June 30, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures of the condensed interim profit and loss account and the condensed interim statement of comprehensive income for the quarters ended June 30, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the six months ended June 30, 2013.

The figures in the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the six months ended June 30, 2012 have not been reviewed by us as accounting year of the Company has changed from June 30 to December 31, and the comparative period was not subject to the review.

M. Yousuf Adil Saleem & Co.

Chartered Accountants

Nadeem Yousuf Adil

Karachi: August 22, 2013

 **JS Global**

Condensed Interim Balance Sheet

As at June 30, 2013

	Note	June 30 2013 (Un-audited)	December 31 2012 (Audited)
----- (Rupees) -----			
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised : 150,000,000 (Dec 31 2012: 150,000,000) ordinary shares of Rs. 10 each			
		<u>1,500,000,000</u>	<u>1,500,000,000</u>
Issued, subscribed and paid -up capital			
		500,000,000	500,000,000
Share premium			
		1,810,104,900	1,810,104,900
Unappropriated profit			
		371,739,315	400,553,478
		2,681,844,215	2,710,658,378
LIABILITIES			
Current liabilities			
Creditors, accrued expenses and other liabilities			
	5	798,172,641	338,039,774
Repurchase borrowings			
		629,378,250	431,187,500
Provision for taxation			
		135,616,516	92,491,001
		1,563,167,407	861,718,275
Contingencies and commitments			
	6		
		<u>4,245,011,622</u>	<u>3,572,376,653</u>

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



Basir Shamsie
Chairman

Muhammad Kamran Nasir
Chief Executive

Condensed Interim Balance Sheet

As at June 30, 2013

	Note	June 30 2013 (Un-audited)	December 31 2012 (Audited)
----- (Rupees) -----			
ASSETS:			
Non Current assets			
Property and equipment	7	31,392,691	24,719,890
Intangible assets	8	8,389,825	23,716,663
Long term investment	9	15,272,670	-
Long term loans, advances and deposits		14,274,914	16,720,094
Deferred taxation-net	10	137,117,748	134,216,966
		206,447,848	199,373,613
Current assets			
Short term investments	11	1,971,562,626	2,057,755,361
Trade debts - unsecured, considered good	12	1,591,750,330	564,756,095
Loans and advances - considered good		11,493,698	10,980,944
Deposits and short-term prepayments		77,467,173	4,180,134
Interest and markup accrued	13	29,791,015	14,569,109
Other receivables		5,556,513	3,981,219
Advance tax		127,718,462	94,927,178
Cash and bank balances	14	223,223,957	621,853,000
		4,038,563,774	3,373,003,040
		4,245,011,622	3,572,376,653

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

Basir Shamsie
Chairman

Muhammad Kamran Nasir
Chief Executive

JS Global

CONDENSED INTERIM PROFIT & LOSS ACCOUNT (Unaudited)

For the six months ended June 30, 2013

	Note	Six Months ended		Quarter ended	
		June 30 2013	June 30 2012 un-reviewed	June 30 2013 un-reviewed	June 30 2012 un-reviewed
		(Rupees)		(Rupees)	
Operating revenue	15	142,194,453	116,168,269	84,206,525	64,266,241
Capital gain on sale of investments		39,039,671	25,267,682	30,184,642	21,548,084
Gain on remeasurement of investments at fair value through profit or loss - net		22,234,491	42,616,159	12,964,382	31,022,997
		203,468,615	184,052,110	127,355,549	116,837,322
Administrative and operating expenses		(154,140,542)	(145,850,895)	(86,329,972)	(77,123,245)
Reversal of provision for doubtful debts-net		-	22,843,411	-	22,843,411
Impairment of investment in preference shares		-	(20,000,000)	-	(20,000,000)
		49,328,073	41,044,626	41,025,577	42,557,488
Other income		123,038,683	111,415,086	59,994,225	53,564,024
		172,366,756	152,459,712	101,019,802	96,121,512
Provision for workers' welfare fund		(3,165,000)	(3,383,134)	(1,924,058)	(2,196,097)
Finance cost		(7,791,186)	(9,641,797)	(2,288,568)	(5,426,655)
Profit before taxation		161,410,570	139,434,781	96,807,176	88,498,760
Taxation - current		(43,125,515)	(27,640,598)	(24,838,936)	(16,809,720)
- deferred		2,900,782	(12,487,810)	(1,362,108)	(12,487,810)
		(40,224,733)	(40,128,408)	(26,201,044)	(29,297,530)
Profit after taxation		121,185,837	99,306,373	70,606,132	59,201,230
Earnings per share - basic and diluted	16	2.42	1.99	1.41	1.18

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



Basir Shamsie
Chairman

Muhammad Kamran Nasir
Chief Executive

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

For the six months period ended June 30, 2013

	Six Months ended		Quarter ended	
	June 30 2013	June 30 2012 un-reviewed	June 30 2013 un-reviewed	June 30 2012 un-reviewed
	(Rupees)		(Rupees)	
Profit for the period	121,185,837	99,306,373	70,606,131	59,201,230
Other comprehensive income:				
Items that will not be reclassified to profit and loss account	-	-	-	-
Items that may be reclassified subsequently to profit and loss account				
Reclassification adjustment relating to available for sale financial assets disposed off during the period	-	7,018,813	-	(5,767,936)
Total items that may be reclassified subsequently to profit and loss account	-	7,018,813	-	(5,767,936)
Taxation relating to components of other comprehensive income	-	-	-	-
	-	7,018,813	-	(5,767,936)
Total comprehensive income for the period	121,185,837	106,325,186	70,606,131	53,433,294

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

Basir Shamsie
Chairman

Muhammad Kamran Nasir
Chief Executive

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CONDENSED INTERIM CASH FLOW STATEMENT (Unaudited)

For the six months period ended June 30, 2013

	Six Month Period ended June 30, 2013	Six Month Period ended June 30, 2012
	------(Rupees)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	161,410,570	139,434,781
Adjustments for:		
Depreciation	3,875,796	3,784,351
Amortization of software	54,168	54,168
Gain on sale of property and equipment	(2,125,107)	(816,968)
Gain on remeasurement of investments carried at fair value through profit or loss - net	(22,234,491)	(42,616,159)
(Reversal) of doubtful debts	-	(22,843,411)
Provision for workers' welfare fund	3,165,000	3,383,134
Impairment expense	-	20,000,000
Finance cost	7,791,186	9,641,797
	(9,473,448)	(29,413,088)
Cash generated from operating activities before working capital changes	151,937,122	110,021,693
(Decrease) / Increase in current assets		
Trade debts	(1,026,994,235)	(193,240,405)
Loans and Advances	(512,754)	(392,626)
Deposits and short term prepayments	(73,287,039)	16,254,735
Interest and markup accrued	(15,221,906)	(5,256,508)
Other receivables	(1,575,294)	(3,227,495)
	(1,117,591,228)	(185,862,299)
Increase in current liabilities		
Creditors, accrued expenses and other liabilities	456,687,896	(65,838,450)
Cash used in operations	(508,966,210)	(141,679,056)
Finance cost paid	(7,791,186)	(9,641,797)
Taxes paid	(32,791,284)	(19,455,733)
Payment to workers' welfare fund	-	(2,647,214)
Net cash used in operating activities	(549,548,680)	(173,423,800)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(12,830,686)	(1,172,044)
Capital expenditure incurred on software	-	(325,000)
Proceeds from disposal of property and equipment	4,407,153	877,736
Long term loans, advances and deposits	2,445,180	(449,757)
Short term investments - net	108,427,226	(25,383,828)
Financing against Margin Trading System	-	3,532,873
Net cash generated from / (used in) investing activities	102,448,873	(22,920,020)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received under repurchase transactions	198,190,750	-
Repayment of repurchase borrowings	-	(497,386,300)
Dividend paid	(149,719,986)	(99,785,704)
Net cash generated from / (used in) financing activities	48,470,764	(597,172,004)
(Decrease) in cash and cash equivalents during the period	(398,629,043)	(793,515,824)
Cash and cash equivalents at the beginning of the period	621,853,000	1,340,961,429
Cash and cash equivalents at the end of the period	223,223,957	547,445,605

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

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Basir Shamsie
Chairman

Muhammad Kamran Nasir
Chief Executive

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited)

For the six months period ended June 30, 2013

	Issued, subscribed and paid up share capital	Capital reserves Share premium	Revenue reserves Unrealized (loss) / gain on remeasurement of available for sale investment at fair value (Rupees)	Unappropriated profit	Total
Balance as on January 01, 2012	500,000,000	1,810,104,900	(7,018,813)	370,785,467	2,673,871,554
Total Comprehensive income for the period					
Profit for the six months period ended June 30, 2012	-	-	-	99,306,373	99,306,373
Other Comprehensive Income					
Reclassification adjustment relating to available for sale financial assets disposed off during the period	-	-	7,018,813	-	7,018,813
Total Comprehensive income for the period	-	-	7,018,813	99,306,373	106,325,186
Transactions with owners of the Company, recognized directly in equity:					
- Interim Dividend @ Rs.2 per ordinary share	-	-	-	(100,000,000)	(100,000,000)
Balance as on June 30, 2012	500,000,000	1,810,104,900	-	370,091,840	2,680,196,740
Balance as on January 01, 2013	500,000,000	1,810,104,900	-	400,553,478	2,710,658,378
Total Comprehensive income for the period					
Profit for the six months period ended June 30, 2013	-	-	-	121,185,837	121,185,837
Total Comprehensive income for the period	-	-	-	121,185,837	121,185,837
Transactions with owners of the Company, recognized directly in equity					
- Final dividend @ Rs.3/- per ordinary share	-	-	-	(150,000,000)	(150,000,000)
Balance as at June 30, 2013	500,000,000	1,810,104,900	-	371,739,315	2,681,844,215

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

Basir Shamsie
Chairman

Muhammad Kamran Nasir
Chief Executive

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Notes to the Condensed Interim Financial Information (Un-audited) For the six months period ended June 30, 2013

1. STATUS AND NATURE OF BUSINESS

JS Global Capital Limited ('the Company') was incorporated as a private limited company on June 28, 2000. However, the Company commenced its operations in May 2003 and name of the Company was changed from JSCL Direct (Private) Limited to Jahangir Siddiqui Capital Markets (Private) Limited. Subsequently, the Company was converted into a public unquoted company and the holding company Jahangir Siddiqui and Company Limited (JSCL) offered its 25% shareholding to the general public for subscription in December 2004 and the Company obtained listing on Karachi Stock Exchange Limited and Islamabad Stock Exchange Limited on February 7, 2005. During 2006-07, the Company issued 10,009,700 shares to Global Investment House K.S.C.C Kuwait, ('Global'). The shares were issued to Global without offering right shares on the basis of a special resolution passed on July 11, 2006. The Securities and Exchange Commission of Pakistan vide its letter No. EMD/CI/49/2006-458 dated July 19, 2006 gave its in-principle approval to the scheme. The Company is subsidiary of JS Bank Limited which is a subsidiary of Jahangir Siddiqui & Company Limited, the ultimate parent of the Company.

JS Global Capital Limited is a TREC holder of Karachi Stock Exchange Limited and member of Pakistan Mercantile Exchange Limited (formerly National Commodity Exchange Limited). The principal activities of the Company 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 the Company is situated at 6th floor, Faysal House, Shahra-e-Faisal, Karachi, Pakistan.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with financial statements for the eighteen months period ended December 31, 2012.

This condensed interim financial information are being submitted to the shareholders as required by the Listing Regulations of Karachi and Islamabad Stock Exchanges and Section 245 of the Companies Ordinance, 1984.

This condensed interim financial information are presented in Pak Rupees, which is the functional and presentation currency of the Company and rounded off to the nearest rupee.

2.2 Use of estimates and judgments

The preparation of condensed interim financial information requires the Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by the Company in applying accounting policies and the key sources of estimating uncertainty are the same as those that applied to financial statements as at and for the eighteen months period ended December 31, 2012.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial information are same as those applied in the preparation of the financial statements of the Company for the eighteen months period ended December 31, 2012. The profit and loss account of the Company for the comparative period has been extracted from the condensed interim financial information for the period ended June 30, 2012 and December 31, 2011.

4. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the eighteen months period ended December 31, 2012.

5. CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES

	June 30 2013 (Un-audited)	December 31 2012 (Audited)
	----- (Rupees) -----	
Creditors for sale of shares on behalf of clients	728,646,823	265,843,027
Accrued expenses	40,072,452	37,958,640
Provision for staff bonus	3,272,000	10,000,000
Unclaimed dividend	3,016,452	2,736,440
Retention money - Softech	40,600	40,600
Advance fee from client	5,877,412	5,883,963
Provision for Workers' Welfare Fund	10,603,971	7,438,971
Others	6,642,931	8,138,133
	<u>798,172,641</u>	<u>338,039,774</u>

6. CONTINGENCIES AND COMMITMENTS

Commitments:

Future sale transactions of equity securities entered into by the Company in respect of which the sale transactions not been settled as at June 30, 2013

262,500,235 -

Bank guarantee in favor of Karachi Stock Exchange Limited from JS Bank Limited (related party)

- 400,000,000

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7. PROPERTY AND EQUIPMENT

Following is the cost of property and equipment that have been added / disposed off during the six months period ended June 30, 2013.

	June 30 2013 (Un-audited)	December 31 2012 (Audited)
Note	------(Rupees)-----	
Additions:		
Office equipment	4,514,750	1,452,824
Office furniture	-	416,000
Motor vehicles	8,315,936	10,573,998
	<u>12,830,686</u>	<u>12,442,822</u>
Disposals:		
Office equipment	4,469,500	547,370
Office furniture	-	-
Motor vehicles	5,618,829	6,688,024
	<u>10,088,329</u>	<u>7,235,394</u>

8. INTANGIBLE ASSETS

Trading Right Entitlement Certificate - Karachi Stock Exchange Limited	8.1	5,727,330	21,000,000
Pakistan Mercantile Exchange Limited		2,500,000	2,500,000
		8,227,330	23,500,000
Software - Fix module softech backconnect system		162,495	216,663
		<u>8,389,825</u>	<u>23,716,663</u>

8.1 These represent Trading Right Entitlement Certificate (TREC) received from Karachi Stock Exchange Limited (KSE) in accordance with the requirements of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (The Act). The Company has also received shares of KSE after completion of the demutualisation process. The TREC have been recorded at 5.7 million. For details, refer to note 9.1.

9. LONG TERM INVESTMENT

Available for sale

Shares in Karachi Stock Exchange Limited	9.1	15,272,670	-
--	-----	------------	---

9.1 Pursuant to demutualization of the Karachi Stock Exchange Limited (KSE), 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 TREC from the KSE against its membership card which was carried at Rs. 21 million 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 the KSE. Out of total shares issued by the KSE, the Company has actually received 40% equity shares i.e. 1,602,953 shares. The remaining 60% shares have been transferred to CDC sub-account in the Company's name under the KSE's participant IDs with the CDC which will remain blocked until these are divested/sold to strategic investor(s), general public and financial institutions and proceeds are paid to the Company.

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

The above mentioned face value (Rs. 40 million) of the shares issued by the KSE to its members including the Company has been determined on the basis of the fair valuation of the underlying assets and liabilities of the KSE in accordance with the requirements of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012. In other words, shares worth Rs. 40 million received by the Company represent its share in the fair value of the net assets of the KSE. Under the current circumstances, where active market is not available for such shares, this net asset value based valuation has been considered as the closest estimate of the fair value of the shares.

Further recently, the KSE has introduced a minimum capital regime for the brokers, and for this purpose has valued TREC at Rs. 15 million as per the decision of the Board of Directors of the KSE. This fact indicates an acceptable level of value for TREC which is also used by the Stock Exchange for risk management and to safeguard the investor's interest. In the absence of an active market for TREC, this assigned value of Rs. 15 million has been considered as the closest estimate of the fair value of the TREC.

Therefore, based on the above estimates of fair values of KSE shares (Rs. 40 million) and TREC (Rs. 15 million), the Company has allocated its carrying value of the membership card in the ratio of 0.73 to shares and 0.27 to TREC. Consequently, the investments have been recognized at Rs. 15.3 million and TREC at Rs. 5.7 million.

		June 30 2013 (Un-audited)	December 31 2012 (Audited)
	Note	-----	-----
10. DEFERRED TAXATION - net			
Taxable temporary difference			
Revaluation of investments		(2,223,449)	1,686,834
Deductible temporary differences			
Accelerated depreciation for tax purposes		607,900	(6,203,165)
Difference in accounting and tax base of intangible assets		2,287	2,287
Provision for doubtful debts		138,731,010	138,731,010
		139,341,197	132,530,132
		137,117,748	134,216,966
11. SHORT TERM INVESTMENTS			
At fair value through profit or loss - held for trading			
Quoted equity securities	11.1	260,021,065	-
Units of mutual funds	11.2	609,057,471	940,616,060
Term Finance Certificates and Sukuk Bonds	11.3	301,719,595	131,949,216
Government securities	11.4	742,749,460	922,175,050
		1,913,547,591	1,994,740,326
Available for sale			
Privately Placed Term Finance Certificates - Unsecured	11.5	43,015,035	43,015,035
Unlisted Term Finance Certificates - Secured	11.6	15,000,000	20,000,000
		58,015,035	63,015,035
		1,971,562,626	2,057,755,361

11.1 Quoted Equity Securities

Quoted Equity Securities			June 30, 2013 (Unaudited)	December 31, 2012 (Audited)
Number of units		Name of Company	Average Cost	Fair Value
June 30 2013	December 31 2012		(Rupees)	
91,500	-	Adamjee Insurance Company Limited	7,135,386	6,961,320
44,500	-	Attock Refinery Limited	7,754,201	7,678,475
2,000	-	Bank Al Falah Limited	36,204	36,440
255,000	-	D.G. Khan Cement Limited	21,365,391	21,340,950
163,500	-	Efoods	23,085,642	23,015,895
625,500	-	Engro Corporation	76,935,465	76,229,685
63,500	-	Fauji Cement Company Limited	6,925,749	6,821,805
37,000	-	Fauji Fertilizer Bin Qasim Limited	1,398,740	1,388,980
360,000	-	National Bank of Pakistan	14,963,510	14,803,200
78,000	-	Nishat Mills Limited	7,419,815	7,348,380
277,000	-	Pakistan Petroleum Limited	58,497,804	58,607,660
55,500	-	Pakistan State Oil	17,532,273	17,781,090
811,500	-	Pakistan Telecommunication Limited	17,502,609	18,007,185
			260,552,789	260,021,065
Unrealized (loss) on remeasurement at fair value			(531,724)	-
			260,021,065	260,021,065

11.1.1 These securities were purchased in the ready "T+2" market and sold in the future market.

11.2 Units of mutual funds

Units of mutual funds			June 30, 2013 (Unaudited)	December 31, 2012 (Audited)
Number of units		Name of funds	Average Cost	Fair Value
June 30 2013	December 31 2012		(Rupees)	
2,422,040	2,829,734	JS Cash Fund - related party	240,916,775	250,220,968
3,265,803	3,141,780	JS Income Fund - related party	284,802,353	293,367,051
-	2,419,409	NAFA Financial Sector Income Fund	-	-
-	2,661,123	NAFA Government Securities Liquid Fund	-	-
-	517,707	PRIMUS Cash Fund	-	-
-	-	Primus Daily Reserve Fund	-	-
305,369	292,288	UBL Government Securities Fund	29,449,724	30,549,244
2,693	2,692	UBL Islamic Cash Fund	274,766	283,115
346,108	332,751	UBL Liquidity Plus Fund	33,367,506	34,637,093
			588,811,124	609,057,471
Un realized gain on remeasurement at fair value			20,246,347	-
			609,057,471	609,057,471
				940,616,060

11.3 Term finance certificates and sukuk bonds

Number of certificates		Name of Term Finance Certificates	June 30, 2013 (Unaudited)	December 31, 2012 (Audited)	
June 30 2013	December 31 2012		Average Cost	-----Fair Value----- (Rupees)	
Listed					
1,000	-	Allied Bank Limited I	3,835,772	3,781,701	-
1,000	-	Allied Bank Limited II	5,242,700	4,619,074	-
2,475	-	Bank Al Falah Limited TFC V	12,548,250	12,568,879	-
-	400	Bank Al Habib Limited II	-	-	2,057,148
400	-	Engro Fertilizer Pakistan Limited	1,839,200	1,715,929	-
1,300	-	Engro Fertilizer Pakistan Limited III	6,260,651	6,400,361	-
-	1,500	Engro Fertilizers Pakistan Limited IV	-	-	6,725,003
424	2,143	Engro Rupiya Certificate I	2,084,981	2,150,316	10,833,090
7,751	5,635	Engro Rupiya Certificate II	38,263,868	38,334,741	28,310,155
2,100	3,000	Jahangir Siddiqui & Company Limited VII - related party	9,187,500	9,097,610	15,000,000
100	100	Orix Leasing Pakistan Limited	3,957,250	3,989,056	5,957,250
200	200	Pakistan Mobile Communication Limited (April 18, 2012)	17,578,143	18,337,500	18,578,143
13,800	800	Pakistan Mobile Communication Limited (Oct 28, 2008)	68,980,000	69,024,633	3,980,332
2,000	2,000	Tameer Sarmaya Certificates I	9,990,000	9,990,000	10,000,000
2,270	2,000	Tameer Sarmaya Certificates II	11,271,182	11,338,650	10,000,000
1,600	-	United Bank Limited TFC III	4,018,545	4,018,686	-
1,000	-	United Bank Limited TFC IV	4,990,000	5,036,612	-
			200,048,042	200,403,748	111,441,121
Un-listed					
9,003	950	Bank Al Falah Limited - Fixed	48,772,897	48,098,618	5,159,426
500	-	Bank Al Habib Limited III	2,691,400	2,693,852	-
8,960	-	Bank Al Habib Limited IV	47,907,238	50,523,377	-
-	3,000	Faysal Bank Limited	-	-	15,348,671
			99,371,535	101,315,847	20,508,097
			299,419,577	301,719,595	131,949,218
Un realized gain on remeasurement at fair value			2,300,018	-	-
			301,719,595	301,719,595	131,949,218

11.4 Government Securities

		June 30, 2013 (Unaudited)	December 31, 2012 (Audited)	
		Average Cost	-----Fair Value----- (Rupees)	
Treasury Bills		479,790,715	479,894,510	718,231,250
Pakistan Investment Bonds		264,182,750	262,854,950	203,743,800
National Saving Bonds		-	-	200,000
		743,973,465	742,749,460	922,175,050
Un realized gain on remeasurement at fair value on T-Bills		103,795	-	-
Un realized (loss) on remeasurement at fair value on PIB's		(1,327,800)	-	-
		742,749,460	742,749,460	922,175,050

11.5 Privately Placed Term Finance Certificates - Unsecured

June 30, 2013					
Number of certificates	Markup rate (%)	Name of Company	Note	Maturity date	Cost (Rupees)
12	11.00%	Azgard Nine Limited (Privately Placed Term Finance Certificates)	11.5.1	October 19, 2020	326,456,184
		Impairment of investment in TFC			(283,441,149)
					<u>43,015,035</u>
December 31, 2012					
Number of certificates	Markup rate (%)	Name of Company		Maturity date	Cost (Rupees)
12	11.00%	Azgard Nine Limited (Privately Placed Term Finance Certificates)	2020	October 19,	326,456,184
		Impairment of investment in TFC			(283,441,149)
					<u>43,015,035</u>

11.5.1 The Company has received these Privately Placed Term Finance Certificates (PPTFCs) of Rs. 326.46 million as settlement for its investment in quoted preference shares of Azgard Nine Limited (the issuer). The Settlement Agreement between the Company and the issuer stipulates that the entire outstanding amount inclusive of accrued dividend and other charges due from the issuer will be converted into PPTFCs with a tenor of 8 years inclusive of grace period of 2 years and carrying interest at the rate of 11.00%. These certificates are redeemable in 12 equal semi annual installments with first such redemption falling due on April 19, 2015. Further, in accordance with the said agreement, the issuer shall grant the Company an option to convert the PPTFCs into ordinary shares of the issuer within 175 days from the date of sale of shares of Agritech Limited (a subsidiary of the issuer). The issuer will be committed to secure the PPTFC's by first pari passu charge over its immovable property and Hypothecation over current assets, failing which the entire amount of the PPTFCs shall be immediately payable as per the settlement agreement dated October 22, 2012.

Considering the financial position of the issuer, management has recognised the PPTFCs at the same amount which was receivable against preference shares.

11.6 Unlisted Term Finance Certificates - Secured

June 30, 2013					
Number of certificates	Markup rate (%)	Name of Company	Note	Maturity date	Cost (Rupees)
1	6 month KIBOR Plus 3.50%	TPL Trakker Limited	11.6.1	October 31, 2009	15,000,000
					<u>15,000,000</u>
December 31, 2012					
Number of certificates	Markup rate (%)	Name of Company		Maturity date	Cost (Rupees)
1	6 month KIBOR Plus 3.50%	TPL Trakker Limited		October 31, 2009	20,000,000
					<u>20,000,000</u>

11.6.1 These unlisted Term Finance Certificates were due to mature on October 31, 2009. However, owing to the financial difficulties being faced by the issuer, the investee company was unable to fully redeem the said certificates. Till December 31, 2012 the Company had received an aggregate sum of Rs. 36 million against the principal whereas a further sum of Rs. 5 million has been received till March 31, 2013. Markup at the rate of 17.95% per annum (last coupon rate) has been paid on a monthly basis. The Company also holds 23.6 million ordinary shares of TPL Direct Insurance Limited as a security against the exposure having market value of Rs. 221.37 million as at June 30, 2013.

	June 30 2013 (Un-audited)	December 31 2012 (Audited)
	------(Rupees)-----	
12. TRADE DEBTS -unsecured, considered good		
- Purchase of shares on behalf of clients	1,530,097,600	501,955,183
- Advisory services	3,083,334	5,000,000
- Forex and fixed income commission	16,144,926	13,659,270
- Commodity	42,424,470	44,141,642
	1,591,750,330	564,756,095
Considered doubtful or bad	396,374,315	396,374,315
	1,988,124,645	961,130,410
Provision for doubtful debts	(396,374,315)	(396,374,315)
	1,591,750,330	564,756,095
13. INTEREST AND MARK-UP ACCRUED		
Accrued markup on Pakistan Investment Bonds	12,117,120	10,232,877
Accrued markup on Term Finance Certificates	17,030,576	4,049,146
Profit receivable on bank deposits	643,319	287,086
	29,791,015	14,569,109
14. CASH AND BANK BALANCES		
Cash with banks:		
- Current accounts	8,048,645	3,859,759
- Profit and loss accounts	209,700,404	613,061,184
- Foreign currency accounts	5,380,906	4,857,087
	223,129,955	621,778,030
Cash in hand	94,002	74,970
	223,223,957	621,853,000

	Six Months ended June 30, 2013 (Un-audited)	Six Months ended June 30, 2012 (Un-reviewed)
15. OPERATING REVENUE	------(Rupees)-----	
Brokerage and operating income	135,411,119	108,081,557
Advisory and consultancy fee	6,783,334	8,086,712
	<u>142,194,453</u>	<u>116,168,269</u>
16. EARNINGS PER SHARE -basic and diluted	------(Rupees)-----	
Profit after taxation	<u>121,185,837</u>	<u>99,306,373</u>
	------(Number)-----	
Weighted average number of shares	<u>50,000,000</u>	<u>50,000,000</u>
	------(Rupees)-----	
Earnings per share - basic and diluted	<u>2.42</u>	<u>1.99</u>

17. RELATED PARTY TRANSACTIONS

Related parties comprise of parent company, major shareholders, associated companies with or without common directors, other companies with common directors, retirement benefit fund, directors, key management personnel and their close family members. Contribution to defined contribution plan (provident fund) are made as per the terms of employment. Remuneration of key management personnel are in accordance with their terms of engagements. Transactions with other related parties are entered into at rates negotiated with them.

Details of transactions and balances at period end with related parties, other than those which have been disclosed elsewhere in this condensed interim financial information are as follows:

	June 30, 2013		December 31, 2012	
	Key management personnel	Related parties other than parent Company	Key management personnel	Related parties other than parent Company
	------(Rupees)-----			
Trade debts				
Opening balance	818	13,626,534	-	2,000,523
Invoiced during the period	16,855	79,143,194	818	13,626,534
Received during the period	(818)	(4,000,070)	-	(2,000,523)
Closing balance	<u>16,855</u>	<u>88,769,658</u>	<u>818</u>	<u>13,626,534</u>

	June 30, 2013		December 31, 2012	
	Key management personnel	Related parties other than parent company	Key management personnel	Related parties other than parent company
	(Rupees)			
Trade payable				
Opening balance	578,156	831,322	3,557,783	12,657,212
Invoiced during the period	1,999,138	-	578,156	831,322
Received during the period	(573,838)	(255,511)	(3,557,783)	(12,657,212)
Closing balance	<u>2,003,456</u>	<u>575,811</u>	<u>578,156</u>	<u>831,322</u>
	June 30 2013 (Unaudited)		December 31 2012 (Audited)	
	(Rupees)			
Balances with parent company				
Trade debts			2,069,416	756,949
Repurchase borrowing			150,000,000	200,000,000
Bank deposits			205,150,418	608,993,898
	June 30 2013 (Unaudited)		June 30 2012 (Un-Reviewed)	
	(Rupees)			
Transactions with related parties				
Nature of transactions				
Sale of units of JS Cash Fund		50,000,000	-	
Rent received from related Parties		-	603,596	
Director's remuneration		1,000,000	1,550,000	
Purchase of units of JS Cash Fund		-	75,000,000	
Royalty Expenses		5,000,000	5,000,000	
Brokerage Income		4,735,632	5,527,411	
Contributions to staff provident fund		2,057,084	2,062,242	
Payment on account of expenses to associated companies		18,759,436	19,515,664	
Dividend income on preference shares		-	3,474,660	
Capital gain on sale of units of - JS Cash Fund		1,831,222	-	
Transactions with Parent Company				
Nature of transactions				
Sale of term finance certificates - net		11,191,037	1,185,374,000	
Purchase of treasury bills - net		388,390,641	-	
Sale of treasury bills - net		-	1,990,790,410	
Purchase of Pakistan Investment Bonds - net		-	435,017,691	
Sale of Pakistan Investment Bonds - net		692,807,450	-	
Brokerage income		6,665,467	3,868,927	
Payment for rent and utilities		513,858	616,831	
Bank guarantee charges and bank charges		118,206	1,642,517	
Profit on term deposit receipt		-	410,959	
Profit on PLS account		16,607,461	18,497,548	
Exchange gain on foreign currency deposit accounts		25,094	217,974	

19. OPERATING SEGMENTS

	June 30, 2013 (Unaudited)		
	Brokerage	Investment and Treasury	Other operations
	(Rupees)		
Segment revenues	135,329,644	185,177,654	6,000,000
Intersegment revenues	-	-	-
Total segment revenues	135,329,644	185,177,654	6,000,000
Administrative and operating expenses	(78,838,433)	(16,835,409)	(54,536,736)
Depreciation	(1,462,125)	(420,748)	(1,992,923)
Amortization of intangible assets	-	-	(54,168)
Finance cost	-	(7,595,025)	(196,161)
Provision for Workers' Welfare Fund	55,029,086	160,326,472	(50,779,988)
Taxation			(3,165,000)
Profit after tax			(40,224,733)
Other information			121,185,837
Segment assets	1,616,085,762	2,370,749,430	258,176,430
Segment liabilities	798,172,641	135,616,516	629,378,250

There were no major customer of the Company which formed part of 10 per cent or more of the Company's revenue.

	June 30, 2012 (Unaudited)		
	Brokerage	Investment and Treasury	Other operations
	----- (Rupees) -----		
Segment revenues	108,081,557	179,298,927	8,086,712
Intersegment revenues	-	-	-
Total segment revenues	108,081,557	179,298,927	8,086,712
Administrative and operating expenses	(73,302,974)	(9,821,116)	(58,888,285)
Depreciation	(2,060,826)	(326,317)	(1,397,208)
Amortization of intangible assets	-	-	(54,168)
Reversal of doubtful debts	-	1,119,761	21,723,650
Impairment of investment in preference shares	-	(20,000,000)	-
Finance cost	-	(8,155,790)	(1,486,007)
	32,717,757	142,115,465	(32,015,306)
			142,817,915
Provision for Workers' Welfare Fund			(3,383,134)
Taxation			(40,128,408)
Profit after tax			99,306,373
Other information			
Segment assets	594,483,937	2,970,610,575	7,282,141
Segment liabilities	332,155,811	523,678,501	5,883,963

19. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company have approved cash dividend of 35% amounting to Rs. 175 Million and bonus share of Nil for the six months period ended June 30, 2013 in their meeting held on August 22, 2013 .

20. DATE OF AUTHORISATION

This condensed interim financial information was authorized for issue on August 22, 2013 by the Board of Directors of the Company.



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