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## Company Information

<b>Board of Directors</b>	<b>Mr. Basir Shamsie</b> <b>Mr. Fouad Fahmi Darwish</b> <b>Mr. Abdul Hamid Mihrez</b> <b>Mr. Ammar Talib Hajeyah</b> <b>Mr. Farid Arshad Masood</b> <b>Mr. Khurshid Hadi</b> <b>Mr. Muhammad Yousuf Amanullah</b> <b>Mr. Muhammad Kamran Nasir</b>	Chairman Vice Chairman Director Director Director Director Director Chief Executive Officer
<b>Audit Committee</b>	<b>Mr. Muhammad Yousuf Amanullah</b> <b>Mr. Ammar Talib Hajeyah</b> <b>Mr. Basir Shamsie</b> <b>Mr. Muhammad Umair Arif</b>	Chairman Member Member Secretary
<b>Executive Committee</b>	<b>Mr. Muhammad Kamran Nasir</b> <b>Mr. Fouad Fahmi Darwish</b> <b>Mr. Abdul Hamid Mihrez</b> <b>Mr. Basir Shamsie</b> <b>Mr. Muhammad Yousuf Amanullah</b>	Chairman Member Member Member Member
<b>Human Resource &amp; Compensation Committee</b>	<b>Mr. Muhammad Yousuf Amanullah</b> <b>Mr. Muhammad Kamran Nasir</b> <b>Mr. Abdul Hamid Mihrez</b>	Chairman Member Member
<b>Chief Financial Officer</b>	<b>Mr. Mohammad Imtiaz A. Aziz</b>	
<b>Company Secretary</b>	<b>Mr. Muhammad Umair Arif</b>	
<b>Auditor</b>	<b>M. Yousuf Adil Saleem &amp; Co.</b> Chartered Accountants (A member firm of Deloitte) Cavish Court, A-35, Block 7 & 8, KCHSU, Shahrah-e-Faisal, Karachi	
<b>Internal Auditor</b>	<b>Ernst &amp; Young Ford Rhodes Sidat Hyder &amp; Co.</b> Chartered Accountants Progressive Plaza, Beaumont Road, Karachi	
<b>Bankers</b>	<b>JS Bank Limited</b> <b>MCB Bank Limited</b> <b>Habib Bank Limited</b> <b>Habib Metropolitan Bank Limited</b> <b>NIB Bank Limited</b> <b>Bank Alfalah Limited</b> <b>United Bank Limited</b>	
<b>Legal Adviser</b>	<b>Bawaney &amp; Partners</b> , 3 <sup>rd</sup> & 4 <sup>th</sup> Floors, 68-C, Lane-13, Bokhari Commercial Area Phase - VI DHA, Karachi.	
<b>Share Registrar</b>	<b>Technology Trade (Pvt) Limited</b> , 241-C, Block-2, P.E.C.H.S., Karachi	
<b>Registered Office</b>	6th Floor, Faysal House, Main Shahrā – e – Faisal , Karachi Telephone: 92-21-111574111, Fax: 92-21-32800167	

## Directors' Report to the Members

The Directors are pleased to present the unaudited financial statements of JS Global Capital Limited for the nine months ended September 30, 2014. Summarized results are set out below:

	Nine months ended	
	September 30, 2014	September 30, 2013
	------(Rupees)-----	
Profit before tax	<b>233,936,507</b>	196,258,597
Profit after tax	<b>163,483,136</b>	148,213,259
Earnings per share	<b>3.27</b>	2.96

### ECONOMIC REVIEW

Pakistan's economy is still facing challenges as GDP growth for FY14 clocked in at 4.1% below the Government's target of 4.4%. Although inflation levels remained respectable with 3MFY15 CPI inflation clocking in at 7.53%YoY, risk of higher inflation has increased somewhat after the heavy rains and floods. Moreover, concerns on the external account have re-emerged as well as declining private capital inflows, could present challenges in managing the Balance-of-Payments position going forward. As a result, State Bank of Pakistan (SBP) also remained prudent in its latest Monetary Policy Statement (MPS) and kept the Discount Rate unchanged at 10%. Positive resolution of the current political crises remains critical as it could pave the way for capital inflows like 1) privatization receipts, 2) issuance of dollar-denominated Eurobond/Sukuks and 3) release of the fifth IMF Tranche.

### EQUITY MARKET REVIEW

The benchmark KSE-100 Index rose by 18% over the January-September 2014 period beating the region's average return of 13% for the same period. However, average trading volumes at the local bourse declined to 203mn shares as against average daily turnover of 242mn shares in the corresponding period last year. Meanwhile, Net Foreign Portfolio Investment (FIPI) at the Karachi Stock Exchange rose to US\$430mn in the period under review, well above the Net FIPI of US\$316mn reported in the corresponding period last year.

### FIXED INCOME, CURRENCIES AND COMMODITIES REVIEW

Money market remained fairly liquid during the period under consideration owing to higher T-bills maturities against insufficient participation in fresh T-bill auctions. PIB auctions continued to attract hefty participation, thereby cushioning excess liquidity dumped by maturing T-bills.

Keeping all the variables intact, participation in last PIB auction was at a much higher level than last month's auction. The volume was also high enough to exceed the auction's target and the total amount raised in PIBs amounted to PKR 160bn against a target of PKR 100bn where cutoff yields for 3 Year, 5 Year and 10 Year were settled at 12.59%, 12.99% and 13.45% respectively. Whereas in latest T-bill auction, Government managed to raise a mere total of PKR 5bn against a target of PKR 100bn. As a result, SBP had to inject sizeable amount of liquidity in the market in order to allow smooth functioning and practice of money market activity.

On the exchange rate front, second half of fiscal year FY14 started with USD/PKR 105.50 as compared to USD/PKR parity of 97.36 in the corresponding period last year. During this period, Pak Rupee appreciated by approximately 2.75% on the back of improved FX inflows which touched the highest (\$14.54bn) in July however, lately the political chaos coupled with depleting FX reserves kept the currency in check. During the period under consideration, highest USD/PKR parity was at 105.65 and lowest parity was at 95.85.

It was difficult period for Commodities brokerage as the value of commodities traded at Pakistan Mercantile Exchange ('PMEX') declined to PKR 655 bn in 9MCY14 as against PKR 854 bn in the corresponding period last year. However, market share of JS Global remained strong with the Company maintaining its position amongst the top industry players.

#### **COMPANY PERFORMANCE REVIEW**

The Company earned net income of PKR 163.48 mn for nine months ended September 30, 2014 vis-à-vis net income of PKR 148.21 mn in comparative period last year clocking a growth of 10.30% over the same period. Operating revenue of the Company increased by 14.74% over the same period last year.

Despite ongoing market-related challenges and the country's economic condition, the Company is focused on maintaining its growth momentum in the long run. Management is acutely monitoring its resources to reap the maximum benefits for its shareholders. This involves optimizing revenue generation from core brokerage and fee-based operations, treasury management 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 sincerest appreciation to our employees for their dedication and hard work and to our clients, business partners and shareholders for their support and confidence.

We would like to acknowledge the Securities and Exchange Commission of Pakistan, Karachi Stock Exchange and National Clearing Company of Pakistan Limited for their efforts to strengthen the Capital Markets and measures to protect investor rights.

For and on behalf of the  
Board of Directors

**Karachi: October 22, 2014**

**Basir Shamsie  
Chairman**

# **CONDENSED INTERIM FINANCIAL INFORMATION**

## Condensed Interim Balance Sheet

### As at September 30, 2014

	Note	September 30, 2014 (Un-audited)	December 31, 2013 (Audited)
----- (Rupees) -----			
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
<b>Authorised :</b>			
150,000,000 (Dec 31 2013: 150,000,000) ordinary shares of Rs. 10 each		<u>1,500,000,000</u>	<u>1,500,000,000</u>
Issued, subscribed and paid-up share capital		<u>500,000,000</u>	500,000,000
Share premium		<u>1,810,104,900</u>	1,810,104,900
Unappropriated profit		<u>339,232,730</u>	225,749,594
		<u>2,649,337,630</u>	2,535,854,494
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Creditors, accrued expenses and other liabilities	5	<u>1,037,685,814</u>	325,466,999
Provision for Taxation		<u>126,054,245</u>	64,804,262
		<u>1,163,740,059</u>	390,271,261
		<u>3,813,077,689</u>	<u>2,926,125,755</u>
<b>Contingencies and Commitments</b>	6		

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



**Basir Shamsie**  
Chairman

**Muhammad Kamran Nasir**  
Chief Executive

## Condensed Interim Balance Sheet

### As at September 30, 2014

	Note	September 30, 2014 (Un-audited)	December 31, 2013 (Audited)
----- (Rupees) -----			
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property and equipment	7	42,725,812	27,442,436
Intangible assets	8	11,730,447	8,335,657
Long term investments	9	15,272,670	15,272,670
Long term loans, advances and deposits		13,751,545	9,133,551
Deferred taxation-net	10	131,187,391	140,390,777
		<b>214,667,865</b>	200,575,091
<b>Current Assets</b>			
Short term investments	11	1,971,045,161	1,453,386,969
Trade debts - unsecured, considered good	12	885,188,968	303,759,059
Loans and advances		14,775,331	11,113,642
Deposits and short-term prepayments		88,177,214	42,494,402
Interest and markup accrued	13	35,500,334	4,465,302
Other receivables		24,064,752	5,838,251
Advance tax		111,340,335	65,281,352
Cash and bank balances	14	468,317,729	839,211,687
		<b>3,598,409,824</b>	2,725,550,664
		<b>3,813,077,689</b>	2,926,125,755

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

**Basir Shamsie**  
Chairman

**Muhammad Kamran Nasir**  
Chief Executive

 **JS Global**

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

### For the nine months ended September 30, 2014

	Note	Nine Months ended		Quarter ended	
		September 30, 2014 (Un-audited)	September 30, 2013 (Un-audited)	September 30, 2014 (Un-audited)	September 30, 2013 (Un-audited)
(Rupees)					
Operating revenue	15	234,915,476	204,723,696	72,526,048	62,529,243
Capital gain / (loss) on sale of investments		85,048,368	19,193,049	16,197,741	(19,846,622)
Gain on remeasurement of investments at fair value through profit or loss - net		3,459,258	28,186,790	4,488,501	5,952,299
		<u>323,423,102</u>	<u>252,103,535</u>	<u>93,212,290</u>	<u>48,634,920</u>
Administrative and operating expenses		(230,434,974)	(226,584,267)	(78,926,423)	(72,443,725)
		<u>92,988,128</u>	<u>25,519,268</u>	<u>14,285,867</u>	<u>(23,808,805)</u>
Other operating income		146,338,930	188,997,557	67,234,156	65,958,874
		<u>239,327,058</u>	<u>214,516,825</u>	<u>81,520,024</u>	<u>42,150,070</u>
Provision for Workers' Welfare Fund		(4,774,212)	(3,848,000)	(1,629,327)	(683,000)
Finance cost		(616,339)	(14,410,228)	(53,577)	(6,619,042)
Profit before taxation		<u>233,936,507</u>	<u>196,258,597</u>	<u>79,837,120</u>	<u>34,848,028</u>
Taxation - current		(61,249,985)	(50,125,824)	(22,348,866)	(7,000,309)
- deferred		(9,203,386)	2,080,486	(1,010,255)	(820,296)
	16	<u>(70,453,371)</u>	<u>(48,045,338)</u>	<u>(23,359,121)</u>	<u>(7,820,605)</u>
Profit after taxation		<u>163,483,136</u>	<u>148,213,259</u>	<u>56,477,999</u>	<u>27,027,422</u>
Earnings per share - basic and diluted	17	<u>3.27</u>	<u>2.96</u>	<u>1.13</u>	<u>0.54</u>

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

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

For the nine months ended September 30, 2014

	Nine Months ended		Three Months ended	
	September 30, 2014 (Un-audited)	September 30, 2013 (Un-audited)	September 30, 2014 (Un-audited)	September 30, 2013 (Un-audited)
	----- (Rupees) -----		----- (Rupees) -----	
<b>Profit for the period</b>	<b>163,483,136</b>	148,213,259	<b>56,477,999</b>	27,027,422
<b>Other comprehensive income:</b>				
Unrealized gain on remeasurement of available for sale investments at fair value	-	-	-	-
<b>Total comprehensive income for the period</b>	<b><u>163,483,136</u></b>	<u>148,213,259</u>	<b><u>56,477,999</u></b>	<u>27,027,422</u>

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

\_\_\_\_\_  
**Basir Shamsie**  
Chairman

\_\_\_\_\_  
**Muhammad Kamran Nasir**  
Chief Executive

 **JS Global**

## Condensed Interim Cash Flow Statement (Un-audited)

For the nine months ended September 30, 2014

	Nine Months ended September 30, 2014	Nine Months ended September 30, 2013
	(Rupees)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	233,936,507	196,258,597
<b>Adjustments for:</b>		
Depreciation	6,826,549	6,083,253
Amortization of software	1,109,704	81,252
Gain on sale of property and equipment	(3,439,150)	(5,661,828)
Gain on remeasurement of investments carried at fair value through profit or loss - net	(3,459,258)	(28,186,790)
Provision for Workers' Welfare Fund	4,774,212	3,848,000
Finance cost	616,339	14,410,228
	<u>6,428,396</u>	<u>(9,425,885)</u>
Cash generated from operating activities before working capital changes	240,364,903	186,832,712
<b>(Increase)/ Decrease in current assets:</b>		
Trade debts	(581,429,909)	(133,178,971)
Loans and Advances	(3,661,689)	1,797,334
Deposits and short term prepayments	(45,682,812)	(61,200,774)
Interest and markup accrued	(31,035,032)	(6,551,451)
Other receivables	(18,226,501)	(33,213,333)
	<u>(680,035,943)</u>	<u>(232,347,195)</u>
<b>Increase in current liabilities</b>		
Creditors, accrued expenses and other liabilities	707,412,574	145,374,857
Cash generated from operations	<u>267,741,534</u>	<u>99,860,373</u>
Finance cost paid	(616,339)	(14,410,228)
Taxes paid	(46,058,985)	(46,169,186)
Net cash generated from operating activities	221,066,210	39,280,960
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(22,137,575)	(13,473,665)
Proceeds from disposal of property and equipment	3,466,800	8,402,605
Long term loans, advances and deposits	(4,617,994)	3,132,854
Addition to Intangible Assets	(4,504,494)	-
Short term investments - net	(514,198,934)	670,178,018
Net cash (used in) / generated from investing activities	<u>(541,992,197)</u>	<u>668,239,812</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash (paid) under repurchase transactions	-	(431,187,500)
Dividend Paid	(49,967,971)	(149,754,897)
Net cash used in financing activities	<u>(49,967,971)</u>	<u>(580,942,397)</u>
(Decrease) / Increase in cash and cash equivalents during the period	(370,893,958)	126,578,375
Cash and cash equivalents at the beginning of the period	839,211,687	621,853,000
Cash and cash equivalents at the end of the period	<u>468,317,729</u>	<u>748,431,375</u>

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

## Condensed Interim Statement of Changes in Equity (Un-audited)

### For the nine months ended September 30, 2014

	Issued, subscribed and paid up share capital	Capital reserves Share premium	Revenue reserves		Total
			Unrealized (loss) / gain on remeasurement of available for sale investment at fair value (Rupees)	Unappropriated profit	
<b>Balance as on January 01, 2013</b>	500,000,000	1,810,104,900	-	400,553,478	2,710,658,378
<b>Total Comprehensive income for the period</b>					
Profit for the nine months ended September 30, 2013	-	-	-	148,213,259	148,213,259
<b>Other Comprehensive Income</b>					
Un realized gain / (loss) on remeasurement of available for sale investments at fair value	-	-	-	-	-
<b>Total Comprehensive income for the period</b>	-	-	-	148,213,259	148,213,259
<b>Transactions with owners of the Company, recognized directly in equity</b>					
Appropriations for the eighteen months ended December 31, 2012					
- Final dividend @ Rs.3/- per ordinary share	-	-	-	(150,000,000)	(150,000,000)
Appropriations for the six months ended June 30, 2013					
- First interim dividend @ Rs.3.5/- per ordinary share	-	-	-	(175,000,000)	(175,000,000)
<b>Balance as on September 30, 2013</b>	<u>500,000,000</u>	<u>1,810,104,900</u>	<u>-</u>	<u>223,766,737</u>	<u>2,533,871,637</u>
<b>Balance as on January 01, 2014</b>	500,000,000	1,810,104,900	-	225,749,594	2,535,854,494
<b>Total Comprehensive income for the period</b>					
Profit for the nine months ended September 30, 2014	-	-	-	163,483,136	163,483,136
<b>Other Comprehensive Income</b>					
Un realized gain / (loss) on remeasurement of available for sale investments at fair value	-	-	-	-	-
<b>Total Comprehensive income for the period</b>	-	-	-	163,483,136	163,483,136
<b>Transactions with owners of the Company, recognized directly in equity</b>					
- Interim dividend @ Rs.1/- per ordinary share	-	-	-	(50,000,000)	(50,000,000)
<b>Balance as on September 30, 2014</b>	<u>500,000,000</u>	<u>1,810,104,900</u>	<u>-</u>	<u>339,232,730</u>	<u>2,649,337,630</u>

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

**Basir Shamsie**  
Chairman

**Muhammad Kamran Nasir**  
Chief Executive

**JS Global**

## Notes to the Condensed Interim Financial Information (Un-audited) For the nine months ended September 30, 2014

### 1. STATUS AND NATURE OF BUSINESS

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

JS Global Capital Limited is a TREC holder of Karachi Stock Exchange Limited and member of Pakistan Mercantile Exchange Limited (formerly National Commodity Exchange Limited). The principal activities of the Company are share brokerage, money market, forex and commodity brokerage, advisory and consultancy services. Other activities include investment in a mix of listed and unlisted equity and debt securities and reverse repurchase transactions. The registered office of the Company is situated at 6th floor, Faysal House, Shahra-e-Faisal, Karachi, Pakistan.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with financial statements for the year ended December 31, 2013.

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

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

## 2.2 Use of estimates and judgments

The preparation of condensed interim financial information requires the Company to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by the Company in applying accounting policies and the key sources of estimating uncertainty are the same as those that applied to financial statements as at and for the year ended December 31, 2013.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial information are same as those applied in the preparation of the financial statements of the Company for the year ended December 31, 2013.

## 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 December 31, 2013.

## 5. CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES

	September 30, 2014 (Un-audited)	December 31, 2013 (Audited)
	----- (Rupees) -----	
Creditors for sale of shares on behalf of clients	<b>966,533,922</b>	250,825,335
Accrued expenses	<b>36,212,899</b>	40,629,059
Provision for staff bonus	<b>1,353,950</b>	5,000,000
Unclaimed dividend	<b>3,290,482</b>	3,258,453
Retention money - Softech	<b>40,600</b>	40,600
Advance fee from client	<b>7,916,875</b>	7,916,875
Provision for workers' welfare fund	<b>16,504,538</b>	11,730,325
Others	<b>5,832,548</b>	6,066,352
	<b><u>1,037,685,814</u></b>	<u>325,466,999</u>

## 6 CONTINGENCIES AND COMMITMENTS

### 6.1 Commitments

Future sale transactions of equity securities entered into by the Company in respect of which the sale transactions have not been settled as at September 30, 2014.

<b><u>455,063,365</u></b>	<u>394,964,215</u>
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6.2 Tax related contingencies have been disclosed in note 16 to the condensed interim information.

## 7 PROPERTY & EQUIPMENT

Following is the cost of property and equipment that have been added to / disposed of during the Nine (Twelve) months ended September 30, 2014 (December 31, 2013).

	<b>September 30, 2014 (Un-audited)</b>	December 31, 2013 (Audited)
<b>Note</b>	----- (Rupees) -----	
<b>Additions:</b>		
Office Equipment	<b>15,698,375</b>	4,942,280
Office Furniture	<b>733,678</b>	-
Motor Vehicles	<b>5,703,980</b>	8,627,375
	<b><u>22,136,033</u></b>	<u>13,569,655</u>
<b>Disposals:</b>		
Office Equipment	<b>260,500</b>	4,527,978
Office Furniture	-	-
Motor Vehicles	<b>4,959,574</b>	11,134,637
	<b><u>5,220,074</u></b>	<u>15,662,615</u>

## 8 INTANGIBLE ASSETS

Trading Right Entitlement Certificate- Karachi Stock Exchange Limited	8.1	<b>5,727,330</b>	5,727,330
Membership card - Pakistan Mercantile Exchange		<b>2,500,000</b>	2,500,000
		<b>8,227,330</b>	8,227,330
Software		<b>3,503,117</b>	108,327
		<b><u>11,730,447</u></b>	<u>8,335,657</u>

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

## 9 LONG TERM INVESTMENT

### Available for sale

Shares in Karachi Stock Exchange Limited	9.1	<b><u>15,272,670</u></b>	<u>15,272,670</u>
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**9.1** Pursuant to demutualization of the Karachi Stock Exchange Limited (KSE), the ownership rights in a Stock Exchange were segregated from the right to trade on an exchange. As a result of such demutualization, the Company received shares and TREC from the KSE against its membership card which was carried at Rs. 21 million in the books of the Company.

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

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

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

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

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

		September 30, 2014 (Un-audited)	December 31, 2013 (Audited)
	Note	----- (Rupees) -----	
<b>10 DEFERRED TAXATION-net</b>			
<b>Taxable temporary difference</b>			
Revaluation of investments		(432,407)	-
<b>Deductible temporary differences</b>			
Accelerated depreciation for tax purposes		356,822	1,202,802
Difference in accounting and tax base of intangible assets		30,756	2,287
Provision for doubtful debts		131,232,220	139,185,688
		<u>131,619,798</u>	<u>140,390,777</u>
		<u>131,187,391</u>	<u>140,390,777</u>
<b>11 SHORT TERM INVESTMENTS</b>			
<b>At fair value through profit or loss - held for trading</b>			
Quoted Equity Securities	11.1	462,292,726	391,258,239
Units of mutual funds	11.2	-	650,801,945
Term Finance Certificates and Sukuk bonds	11.3	318,763,873	162,943,533
Government Securities	11.4	1,189,988,562	248,383,252
		<u>1,971,045,161</u>	<u>1,453,386,969</u>
<b>Available for sale</b>			
Privately Placed Term Finance Certificates - Unsecured	11.5	-	-
		<u>1,971,045,161</u>	<u>1,453,386,969</u>

### 11.1 Quoted Equity Securities

Number of shares		Name of Company	September 30, 2014		December 31, 2013
September 30, 2014	December 31, 2013		(Un-audited)		(Audited)
			Average Cost	Fair Value	
			(Rupees)		
1,208,000	802,500	Adamjee Insurance Company Limited	56,914,925	57,766,560	29,989,425
15,000	55,000	Attock Refinery Limited	1,046,365	3,073,200	11,421,850
-	307,000	Bank Al Falah Limited	-	-	8,301,280
75,000	-	Bank of Panjab	605,311	599,250	-
1,363,000	614,500	DG Khan Cement Limited	112,029,447	108,631,100	52,681,085
14,500	32,000	Engro Foods Limited	1,575,713	1,463,920	3,342,080
59,000	199,000	Engro Corporation	10,231,177	9,743,260	31,517,620
28,000	-	Fatima Fertilizers Limited	770,342	795,480	-
-	34,000	Fauji Fertilizer Bin Qasim Limited	-	-	1,489,540
72,000	142,000	Fauji Fertilizer Company Limited	8,134,329	8,167,680	15,898,320
-	-	Fauji Cement Company Limited	-	-	-
3,500	63,000	MCB Bank Limited	991,349	988,995	17,713,710
40,500	854,500	National Bank of Pakistan Limited	2,458,031	2,450,250	49,612,270
15,000	44,500	Nishat Chunian Limited	639,814	610,200	2,678,900
-	530,500	Nishat Mills Limited	-	-	67,500,820
185,000	-	Maple Leaf Cement Factory Limited	5,159,216	5,030,150	-
8,500	-	Oil and Gas development Company limited	2,122,310	2,100,010	-
503,500	143,000	Pakistan Petroleum Limited	114,994,771	113,816,175	30,596,280
345,000	75,500	Pakistan State Oil Company Limited	125,565,354	124,355,250	25,082,610
24,500	1,522,500	Pakistan Telecommunication Limited	595,090	571,096	43,299,900
370,000	-	Pioneer Cement limited	19,806,620	19,547,100	-
95,000	-	Pak electron limited	2,753,045	2,583,050	-
-	1,000	United Bank Limited	-	-	132,550
			<b>466,393,208</b>	<b>462,292,726</b>	<b>391,258,239</b>
Unrealized Loss on remeasurement at fair value			<b>(4,100,482)</b>	-	-
			<b>462,292,726</b>	<b>462,292,726</b>	<b>391,258,239</b>

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

### 11.2 Units of mutual funds

Number of units		Name of funds	September 30, 2014		December 31, 2013
September 30, 2014	December 31, 2013		(Un-audited)		(Audited)
			Average Cost	Fair Value	
			(Rupees)		
-	2,536,885	JS Cash Fund - related party	-	-	260,741,000
-	3,450,368	JS Income Fund - related party	-	-	304,115,423
-	4,997,551	ABL Cash Fund	-	-	50,000,000
-	357,402	UBL Liquidity Plus Fund	-	-	35,945,522
			-	-	650,801,945
			-	-	650,801,945

**11.3 Term finance Certificates**

Number of certificates		Name of Term Finance Certificates	September 30, 2014 (Un-audited)		December 31, 2013 (Audited)
September 30, 2014	December 31, 2013		Average Cost	-----Fair Value----- ------(Rupees)-----	
<b>Listed</b>					
400	1,000	Allied Bank Limited I	522,359	499,173	2,552,896
400	1,000	Allied Bank Limited II	1,913,077	1,952,623	4,784,692
2,800	475	Bank Al Falah Limited	14,394,044	14,717,127	2,447,546
400	400	Engro Fertilizer Pakistan Limited	1,585,008	1,587,717	1,705,008
8,000	-	Engro Fertilizer Limited "SUKUK"	40,000,000	40,000,000	-
400	6,700	Engro Fertilizer Pakistan Limited - III	1,994,581	1,980,990	33,401,056
-	520	Engro Rupiya Certificate I	-	-	2,615,095
-	8,890	Engro Rupiya Certificate II	-	-	45,020,487
-	-	Jahangir Siddiqui & Company Limited VII	-	-	-
2,100	2,100	- related party	6,725,292	6,528,126	8,037,792
-	-	Jahangir Siddiqui & Company Limited VIII	-	-	-
8,000	-	- related party	40,000,000	40,995,280	-
-	100	Orix Leasing Pakistan Limited	-	-	1,961,976
200	200	Pakistan Mobile Communication Limited TFC VII	12,221,359	12,724,300	15,721,359
4,240	-	K-Electric AZM SUKUK 3	21,889,000	21,799,537	-
500	-	Engro Islamic Rupiya 2	2,750,000	2,500,000	-
700	-	Engro Islamic Rupiya I	3,675,000	3,500,000	-
-	1,000	Tameer Sarmaya Certificates I	-	-	4,988,000
1,000	1,000	Tameer Sarmaya Certificates II	4,979,000	4,979,000	4,988,000
-	1,600	United Bank Limited TFC III	-	-	2,658,756
			<b>152,648,720</b>	<b>153,763,873</b>	<b>130,882,664</b>
<b>Un-Listed</b>					
-	5,960	Bank Al Habib Limited IV	-	-	32,060,869
33,000	-	Askari TFC V	165,000,000	165,000,000	-
			<b>317,648,720</b>	<b>318,763,873</b>	<b>162,943,533</b>
Unrealized Gain on remeasurement at fair value			1,115,153	-	-
			<b>318,763,873</b>	<b>318,763,873</b>	<b>162,943,533</b>

**11.4 Government Securities**

		September 30, 2014 (Un-audited)		December 31, 2013 (Audited)
		Average Cost	-----Fair Value----- ------(Rupees)-----	
Treasury Bills		-	-	248,383,252
Pakistan Investment Bonds		1,188,431,766	1,189,988,562	-
		<b>1,188,431,766</b>	<b>1,189,988,562</b>	<b>248,383,252</b>
Un realized Gain on remeasurement at fair value on PIB's		1,556,795	-	-
		<b>1,189,988,562</b>	<b>1,189,988,562</b>	<b>248,383,252</b>

### 11.5 Privately Placed Term Finance Certificates - Unsecured

September 30, 2014					
Number of certificates	Markup rate (%)	Name of Company	Note	Maturity date	Cost (Rupees)
12	11.00%	Azgard Nine Limited (Privately Placed Term Finance Certificates)	11.5.1 2020	October 19,	<b>326,456,184</b>
		Impairment of investment in TFC			<b>(326,456,184)</b>
					<b>-</b>
December 31, 2013					
Number of certificates	Markup rate (%)	Name of Company		Maturity date	Cost (Rupees)
12	11.00%	Azgard Nine Limited (Privately Placed Term Finance Certificates)		October 19, 2020	326,456,184
		Impairment of investment in TFC			<b>(326,456,184)</b>
					<b>-</b>

11.5.1 These PPTFC's have been fully provided and markup is recorded on receipt basis.

	September 30, 2014 (Un-audited)	December 31, 2013 (Audited)
	----- (Rupees) -----	
<b>12 TRADE DEBTS -unsecured, considered good</b>		
Purchase of shares on behalf of clients	<b>813,034,528</b>	249,902,375
Forex and fixed income commission	<b>16,567,036</b>	16,206,539
Advisory services	<b>33,000</b>	-
Commodity	<b>55,554,404</b>	37,650,145
	<b>885,188,968</b>	303,759,059
<b>Considered doubtful or bad</b>	<b>397,673,393</b>	397,673,393
	<b>1,282,862,361</b>	701,432,452
Provision for doubtful debts	<b>(397,673,393)</b>	(397,673,393)
	<b>885,188,968</b>	303,759,059
<b>13 INTEREST AND MARK-UP ACCRUED</b>		
Accrued markup on Pakistan Investment Bonds	<b>27,917,123</b>	-
Accrued markup on Term Finance Certificates	<b>5,821,461</b>	3,258,365
Profit receivable on bank deposits	<b>1,761,750</b>	1,206,937
	<b>35,500,334</b>	4,465,302
<b>14 CASH AND BANK BALANCES</b>		
Cash with banks:		
Current accounts	<b>1,707,178</b>	3,092,477
Profit and loss / deposit accounts	<b>461,436,951</b>	830,795,323
Foreign currency deposit accounts	<b>5,060,851</b>	5,244,887
	<b>468,204,980</b>	839,132,687
Cash in Hand:	<b>112,749</b>	79,000
	<b>468,317,729</b>	839,211,687

	<b>Nine Months ended September 30, 2014 (Un-audited)</b>	Nine Months ended September 30, 2013 (Un-audited)
	----- <b>(Rupees)</b> -----	
<b>15 OPERATING REVENUE</b>		
Brokerage and operating income	<b>227,254,223</b>	197,815,361
Advisory and consultancy fee	<b>7,661,253</b>	6,908,335
	<b>234,915,476</b>	204,723,696

**16. TAXATION**

**16.1** Except for the tax year 2005 and the tax year 2009, income tax assessments have been filed and are deemed to have been assessed under the Income Tax Ordinance, 2001 unless selected by the taxation authorities for audit purposes.

**16.2** For the tax year 2009, the ITRA No. 07/2013 filed by the Commissioner Inland Revenue against the order passed by the Learned Appellate Tribunal Inland Revenue in ITA No. 923/KB/2011 dated August 28, 2011 relating to apportionment of expenses, allowability of expenses and claiming of tax deducted at source is pending for hearing before the Honorable High Court of Sindh at Karachi. The case was fixed for hearing on various dates but was discharged for want of time on each date.

**16.3** Last year, the Company received a show cause notice from Sindh Revenue Board (SRB) demanding payment of sales tax amounting to Rs. 19.65 million for the period from July 2011 to June 2012 under section 47 of Sindh Sales Tax on Services Act, 2011. Subsequently an order was passed reducing the demand to Rs. 9.86 million along with default surcharge. The Company filed an appeal against the said order which was decided against the Company. The Company is now in the process of filing an appeal before the tribunal. During the year, the Company paid an amount of Rs. 7.15 million before June 25, 2014 under the notification SRB 3-4/8/2014 to avail the exemption of the penalty and 75% of default surcharge.

Further, during the year, the Company received another show cause notice from SRB demanding payment of sales tax amounting to Rs. 34.69 million for the period from July 2012 to December 2013 under section 47 of Sindh Sales Tax on Services Act, 2011. Hearing is under progress and no order has been passed so far in this regard. However, the Company has paid an amount of Rs. 9.23 million before June 25, 2014 under the notification SRB 3-4/8/2014 to avail the exemption of the penalty and 75% of default surcharge.

	<b>Nine Months ended September 30, 2014 (Un-audited)</b>	Nine Months ended September 30, 2013 (Un-audited)
	----- <b>(Rupees)</b> -----	
<b>17. EARNINGS PER SHARE -basic and diluted</b>		
Profit after taxation	<b>163,483,136</b>	148,213,259
	----- <b>(Number)</b> -----	
Weighted average number of shares	<b>50,000,000</b>	50,000,000
	----- <b>(Rupees)</b> -----	
Earnings per share - basic and diluted	<b>3.27</b>	2.96

## 18. RELATED PARTY TRANSACTIONS

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

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

	September 30, 2014 (Un-audited)		December 31, 2013 (Audited)	
	Key management personnel	Related parties other than parent Company	Key management personnel	Related parties other than parent Company
----- (Rupees) -----				
<b>Trade debts</b>				
Opening balance	73,311	551,492	818	13,626,534
Invoiced during the period	-	5,963,264,646	8,478,823	7,026,109,059
Received during the period	(73,311)	(5,946,538,204)	(8,406,330)	(7,039,184,101)
Closing balance	<u>-</u>	<u>17,277,934</u>	<u>73,311</u>	<u>551,492</u>
<b>Trade payable</b>				
Opening balance	55,780	17,638,067	578,156	831,322
Invoiced during the period	10,735,231	1,000,226,765	3,822	7,442,273,588
Paid during the period	(10,699,226)	(1,016,622,320)	(526,198)	(7,425,466,843)
Closing balance	<u>91,785</u>	<u>1,242,512</u>	<u>55,780</u>	<u>17,638,067</u>
----- (Rupees) -----				
<b>Balances with parent company</b>				
Trade debts		<u>310,312</u>		<u>386,688</u>
Bank deposits		<u>459,564,520</u>		<u>815,141,617</u>
<b>Balances with ultimate parent company</b>				
Trade Payable		<u>345,260</u>		<u>-</u>

	<b>September 30, 2014 (Un-audited)</b>	September 30, 2013 (Un-audited)
	------(Rupees)-----	
<b>Transactions with other related parties</b>		
<b>Nature of transactions</b>		
Sale of units of JS Cash Fund	<u>997,724,991</u>	<u>50,000,000</u>
Director's remuneration	<u>1,425,000</u>	<u>1,500,000</u>
Purchase of units of JS Cash Fund	<u>700,000,000</u>	<u>-</u>
Purchase of units of JS Income Fund	<u>1,255,000,000</u>	<u>-</u>
Sales of units of JS Income Fund	<u>1,576,475,347</u>	<u>-</u>
Royalty Expenses	<u>7,500,000</u>	<u>7,500,000</u>
Brokerage income	<u>8,687,934</u>	<u>6,598,657</u>
Contributions to staff provident fund	<u>3,492,390</u>	<u>3,184,059</u>
Payment on account of expenses to associated companies	<u>94,338</u>	<u>28,660,091</u>
Capital gain on sale of units of - JS Cash Fund	<u>36,983,991</u>	<u>1,831,222</u>
Capital gain on sale of units of - JS income Fund	<u>17,359,924</u>	<u>-</u>
Dividend paid to Global Investment house	<u>21,734,832</u>	<u>76,071,912</u>
Bonus units received from JS Income Fund -97233( June 2013: Nil)	<u>97,233</u>	<u>-</u>
Bonus units received from JS Cash Fund ( No. of Units)	<u>422,231</u>	<u>-</u>
<b>Transactions with Parent Company</b>		
<b>Nature of transactions</b>		
Sale of term finance certificates - net	<u>3,653,752</u>	<u>-</u>
Purchase of term finance certificate-net	<u>-</u>	<u>39,683,963</u>
Purchase of Treasury Bills - net	<u>-</u>	<u>388,390,641</u>
Sale of Treasury Bills - net	<u>3,184,678</u>	<u>-</u>
Purchase of Pakistan Investment Bonds-net	<u>1,231,025,137</u>	<u>-</u>
Sale of Pakistan Investment Bonds - net	<u>-</u>	<u>426,533,450</u>
Brokerage income	<u>2,434,060</u>	<u>7,431,766</u>
Payment for rent and utilities & Consultancy Charges	<u>2,194,579</u>	<u>770,787</u>
Bank guarantee charges and bank charges	<u>236,344</u>	<u>273,340</u>
Dividend Paid	<u>25,525,169</u>	<u>89,338,091</u>
Profit on PLS account	<u>34,789,491</u>	<u>26,359,696</u>
Exchange (loss)/ gain on foreign currency deposit accounts	<u>(126,455)</u>	<u>364,602</u>
<b>Transactions with Ultimate Parent Company</b>		
<b>Nature of transactions</b>		
Brokerage income	<u>353,408</u>	<u>320,664</u>
Payment for rent and utilities & Consultancy Charges	<u>31,395,618</u>	<u>-</u>
Purchase of Term Finance Certificates	<u>40,000,000</u>	<u>-</u>

**19. OPERATING SEGMENTS**

	September 30, 2014 (Un-audited)			Total
	Brokerage	Investment and Treasury	Other operations	
	------(Rupees)-----			
Segment revenues	227,254,223	234,846,556	7,661,253	469,762,032
<b>Total segment revenue</b>	<b>227,254,223</b>	<b>234,846,556</b>	<b>7,661,253</b>	<b>469,762,032</b>
Administrative and operating expenses	(144,290,274)	(76,156,065)	(2,052,382)	(222,498,721)
Depreciation	(3,299,545)	(3,456,667)	(70,337)	(6,826,549)
Amortization of intangible assets	-	-	(1,109,704)	(1,109,704)
Finance cost	-	(616,339)	-	(616,339)
	<b>79,664,404</b>	<b>154,617,485</b>	<b>4,428,830</b>	<b>238,710,719</b>
Provision for Workers' Welfare Fund				(4,774,212)
Taxation				(70,453,371)
<b>Profit after tax</b>				<b>163,483,136</b>
<b>Other information</b>				
Segment assets	899,586,298	2,174,105,847	739,385,544	3,813,077,689
Segment liabilities	1,037,685,814	126,054,245	-	1,163,740,059

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

	September 30, 2013 (Un-audited)			Total
	Brokerage	Investment and Treasury	Other operations	
----- (Rupees) -----				
Segment revenues	149,132,030	235,871,977	56,097,085	441,101,092
Total segment revenues	149,132,030	235,871,977	56,097,085	441,101,092
Administrative and operating expenses	(82,046,101)	(21,449,943)	(116,923,719)	(220,419,762)
Depreciation	(1,996,274)	(533,497)	(3,553,482)	(6,083,253)
Amortization of intangible assets	-	-	(81,252)	(81,252)
Finance cost	-	(14,038,518)	(371,710)	(14,410,228)
	65,089,656	199,850,019	(64,833,078)	200,106,597
Provision for Workers' Welfare Fund				(3,848,000)
Taxation				(48,045,338)
Profit after tax				<u>148,213,259</u>
Other information				
Segment assets	732,279,128	2,568,225,812	38,491,215	3,338,996,155
Segment liabilities	<u>487,507,693</u>	<u>317,616,825</u>	-	<u>805,124,518</u>

**20 GENERAL**

Following corresponding figure has been reclassified to reflect more appropriate presentation of events and transactions for the purpose of comparison.

Reclassification		Rupees
From	To	

Creditors, accrued expenses and other liabilities	Other receivables	2,039,463
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**21 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

The Board of Directors of the Company have approved cash dividend of 30% (December 31, 2013: Nil) amounting to Rs. 150 million (December 31, 2013: Nil) and bonus of Nil (December 31, 2013: Nil) for the nine months ended September 30, 2014 in their meeting held on October 22, 2014.

**22 DATE OF AUTHORIZATION**

This condensed interim financial information was authorised for issue in the Board of Directors' meeting held on October 22, 2014.