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## Company Information

### Board of Directors

|                                |                                       |
|--------------------------------|---------------------------------------|
| <b>Mr. Adil Matcheswala</b>    | Chairman, Non-Executive Director      |
| <b>Mr. Shahid Hameed</b>       | Vice Chairman, Non-Executive Director |
| <b>Mr. Aslam Khaliq</b>        | Non-Executive Director                |
| <b>Mrs. Maha K. Al-Ghunaim</b> | Non-Executive Director                |
| <b>Mr. Eyad N. Abu-Huwajj</b>  | Non-Executive Director                |
| <b>Mr. Ahsen Ahmed</b>         | Non-Executive Director                |
| <b>Syed Nadir Shah</b>         | Non-Executive Director                |
| <b>Mr. G.M. Malkani</b>        | Chief Executive                       |

### Audit Committee

|                               |           |
|-------------------------------|-----------|
| <b>Mr. Adil Matcheswala</b>   | Chairman  |
| <b>Mr. Eyad N. Abu-Huwajj</b> | Member    |
| <b>Mr. Ahsen Ahmed</b>        | Member    |
| <b>Mr. Shahid Kamal</b>       | Secretary |

### Executive Committee

|                             |          |
|-----------------------------|----------|
| <b>Mr. G.M. Malkani</b>     | Chairman |
| <b>Mr. Shahid Hameed</b>    | Member   |
| <b>Mr. Adil Matcheswala</b> | Member   |

### CFO & Company Secretary

**Mr. Danish Zahoor**

### Auditors

**KPMG Taseer Hadi & Co.**  
Chartered Accountants

### Internal Auditors

**Ford Rhodes Sidat Hyder & Co.**  
Chartered Accountants

### Bankers

**JS Bank Ltd.**  
**MCB Bank Ltd.**  
**Habib Bank Ltd.**  
**Habib Metropolitan Bank Ltd.**  
**NIB Bank Limited**  
**Bank Al-Falah Ltd.**  
**United Bank Limited**

### Legal Advisor

**Bawaney & Partners**  
4th Floor, Beaumont Plaza, Civil Lines, Karachi

### Share Registrar

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

### Registered Office

6th Floor, Faysal House, Main Shakra-e-Faisal,  
Karachi, Pakistan.

## Director's Report to the Members

The directors are pleased to present to you the un-audited financial statements of JS Global Capital Limited (the "Company") for the six months period ended December 31, 2009 together with the comparative figures for the corresponding period of the last year.

### ECONOMIC REVIEW

Major macro indicators showed some improvement as the Pakistan economy continued on the road to recovery. Both the current account and trade deficit shrunk by 78% and 30% to Rs1.8bn and Rs5.7bn, respectively in 1HFY10, with record remittances and lower imports witnessed during the period. Moreover, inflows from the Stand By agreement with IMF have helped reserves enter into the US\$15bn region, which is the highest in two years. Inflation too had subsided substantially, with Month on Month inflation coming down to 10.5% in Dec 09.

However, delay in the expected foreign inflows continued to remain a concern for the local economy, as they were a key element in meeting the budgetary targets. The effect of revenue shortfall in meeting the targets was further amplified by increasing government expenditure. As a result SBP continued to maintain a tight stance in its monetary policy, while the government was forced to curtail its spending on the Public Sector Development Program. We currently expect the economy to grow at 3.5% in FY10, which will be led by an increased agriculture output coupled with a slim recovery in the manufacturing sector.

### THE STOCK MARKET REVIEW

A gradual improvement in macroeconomic fundamentals helped the stock market gain 31% during Jul-Dec 2009 with an average daily volume of 163mn shares. Moreover, inclusion in the MSCI Frontier Market Index reignited foreign investor interest in the market. During the period under review, foreigner investors bought and sold shares worth US\$697mn and US\$406mn respectively, resulting in net buying of US\$291mn. Despite the much touted security concerns, worrying law and order situation and liquidity constraints the Pakistan market still appears undervalued as compared to its regional peers. E&P and Fertilizer stocks remained in the limelight as compared to the other sectors. The E&P sector outperformed primarily owing to a rebound in international oil prices, while the fertilizer stocks rallied on the back of higher DAP and urea off-take. The market is expected to remain steady with most market participants linking further upside to the introduction of a much awaited leverage product and continued investment by foreign investors.

### OPERATING PERFORMANCE

Our Company has reported a profit before tax of Rs. 266.067 million and profit after tax of Rs. 187.369 million for the six months as compared to loss before tax of Rs. 433.798 million and loss after tax of Rs. 268.049 million for the same period last year showing a substantial improvement in earnings. Earning per share for the six month period was Rs. 3.75 per share as compared to loss per share of Rs. 5.36 per share for the same period last year.

It is important to note that the primary reason for loss for December 31, 2008 was due to provision for doubtful debt of Rs. 580.668 million out of which the company has reversed 535.219 million in June 2009. We are hopeful that operating performance will improve significantly once the average daily turnover of shares at the Karachi Stock Exchange reverts back to its last 5 year average of 291.638 million shares per day as compared to the current 6 months average daily turnover of 163.532 shares per day. Despite the challenges being faced by the Country and the Capital Markets, our Company plans on maintaining its focus on institution building by further strengthening its core business units, increasing market share in all departments and constantly remaining in search of innovative financial products and services.

**FUTURE OUTLOOK**

With the strength that our balance sheet and reserves have to offer and our constant desire to achieve organic and steady growth we will continue to strengthen and improve our services as well as create new financial products and services. In spite of the numerous challenges being faced by the country and economy we are confident that the company will maintain its growth momentum in the long run and continue to build shareholder value as it always has in the past.

**ACKNOWLEDGEMENT**

The directors are grateful to the Company's clients and business partners for their faith and support, the employees for their dedication and hard work and the SECP and Karachi Stock Exchange for their efforts to strengthen the capital markets.

Karachi: February 24, 2010

On behalf of the Board

**Adil Matcheswala**  
Chairman

# Independent Auditors' Report on review of Condensed Interim Financial Information to the Members

**Introduction**

We have reviewed the accompanying condensed interim balance sheet of JS Global Capital Limited ("the Company") as at 31 December 2009 and the related 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 period then ended (hereinafter referred as interim financial information). Management is responsible for the preparation and presentation of this 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 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 interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarter ended 31 December 2009 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

Karachi: February 24, 2010

**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Muhammad Taufiq

## Condensed Interim Balance Sheet

As at 31 December 2009

| Note   | 31 December<br>2009<br>(Un-audited) | 30 June<br>2009<br>(Audited) |
|--|-------------------------------------|------------------------------|
| ------(Rupees)-----  |                                     |                              |
| <b>CAPITAL AND RESERVES</b>  |                                     |                              |
| Share capital<br>Authorised<br>150,000,000 (30 June 2009: 150,000,000)<br>ordinary shares of Rs. 10 each | <u>1,500,000,000</u>                | <u>1,500,000,000</u>         |
| Issued, subscribed and paid -up capital  | <b>500,000,000</b>                  | 500,000,000                  |
| Share premium  | <b>1,810,104,900</b>                | 1,810,104,900                |
| Unappropriated profit  | <b>710,833,025</b>                  | 1,023,463,793                |
| Unrealised gain / (loss) on remeasurement of<br>available for sale investments at fair<br>value net      | 11.6 <u>52,627,423</u>              | <u>(34,416,500)</u>          |
|  | <b>3,073,565,348</b>                | 3,299,152,193                |
| <b>LIABILITIES</b>   |                                     |                              |
| <b>Current liabilities</b>   |                                     |                              |
| Creditors, accrued expenses<br>and other liabilities   | 6 <u>397,925,600</u>                | 328,816,078                  |
| Interest and mark-up accrued   | <b>29,423</b>                       | -                            |
| Provision for taxation   | <b>156,525,391</b>                  | 76,601,451                   |
|  | <b>554,480,414</b>                  | 405,417,529                  |
| Commitments  | 7                                   |                              |
|  | <u><b>3,628,045,762</b></u>         | <u>3,704,569,722</u>         |

## CONDENSED INTERIM BALANCE SHEET

As at 31 December 2009

| Note                                     | 31 December<br>2009<br>(Un-audited) | 30 June<br>2009<br>(Audited) |
|--|-------------------------------------|------------------------------|
| ------(Rupees)-----                      |                                     |                              |
| <b>ASSETS:</b>                           |                                     |                              |
| <b>Non Current assets</b>                |                                     |                              |
| Property and equipment                   | 8 <b>46,117,502</b>                 | 57,128,927                   |
| Intangible assets                        | 9 <b>23,500,000</b>                 | 21,036,651                   |
| Long term loans, advances and deposits   | <b>4,109,609</b>                    | 3,892,294                    |
| Deferred taxation - net                  | 10 <u>15,381,755</u>                | <u>14,155,217</u>            |
|  | <b>89,108,866</b>                   | 96,213,089                   |
| <b>Current assets</b>                    |                                     |                              |
| Short term investments                   | 11 <u>2,080,609,685</u>             | 1,095,008,267                |
| Trade debts - unsecured, considered good | 12 <b>860,779,442</b>               | 1,542,861,489                |
| Loans and Advances                       | <b>5,958,218</b>                    | 985,967                      |
| Deposits and short term prepayments      | <b>14,841,795</b>                   | 8,510,581                    |
| Interest and markup receivable           | 13 <b>17,844,118</b>                | 22,562,159                   |
| Other receivables                        | <b>31,618,634</b>                   | 55,882,886                   |
| Advance tax                              | <b>105,347,795</b>                  | 68,395,460                   |
| Cash and bank balances                   | 14 <u>421,937,209</u>               | 814,149,824                  |
|  | <b>3,538,936,896</b>                | 3,608,356,633                |
|  | <u><b>3,628,045,762</b></u>         | <u>3,704,569,722</u>         |

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

## CONDENSED INTERIM PROFIT & LOSS ACCOUNT (Unaudited)

For the six months period ended 31 December 2009

|   | Note | Six Months<br>Period ended |                      | Three Months<br>Period ended |                      |
|---|------|----------------------------|----------------------|------------------------------|----------------------|
|   |      | 31 December<br>2009        | 31 December<br>2008  | 31 December<br>2009          | 31 December<br>2008  |
|   |      | (Rupees)                   |                      | (Rupees)                     |                      |
| Operating revenue   | 15   | 174,835,165                | 156,490,367          | 81,530,956                   | 36,179,801           |
| Income from reverse repurchase /<br>continuous funding system transactions                          |      | -                          | 32,540,367           | -                            | 8,867,499            |
| Capital gain on sale of investments   |      | 52,228,754                 | 40,708,901           | 27,541,762                   | 26,876,639           |
| Gain / (Loss) on remeasurement of investments carried<br>at fair value through profit or loss - net |      | 21,129,868                 | (1,600,710)          | 10,270,584                   | (7,791,465)          |
|   |      | <u>248,193,787</u>         | <u>228,138,925</u>   | <u>119,343,302</u>           | <u>64,132,474</u>    |
| Administrative and operating expenses   |      | (186,191,785)              | (173,054,040)        | (99,342,864)                 | (74,524,864)         |
| Bad debts written off directly  |      | -                          | (8,859,797)          | -                            | (8,859,797)          |
| Provision for doubtful debts  |      | -                          | (580,668,173)        | -                            | (557,380,482)        |
|   |      | <u>62,002,002</u>          | <u>(534,443,085)</u> | <u>20,000,438</u>            | <u>(576,632,669)</u> |
| Other operating income  | 16   | 211,192,457                | 107,950,481          | 36,000,736                   | 68,654,386           |
|   |      | <u>273,194,459</u>         | <u>(426,492,604)</u> | <u>56,001,174</u>            | <u>(507,978,283)</u> |
| Provision for Workers' Welfare Fund   |      | (5,321,333)                | (3,056,618)          | (1,079,194)                  | (3,056,618)          |
| Finance Cost  |      | (1,806,492)                | (4,248,591)          | (922,426)                    | (1,000,275)          |
| Profit / (loss) before taxation   |      | <u>266,066,634</u>         | <u>(433,797,813)</u> | <u>53,999,554</u>            | <u>(512,035,176)</u> |
| Taxation - current  |      | (79,923,940)               | (36,285,362)         | (33,091,504)                 | (24,172,589)         |
| - deferred  |      | 1,226,538                  | 202,033,527          | 1,182,458                    | 199,425,570          |
|   |      | <u>(78,697,402)</u>        | <u>165,748,165</u>   | <u>(31,909,046)</u>          | <u>175,252,981</u>   |
| Profit / (loss) after taxation  |      | <u>187,369,232</u>         | <u>(268,049,648)</u> | <u>22,090,508</u>            | <u>(336,782,195)</u> |
| Earnings per share - basic and diluted  | 17   | 3.75                       | (5.36)               | 0.44                         | (6.74)               |

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

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

For the six months period ended 31 December 2009

|   | Six Months<br>Period ended |                      | Three Months<br>Period ended |                      |  |
|---|----------------------------|----------------------|------------------------------|----------------------|--|
|   | 31 December<br>2009        | 31 December<br>2008  | 31 December<br>2009          | 31 December<br>2008  |  |
|   |                            | (Rupees)             |                              | (Rupees)             |  |
| Net income / (loss) for the period  | 187,369,232                | (268,049,648)        | 22,090,508                   | (336,782,195)        |  |
| Other comprehensive income:   |                            |                      |                              |                      |  |
| Unrealised gain on remeasurement of available<br>for sale investments at fair value | 87,043,923                 | 7,615,017            | 16,730,974                   | 5,482,052            |  |
| Total comprehensive income /<br>(loss) for the period                               | <u>274,413,155</u>         | <u>(260,434,631)</u> | <u>38,821,482</u>            | <u>(331,300,143)</u> |  |

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

## CONDENSED INTERIM CASH FLOW STATEMENT (Unaudited)

For the six months period ended 31 December 2009

|  | Six Months Period ended |                  |
|--|-------------------------|------------------|
|  | 31 December 2009        | 31 December 2008 |
|  | (Rupees)                |                  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                         |                  |
| Profit / (Loss) before taxation  | 266,066,634             | (433,797,813)    |
| Adjustments for:   |                         |                  |
| Depreciation   | 9,196,230               | 10,444,752       |
| Loss / (gain) on sale of property and equipment  | 1,900,391               | (2,015,026)      |
| Amortisation of intangible assets  | 36,652                  | 268,320          |
| (Gain) / loss on remeasurement of investments carried at fair value through profit or loss - net | (21,129,868)            | 1,600,710        |
| Provision for doubtful debts   | -                       | 580,668,173      |
| Bad debts written off directly   | -                       | 8,859,797        |
| Provision for Workers' Welfare Fund  | 5,321,333               | 3,056,618        |
| Finance cost   | 1,806,492               | 4,248,591        |
|  | (2,868,770)             | 607,131,935      |
| Cash generated from operating activities before working capital changes                          | 263,197,864             | 173,334,122      |
| (Increase) / decrease in operating assets:   |                         |                  |
| Trade debts - unsecured, considered good   | 682,082,047             | 186,287,213      |
| Loans and Advances   | (4,972,251)             | 899,417,445      |
| Deposits and short term prepayments  | (6,331,214)             | 774,299,698      |
| Interest and markup receivable   | 4,718,041               | (5,591,166)      |
| Other receivables  | 24,264,252              | (34,097,917)     |
|  | 699,760,875             | 1,820,315,273    |
| Increase / (decrease) in current liabilities:  |                         |                  |
| Creditors, accrued expenses and other liabilities  | 67,602,750              | (1,503,187,174)  |
| Cash generated from operations   | 1,030,561,489           | 490,462,221      |
| Finance cost paid  | (1,777,069)             | (19,254,167)     |
| Taxes paid   | (36,952,336)            | (26,686,214)     |
| Payment to workers' welfare fund   | (5,463,059)             | -                |
| Dividend paid  | (498,351,502)           | (178,228,423)    |
| Net cash from operating activities   | 488,017,523             | 266,293,417      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                         |                  |
| Purchase of property and equipment   | (3,221,662)             | (8,321,672)      |
| Proceeds from disposal of property and equipment   | 3,136,466               | 3,387,985        |
| Purchase of National Commodities Exchange Limited membership card                                | (2,500,000)             | -                |
| Long term loans, advances and deposits   | (217,315)               | (15,200)         |
| Short term investments   | (877,427,627)           | 296,422,891      |
| Net cash (used in) / from investing activities   | (880,230,138)           | 291,474,004      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                         |                  |
| Receivable under reverse repurchase / continuous funding system transactions                     | -                       | 409,058,557      |
| Net cash from financing activities   | -                       | 409,058,557      |
| (Decrease) / increase in cash and cash equivalents during the period                             | (392,212,615)           | 966,825,978      |
| Cash and cash equivalents at the beginning of the period   | 814,149,824             | 208,002,126      |
| Cash and cash equivalents at the end of the period   | 421,937,209             | 1,174,828,104    |

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited)

For the six months period ended 31 December 2009

|  | Capital reserves                       |                                   | Revenue reserves |  | Total         |                       |
|--|--|-----------------------------------|------------------|--|---------------|-----------------------|
|  | Issued, subscribed and paid up capital | Reserve for issue of bonus shares | Share premium    | Unrealized gain / (loss) on remeasurement of available for sale investment at fair value |               | Unappropriated profit |
|  | (Rupees)                               |                                   |                  |  |               |                       |
| Balance as at 01 July 2008   | 357,145,500                            | -                                 | 1,952,959,400    | (23,686,148)   | 995,796,550   | 3,282,215,302         |
| <b>Total comprehensive income for the period</b>   |  |                                   |                  |  |               |                       |
| Loss for the six months period ended 31 December 2008  | -                                      | -                                 | -                | -  | (268,049,648) | (268,049,648)         |
| <b>Other comprehensive income</b>  |  |                                   |                  |  |               |                       |
| Unrealised gain on remeasurement of available for sale investments at fair value                         | -                                      | -                                 | -                | 7,615,017  | -             | 7,615,017             |
| Total comprehensive income for the period  | -                                      | -                                 | -                | 7,615,017  | (268,049,648) | (260,434,631)         |
| <b>Transactions with owners, recorded directly in equity contribution by and distributions to owners</b> |  |                                   |                  |  |               |                       |
| Reserves for issue of bonus shares 2007-2008   | -                                      | 142,854,500                       | (142,854,500)    | -  | -             | -                     |
| - Issue of bonus share @ 39.998965%  | 142,854,500                            | (142,854,500)                     | -                | -  | -             | -                     |
| - Final dividend for the year ended 30 June 2008 @ Rs. 5 per ordinary share                              | -                                      | -                                 | -                | -  | (178,572,750) | (178,572,750)         |
| Total contribution by and distributions to owners  | 142,854,500                            | -                                 | (142,854,500)    | -  | (178,572,750) | (178,572,750)         |
| Balance as at 31 December 2008   | 500,000,000                            | -                                 | 1,810,104,900    | (16,071,131)   | 549,174,152   | 2,843,207,921         |
| Balance as at 01 July 2009   | 500,000,000                            | -                                 | 1,810,104,900    | (34,416,500)   | 1,023,463,793 | 3,299,152,193         |
| <b>Total comprehensive income for the period</b>   |  |                                   |                  |  |               |                       |
| Profit for the six months period ended 31 December 2009  | -                                      | -                                 | -                | -  | 187,369,232   | 187,369,232           |
| <b>Other comprehensive income</b>  |  |                                   |                  |  |               |                       |
| Unrealised gain on remeasurement of available for sale investments at fair value                         | -                                      | -                                 | -                | 87,043,923   | -             | 87,043,923            |
| Total comprehensive income for the period  | -                                      | -                                 | -                | 87,043,923   | 187,369,232   | 274,413,155           |
| <b>Transactions with owners, recorded directly in equity contribution by and distributions to owners</b> |  |                                   |                  |  |               |                       |
| - Final dividend for the year ended 30 June 2009 @ Rs. 10 per ordinary share                             | -                                      | -                                 | -                | -  | (500,000,000) | (500,000,000)         |
| Balance as at 31 December 2009   | 500,000,000                            | -                                 | 1,810,104,00     | 52,627,423   | 710,833,025   | 3,073,565,348         |

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

## Notes To The Condensed Interim Financial Statement (Unaudited) For the Six Months Period Ended December 31, 2009

### 1. THE COMPANY AND ITS OPERATIONS

JS Global Capital Limited is a corporate member of Karachi Stock Exchange (Guarantee) Limited. The principal activities of the Company are share brokerage, money market and forex brokerage, advisory and consultancy services. Other activities include investment in a mix of listed and unlisted equity and debt securities and reverse repurchase / continuous funding system transactions. The Company has also acquired membership card of National Commodity Exchange Limited. The registered office of the Company is situated at 6th floor, Faysal House, Shahrah-e-Faisal, Karachi, Pakistan.

### 2. BASIS OF PREPARATION

These condensed interim financial statements are un-audited and have been prepared in accordance with the requirements of the International Accounting Standard IAS 34 'Interim Financial Reporting' as applicable in Pakistan. These condensed interim financial statements do not include all of the information and disclosures required for annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended 30 June 2009.

These condensed interim financial statements 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.

These condensed interim financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency and rounded off to the nearest rupee.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied by the Company in these condensed interim financial information are the same as those applied by the Company in its financial statements for the year ended 30 June 2009.

#### 3.1 Changes in accounting policies

##### (i) Presentation of financial statements

The Company has applied "Revised IAS 1 Presentation of Financial Statements (2007)" which became effective from period beginning after 1 July 2009. This standard required the Company to present in the statement of changes in equity, all owner changes in equity, whereas all non-owner changes in equity are presented in statement of comprehensive income. This presentation has been applied in these condensed interim financial statements as of and for the six months period ended on 31 December 2009.

Comparative information has been re-presented so that it is in conformity with the revised / new standards. Since the changes in accounting policies only affects presentation of financial statements, there is no impact on earnings per share.

##### (ii) Determination and presentation of operating segments

As of 1 July 2009 the Company determines and presents operating segments based on the information that is internally provided to the Board of Directors and CEO, which is the Company's chief operating decision maker. This change in accounting policy is due to the adoption of IFRS 8 Operating Segments. Previously operating segments were determined and presented in accordance with IAS 14 Segment Reporting. Comparative segment information has been presented in conformity with the transitional requirements of such standard. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share. The new accounting policy in respect of segment operating disclosures is presented as follows:

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Board of Directors and CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Directors and CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly of administrative and operating expenses, finance cost and provision for taxation.

The business of the Company can be segmented into three main divisions namely, 'brokerage', 'investment and treasury' and 'other operations'.

### 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognized prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended 30 June 2009.

### 5. 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 year ended 30 June 2009.

## 6. CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES

|   | 31 December<br>2009<br>(Un-audited) | 30 June<br>2009<br>(Audited) |
|---|-------------------------------------|------------------------------|
|   | ----- (Rupees) -----                |                              |
| Creditors for sale of shares on behalf of clients | 349,400,452                         | 287,702,347                  |
| Accrued expenses                                  | 18,305,914                          | 19,119,507                   |
| Provision for staff bonus                         | 7,229,378                           | -                            |
| Unclaimed dividend                                | 2,765,142                           | 1,116,644                    |
| Retention money                                   | -                                   | 1,078,721                    |
| Advance fee from client                           | 5,853,085                           | 6,789,538                    |
| Provision for workers' welfare fund               | 5,321,333                           | 5,463,059                    |
| Payable for software                              | -                                   | 2,032,500                    |
| Others  | 9,050,296                           | 5,513,762                    |
|   | <u>397,925,600</u>                  | <u>328,816,076</u>           |

## 7. COMMITMENTS

Future sale transactions of equity and other securities entered into by the Company in respect of which the sale transactions have not been settled as at 31 December

|  |                   |          |
|--|-------------------|----------|
|  | <u>78,438,910</u> | <u>-</u> |
|--|-------------------|----------|

Bank guarantee in favour of Karachi Stock Exchange (Guarantee) Limited from JS Bank Limited. The guarantee expires on 14 January 2010 and is secured against pledge of treasury bills amounting to Rs.500 million and 21,200,000 preference shares of Azgard Nine Limited

|  |                    |                    |
|--|--------------------|--------------------|
|  | <u>400,000,000</u> | <u>400,000,000</u> |
|--|--------------------|--------------------|

## 8. PROPERTY AND EQUIPMENT

Following is the cost of property and equipment that have been added / disposed during the six months period ended 31 December 2009:

|                   | 31 December<br>2009<br>(Un-audited) | 30 June<br>2009<br>(Audited) |
|-------------------|-------------------------------------|------------------------------|
|                   | ----- (Rupees) -----                |                              |
| <b>Additions:</b> |                                     |                              |
| Office Equipments | 305,070                             | 5,181,540                    |
| Office Furniture  | 278,000                             | 374,194                      |
| Motor Vehicles    | 2,638,592                           | 4,186,553                    |
|                   | <u>3,221,662</u>                    | <u>9,742,287</u>             |
| <b>Disposals:</b> |                                     |                              |
| Motor Vehicles    | 3,313,500                           | 8,787,445                    |
| Office Furniture  | 4,764,500                           | -                            |
|                   | <u>8,078,000</u>                    | <u>8,787,445</u>             |

## 9. INTANGIBLE ASSETS

### Additions:

|  |                  |          |
|--|------------------|----------|
| Membership card of National Commodity Exchange Limited | <u>2,500,000</u> | <u>-</u> |
|--|------------------|----------|

|  | 31 December<br>2009<br>(Un-audited) | 30 June<br>2009<br>(Audited) |
|--|-------------------------------------|------------------------------|
|  | ----- (Rupees) -----                |                              |

## 10. DEFERRED TAXATION

### Taxable temporary differences

|   |             |             |
|---|-------------|-------------|
| Accelerated depreciation for tax purposes | (1,872,209) | (3,159,167) |
|---|-------------|-------------|

### Deductible temporary difference

|  |                   |                   |
|--|-------------------|-------------------|
| Difference in accounting and tax base of intangible assets | 72,591            | 133,011           |
| Provision for doubtful debts                               | 17,181,373        | 17,181,373        |
|  | <u>15,381,755</u> | <u>14,155,217</u> |

## 11. SHORT TERM INVESTMENTS

### Investments in marketable securities 'at fair value through profit or loss - held for trading'

|                              |      |                      |                    |
|------------------------------|------|----------------------|--------------------|
| Quoted equity securities     | 11.1 | 51,287,393           | -                  |
| Units of mutual funds        | 11.2 | 499,422,619          | 264,735,600        |
| Term finance and Sukuk bonds | 11.3 | 369,270,762          | 147,974,825        |
| Government securities        | 11.4 | 687,133,900          | 330,262,000        |
|                              |      | <u>1,607,114,674</u> | <u>742,972,425</u> |

### Available for sale

|   |      |             |             |
|---|------|-------------|-------------|
| Unlisted term finance certificates          | 11.5 | 126,000,000 | 126,000,000 |
| Quoted preference shares of related parties | 11.6 | 347,495,011 | 226,035,842 |

|  |                      |                      |
|--|----------------------|----------------------|
|  | <u>2,080,609,685</u> | <u>1,095,008,267</u> |
|--|----------------------|----------------------|

### 11.1 Quoted equity securities

| Number of shares    |                 | Name of Company                   | 31 December<br>2009    | 30 June<br>2009 |
|---------------------|-----------------|-----------------------------------|------------------------|-----------------|
| 31 December<br>2009 | 30 June<br>2009 |                                   | ----- Fair Value ----- |                 |
|                     |                 |                                   | ----- (Rupees) -----   |                 |
| 392,000             | -               | Adamjee Insurance Company Limited | 48,333,603             | -               |
| 10,000              | -               | Lucky Cement Limited              | 662,400                | -               |
| 6,000               | -               | Pakistan Petroleum Limited        | 1,137,540              | -               |
| 5,000               | -               | Pakistan Oilfields Limited        | 1,153,850              | -               |
|                     |                 |                                   | <u>51,287,393</u>      | <u>-</u>        |

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



## 11.2 Units of mutual funds

| Number of units  |              | Name of Fund                                   | 31 December, 2009  |                    | 30 June, 2009 |
|------------------|--------------|--|--------------------|--------------------|---------------|
| 31 December 2009 | 30 June 2009 |  | Average cost       | Fair Value         | Fair Value    |
| 2,582,719        | 2,406,133    | JS Income Fund - Related party                 | 252,330,452        | 266,484,965        | 252,330,452   |
| 741,474          | 122,038      | Crossby Phoenix Fund                           | 76,405,148         | 79,478,554         | 12,405,148    |
| 1,000,000        | -            | MCB Cash Management Optimizer Fund             | 100,000,000        | 102,791,600        | -             |
| 5,000,000        | -            | NIT Government Bond Fund                       | 50,000,000         | 50,667,500         | -             |
|                  |              |  | 478,735,600        | 499,422,619        | 264,735,600   |
|                  |              | Unrealised gain on remeasurement at fair value | 20,687,019         |                    |               |
|                  |              |  | <u>499,422,619</u> | <u>499,422,619</u> |               |

## 11.3 Term finance certificates and Sukuk bonds

## Name of term finance certificates

| Listed          |        | Name of term finance certificates              | 31 December, 2009  |                    | 30 June, 2009 |
|-----------------|--------|--|--------------------|--------------------|---------------|
| Number of units | Value  |  | Average cost       | Fair Value         | Fair Value    |
| -               | 2,000  | Askari Bank Limited I                          | -                  | -                  | 9,601,732     |
| -               | 2,000  | Askari Bank Limited II                         | -                  | -                  | 9,541,270     |
| 6,600           | 15,000 | United Bank Limited (14-2-08)                  | 30,011,982         | 29,091,765         | 68,962,429    |
| 5,000           | -      | United Bank Limited (10-8-04)                  | 22,212,270         | 22,180,063         | -             |
| 17,000          | 1,000  | Pak Arab Fertilizers Limited                   | 81,526,055         | 79,796,997         | 4,766,548     |
| 12,600          | -      | NIB Bank Limited                               | 57,925,224         | 57,808,387         | -             |
|                 |        |  | 371,125,531        | 369,270,762        | 147,974,825   |
|                 |        | Unrealised loss on remeasurement at fair value | (1,854,769)        |                    |               |
|                 |        |  | <u>369,270,762</u> | <u>369,270,762</u> |               |

## 11.4 Government securities

|  |        |                    |                    |                    |
|--|--------|--------------------|--------------------|--------------------|
| Treasury bills                                 | 11.4.1 | 685,403,000        | 687,133,900        | 179,827,000        |
| Pakistan investment bonds                      |        | -                  | -                  | 150,435,000        |
|  |        | <u>685,403,000</u> | <u>687,133,900</u> | <u>330,262,000</u> |
| Unrealised gain on remeasurement at fair value |        | 1,730,900          |                    |                    |
|  |        | <u>687,133,900</u> | <u>687,133,900</u> |                    |

11.4.1 These two treasury bills have a tenor of three months to six months with maturity on 14 January 2010 and 17 June 2010 respectively. They carry an effective yield ranging from 12.05% to 12.21% per annum.

11.5 This represents unsecured term finance certificates of TPL Trakker Limited (Formerly Trakker (Private) Limited) carrying markup at the rate of 6 months KIBOR + 3.5%. As per the letter received from TPL Trakker Limited, the amount will be received with the proceeds of IPO which is pending for SECP clearance or any financing facility received from any of the banks, in the interim.

## 11.6 Quoted preference shares of related parties

| Number of shares |              | Name of Company                                    | 31 December, 2009 |                    | 30 June, 2009      |                    |
|------------------|--------------|--|-------------------|--------------------|--------------------|--------------------|
| 31 December 2009 | 30 June 2009 |  | Average cost      | Fair Value         | Fair Value         |                    |
| 6,949,320        | 6,949,320    | Pakistan International Containers Terminal Limited | 11.6.1            | 69,493,200         | 96,595,548         | 55,594,560         |
| 25,601,986       | 21,331,825   | Azgard Nine Limited                                | 11.6.2            | 225,374,388        | 250,899,463        | 170,441,282        |
|                  |              |  |                   | <u>294,867,588</u> | <u>347,495,011</u> | <u>226,035,842</u> |
|                  |              | Unrealised gain on remeasurement at fair value     |                   | 52,627,423         |                    |                    |
|                  |              |  |                   | <u>347,495,011</u> | <u>347,495,011</u> |                    |

11.6.1 These are fully paid preference shares having issue price of Rs.10 each and carrying dividend @ 10% per annum payable annually in arrears on the issue price with a term of 7 years from the issue date of 6 November 2005.

11.6.2 These are partly convertible preference shares having issue price of Rs.10 each and carrying dividend @ 8.95% per annum payable annually in arrears on the issue price with a term of 6 years from the issue date of 24 September 2004. As per the terms of the issue, 50% of the preference shares will be due for redemption at the end of the fifth year where as remaining 50% will be due for redemption at the end of the sixth year. If the issuer fails to redeem the shares in the said manner, the entire amount of the face value of the shares together with the dividend accrued will be converted into ordinary shares at the option of the shareholder at the end of the sixth year. Since redemption proceeds have not been received till date, the 50% of the investment in preference shares has not been declassified from investment. 21,200,000 preference shares have been pledged with JS Bank Limited against bank guarantee.

**12. TRADE DEBTS -unsecured, considered good**

-Purchase of shares on behalf of clients  
-advisory services  
-forex and fixed income commission

**Considered doubtful or bad**

Bad debts written off directly  
Provision for doubtful debts

| 31 December<br>2009<br>(Un-audited) | 30 June<br>2009<br>(Audited) |
|-------------------------------------|------------------------------|
| ------(Rupees)-----                 |                              |
| 849,177,900                         | 1,528,438,775                |
| 1,486,150                           | 986,150                      |
| 10,115,392                          | 13,436,564                   |
| <b>860,779,442</b>                  | 1,542,861,489                |
| 49,089,637                          | 57,949,434                   |
| <b>909,869,079</b>                  | 1,600,810,923                |
| -                                   | (8,859,797)                  |
| <b>(49,089,637)</b>                 | (49,089,637)                 |
| <b>860,779,442</b>                  | 1,542,861,489                |

**13. INTEREST AND MARK-UP RECEIVABLE**

Accrued mark-up on pakistan investment bonds  
Accrued mark-up on term finance certificates  
Mark-up receivable on term deposit receipts  
Profit receivable on bank deposits

|                   |            |
|-------------------|------------|
| -                 | 6,016,439  |
| 16,597,211        | 8,940,693  |
| 582,192           | 2,989,726  |
| 664,715           | 4,615,301  |
| <b>17,844,118</b> | 22,562,159 |

**14. CASH AND BANK BALANCES**

Cash with banks:  
- Current accounts  
- Profit and loss / deposit accounts  
- Term deposit receipts  
- Foreign currency deposit accounts

14.1

|                    |             |
|--------------------|-------------|
| 4,291,319          | 13,066,786  |
| 303,149,663        | 293,849,705 |
| 100,000,000        | 500,000,000 |
| 14,402,227         | 7,139,333   |
| <b>421,843,209</b> | 814,055,824 |

Cash in Hand

|                    |             |
|--------------------|-------------|
| 94,000             | 94,000      |
| <b>421,937,209</b> | 814,149,824 |

14.1 This represents term deposit receipts from Faysal Bank Limited at the rate of 12.5% per annum with maturity on 15 January 2010.

**15. OPERATING REVENUE**

Brokerage and operating income  
Advisory and consultancy fee

| 31 December<br>2009<br>(Un-audited) | 31 December<br>2008<br>(Un-audited) |
|-------------------------------------|-------------------------------------|
| ------(Rupees)-----                 |                                     |
| 169,708,229                         | 142,358,767                         |
| 5,126,936                           | 14,131,600                          |
| <b>174,835,165</b>                  | 156,490,367                         |

| 31 December<br>2009<br>(Un-audited) | 31 December<br>2008<br>(Un-audited) |
|-------------------------------------|-------------------------------------|
| ------(Rupees)-----                 |                                     |

**16. OTHER OPERATING INCOME****Income from financial assets**

|   |             |            |
|---|-------------|------------|
| Mark-up on Pre-IPO investments and management fee   | -           | 758,178    |
| Dividend income                                     | 11,172,991  | 13,005,723 |
| Profit on term finance certificates and PIBs        | 34,435,078  | 9,769,209  |
| Mark-up / Income on reverse repurchase transaction  | 3,506,783   | 1,008,768  |
| Profit on PLS accounts                              | 47,013,990  | 32,382,152 |
| Profit on term deposit receipts                     | 5,443,835   | 46,307,607 |
| Return on cash margin on future contracts           | 1,996       | 528,423    |
| Exchange gain on foreign currency deposits accounts | 351,987     | 892,935    |
| Late payment charges                                | 109,158,204 | 1,244,791  |
| <b>211,084,864</b>                                  | 105,897,786 |            |

**Income from non-financial assets**

|  |             |           |
|--|-------------|-----------|
| Gain on sale of property and equipment | -           | 2,015,026 |
| Other income                           | 107,593     | 37,669    |
| <b>107,593</b>                         | 2,052,695   |           |
| <b>211,192,457</b>                     | 107,950,481 |           |

**17. EARNINGS PER SHARE - basic and diluted**

|                                       |        |                    |               |
|---------------------------------------|--------|--------------------|---------------|
| Profit after taxation                 | Rupees | <b>187,369,232</b> | (268,049,648) |
| Weighted average number of shares     | Number | <b>50,000,000</b>  | 50,000,000    |
| Earnings per share -basic and diluted | Rupees | <b>3.75</b>        | (5.36)        |

**18. RELATED PARTY TRANSACTIONS**

Related parties comprise of 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 these condensed interim financial statements, are as follows:

Brokerage and advisory income earned from:

|  | <b>Six months period ended</b>      |                                     |
|--|-------------------------------------|-------------------------------------|
|  | 31 December<br>2009<br>(Un-audited) | 31 December<br>2008<br>(Un-audited) |
|  | ------(Rupees)-----                 |                                     |
| - Directors  | 57,649                              | 27,525                              |
| - Associated companies                             | 21,540,161                          | 10,959,138                          |
| - Related parties                                  | 12,365,467                          | 1,800,728                           |
| Contributions to staff provident fund              | 1,694,179                           | 1,639,021                           |
| Payment on account of expenses to                  |                                     |                                     |
| - Associated companies                             | 14,513,675                          | 13,774,376                          |
| - Related parties                                  | -                                   | 1,106,726                           |
| Royalty expense                                    | 5,000,002                           | 5,000,001                           |
| Key management compensation                        | 14,065,228                          | 11,962,240                          |
| Mark-up on running finance                         | 29,423                              | 302,551                             |
| Bank charges                                       | 1,692,698                           | 3,076,500                           |
| Dividend income on preference shares               | 10,887,990                          | 9,509,063                           |
| Profit on PLS accounts and term deposit receipts   | 44,145,006                          | 7,854,797                           |
| Capital gain on sale of units of JS Income Fund    | -                                   | 4,912,052                           |
| Exchange gain on foreign currency deposit accounts | 60,768                              | 148,549                             |

|   | 31 December<br>2009<br>(Un-audited) | 30 June<br>2009<br>(Audited) |
|---|-------------------------------------|------------------------------|
|   | ------(Rupees)-----                 |                              |
| Investment made in preference shares                            | 38,218,997                          | 1,083,318                    |
| Purchase of units of JS Income Fund                             | -                                   | 600,000,000                  |
| Sale of units of JS Income Fund                                 | -                                   | 354,912,052                  |
| Purchase of National Commodity Exchange Limited membership card | 2,500,000                           | -                            |
| Cash at bank  | 276,851,313                         | 675,407,569                  |
| Term deposit receipts   | -                                   | 500,000,000                  |
| Loans to executives   | 107,003                             | 176,407                      |
| Rent received from related parties                              | 2,717,988                           | 7,700,896                    |
| Receivable from related parties                                 |                                     |                              |
| - Associated companies  | 148,732,853                         | 1,040,138                    |
| - Other related parties   | 37,642,940                          | 38,993,325                   |
| Payable to related parties                                      |                                     |                              |
| - Associated companies  | -                                   | 21,854,362                   |
| - Other related parties   | 496,303                             | 64,249,827                   |
| Advance for purchase of office at Hayat Regency                 | 2,500,000                           | -                            |

|                                       | <b>31 December 2009 (Unaudited)</b> |                     |
|---------------------------------------|-------------------------------------|---------------------|
|                                       | Investment and<br>Treasury          | Other<br>operations |
|                                       | ------(Rupees)-----                 |                     |
| Brokers                               | 271,305,151                         | 4,556,102           |
| Administrative and operating expenses | 94,328,419                          | 22,894,608          |
| Segment result                        | 176,976,732                         | 18,338,506          |
| Unallocated expenses                  | (51,228,728)                        | -                   |
| Finance cost                          | (1,806,492)                         | -                   |
| Provision for taxation                | (78,697,402)                        | -                   |
| Profit for the period                 | 187,369,232                         | -                   |

19. SEGMENT INFORMATION

Segment information for the six months period ended 31 December 2009 is as follows:

|                                       | <b>31 December 2009 (Unaudited)</b> |                     | <b>31 December 2008 (Unaudited)</b> |                     |
|---------------------------------------|-------------------------------------|---------------------|-------------------------------------|---------------------|
|                                       | Investment and<br>Treasury          | Other<br>operations | Investment and<br>Treasury          | Other<br>operations |
|                                       | ------(Rupees)-----                 |                     | ------(Rupees)-----                 |                     |
| Segment revenues                      | 271,305,151                         | 4,556,102           | 143,563,289                         | 17,117,495          |
| Administrative and operating expenses | 94,328,419                          | 22,894,608          | 10,783,522                          | 18,024,083          |
| Segment result                        | 176,976,732                         | 18,338,506          | 164,625,100                         | 906,588             |
| Unallocated expenses                  | (51,228,728)                        | -                   | (39,950,172)                        | -                   |
| Finance cost                          | (1,806,492)                         | -                   | (4,248,591)                         | -                   |
| Provision for taxation                | (78,697,402)                        | -                   | 165,748,165                         | -                   |
| Profit for the period                 | 187,369,232                         | -                   | (268,049,648)                       | -                   |
| Other information                     |                                     |                     |                                     |                     |
| Segment assets                        | 914,344,475                         | 194,837,672         | 1,637,826,622                       | 139,081,975         |
| Unallocated assets                    | 2,518,863,615                       | 3,628,045,762       | 1,927,661,125                       | 3,704,569,722       |
| Total assets                          | 914,344,475                         | 194,837,672         | 1,637,826,622                       | 139,081,975         |
| Segment liabilities                   | 397,925,598                         | 156,525,393         | 327,934,278                         | 76,601,446          |
| Unallocated liabilities               | 29,423                              | 554,480,414         | 881,805                             | 405,417,529         |
| Total liabilities                     | 397,925,598                         | 156,525,393         | 327,934,278                         | 76,601,446          |

**20. CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, whenever necessary, for better presentation and disclosure.

| <b>Reclassification from<br/>Other receivables</b> | <b>Reclassification to<br/>Interest and mark-up receivable</b> | <b>30 June<br/>2009<br/>(Rupees)</b>     |
|--|--|--|
| - Mark-up receivable on term deposit receipts      | - Mark-up receivable on term deposit receipts                  | 2,989,726                                |
| - Profit receivable on bank deposits               | - Profit receivable on bank deposits                           | 4,615,301                                |
|  |  | <b>31 December<br/>2008<br/>(Rupees)</b> |
| <b>Profit and loss account</b>                     | <b>Other operating income</b>                                  |  |
| - Capital gain on sale of investments              | - Profit on term finance certificates and PIBs                 | 1,194,181                                |

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

The Board of directors of the Company have approved cash dividend of Nil (31 December 2008: Nil) for the six months ended 31 December 2009, amounting to Rs. Nil (31 December 2008: Nil) respectively in their meeting held on 24 February 2010.

**22. DATE OF AUTHORISATION**

These condensed interim financial statements were authorised for issue on 24 February 2010 by the Board of Directors of the Company.