



JS Global Capital Limited

Condensed Interim Financial Information  
for the Nine Months Period Ended September 30, 2013  
(Un-audited)

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## Company Information

<b>Board of Directors</b>	<b>Mr. Basir Shamsie</b> <b>Mr. Fouad Fahmi Darwish</b> <b>Mr. Khurshid Hadi</b> <b>Mr. Farid Arshad Masood</b> <b>Mr. Ammar Talib Hajeyah</b> <b>Mr. Abdul Hamid Mihrez</b> <b>Mr. Muhammad Yousuf Amanullah</b> <b>Mr. Muhammad Kamran Nasir</b>	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
<b>Audit Committee</b>	<b>Mr. Farid Arshad Masood</b> <b>Mr. Muhammad Yousuf Amanullah</b> <b>Mr. Basir Shamsie</b> <b>Mr. Ammar Talib Hajeyah</b> <b>Mr. Ilyas Ahmed</b>	Chairman Member Member Member Secretary
<b>Executive Committee</b>	<b>Mr. Muhammad Kamran Nasir</b> <b>Mr. Abdul Hamid Mihrez</b> <b>Mr. Basir Shamsie</b> <b>Mr. Muhammad Yousuf Amanullah</b> <b>Mr. Fouad Fahmi Darwish</b>	Chairman Member Member Member Member
<b>Human Resource &amp; Remuneration Committee</b>	<b>Mr. Muhammad Yousuf Amanullah</b> <b>Mr. Muhammad Kamran Nasir</b> <b>Mr. Ammar Talib Hajeyah</b>	Chairman Member Member
<b>CFO &amp; Company Secretary</b>	<b>Mr. S.M. Tariq Nabeel Jafri</b>	
<b>Auditor</b>	<b>M. Yousuf Adil Saleem &amp; Co.</b> (A member firm of Deloitte) Chartered Accountants Cavish Court, A-35, Block 7 & 8, KCHSU, Shahrah-e-Faisal, Karachi	
<b>Internal Auditor</b>	<b>Ernst &amp; Young Ford Rhodes Sidat Hyder &amp; Co.</b> Chartered Accountants	
<b>Bankers</b>	<b>JS Bank Limited</b> <b>MCB Bank Limited</b> <b>Habib Bank Limited</b> <b>Habib Metropolitan Bank Limited</b> <b>NIB Bank Limited</b> <b>Bank Alfalah Limited</b> <b>United Bank Limited</b>	
<b>Legal Advisers</b>	<b>Bawaney &amp; Partners</b> , 4th Floor, Beaumont Plaza, Civil Lines, Karachi	
<b>Share Registrar</b>	<b>Technology Trade (Pvt) Limited</b> , 241-C, Block-2, P.E.C.H.S., Karachi	
<b>Registered Office</b>	6th Floor, Faysal House, Main Shahrā – e – Faisal, Karachi Telephone: 92-21-111574111, Fax: 92-21-32800163, 32800167 www.jsqcl.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 nine months ended September 30, 2013 together with comparative figures for the corresponding period of last year. Summarized results are set out below:

	<b>Nine Months ended</b>	
	<b>September 30, 2013</b>	<b>September 30, 2012</b>
	<b>----- (Rupees) -----</b>	
Profit before tax	<b>196,258,597</b>	215,266,846
Profit after tax	<b>148,213,259</b>	166,019,946
Earnings per share	<b>2.96</b>	3.32

### ECONOMIC REVIEW

September 2013 was a crucial month on Pakistan's macro-economic landscape where two key developments were witnessed:

- (1) In a highly anticipated development, the International Monetary Fund (IMF) approved a 3-year loan program for Pakistan averting an immediate Balance of Payments (BoP) crisis. The program equaling US\$6.64bn (SDR 4.39bn or 425% of Pakistan's quota) with an upfront disbursement of US\$550mn, targets (1) building Central Bank foreign exchange (FX) reserves; (2) paring the fiscal deficit by lifting tax-to-GDP; (3) undertaking comprehensive structural reforms, including fiscal and energy sector reforms as well as re-structuring of problematic Public Sector Entities (PSEs).
- (2) After a monetary easing cycle which delivered 500bps worth of rate cuts over 25 months, the State Bank of Pakistan (SBP) shifted gears to a monetary tightening stance and raised the Discount Rate by 50bp in its September 2013 Monetary Policy Statement (MPS).

Overall, in the period under consideration, Pakistan's economy continued to face challenges. With limited improvement in the energy shortage scenario, GDP growth for FY13 clocked in at 3.6% below the government's target of 4.3%. Likewise, the fiscal account remained strained in the first six months of the period under review where FY13 Fiscal Deficit clocked in at 8.2% of GDP vis-à-vis 4.7% target. The external account remained a key area of concern given ongoing repayments to the IMF. Whereas the Current Account Deficit was moderate in the period under review, given relatively calm international oil prices and soft import demand in a slow growth environment, the overall BoP remained under pressure resulting in depletion of FX Reserves and Pak Rupee weakness. FY13 current account deficit was reported at US\$2.3bn (~1.0% of GDP) and July-August 2013 current account deficit clocked in at US\$632mn (or ~0.2% of GDP). Pakistan's foreign exchange reserves have declined from US\$13.86bn as of December 31, 2012 to US\$9.92bn as on September 30, 2013. Meanwhile the Pak Rupee has depreciated by 9.2% vs. the US Dollar over January-September 2013, where the sharpest spell of currency weakness was witnessed over July-September 2013 (-6.5% vs. US Dollar).

### EQUITY MARKET REVIEW

The benchmark KSE-100 Index had a strong run over January-September 2013, rising by 29.2% and beating the region's average return of 4.8% for the same period. Resultantly, the KSE-100 was one of the best performing regional markets outperforming peers by 24.4% in 9M2013. Trading volumes at the local bourse also improved, where Average Daily Turnover at the Karachi Stock Exchange rose to 242mn shares over January-September 2013, as against Average Daily Turnover of 175mn shares in the corresponding period

last year. Likewise, Net Foreign Portfolio Investment (FIPI) at the Karachi Stock Exchange also rose to US\$316mn in the period under review, well above the Net FIPI of US\$132mn reported in the corresponding period last year.

However, it should be noted that the 9-month period under review was a tale of two halves; where market buoyancy seen over January-June 2013 (KSE-100 return: 24.3%) was not replicated in the July-September 2013 period (KSE-100 return: 3.9%). On a related note, a Net FIPI outflow of US\$94mn was recorded over July-September 2013 vs. Net FIPI inflow of US\$316mn in the January-June 2013 period. Strong market returns over January-June 2013 resulted from (1) higher investor confidence after smooth general elections on May 11, 2013 led to a pro-business PML-N government in the centre; (2) rising corporate profitability; (3) continued monetary easing by the Central Bank; and (4) partial settlement of the energy circular debt towards end of June 2013, which boosted the energy sector. However (1) net foreign outflow post June 2013, (2) slow pace of government reforms and rising concerns on law & order, (3) Pak Rupee weakness and (4) overall weakness in global emerging and frontier markets led to slowdown in July-September 2013 KSE-100 returns. During July – September quarter, the average daily volumes also remained low at 224 mn when compared to average daily volumes during 6M Jan – June 2013 at 250 mn.

#### **FIXED INCOME, CURRENCIES AND COMMODITIES REVIEW**

The short term money market rates were on the lower side during 1QFY14 on the back of higher liquidity. During this quarter, SBP intervened and mopped up reasonable amount of money from the market to maintain liquidity. The month of September witnessed a surprise move that SBP aborted its monetary easing stance and raised the discount rate by 50bps to 9.50% in its September MPS, citing rising inflation and additional government borrowing as key concerns.

Besides that, the SBP increased the minimum deposit rate (MDR) on saving accounts, by fixing MDR 50bps below the SBP repo rate which effectively means that MDR effective from October 01 will increase from 6.0% to 6.5%. This move will restrict the potential improvement in profitability of commercial banks in an increasing interest rate environment.

In future, considering expectations of further tightening monetary policy by the end of this fiscal year, short-term government securities are expected to be the investment of choice for institutional investors with limited interest in long term Government securities.

Pakistan Mercantile Exchange ('PMEX') volumes have shown marginal growth during 9MFY13 and traded value surged by 0.87% to Rs. 852 bn during the period under consideration from Rs. 845 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 products will provide further depth to the market besides creating new opportunities for trading and hedging strategies.

#### **COMPANY PERFORMANCE REVIEW**

The Company earned net income of Rs. 148.21 mn for the nine months ended September 30, 2013 vis-à-vis net income of Rs. 166.02 mn in the comparative period last year, registering a decline of 10.72% over the same period. Significant decrease in capital gains by 79% but modest growth in operating revenue by 21.43% and other income by 9.63 % 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, and the Stock Exchanges 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: October 28, 2013**

## Condensed Interim Balance Sheet

### As at September 30, 2013

	Note	September 30, 2013 (Un-audited)	December 31, 2012 (Audited)
<div>----- (Rupees) -----</div>			
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<b>Authorised :</b>			
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 share capital		500,000,000	500,000,000
Share premium		1,810,104,900	1,810,104,900
Unappropriated profit		223,766,737	400,553,478
		2,533,871,637	2,710,658,378
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Creditors, accrued expenses and other liabilities	5	487,507,693	338,039,774
Borrowing		-	431,187,500
Dividend payable	6	175,000,000	
Provision for taxation		142,616,825	92,491,001
		805,124,518	861,718,275
<b>Commitments</b>	7		
		<u>3,338,996,155</u>	<u>3,572,376,653</u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial information.



**Basir Shamsie**  
Chairman

**Muhammad Kamran Nasir**  
Chief Executive

## Condensed Interim Balance Sheet

As at September 30, 2013

	Note	September 30, 2013 (Un-audited)	December 31, 2012 (Audited)
----- (Rupees) -----			
<b>ASSETS:</b>			
<b>Non Current assets</b>			
Property and equipment	8	29,369,483	24,719,890
Intangible assets	9	8,362,742	23,716,663
Long term investment	10	15,272,670	-
Long term loans, advances and deposits		13,587,240	16,720,094
Deferred taxation-net	11	136,297,452	134,216,966
		202,889,587	199,373,613
<b>Current assets</b>			
Short term investments	12	1,415,764,133	2,057,755,361
Trade debts - unsecured, considered good	13	697,935,065	564,756,095
Loans and advances - considered good		9,183,610	10,980,944
Deposits and short-term prepayments		65,380,908	4,180,134
Interest and markup accrued	14	21,120,560	14,569,109
Other receivables		37,194,552	3,981,219
Advance tax		141,096,365	94,927,178
Cash and bank balances	15	748,431,375	621,853,000
		3,136,106,568	3,373,003,040
		3,338,996,155	3,572,376,653

The annexed notes 1 to 21 form an integral part of these condensed interim financial information.

**Basir Shamsie**  
Chairman

**Muhammad Kamran Nasir**  
Chief Executive

**JS Global**



## CONDENSED INTERIM PROFIT & LOSS ACCOUNT (Un-audited)

For the nine months period ended September 30, 2013

	Note	Nine Months ended		Quarter ended	
		September 30, 2013 (Un-audited) (Rupees)	September 30, 2012 (Un-audited)	September 30, 2013 (Un-audited) (Rupees)	September 30, 2012 (Un-audited)
Operating revenue	16	204,723,696	168,584,366	62,529,243	52,416,097
Capital gain / (loss) on sale of investments		19,193,049	90,951,656	(19,846,622)	65,683,974
Gain / (loss) on remeasurement of investments at fair value through profit or loss - net		28,186,790	22,345,565	5,952,299	(20,270,594)
		<u>252,103,535</u>	<u>281,881,587</u>	<u>48,634,920</u>	<u>97,829,477</u>
Administrative and operating expenses		(226,584,267)	(223,793,879)	(72,443,725)	(77,942,984)
Reversal for doubtful debts-net		-	22,843,411	-	-
Impairment of investment in preference shares		-	(20,000,000)	-	-
		<u>25,519,268</u>	<u>60,931,119</u>	<u>(23,808,805)</u>	<u>19,886,493</u>
Other operating income		188,997,557	172,390,368	65,958,874	60,975,282
		<u>214,516,825</u>	<u>233,321,487</u>	<u>42,150,069</u>	<u>80,861,775</u>
Provision for Workers' Welfare Fund		(3,848,000)	(4,349,091)	(683,000)	(965,957)
Finance cost		(14,410,228)	(13,705,550)	(6,619,042)	(4,063,753)
Profit before taxation		<u>196,258,597</u>	<u>215,266,846</u>	<u>34,848,027</u>	<u>75,832,065</u>
Taxation - current		(50,125,824)	(40,047,724)	(7,000,309)	(12,407,126)
- deferred		2,080,486	(9,199,176)	(820,296)	3,288,634
		<u>(48,045,338)</u>	<u>(49,246,900)</u>	<u>(7,820,605)</u>	<u>(9,118,492)</u>
Profit after taxation		<u>148,213,259</u>	<u>166,019,946</u>	<u>27,027,422</u>	<u>66,713,573</u>
Earnings per share - basic and diluted	17	<u>2.96</u>	<u>3.32</u>	<u>0.54</u>	<u>1.33</u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial information.



**Basir Shamsie**  
Chairman

**Muhammad Kamran Nasir**  
Chief Executive

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)

For the nine months period ended September 30, 2013

	Nine Months ended		Three Months ended	
	September 30, 2013 (Un-audited)	September 30, 2012 (Un-audited)	September 30, 2013 (Un-audited)	September 30, 2012 (Un-audited)
	----- (Rupees) -----		----- (Rupees) -----	
<b>Profit for the period</b>	<b>148,213,259</b>	166,019,946	<b>27,027,422</b>	66,713,573
<b>Other comprehensive income:</b>				
Unrealized gain on remeasurement of available for sale investments at fair value	-	7,018,813	-	-
	-	7,018,813	-	-
<b>Total comprehensive income for the period</b>	<b>148,213,259</b>	<b>173,038,759</b>	<b>27,027,422</b>	<b>66,713,573</b>

The annexed notes 1 to 21 form an integral part of these condensed interim financial information.

**Basir Shamsie**  
Chairman

**Muhammad Kamran Nasir**  
Chief Executive

 **JS Global**

## CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)

For the nine months period ended September 30, 2013

	Nine Months ended September 30, 2013	Nine Months ended September 30, 2012
	----- (Rupees) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	196,258,597	215,266,846
<b>Adjustments for:</b>		
Depreciation	6,083,253	5,187,836
Amortization of software	81,252	81,252
Gain on sale of property and equipment	(5,661,828)	(828,212)
Gain on remeasurement of investments carried at fair value through profit or loss - net	(28,186,790)	(22,345,565)
(Reversal) of doubtful debts	-	(22,843,411)
Provision for workers' welfare fund	3,848,000	4,349,091
Impairment expense	-	20,000,000
Finance cost	14,410,228	13,705,550
	(9,425,885)	(2,693,459)
<b>Cash generated from operating activities before working capital changes</b>	<b>186,832,712</b>	<b>212,573,387</b>
<b>(Increase) in current assets</b>		
Trade debts	(133,178,971)	(286,571,586)
Loans and Advances	1,797,334	602,826
Deposits and short term prepayments	(61,200,774)	7,148,453
Interest and markup accrued	(6,551,451)	5,153,438
Other receivables	(33,213,333)	3,067,057
	(232,347,195)	(270,599,812)
<b>Increase / (Decrease) in current liabilities</b>		
Creditors, accrued expenses and other liabilities	145,374,857	(9,374,375)
<b>Cash generated from / (used in) operations</b>	<b>99,860,374</b>	<b>(67,400,800)</b>
Finance cost paid	(14,410,228)	(13,705,550)
Taxes paid	(46,169,186)	(37,622,600)
Payment to workers' welfare fund	-	(2,647,214)
<b>Net cash generated from / (used in) operating activities</b>	<b>39,280,960</b>	<b>(121,376,164)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(13,473,665)	(3,374,499)
Capital expenditure incurred on software	-	(325,000)
Proceeds from disposal of property and equipment	8,402,605	1,101,138
Long term loans, advances and deposits	3,132,854	(504,428)
Short term investments - net	670,178,018	(620,835,570)
Financing against Margin Trading System	-	3,532,873
<b>Net cash generated from / (used in) investing activities</b>	<b>668,239,812</b>	<b>(620,405,486)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of repurchase borrowings	(431,187,500)	32,701,700
Dividend paid	(149,754,897)	(99,829,016)
<b>Net cash (used in) financing activities</b>	<b>(580,942,397)</b>	<b>(67,127,316)</b>
<b>Increase / (Decrease) in cash and cash equivalents during the period</b>	<b>126,578,375</b>	<b>(808,908,966)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>621,853,000</b>	<b>1,340,961,429</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>748,431,375</b>	<b>532,052,463</b>

The annexed notes 1 to 21 form an integral part of these condensed interim financial information.

**JS Global**

**Basir Shamsie**  
Chairman

**Muhammad Kamran Nasir**  
Chief Executive

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)

### For the nine months period ended September 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
<b>Balance as on January 01, 2012</b>	500,000,000	1,810,104,900	(7,018,813)	370,785,467	2,673,871,554
<b>Total Comprehensive income for the period</b>					
Profit for the nine months period ended September 30, 2012	-	-	-	166,019,946	166,019,946
<b>Other Comprehensive Income</b>					
Un realized gain on remeasurement of available for sale investments at fair value	-	-	7,018,813	-	7,018,813
<b>Total Comprehensive income for the period</b>	-	-	7,018,813	166,019,946	173,038,759
<b>Transactions with owners of the Company, recognized directly in equity</b>					
Appropriations for the half year ended December 31, 2011	-	-	-	(100,000,000)	(100,000,000)
- First interim dividend @ Rs.2 per ordinary share					
Second Interim dividend for the twelve months period ended June 30, 2012				(75,000,000)	(75,000,000)
- Second interim dividend @ Rs.1.5 per ordinary share					
<b>Balance as on September 30, 2012</b>	500,000,000	1,810,104,900	-	361,805,413	2,671,910,313
<b>Balance as on January 01, 2013</b>	500,000,000	1,810,104,900	-	400,553,478	2,710,658,378
<b>Total Comprehensive income for the period</b>					
Profit for the nine months period ended September 30, 2013	-	-	-	148,213,259	148,213,259
<b>Other Comprehensive Income</b>					
<b>Total Comprehensive income for the period</b>	-	-	-	148,213,259	148,213,259
<b>Transactions with owners of the Company, recognized directly in equity</b>					
Appropriations for the eighteen months period ended December 31, 2012	-	-	-	(150,000,000)	(150,000,000)
- Final dividend @ Rs.3/- per ordinary share					
Appropriations for the six months period ended June 30, 2013	-	-	-	(175,000,000)	(175,000,000)
- First interim dividend @ Rs.3.5/- per ordinary share					
<b>Balance as at September 30, 2013</b>	500,000,000	1,810,104,900	-	223,766,737	2,533,871,637

The annexed notes 1 to 21 form an integral part of these condensed interim financial information.

**Basir Shamsie**  
Chairman

**Muhammad Kamran Nasir**  
Chief Executive

**JS Global**

## Notes to the Condensed Interim Financial Information (Un-audited) For the nine months period ended September 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 is 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 September 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

	September 30, 2013 (Un-audited)	December 31, 2012 (Audited)
	----- (Rupees) -----	
Creditors for sale of shares on behalf of clients	<b>426,957,910</b>	265,843,027
Accrued expenses	<b>30,264,516</b>	37,958,640
Provision for staff bonus	<b>3,272,000</b>	10,000,000
Unclaimed dividend	<b>2,981,543</b>	2,736,440
Retention money - Softech	<b>40,600</b>	40,600
Advance fee from client	<b>5,877,412</b>	5,883,963
Provision for workers' welfare fund	<b>11,286,971</b>	7,438,971
Others	<b>6,826,741</b>	8,138,133
	<b><u>487,507,693</u></b>	<u>338,039,774</u>

## 6. DIVIDEND PAYABLE

The Board of Directors of the Company had approved an interim cash dividend of 35% amounting to Rs. 175 million for the six months ended June 30, 2013 in their meeting held on August 22, 2013 payable to all those shareholders whose name appear on the register of member as on September 13, 2013.

## 7. COMMITMENTS

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

**300,343,635**      -

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

-      400,000,000

**JS Global**

## 8. PROPERTY AND EQUIPMENT

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

	September 30, 2013 (Un-audited)	December 31, 2012 (Audited)
<b>Note</b>	<b>------(Rupees)-----</b>	
<b>Additions:</b>		
Office equipment	4,846,290	1,452,824
Office furniture	-	416,000
Motor vehicles	8,627,375	10,573,998
	<u>13,473,665</u>	<u>12,442,822</u>
<b>Disposals:</b>		
Office equipment	4,527,978	547,370
Office furniture	-	-
Motor vehicles	10,242,669	6,688,024
	<u>14,770,647</u>	<u>7,235,394</u>

## 9. INTANGIBLE ASSETS

### Membership Cards & Trading Right Entitlement Certificate

Karachi Stock Exchange Limited	-	21,000,000
Trading Right Entitlement Certificate from Karachi Stock Exchange Limited	9.1 5,727,330	-
Pakistan Mercantile Exchange Limited	2,500,000	2,500,000
	<u>8,227,330</u>	<u>23,500,000</u>
Software - Fix module softech backconnect system	135,412	216,663
	<u>8,362,742</u>	<u>23,716,663</u>

9.1 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 demutualization process. For details, refer note 10.1.

## 10. LONG TERM INVESTMENT

### Available for sale

Shares in Karachi Stock Exchange Limited	10.1	<u>15,272,670</u>	<u>-</u>
--	------	-------------------	----------

10.1 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 Trading Right Entitlement Certificate (TREC) from the KSE against its membership card which was carried out at Rs. 21 million in the books of the Company.

The above arrangement has resulted in allocation of 4,007,383 shares of Rs. 10 each with 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, Demutualisation 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.

		September 30, 2013 (Un-audited)	December 31, 2012 (Audited)
	Note	----- (Rupees) -----	
<b>11. DEFERRED TAXATION - net</b>			
<b>Taxable temporary difference</b>			
Revaluation of investments		(2,818,679)	(6,203,165)
		<u>(2,818,679)</u>	<u>(6,203,165)</u>
<b>Deductible temporary differences</b>			
Difference in accounting and tax base of property and equipment		382,834	1,686,834
Difference in accounting and tax base of intangible asset		2,287	2,287
Provision for doubtful debts		138,731,010	138,731,010
		<u>139,116,131</u>	<u>140,420,131</u>
		<u>136,297,452</u>	<u>134,216,966</u>
<b>12. SHORT TERM INVESTMENTS</b>			
<b>At fair value through profit or loss - held for trading</b>			
Quoted Equity Securities	12.1	303,371,635	-
Units of mutual funds	12.2	667,432,361	940,616,060
Term finance certificates and Sukuk bonds	12.3	144,106,600	131,949,216
Government Securities	12.4	242,838,502	922,175,050
		<u>1,357,749,098</u>	<u>1,994,740,326</u>
<b>Available for sale</b>			
Privately Placed Term Finance Certificates - Unsecured	12.5	43,015,035	43,015,035
Unlisted Term Finance Certificates - Secured	12.6	15,000,000	20,000,000
		<u>1,415,764,133</u>	<u>2,057,755,361</u>



## 12.1 Quoted Equity Securities

Quoted Equity Securities			September 30, 2013	December 31, 2012
Number of shares		Name of Company	(Un-audited)	(Audited)
September 30, 2013	December 31, 2012		Average Cost	Fair Value
			-----Fair Value-----	
			(Rupees)	
225,500	-	Adamjee Insurance Company Limited	18,385,198	16,714,060
14,000	-	Attock Refinery Limited	3,226,322	2,833,880
5,500	-	Bank Al Falah Limited	127,888	115,170
1,536,500	-	D.G. Khan Cement Limited	115,645,335	105,818,755
112,000	-	Engro Corporation	16,522,943	15,207,360
52,500	-	Fauji Cement Company Limited	625,474	569,625
4,000	-	Fauji Fertilizer Bin Qasim Limited	152,455	150,400
15,000	-	Fauji Fertilizer Company Limited	1,576,708	1,520,550
34,000	-	Lucky Cement Limited	7,861,196	7,863,860
20,000	-	MCB Bank Limited	5,821,795	5,261,000
466,000	-	National Bank of Pakistan	25,429,033	22,969,140
67,500	-	Nishat Mills Limited	6,570,770	6,255,225
15,500	-	Oil & Gas Development Company	3,713,496	3,642,810
78,000	-	Pakistan Petroleum Limited	15,404,836	14,866,800
350,000	-	Pakistan State Oil	100,595,244	91,735,000
300,000	-	Pakistan Telecommunication Limited	8,177,423	7,848,000
			329,836,116	303,371,635
Unrealized (loss) on remeasurement at fair value			(26,464,481)	-
			303,371,635	303,371,635

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

## 12.2 Units of mutual funds

Units of mutual funds			September 30, 2013	December 31, 2012
Number of units		Name of funds	(Un-audited)	(Audited)
September 30, 2013	December 31, 2012		Average Cost	Fair Value
			(Rupees)	
2,493,906	2,829,734	JS Cash Fund- related party	239,085,605	254,677,730
3,397,760	3,141,780	JS Income Fund -related party	284,802,353	296,318,654
-	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	-	-
307,876	292,288	UBL Government Securities Fund	29,449,724	30,870,692
2,826	2,692	UBL Islamic Cash Fund	274,766	287,865
351,278	332,751	UBL Liquidity Plus Fund	33,367,506	35,267,925
4,997,401	-	ABL Cash Fund	50,000,000	50,009,495
			636,979,954	667,432,361
		Un realized gain on remeasurement at fair value	30,452,407	-
			667,432,361	667,432,361
				940,616,060

**12.3 Term finance certificates and sukuk bonds**

Number of certificates		Name of Term Finance Certificates	September 30, 2013	December 31, 2012	
September 30, 2013	December 31, 2012		(Un-audited)	(Audited)	
			Average Cost	Fair Value	
			(Rupees)		
<b>Listed</b>					
1,000	-	Allied Bank Limited I	3,835,772	3,760,146	-
1,000	-	Allied Bank Limited II	5,241,700	4,551,800	-
475	-	Bank Al Falah Limited TFC V	2,397,775	2,423,025	-
-	400	Bank Al Habib Limited II	-	-	2,057,148
400	-	Engro Fertilizer Pakistan Limited	1,759,600	1,685,989	-
1,300	-	Engro Fertilizer Pakistan Limited - III	6,260,651	6,289,274	-
-	1,500	Engro Fertilizers Pakistan Limited IV	-	-	6,725,003
2,809	2,143	Engro Rupiya Certificate I	13,864,325	14,229,793	10,833,090
2,875	5,635	Engro Rupiya Certificate II	29,195,392	29,427,200	28,310,155
2,100	3,000	Jahangir Siddiqui & Company Limited VII - related party	9,187,500	9,336,797	15,000,000
100	100	Orix Leasing Pakistan Limited	2,957,250	3,000,378	5,957,250
200	200	Pakistan Mobile Communication Limited	16,578,143	17,003,418	18,578,143
200	800	Pakistan Mobile Communication Limited TFC VII	980,000	992,062	3,980,331
2,000	2,000	Tameer Sarmaya Certificates I	9,984,000	9,984,000	10,000,000
1,180	2,000	Tameer Sarmaya Certificates II	5,818,510	5,890,560	10,000,000
1,600	-	United Bank Limited TFC III	2,687,873	2,999,589	-
			110,748,491	111,574,031	111,441,120
<b>Un-Listed</b>					
-	950	Bank Al Falah Limited - Fixed	-	-	5,159,425
5,960	-	Bank Al Habib Limited IV	33,349,299	32,532,569	-
-	3,000	Faysal Bank Limited	-	-	15,348,671
			33,349,299	32,532,569	20,508,096
			144,097,790	144,106,600	131,949,216
Un realized gain on remeasurement at fair value			8,810	-	-
			144,106,600	144,106,600	131,949,216

**12.4 Government Securities**

Treasury Bills	243,340,434	242,838,502	718,231,250
Pakistan Investment Bonds	-	-	203,743,800
National Saving Bonds	-	-	200,000
	243,340,434	242,838,502	922,175,050
Un realized loss on remeasurement at fair value on T-Bills	(501,932)	-	-
	242,838,502	242,838,502	922,175,050

## 12.5 Privately Placed Term Finance Certificates - Unsecured

September 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)	12.5.1	October 19, 2020	326,456,184
		Impairment			(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)		October 19, 2020	326,456,184
		Impairment			(283,441,149)
					<u>43,015,035</u>

**12.5.1** 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 issuer, the management has recognised the PPTFCs at the same amount which was receivable against preference shares.

## 12.6 Unlisted Term Finance Certificates - Secured

September 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	12.6.1	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>

**12.6.1** These unlisted Term Finance Certificates were due to mature on October 31, 2009. However, owing to the financial difficulties being faced by the TPL Trakker Limited (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 September 30, 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. 212.4 million as at September 30, 2013.

	September 30, 2013 (Un-audited)	December 31, 2012 (Audited)
	----- (Rupees) -----	
<b>13. TRADE DEBTS -unsecured, considered good</b>		
- Purchase of shares on behalf of clients	642,317,012	501,955,183
- Advisory services	1,000,000	5,000,000
- Forex and fixed income commission	8,410,684	13,659,270
- Commodity	46,207,369	44,141,642
	<b>697,935,065</b>	564,756,095
Considered doubtful or bad	396,374,315	396,374,315
	<b>1,094,309,380</b>	961,130,410
Provision for doubtful debts	(396,374,315)	(396,374,315)
	<b>697,935,065</b>	564,756,095
<b>14. INTEREST AND MARKUP ACCRUED</b>		
Accrued markup on Pakistan Investment Bonds	-	10,232,877
Accrued markup on Term Finance Certificates	2,498,456	4,049,146
Profit receivable on bank deposits	18,622,104	287,086
	<b>21,120,560</b>	14,569,109
<b>15. CASH AND BANK BALANCES</b>		
Cash with banks:		
- Current accounts	46,123,872	3,859,759
- Profit and loss accounts	696,934,791	613,061,184
- Foreign currency accounts	5,323,135	4,857,087
	<b>748,381,798</b>	621,778,030
Cash in hand	49,577	74,970
	<b>748,431,375</b>	621,853,000

	Nine Months ended September 30, 2013	Nine Months ended September 30, 2012
	----- (Rupees) -----	
<b>16. OPERATING REVENUE</b>		
Brokerage and operating income	197,815,361	157,497,654
Advisory and consultancy fee	6,908,335	11,086,712
	<u>204,723,696</u>	<u>168,584,366</u>
<b>17. EARNINGS PER SHARE</b> -basic and diluted	----- (Rupees) -----	
Profit after taxation	148,213,259	166,019,946
	----- (Number) -----	
Weighted average number of shares	50,000,000	50,000,000
	----- (Rupees) -----	
Earnings per share - basic and diluted	<u>2.96</u>	<u>3.32</u>

#### 18. 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:

	September 30, 2013		December 31, 2012	
	Key management personnel	Related parties other than parent Company	Key management personnel	Related parties other than parent Company
	----- (Rupees) -----			
<b>Trade debts</b>				
Opening balance	818	13,626,534	-	2,000,523
Invoiced during the period	16,855	40,780,358	818	13,626,534
Received during the period	(17,673)	(13,071,801)	-	(2,000,523)
Closing balance	<u>-</u>	<u>41,335,091</u>	<u>818</u>	<u>13,626,534</u>

	September 30, 2013		December 31, 2012	
	Key management personnel	Related parties other than parent company	Key management personnel	Related parties other than parent company
	(Rupees)			
<b>Trade payable</b>				
Opening balance	578,156	831,322	3,557,783	12,657,212
Invoiced during the period	-	219,768,985	578,156	831,322
Paid during the period	578,156	(355,040)	(3,557,783)	(12,657,212)
Closing balance	-	220,245,267	578,156	831,322
	September 30, 2013 (Un-audited)		December 31, 2012 (Un-audited)	
	(Rupees)			
<b>Balances with parent company</b>				
Trade debts	167,752		756,949	
Repurchase borrowing	-		200,000,000	
Bank deposits	723,186,745		608,993,898	
	September 30, 2013 (Un-audited)		September 30, 2012 (Un-Reveiwed)	
	(Rupees)			
<b>Transactions with related parties</b>				
<b>Nature of transactions</b>				
Sale of units of JS Cash Fund	50,000,000		-	
Rent received from related Parties	-		647,692	
Director's remuneration	1,500,000		2,024,999	
Purchase of units of JS Cash Fund	-		75,000,000	
Royalty Expenses	7,500,000		7,500,000	
Brokerage Income	6,919,320		7,486,343	
Contributions to staff provident fund	3,184,059		3,032,503	
Payment on account of expenses to associated companies	28,660,091		29,296,584	
Dividend income on preference shares	-		3,474,660	
Capital gain on sale of units of - JS Cash Fund	1,831,222		-	
<b>Transactions with Parent Company</b>				
<b>Nature of transactions</b>				
Purchase of term finance certificates - net	39,683,963		-	
Sale of Term Finance Certificates -net	-		593,187,392	
Purchase of treasury bills - net	388,390,641		-	
Sale of treasury bills - net	-		1,121,316,866	
Purchase of Pakistan Investment Bonds - net	-		253,439,785	
Sale of Pakistan Investment Bonds - net	426,533,450		-	
Brokerage income	7,431,766		5,119,661	
Payment for rent and utilities	770,787		1,160,245	
Bank guarantee charges and bank charges	273,340		2,866,644	
Profit on term deposit receipt	-		713,013	
Profit on PLS account	26,359,696		32,875,680	
Exchange gain on foreign currency deposit accounts	364,602		242,578	

# 19. OPERATING SEGMENTS



	September 30, 2013 (Un-audited)		
	Brokerage	Investment and Treasury	Other operations
	(Rupees)		
			Total
Segment revenues	149,132,030	235,871,977	56,097,085
Total segment revenues	149,132,030	235,871,977	56,097,085
Administrative and operating expenses	(82,046,101)	(21,449,943)	(116,923,719)
Depreciation	(1,996,274)	(533,497)	(3,553,482)
Amortization of intangible assets			(81,252)
Finance cost	-	(14,038,518)	(371,710)
	65,089,656	199,850,019	(64,833,078)
Provision for Workers' Welfare Fund			(81,252)
Taxation			(371,710)
Profit after tax			(14,410,228)
Other information			200,106,597
			(3,848,000)
			(48,045,338)
			148,213,259
Segment assets	732,279,128	2,568,225,812	38,491,215
Segment liabilities	487,507,693	317,616,825	-

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

	September 30, 2012 (Un-audited)		
	Brokerage	Investment and Treasury	Other operations
	(Rupees)		
Segment revenues	156,368,621	288,576,622	9,326,712
Total segment revenues	156,368,621	288,576,622	9,326,712
Administrative and operating expenses	(115,653,402)	(16,147,139)	(86,724,250)
Depreciation	(2,735,171)	(549,243)	(1,903,422)
Amortization of intangible assets	-	-	(81,252)
Reversal of doubtful debts	-	1,119,761	21,723,650
Impairment of investment in preference shares	-	(20,000,000)	-
Finance cost	-	(10,840,715)	(2,864,835)
	37,980,048	242,159,286	(60,523,397)
			219,615,937
Provision for Workers' Welfare Fund			(4,349,091)
Taxation			(49,246,900)
Profit after tax			166,019,946
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
			861,718,275



**20. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

The Board of Directors of the Company have approved cash dividend of Nil amounting to Nil and bonus share of Nil for the nine months period ended September 30, 2013 in their meeting held on October 28, 2013.

**21. DATE OF AUTHORISATION**

This condensed interim financial information was authorized for issue on October 28, 2013 by the Board of Directors of the Company.



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