



 **JS Global**

JS Global Capital Limited

Half Yearly Report
December 31, 2011
(Un-audited)

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Company Information

Board of Directors	Mr. Basir Shamsie Mr. Shahid Hameed Mr. Kashif Shafi Khan Mr. Naief Abdullatif S A Mohammad Mr. Aslam Khaliq Mr. Khurshid Hadi Mr. Muhammad Yousuf Amanullah Mr. Muhammad Kamran Nasir	Chairman, Non-Executive Director Vice Chairman, Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director Chief Executive Officer
Audit Committee	Mr. Muhammad Yousuf Amanullah Mr. Shahid Hameed Mr. Basir Shamsie Mr. Ilyas Ahmed	Chairman Member Member Secretary
Executive Committee	Mr. Muhammad Kamran Nasir Mr. Shahid Hameed Mr. Basir Shamsie	Chairman Member Member
Compensation Committee	Mr. Aslam Khaliq Mr. Muhammad Kamran Nasir Mr. Shahid Hameed	Chairman Member Member
CFO & Company Secretary	Mr. Danish Zahoor	
Auditor	KPMG Taseer Hadi & Co. Chartered Accountants First Floor, Sheikh Sultan Trust Building No. 2 Beaumont Road, Karachi	
Internal Auditor	Fords Rhodes Sidat Hyder & Co. Chartered Accountants	
Bankers	JS Bank Limited MCB Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited NIB Bank Limited Bank Alfalah Limited United Bank Limited	
Legal Advisers	Bawaney & Partners, 4th Floor, Beaumont Plaza, Civil Lines, Karachi	
Share Registrar	Technology Trade (Pvt) Limited, 241-C, Block-2, P.E.C.H.S., Karachi	
Registered Office	6th Floor, Faysal House, Main Shahra – e – Faisal , Karachi Telephone: 92-21-111574111, Fax: 92-21-32800163, 32800167	

Director's Report to the Members

The Directors are pleased to present the un-audited financial statements of JS Global Capital Limited (the "Company") for the six months period ended December 31, 2011 together with comparative figures for the corresponding period of last year. Summarized results are set out below:

	Six months period ended	
	31 December 2011	31 December 2010
	------(Rupees)-----	
Profit before tax	108,644,035	112,816,874
Profit after tax	85,557,460	86,938,299
Earnings per share	1.71	1.74

ECONOMIC REVIEW

The country was hit once again by massive floods across the Sindh province. However, the magnitude of the flood this year was not as immense as last year's. On a positive note, inflation has taken a respite during the 1HFY12. Change in CPI constituents' weight, high base effect, meltdown in global commodity prices (mainly food & metals) and higher domestic commodity surplus (due to lower demand for exports) were sighted as the main reasons for lower inflation during the period under review. This along with muted credit growth prompted the SBP to reduce the discount rate by 200bps during the period. However, 1) fiscal weaknesses and falling foreign financial inflows, 2) energy crisis, 3) deteriorating global economic conditions, especially in Pakistan's export destination countries and 4) absence of external financing remain at risk to the economy.

Furthermore, home remittances reached a record level of USD 6.33bn in 1HFY12, up 20%YoY. On the other hand, trade deficit swelled to USD 11.47bn, showing a massive increase in deficit of 38.48% YoY, in 1HFY12 with total exports marginally up by 3.9%YoY to USD 11.2bn and imports jumped by 18.9%YoY to USD 22.7bn. Trade deficit is expected to further widen primarily due to a disruption in supply of electricity and gas to export sectors which has hampered their ability to fulfill export commitments and increase in fuel import bill.

EQUITY MARKET REVIEW

The KSE-100 index underperformed by 9.19% in 1HFY12, compared to a performance of +24.96% in 1HFY11. Domestic political turbulence along with the European debt crisis and murky outlook of global economies as well as the downgrades of various western economies were amongst the major reasons behind the dismal performance of the market. The market even ignored the unexpected cut of 200bps in discount rate by the SBP, as it raised uneasiness over the country's macroeconomic stability going forward. Average daily volumes remained dull at 60mn shares, lowest since 1996. Moreover, foreigners remained net sellers of US\$157mn during the period under review. Amongst the sectors, Cement and Oil & Gas stocks outperformed the market by respective 17% and 5% while Telecom (-18%), Financial Services (-12%) and Banks (-6%) remained laggards.

FIXED INCOME, CURRENCIES AND COMMODITIES REVIEW

The Fixed Income market was very active, with the reduction of 200 basis points in the Discount Rate during

the period under review. Healthy activity was witnessed in primary and secondary markets in anticipation of reduction in Discount rate by SBB.

Due to lack of foreign capital inflows, FX market remained volatile and PKR-USD parity traded in a band of 85.97 to 89.97.

Turnover activity in the Commodities Futures market continues to show steady growth as investor awareness grows. Over time we expect an increase in use of this market by end users due to enhanced governance and delivery certainty. Average daily value traded over the period under review, at the Pakistan Mercantile Exchange, was USD 39.298 million.

COMPANY PERFORMANCE REVIEW

Operating revenue declined by 27% principally due to lower equity brokerage revenue in comparison to the corresponding period last year. This is a direct reflection of lower volumes at the KSE (the volumes for Jul-Dec 2011 are the lowest since 1996) and despite the presence of leverage products; the investor interest in the equity market remained dull. Cost management measures continued to receive priority resulting in an overall decrease of 15.60%.

As highlighted by your Board in previous reviews, we continue to expect remaining quarters of 2011-12 to be challenging for all equity market participants. The Executive Management is acutely monitoring its resources to reap the maximum benefits for all its shareholders during the current Financial Year. This involves optimizing revenue generation from treasury management, core brokerage and fee based operations whilst at the same time rationalizing our cost base, despite high inflation being experienced by the country over the last few years.

ACKNOWLEDGEMENT

We express our most sincere 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 Securities and Exchange Commission of Pakistan and the State Bank of Pakistan for their efforts to strengthen the Capital Markets and measures to protect investor rights.

On behalf of the Board

Basir Shamsie
Chairman

Karachi: February 27, 2012

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of JS Global Capital Limited (the Company) as at December 31, 2011 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the six-months ended December 31, 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures of the condensed interim profit and loss account and the condensed interim statement of comprehensive income for the quarters ended December 31, 2011 and 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2011.

The condensed interim financial information of the Company for the half year ended December 31, 2010 and the financial statements of the Company for the year ended June 30, 2011 were reviewed and audited by another firm of chartered accountants who through their reports dated February 22, 2011 and September 22, 2011 expressed an unqualified conclusion and opinion thereon respectively.

Karachi: February 27, 2012

Yousuf Adil Saleem & Co
Chartered Accountants
Nadeem Yousuf Adil

Condensed Interim Balance Sheet As at 31 December 2011

	Note	31 December 2011 (Un-audited)	30 June 2011 (Audited)
------(Rupees)-----			
CAPITAL AND RESERVES			
Share capital Authorised: 150,000,000 (June 30, 2011: 150,000,000) ordinary shares of Rs. 10 each		<u>1,500,000,000</u>	<u>1,500,000,000</u>
Issued, subscribed and paid-up capital		500,000,000	500,000,000
Share premium		1,810,104,900	1,810,104,900
Unappropriated profit		370,785,467	285,228,007
Unrealised loss on remeasurement of available-for-sale investments at fair value		<u>(7,018,813)</u>	<u>(69,493)</u>
		<u>2,673,871,554</u>	<u>2,595,263,414</u>
LIABILITIES			
Current liabilities			
Creditors, accrued expenses and other liabilities	5	354,388,556	194,892,528
Borrowings	6	497,386,300	-
Provision for taxation		93,753,186	65,962,451
		945,528,042	260,854,979
Contingencies and commitments	7		
		<u>3,619,399,596</u>	<u>2,856,118,393</u>

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

Basir Shamsie
Chairman / Director

Muhammad Kamran Nasir
Chief Executive

 JS Global

Condensed Interim Balance Sheet As at 31 December 2011

	Note	31 December 2011 (Un-audited)	30 June 2011 (Audited)
------(Rupees)-----			
ASSETS			
Non Current assets			
Property and equipment	8	19,944,326	24,941,067
Intangible assets	9	23,500,000	23,500,000
Long term loans, advances and deposits		5,276,019	8,223,874
Deferred taxation - net	10	<u>146,290,379</u>	<u>141,586,220</u>
		195,010,724	198,251,161
Current assets			
Short term investments	11	<u>1,615,032,961</u>	<u>1,868,315,625</u>
Trade debts - unsecured, considered good	12	311,413,502	157,221,996
Financing against Margin Trading System		3,532,873	-
Loans and Advances - considered good		10,693,309	7,701,435
Deposits and short term prepayments		29,015,775	9,756,565
Interest and markup accrued	13	11,651,635	19,313,483
Other receivables		7,590,056	10,525,803
Advance tax		94,497,332	63,944,065
Cash and bank balances	14	<u>1,340,961,429</u>	<u>521,088,260</u>
		3,424,388,872	2,657,867,232
		<u>3,619,399,596</u>	<u>2,856,118,393</u>

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

CONDENSED INTERIM PROFIT & LOSS ACCOUNT (Unaudited) For the six months period ended 31 December 2011

	Note	Six Months Period ended		Three Months Period ended	
		31 December 2011	31 December 2010	31 December 2011	31 December 2010
		------(Rupees)-----		------(Rupees)-----	
Operating revenue	15	78,920,855	108,227,460	38,616,500	67,065,857
Capital gain on sale of investments		29,850,869	34,385,544	25,831,829	21,868,153
Gain on remeasurement of investments carried at fair value through profit or loss - net		26,172,299	37,294,339	2,173,598	8,461,191
		<u>134,944,023</u>	<u>179,907,343</u>	<u>66,621,927</u>	<u>97,395,201</u>
Administrative and operating expenses		(137,894,337)	(163,389,537)	(68,215,574)	(84,528,672)
Reversal for doubtful debts - net		-	433,592	-	-
		<u>(2,950,314)</u>	<u>16,951,398</u>	<u>(1,593,647)</u>	<u>12,866,529</u>
Other operating income	16	118,941,538	100,516,575	59,587,857	47,993,594
		<u>115,991,224</u>	<u>117,467,973</u>	<u>57,994,210</u>	<u>60,860,123</u>
Provision for Workers' Welfare Fund		(2,127,420)	(2,284,344)	(1,013,671)	(1,175,913)
Finance Cost	17	(5,219,769)	(2,366,755)	(4,018,554)	(1,211,807)
Profit before taxation		<u>108,644,035</u>	<u>112,816,874</u>	<u>52,961,985</u>	<u>58,472,403</u>
Taxation - current		(27,790,734)	(28,051,535)	(15,034,572)	(17,924,209)
- deferred		4,704,159	2,172,960	4,704,159	-
		<u>(23,086,575)</u>	<u>(25,878,575)</u>	<u>(10,330,413)</u>	<u>(17,924,209)</u>
Profit after taxation		<u>85,557,460</u>	<u>86,938,299</u>	<u>42,631,572</u>	<u>40,548,194</u>
Earnings per share - basic and diluted	18	<u>1.71</u>	<u>1.74</u>	<u>0.85</u>	<u>0.81</u>

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

Basir Shamsie
Chairman / Director

Muhammad Kamran Nasir
Chief Executive

 JS Global

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Unaudited) For the six months period ended 31 December 2011

	Six Months Period ended		Three Months Period ended	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	----- (Rupees) -----		----- (Rupees) -----	
Net income for the period	85,557,460	86,938,299	42,631,572	40,548,194
Other comprehensive income:				
Unrealised (loss) / gain on remeasurement of available for sale investments at fair value	(6,949,320)	(4,100,099)	-	694,932
Total comprehensive income for the period	<u>78,608,140</u>	<u>82,838,200</u>	<u>42,631,572</u>	<u>41,243,126</u>

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

CONDENSED INTERIM CASH FLOW STATEMENT (Unaudited)

For the six months period ended 31 December 2011

	Six Months Period ended	
	31 December 2011	31 December 2010
Note	----- (Rupees) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	108,644,035	112,816,874
Adjustments for:		
Depreciation	5,051,922	8,186,872
Gain on sale of property and equipment	(4,830,368)	(2,855,642)
Gain remeasurement of investments carried at fair value through profit or loss - net	(26,172,299)	(37,294,339)
Reversal of provision for doubtful debts	-	(433,592)
Provision for Workers' Welfare Fund	2,127,420	2,284,344
Finance cost	5,219,769	2,366,755
	(18,603,556)	(27,745,602)
Cash generated from operating activities before working capital changes	90,040,479	85,071,272
<i>(Increase) / decrease in operating assets</i>		
Trade debts - unsecured, considered good	(154,191,506)	(239,395,706)
Loans and Advances - considered good	(2,991,874)	1,336,459
Deposits and short term prepayments	(19,259,210)	51,248,156
Interest and markup accrued	7,661,848	(8,484,499)
Other receivables	2,935,747	16,059,463
	(165,844,995)	(179,236,127)
<i>Increase in current liabilities</i>		
Creditors, accrued expenses and other liabilities	157,395,608	466,357,507
Cash generated from operations	81,591,092	372,192,652
Finance cost paid	(5,219,769)	(2,366,755)
Taxes paid	(30,553,267)	(34,178,806)
Payment to workers' welfare fund	-	(7,293,206)
Net cash from operating activities	45,818,056	328,353,885
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(769,900)	(4,705,800)
Proceeds from disposal of property and equipment	5,545,088	4,945,993
Long term loans, advances and deposits	2,947,855	(2,639,328)
Short term investments	272,505,643	233,267,512
Financing against Margin Trading System	(3,532,873)	-
Net cash from investing activities	276,695,813	230,868,377
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings	497,386,300	-
Dividend paid	(27,000)	(249,363,124)
Net cash from / (used in) financing activities	497,359,300	(249,363,124)
Increase in cash and cash equivalents during the period	819,873,169	309,859,138
Cash and cash equivalents at the beginning of the period	521,088,260	562,958,484
Cash and cash equivalents at the end of the period	14 <u>1,340,961,429</u>	<u>872,817,622</u>

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

Basir Shamsie
Chairman / Director

Muhammad Kamran Nasir
Chief Executive

 JS Global

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited) For the six months period ended 31 December 2011

	Capital reserves		Revenue reserves		Total
	Issued, subscribed and paid up share capital	Share premium	Unrealized gain/ (loss) on remeasurement of available for sale investment at fair value <i>(Rupees)</i>	Unappropriated profit	
Balance as at July 1, 2010	500,000,000	1,810,104,900	4,100,099	446,107,206	2,760,312,205
Total comprehensive income for the period					
Profit for the six months period ended December 31, 2010	-	-	-	86,938,299	86,938,299
Other comprehensive income					
Unrealised loss on remeasurement of available for sale investments at fair value	-	-	(4,100,099)	-	(4,100,099)
Total comprehensive income for the period	-	-	(4,100,099)	86,938,299	82,838,200
Transactions with owners of the Company - recognised directly in equity					-
Appropriations for the year ended June 30, 2010 - final dividend @ Rs.5 per ordinary share	-	-	-	(250,000,000)	(250,000,000)
Balance as on December 31, 2010	<u>500,000,000</u>	<u>1,810,104,900</u>	<u>-</u>	<u>283,045,505</u>	<u>2,593,150,405</u>
Balance as at July 1, 2011	500,000,000	1,810,104,900	(69,493)	285,228,007	2,595,263,414
Total comprehensive income for the period					
Profit for the six months period ended December 31, 2011	-	-	-	85,557,460	85,557,460
Other comprehensive income					
Unrealized loss on remeasurement of available for sale investments at fair value	-	-	(6,949,320)	-	(6,949,320)
Total comprehensive income for the period	-	-	(6,949,320)	85,557,460	78,608,140
Transactions with owners of the Company - recognised directly in equity					-
Appropriations for the year ended June 30, 2011	-	-	-	-	-
Balance as at December 31, 2011	<u>500,000,000</u>	<u>1,810,104,900</u>	<u>(7,018,813)</u>	<u>370,785,467</u>	<u>2,673,871,554</u>

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



Basir Shamsie
Chairman / Director

Muhammad Kamran Nasir
Chief Executive

Notes To The Condensed Interim Financial Information (Unaudited) For the six months period ended 31 December 2011

1. THE COMPANY AND ITS OPERATIONS

JS Global Capital Limited ('the Company') was incorporated as a private limited company on June 28, 2000. However, the Company commenced 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 (Guarantee) Limited and Islamabad Stock Exchange (Guarantee) 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. Securities and Exchange Commission of Pakistan vide its letter No. EMD/CI/49/2006-458 dated July 19, 2006 gave its approval in principle to the scheme of the transaction.

During the current period, JS Bank Limited (the Bank), a subsidiary of JSCL, acquired 25,525,169 shares of the Company from JSCL and other shareholders against issuance of 185,321,537 shares in lieu thereof. As a result the principle ownership of the Company was transferred to the Bank. Presently, the Company is subsidiary of JS Bank Limited.

JS Global Capital Limited is a corporate member of Karachi Stock Exchange (Guarantee) Limited and member of Pakistan Merchantile Exchange (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

These condensed interim financial information have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. 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 the financial statements for the year ended June 30, 2011.

These 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.

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

2.2 Use of estimates and judgments

The preparation of condensed interim financial information requires the Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by the Company in applying accounting policies and the key sources of estimating uncertainty are the same as those that applied to financial statements as at and for the year ended June 30, 2011.

3. 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 year ended June 30, 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 year ended June 30, 2011.

5. CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES

	31 December 2011 (Un-audited)	30 June 2011 (Audited)
Note	------(Rupees)-----	
Creditors for sale of commodities and shares on behalf of clients	319,168,628	155,408,663
Accrued expenses	17,136,981	22,411,990
Provision for staff bonus	2,000,000	2,000,000
Unclaimed dividend	2,485,602	2,512,602
Retention money	40,600	40,600
Advance fee from client	3,276,971	3,276,971
Provision for Workers' Welfare Fund	4,634,378	2,506,958
Others	5,645,396	6,734,744
	<u>354,388,556</u>	<u>194,892,528</u>

6. Borrowings

Repurchase agreements	6.1	<u>497,386,300</u>	-
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6.1 This represents repurchase agreements with JS Bank Limited (a related party) and Pak Oman Investment Company Limited amounting to Rs. 270.08 million and Rs. 227.31 million respectively carrying markup at 11.9% due to mature on January 5, 2012 and January 3, 2012 respectively. These are secured by Pakistan Investment Bond and Market Treasury Bills with carrying cost of Rs. 47.09 million and Rs. 450.4 million respectively (see note 11.4).

7. CONTINGENCIES AND COMMITMENTS

Contingencies:

A recovery suit has been filed against the Company by the lessor of the previous Islamabad office. The lessor has demanded Rs. 6.5 million. Management considers that no amount would become payable under the said claim. Accordingly, provision has not been made against the claim.

31 December 2011 (Un-audited)	30 June 2011 (Audited)
------(Rupees)-----	

Commitments:

Future Sale transactions of equity entered into by the Company in respect of which the sale transactions have not been settled as at 31 December 2011 / 30 June 2011

<u>22,660,000</u>	<u>-</u>
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Bank guarantee in favour of Karachi Stock Exchange (Guarantee) Limited from JS Bank Limited - a related party. The guarantee expires on 3 August 2012 and is secured against pledge of term deposit receipt of Rs. 200 million with JS Bank Limited (related party).

<u>200,000,000</u>	<u>400,000,000</u>
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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, 2011

Additions:

Office Equipments	119,900	1,281,260
Office Furniture	-	-
Motor Vehicles	<u>650,000</u>	<u>6,512,080</u>
	<u>769,900</u>	<u>7,793,340</u>

Disposals:

Office Equipments	(92,801)	1,097,820
Office Furniture	-	8,595,171
Motor Vehicles	<u>(5,703,762)</u>	<u>9,782,773</u>
	<u>(5,796,563)</u>	<u>19,475,764</u>

9. INTANGIBLE ASSETS

Membership Cards

- Karachi Stock Exchange (Guarantee) Limited	21,000,000	21,000,000
- Pakistan Merchantile Exchange (formerly "National Commodity Exchange Limited")	<u>2,500,000</u>	<u>2,500,000</u>
	<u>23,500,000</u>	<u>23,500,000</u>

	31 December 2011 (Un-audited)	30 June 2011 (Audited)
Note	------(Rupees)-----	
10. DEFERRED TAXATION		
Taxable temporary difference		
Accelerated depreciation for tax purposes	1,187,268	(43,362)
Revaluation of investments	(2,527,240)	(6,000,769)
Deductible temporary difference		
Provision for doubtful debts	147,630,351	147,630,351
	<u>146,290,379</u>	<u>141,586,220</u>

11. SHORT TERM INVESTMENTS

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

Quoted equity securities	11.1	22,500,000	-
Units of mutual funds	11.2	666,169,155	708,570,947
Term finance certificates and sukuk bonds	11.3	141,242,192	305,046,849
Government securities	11.4	598,632,192	651,259,087
		<u>1,428,543,539</u>	<u>1,664,876,883</u>
Available for sale			
Unlisted term finance certificates	11.5	46,000,000	56,000,000
Quoted preference shares of related parties	11.6	125,489,422	132,438,742
Engro Rupiya Certificates - quoted		15,000,000	15,000,000
		<u>1,615,032,961</u>	<u>1,868,315,625</u>

11.1 Quoted equity securities

Number of shares		Name of Company	Average Cost	31 December 2011	30 June 2011
31 December 2011	30 June 2011			-----Fair Value----- ------(Rupees)-----	
2,000,000	-	Bank Al Falah Limited (Note 11.1.1)	22,400,000	22,500,000	-
			<u>22,400,000</u>	<u>22,500,000</u>	<u>-</u>
		Unrealized gain on remeasurement at fair value	100,000		
			<u>22,500,000</u>		

11.1.1 These securities were purchased in the ready "T+2" market and sold in the future market. The contract is due to settle on January 31, 2012.

11.2 Units of mutual funds

Number of units		Name of funds	Average Cost	31 December	30 June
31 December 2011	30 June 2011			2011	2011
					-----Fair Value----- ------(Rupees)-----
397,592	385,514	MCB - Cash Management Optimizer fund	38,633,171	40,906,511	38,633,171
2,576,512	1,899,335	JS Cash Fund - related party	250,215,945	261,129,479	200,000,000
-	1,078,760	Lakson Money Market Fund	-	-	108,932,332
300,979	285,018	UBL Liquidity Plus Fund	28,562,283	30,243,712	28,562,283
263,564	-	UBL Government Securities Fund	25,000,000	26,452,195	-
2,756,543	2,491,521	JS Principal Secure Fund I - related party	292,355,095	307,437,258	292,355,095
-	4,001,284	ABL Cash Fund	-	-	40,088,065
			<u>634,766,494</u>	<u>666,169,155</u>	<u>708,570,947</u>
		Unrealised gain on remeasurement at fair value	31,402,661		
			<u>666,169,155</u>	<u>666,169,155</u>	<u>708,570,947</u>

11.3 Term finance certificates and sukuk bonds

Number of certificates		Name of Term Finance Certificates	Average Cost	31 December	30 June
31 December 2011	30 June 2011			2011	2011
					-----Fair Value----- ------(Rupees)-----
		Listed			
-	2,000	Engro Fertilizers Pakistan Limited III AA	-	-	9,616,768
-	3,000	United Bank Limited III AA	-	-	15,159,444
600	10,000	United Bank Limited IV AA	3,001,792	2,985,653	49,298,121
410	6,900	Pakistan Mobile Communication Limited A+ AA	1,952,750	2,016,314	32,479,749
-	1,600	Bank Al-Habib Limited AA	-	-	8,209,236
		Un-Listed			
100	-	Askari Bank Limited I N/A* 100,000,000	100,000,000	100,000,000	-
-	4,300	Faysal Bank Limited AA-	-	-	21,495,700
-	510	Engro Sukuk AA-	-	-	2,550,000
350	500	Orix Leasing Pakistan Limited AA+	35,000,000	36,240,225	50,000,000
-	190	Orix Leasing Pakistan Limited - sukuk AA	-	-	317,952
-	13,000	Engro Fertilizers Pakistan Limited II AA	-	-	65,919,880
-	10,000	Bank Al-Habib AA	-	-	50,000,000
			<u>139,954,542</u>	<u>141,242,192</u>	<u>305,046,849</u>
		Unrealised gain on remeasurement at fair value	1,287,650		
			<u>141,242,192</u>	<u>141,242,192</u>	<u>305,046,849</u>

* Not available

11.4 Government Securities

Note

Treasury Bills	11.4.1	451,952,857	450,402,500	555,338,687
Pakistan Investment Bonds	11.4.2	147,750,321	141,843,894	95,740,400
National Saving Bonds	11.4.3	5,547,026	6,385,798	180,000
		<u>605,250,204</u>	<u>598,632,192</u>	<u>651,259,087</u>
Un realized gain on remeasurement at fair value		(6,618,012)		
		<u>598,632,192</u>	<u>598,632,192</u>	<u>651,259,087</u>

11.4.1 These treasury bills have a tenor of one year with maturity on November 29, 2012 and carry an effective yield ranging from 11.74% to 11.79% per annum. These treasury bills to the tune of Rs. 450.4 million are collateralized against repurchase agreement borrowings (see note 6.1).

11.4.2 These have a tenor of 10 years with maturity on August 18, 2021 and carry an effective yield of 12% per annum. These Pakistan Investment Bonds to the tune of Rs. 47.09 million are collateralized against repurchase agreement borrowings (see note 6.1).

11.4.3 This has a tenor of 10 years with maturity on January 29, 2020 and carry an effective yield of 12.6% per annum.

11.5 These unlisted term finance certificates were due to mature on October 31, 2009. However, owing to the financial difficulties being faced by the issuer and the pending initial public offering of its shares which was due for SECP clearance, the investee company was unable to fully redeem the said certificates. Uptill December 31, 2011 a total of Rs. 66 million has been received against the principal in various installments. 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 237.88 million as at December 31, 2011.

11.6 Quoted Preference Shares of related parties

Number of shares		Name of Company	Note	31 December 2011		30 June 2011
31 December 2011	30 June 2011			Average Cost Rs.	Fair Value (Rupees)	
6,949,320	6,949,320	Pakistan International Containers - Terminal Limited	11.6.1	69,493,200	62,474,387	69,423,707
		Unrealized loss on remeasurement at fair value		(7,018,813)	-	-
				62,474,387	62,474,387	69,423,707
25,601,986	25,601,986	Azgard Nine Limited	11.6.2	229,178,138	229,178,138	229,178,138
		Impairment of investment in preference shares of Azgard Nine Limited		(166,163,103)	(166,163,103)	(166,163,103)
				63,015,035	63,015,035	63,015,035
				125,489,422	125,489,422	132,438,742

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 November 6, 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 original terms of the issue, 50% of the preference shares were due for redemption at the end of the fifth year whereas remaining 50% were due for redemption at the end of the sixth year (September 24, 2010). As per the terms of the issue, 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 of the Azgard Nine Limited at the option of the shareholder at the end of the sixth year (completing on 24 September 2010).

Azgard Nine Limited did not comply with the original terms of the issue and issued draft revised terms last year as per which 50% of the outstanding amount would be converted into ordinary shares of Agritech Limited and the balance of 50% would be converted into ordinary shares of Azgard Nine Limited. Azgard Nine Limited failed to comply with the revised terms also subsequently. Based on various options being considered by the management at present, management believes that provision held in the books is adequate.

	Note	31 December 2011 (Un-audited)	30 June 2011 (Audited)
----- (Rupees) -----			
12. TRADE DEBTS -unsecured, considered good			
-Purchase of shares on behalf of clients		265,038,619	116,763,777
-Advisory services		2,000,000	152,295
-Forex and fixed income commission		11,350,719	9,639,487
-Commodity		33,024,164	30,666,437
		311,413,502	157,221,996
Considered doubtful or bad		421,801,004	421,801,004
		733,214,506	579,023,000
Provision for doubtful debts		(421,801,004)	(421,801,004)
		<u>311,413,502</u>	<u>157,221,996</u>
13. INTEREST AND MARK-UP ACCRUED			
Accrued mark-up on Pakistan investment bonds		6,756,165	4,931,507
Accrued mark-up on term finance certificates		2,371,420	12,406,599
Profit receivable on bank deposits		2,524,050	1,975,377
		<u>11,651,635</u>	<u>19,313,483</u>
14. CASH AND BANK BALANCES			
Cash with banks:			
- Current accounts	14.1	3,043,269	4,943,407
- Profit and loss / deposit accounts	14.2	929,660,614	505,621,754
- Term deposit receipts	14.3	400,000,000	-
- Foreign currency deposit accounts	14.4	8,163,546	10,429,099
		1,340,867,429	520,994,260
Cash in hand		94,000	94,000
		<u>1,340,961,429</u>	<u>521,088,260</u>

14.1 Included in the current accounts is the amount kept with JS Bank Limited (a related party) amounting to Rs. 206,529.

14.2 Profit and loss / deposit accounts carry profit ranging from 5% to 11.5% per annum (June 30, 2011: 5% to 11.5% per annum). Included in these balances is the amount kept with JS Bank Limited (a related party) amounting to Rs. 907.13 million.

14.3 This represents term deposit receipt with JS Bank Limited (a related party) at the rate of 12.5% per annum maturing on January 4, 2012.

14.4 Included in the foreign currency deposit accounts is the amount kept with JS Bank Limited (a related party) amounting to Rs. 4.4 million.

	Note	31 December 2011 (Un-audited)	31 December 2010 (Un-audited)
------(Rupees)-----			
15. OPERATING REVENUE			
Brokerage and operating income		72,335,005	106,325,462
Advisory and consultancy fee		6,585,850	1,901,998
		<u>78,920,855</u>	<u>108,227,460</u>
16. OTHER OPERATING INCOME			
Income from financial assets:			
Dividend income on preference shares		3,474,752	5,543,985
Profit on term finance certificates and government securities		84,438,156	56,752,536
Mark-up income on reverse repurchase transaction		-	1,457,585
Profit on commercial papers		-	4,375,533
Profit on PLS accounts		19,494,851	25,772,474
Profit on term deposit receipts		1,643,836	558,904
Return on cash margin on future contracts		43,577	319,833
Exchange gain / (loss) on foreign currency deposits accounts		384,929	(93,696)
Late payment charges		4,196,768	2,620,036
		<u>113,676,869</u>	<u>97,307,190</u>
Income from non-financial assets			
Gain on sale of property and equipment		4,830,368	2,855,642
Other income		434,301	353,743
		<u>5,264,669</u>	<u>3,209,385</u>
		<u>118,941,538</u>	<u>100,516,575</u>
17. FINANCE COST			
Mark-up on running finance	17.1	3,891	-
Mark-up on repurchase transactions		4,139,675	599,300
Bank and other charges		1,076,203	1,767,455
		<u>5,219,769</u>	<u>2,366,755</u>

17.1 This represents mark-up accrued on running finance facility availed from JS Bank Limited (a related party) amounting to Rs. 400 million. The facility carries mark-up at the rate of 3 Months KIBOR plus 2% and is secured by first pari passu hypothecation charge over institutional trade receivables with 30% margin. The facility stands expired on December 31, 2011 and is due for renewal.

	31 December 2011 (Un-audited)	31 December 2010 (Un-audited)
18. EARNINGS PER SHARE -basic and diluted	----- (Rupees) -----	
Profit after taxation	<u>85,557,460</u>	<u>86,938,299</u>
	----- (Number) -----	
Weighted average number of shares outstanding during the period	<u>50,000,000</u>	<u>50,000,000</u>
	----- (Rupees) -----	
Earnings per share - basic and diluted	<u>1.71</u>	<u>1.74</u>

19. 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 information, are as follows:

	31 December, 2011 (Unaudited)		30 June, 2011 (Audited)	
	Key management personnel	Other related parties	Key management personnel	Other related parties
	----- (Rupees) -----			
Loans to employees				
Opening balance	564,099	-	217,441	-
Disbursements	891,373	-	739,006	-
Repayments	(697,712)	-	(392,348)	-
Closing balance	<u>757,760</u>	<u>-</u>	<u>564,099</u>	<u>-</u>
Mark-up / return / interest earned	<u>56,809</u>	<u>-</u>	<u>66,528</u>	<u>-</u>

	31 December, 2011 (Unaudited)		30 June, 2011 (Audited)	
	----(Rupees)----		----(Rupees)----	
	Key management personnel	Other related parties	Key management personnel	Other related parties
	----- <u>(Rupees)</u> -----			
Receivable from related parties				
Opening balance	-	2,089,142	-	-
Paid during the period	86,251	69,905,757	-	2,089,142
Received during the period	-	-	-	-
Closing balance	<u>86,251</u>	<u>71,994,899</u>	<u>-</u>	<u>2,089,142</u>

	31 December, 2011 (Unaudited)		30 June, 2011 (Audited)	
	----(Rupees)----		----(Rupees)----	
	Key management personnel	Other related parties	Key management personnel	Other related parties
	----- <u>(Rupees)</u> -----			
Payable from related parties				
Opening balance	95,886	12,727,619	21,251	1,087,048
Received during the period	-	-	74,635	12,104,439
Paid during the period	<u>(95,886)</u>	<u>(12,549,203)</u>	<u>-</u>	<u>(463,868)</u>
Closing balance	<u>-</u>	<u>178,416</u>	<u>95,886</u>	<u>12,727,619</u>

	31 December 2011 (Unaudited)	30 June 2010 (Audited)
	----- <u>(Rupees)</u> -----	
Balances with parent company		
Repurchase agreement borrowing	<u>270,080,700</u>	<u>-</u>
Bank deposits	<u>1,311,730,354</u>	<u>366,098,142</u>

	31 December 2011 (Unaudited)	30 June 2011 (Audited)
	----- (Rupees) -----	
Transactions with related parties		
Nature of transactions		
Sale of units of JS Cash Fund	25,000,000	-
Rent received from related Parties	344,912	1,677,108
Director's remuneration	1,550,000	3,164,997
Purchase of units of JS Cash Fund	-	200,000,000
Royalty Expenses	5,000,000	10,000,000
Brokerage - Others	4,685,950	20,661,244
Contributions to staff provident fund	2,170,586	3,427,801
Payment on account of expenses to associated companies	20,086,688	39,177,245
Key Management Compensation	23,748,177	34,313,004
Dividend income on preference shares	3,474,660	6,949,320
Capital gain on sale of units of - JS Cash Fund	215,945	-

	31 December 2011 (Unaudited)	30 June 2011 (Audited)
	----- (Rupees) -----	
Transactions with Parent Company		
Nature of transactions		
Purchase of Term Finance Certificates	3,291,667	105,755,096
Sale of Term Finance Certificates	69,766,122	558,631,962
Purchase of Treasury Bills	8,190,631,102	20,281,018,796
Sale of Treasury Bills	7,820,124,268	12,215,806,390
Purchase of Pakistan Investment Bonds	2,213,733,860	2,019,785,850
Sale of Pakistan Investment Bonds	2,348,606,862	1,753,409,371
Brokerage Income	842,318	2,227,548
Payment for Rent and Utilities	683,660	-
Rent Received	846,253	967,253
Bank Guarantee Charges	900,000	3,200,000
Bank Charges	131,505	313,672
Profit on Term Deposit Receipt	1,643,836	-
Profit on PLS Account	17,709,836	53,100,040
Exchange gain / (Loss) on foreign currency deposit accounts	189,031	21,963

20. OPERATING SEGMENT

	31 December 2011 (Unaudited)			
	Brokerage	Investment and Treasury	Other	Total
	------(Rupees)-----			
Segment revenues				
- Operating Revenue	72,335,005	56,023,168	6,585,850	134,944,023
- Other operating income	-	118,941,538	-	118,941,538
	72,335,005	174,964,706	6,585,850	253,885,561
Intersegment revenues	-	-	-	-
Total segment revenues	72,335,005	174,964,706	6,585,850	253,885,561
Administrative and operating expenses	(67,038,961)	(19,971,375)	(45,832,079)	(132,842,415)
Depreciation	(2,457,789)	(307,307)	(2,286,826)	(5,051,922)
Amortization of intangible assets	-	-	-	-
Reversal for doubtful debts	-	-	-	-
Finance cost	-	(4,139,675)	(1,080,094)	(5,219,769)
	2,838,255	150,546,349	(42,613,149)	110,771,455
Provision for Workers' Welfare Fund				(2,127,420)
Taxation				(23,086,575)
Profit after tax				<u>85,557,460</u>
Other information				
Segment assets	322,377,635	3,290,022,309	6,999,652	3,619,399,596
Segment liabilities	444,005,124	498,245,944	3,276,974	945,528,042

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

	31 December 2010 (Unaudited)			Total
	Brokerage	Investment and Treasury	Other	
	----- (Rupees) -----			
Segment revenues				
- Operating Revenue	106,325,461	71,679,883	1,621,609	179,626,953
- Other operating income	-	100,796,965	-	100,796,965
	106,325,461	172,476,848	1,621,609	280,423,918
Intersegment revenues	-	-	-	-
Total segment revenues	106,325,461	172,476,848	1,621,609	280,423,918
Administrative and operating expenses	(78,119,627)	(26,625,413)	(50,457,625)	(155,202,665)
Depreciation	(4,683,747)	(3,012,291)	(490,834)	(8,186,872)
Amortization of intangible assets	-	-	-	-
Reversal for doubtful debts	433,592	-	-	433,592
Finance cost	-	(2,366,755)	-	(2,366,755)
	23,955,679	140,472,389	(49,326,850)	115,101,218
Provision for Workers' Welfare Fund				(2,284,344)
Taxation				(25,878,575)
Profit after tax				86,938,299
Other information				
	30 June 2010 (Audited)			
Segment assets	660,412,422	2,715,767,565	24,926,876	3,401,106,863
Segment liabilities	619,710,751	160,228,588	28,017,119	807,956,458

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

21. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of directors of the Company have approved cash dividend of 20% (31 December 2010: Nil) amounting to Rs. 100 million (31 December 2010: Nil) in their meeting held on February 27, 2012.

22. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on February 27, 2012 by the Board of Directors of the Company.



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