



# Annual Report 2011

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## Mission

To ensure growth of various financial services by creating new products and services in financial sector.

# Vision

To be the leader in the  
Financial Service Sector.



# Company Information

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



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the eleventh Annual General Meeting of JS Global Capital Limited will be held at Regent Plaza Hotel & Convention Centre, Shakra-e-Faisal, Karachi on Thursday, October 27, 2011 at 01:15 p.m. to transact the following businesses:

### Ordinary Business

1. To confirm the minutes of the Tenth Annual General Meeting held on October 14, 2010.
2. To receive and consider the audited financial statements of the Company for the year ended June 30, 2011, together with the Directors' and Auditors' reports thereon.
3. To appoint the auditors for the ensuing year and fix their remuneration. Messrs. KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible, have offered themselves for reappointment.
4. To transact any other ordinary business with the permission of the Chair.

Karachi: October 05, 2011

### By order of the Board

#### Danish Zahoor

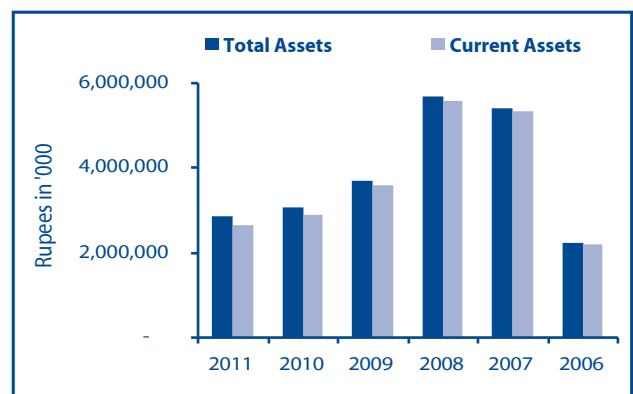
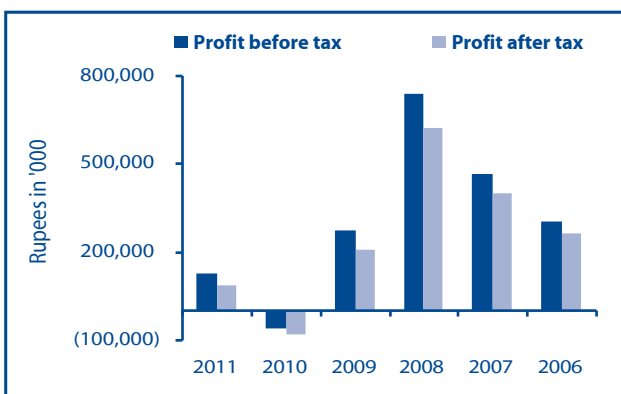
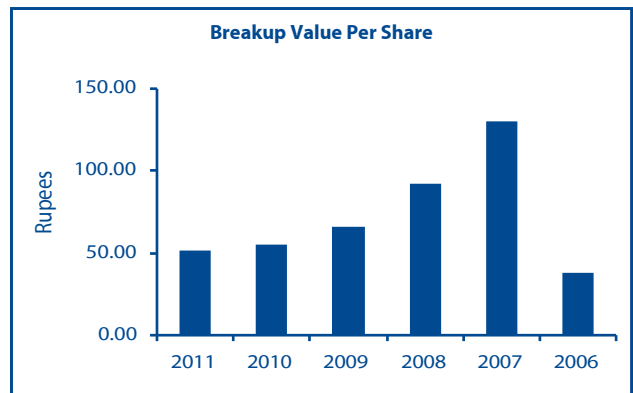
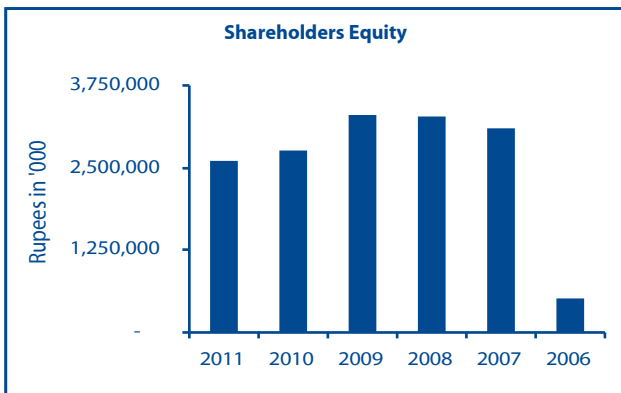
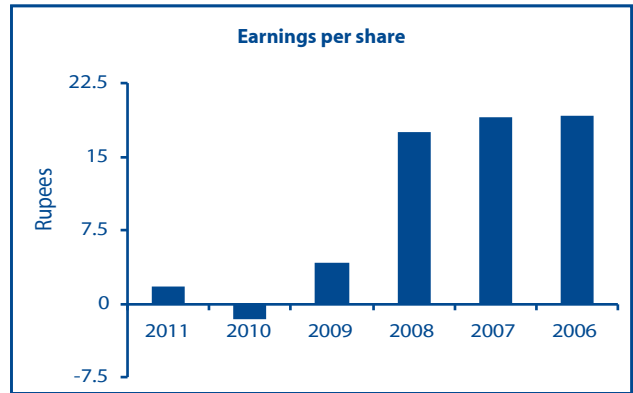
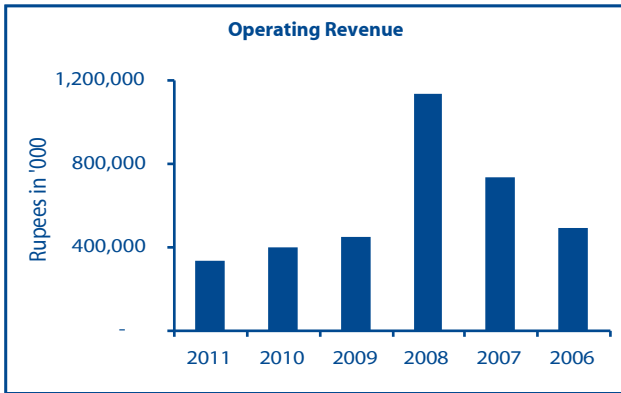
Company Secretary

### NOTES

- (i) Share transfer books of the Company will remain closed from October 21, 2011 to October 27, 2011 (both days inclusive).
- (ii) Physical transfer and deposit request under Central Depository System received at the close of business on October 20, 2011 by the Company's registrar i.e. Technology Trade (Private) Limited, Dagia House, 241 – C, Block -2, P.E.C.H.S., Karachi will be treated as being in time for entitlement to attend the meeting.
- (iii) A member of the Company entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her.
- (iv) Proxies must be received at the Head Office of the Company not later than 48 hours before the time of the meeting.
- (v) Beneficial owners of the physical shares and the shares registered in the name of Central Depository Company of Pakistan Limited (CDC) and / or their proxies are required to produce their original Computerized National Identity Cards (CNICs) or Passports for identification purpose at the time of attending the meeting. The form of proxy must be submitted with the Company within the time stipulated in para (iii) above, duly witnessed by two persons whose names addresses and CNIC numbers must be mentioned on the proxy form and attested photocopies of CNIC or the passport of the beneficial owner and the proxy must be submitted. In case of a corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature of the nominee shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
- (vi) Shareholders are requested to notify immediately of any change in their address.

**Financial Highlights**

	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Operating Performance (Rupees in 000)</b>									
Operating Revenue	336,993	402,732	452,651	1,132,510	734,404	495,754	252,301	143,260	485
Operating expenses	425,551	815,216	401,962	458,545	305,772	190,204	122,585	77,222	757
Financial expenses	4,387	4,208	8,418	59,871	11,890	12,828	9,318	704	-
Other income	219,176	357,675	230,881	126,020	49,893	12,279	631	915	25
Profit before tax	126,231	(59,017)	273,152	740,114	466,635	305,001	121,029	66,249	(247)
Profit after tax	89,121	(77,356)	206,240	624,134	402,818	264,208	102,300	40,271	(247)
<b>Per Ordinary Share (Rupees)</b>									
Earnings per share	1.78	(1.55)	4.12	17.48	19.02	19.15	10.58	6.71	-
Breakup value per share	51.91	55.20	65.98	91.90	130.13	37.68	24.19	16.67	-
<b>Dividends (Percentage)</b>									
Cash	-	-	-	50.00 (I)	-	-	15.00 (I)	-	-
Bonus shares	-	50.00 (F)	100.00 (F)	50.00 (F)	100.00 (F)	-	-	-	-
	-	-	-	39.998965 (F)	50.00 (F)	20.00 (I)	15.00 (F)	-	-
<b>Assets &amp; Liabilities (Rupees in 000)</b>									
Total assets	2,856,118	3,078,232	3,704,570	5,677,974	5,417,810	2,238,756	1,062,461	332,337	60,389
Current assets	2,657,867	2,891,588	3,608,357	5,579,552	5,325,048	2,187,744	1,008,485	307,046	58,234
Current liabilities	260,855	317,919	405,418	2,394,318	2,317,805	1,417,425	819,931	232,128	654
<b>Financial Position (Rupees in 000)</b>									
Shareholders equity	2,595,263	2,760,312	3,299,152	3,282,215	3,098,437	520,040	241,933	100,007	59,735
Share capital	500,000	500,000	500,000	357,145	238,097	138,000	100,000	60,000	60,000
Reserves	2,095,263	2,260,312	2,833,569	2,925,070	2,860,340	382,040	141,933	-	-
Shares outstanding- (Numbers in 000)	50,000	50,000	50,000	35,714	23,810	13,800	10,000	6,000	6,000
Return on capital employed - (%)	3.43	(2.80)	6.25	19.02	22.26	50.81	42.28	40.27	(0.41)
Return on total assets - (%)	3.12	(2.51)	5.57	10.99	7.44	11.80	9.63	12.12	(0.41)
Current ratio-times	10.19	9.10	8.90	2.33	2.30	1.54	1.23	1.32	89.04
(I)	Interim								
(F)	Final								







## DIRECTORS' REPORT

The Directors are pleased to present the audited financial statements of JS Global Capital Limited for the year ended June 30, 2011. Summarized results are set out below:

	2010-11	2009-10
	.....Rupees.....	
Profit / (Loss) before tax	126,231,381	(59,016,770)
Profit / (Loss) after tax	89,120,801	(77,356,587)
Earnings / (Loss) per share	1.78	(1.55)

### The Economy

The ongoing economic recovery was dented in the aftermath of the summer floods, leading to multiple downward revisions in growth estimates; with FY11 growth finally clocking in at 2.4% compared to an initial target of 4.5%. Furthermore, severe power and gas shortages also hampered production, with Large Scale Manufacturing (LSM) growth restricted to 1.15%YoY in FY11, as compared to 4.8%YoY in FY10. Inflation too remained in double digits, averaging 13.92% in FY11, primarily driven by higher food and energy prices.

On the positive side, FY11 was the best ever year on the exports and remittances front, with both achieving record levels. Exports climbed by 28.7% to reach US\$24.8bn, boosted by high textile exports on the back of escalating cotton prices. Remittances jumped by 25.8% to reach US\$11.2bn, supported by measures backed by the central bank. Both these helped foreign exchange reserves cross the US\$18bn mark. Imports on the other hand, grew by 16.4% to US\$40.4bn. Encouragingly, all this led the current account to register a surplus for the first time in six years, a balance of US\$542mn, compared to a deficit of US\$3.95bn last year.

No significant progress was achieved on the IMF programme – which remains suspended since May 2010. The IMF remained unsatisfied with the progress on key performance criteria's and was unwilling to release the remaining two tranches under the arrangement.

Going forward, we view recent steps by the SBP to reduce the discount rate by 50bps to 13.5% and expectation of contained inflation for FY12 to bode positively for the economy. If economic data especially on the inflation front continues to remain encouraging, it is likely that the SBP will continue to reduce the discount rate. This will be very positive for the Equity markets and corporate growth in particular. However, fragile relations with the United States, turbulent domestic politics and slippages on the fiscal front remain top concerns for the economy.

### Equity Capital Market

The KSE-100 closed FY11 with a notable gain of 29% vs. its 10-year average gain of 30%; primarily driven by attractive valuations and strong corporate earnings growth. The local bourse outperformed the regional markets by 7%, while under performing global commodities by 4% (CRB Index gained 33%) during the fiscal year. However, the imposition of Capital Gains Tax (CGT) and relatively low participation by domestic and foreign investors resulted in average daily volumes falling to a 13 year low of 95mn shares (down 41%YoY), while the average daily value traded declined to a 9 year low of Rs3.8bn (US\$45mn).

As far as sector performance was concerned, Food Producers' capitalization rose by a significant 128%, on the back of an impressive growth in their top line and earnings. Nestle and Unilever have alone contributed ~770 pts to the market's 2,774 pts jump this year. Further, the chemical sector outperformed the market by 18% amid an upward trend in primary margins, particularly that of PTA and local urea. Oil and Gas and the Banking sector were the prominent underperformers by a respective 11% and 22% during the year, with their performance marred by concerns over circular debt and rising non-performing loans, respectively. As far as foreign investor activity was concerned, they bought shares worth US\$964mn and offloaded shares worth US\$684mn. Foreign investors, as of end FY11 are estimated to have equity holdings of US\$2.9bn.

### Debt Capital Market

There were a total of 5 Term Finance Certificates ("TFCs") offered in FY11. Through these 5 TFCs, a total of PKR 14.2 billion (US \$ 165.174 million) was raised against a total of PKR 15 billion (US \$ 175.438 million) that was raised in FY10. Borrowers with strong balance sheets continued to access the bank loan market, and hence did not see the need to raise longer term funding from the debt capital markets.



## Foreign Exchange Market

FY11 started with the US Dollar spot rate at PKR 85.47 and closed with the rate at PKR 85.97. The lowest trade took place at PKR 83.96 in April 2011 and the highest at PKR 86.50 in May 2011. The lowest six month forward premium traded at 360 paisa during March 2011 and the highest six month premium traded at 460 paisa during December 2010. Record workers remittances and a low current account deficit kept US\$/PKR parity stable during FY11. Pakistan improved its foreign exchange reserves from \$16.76bn in July 2010 to the highest level of \$ 18.24bn in July 2011.

## Company Performance Review

Operating revenue declined by over 34.18% 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 and despite introduction of the much awaited MTS, the investor interest in the equity market remained dull. Operating revenue stood at Rs.216.301mn, versus 328.640mn last year. By and large, market share across all businesses was maintained.

Cost management measures continued to receive priority, resulting in an overall decrease of 7.71% YOY.

The other major reason for this year's downward performance was due to a further impairment of Rs.78.418mn that has been booked on an investment in preference shares of Azgard Nine Limited (ANL). The total aggregate provision on ANL Preference Shares now stands at Rs. 166.163mn on a total investment of Rs. 229.178mn. In addition, a net provision of 6.815mn has also been booked against doubtful trade receivables.

Necessary efforts are underway and options are being explored for recovery of the provisioned amounts as mentioned above. Your Board is closely monitoring the efforts being made by the Company's Executive Management on this front.

As highlighted by your Board in previous reviews, we continue to expect 2011-12 to be a challenging year 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.

## Appropriation of Profits

Profit for the year, along with distributable profit at year end, has been appropriated as follows:

	2011-10	2009-10
	.....Rupees.....	
Profit after tax	89,120,801	(77,356,587)
Un-appropriated profit brought forward	446,107,206	1,023,463,793
Profit available for appropriation	535,228,007	946,107,206
<b>Appropriations</b>		
Final Dividend FY 2010: 50% (200: 100%)	(250,000,000)	(500,000,000)
Final Dividend – FY 2011 (*Nil)	-	-
<b>Un-appropriated profit carried forward</b>	<b>285,228,007</b>	<b>446,107,206</b>

\*The Board, keeping in view the current business environment, decided not to recommend any dividend for the year under review.

## Corporate Governance

The Directors confirm compliance with the Corporate & Financial Reporting Framework of the Securities and Exchange Commission of Pakistan's ("SECP") Code of Corporate Governance for the following:

- The financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.



- Appropriate accounting policies as more fully explained in notes 3.1 to 3.20 to the financial statements have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan and the Companies Ordinance, 1984 as also stated in note 2 to the financial statements, have been followed in preparation of the financial statements.
- The system of internal control, which is sound in design has been effectively implemented and is being continuously reviewed and monitored.
- The company is financially sound and is a going concern and there are no doubts about its ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data of preceding years is appearing on page 06 and 07.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2011 except for those disclosed in the financial statements.
- The company operates an approved contributory provident fund for its eligible employees. Value of investments as per un-audited financial statements for the year ended June 30, 2011 amounts to approximately Rs. 16.612 million (2010: Rs. 14.833 million audited). The audit activity for the year ended June 30, 2011 is in process.
- No material changes and commitments affecting the financial position of your company have occurred between the balance sheet date and the date of the directors' report.

### **The Board**

The Board comprises of seven non-executive directors and the CEO. The positions of the Chairman and CEO are separate in line with best governance practices. The Board has Audit and Executive Committees, which assist the Board in the performance of its functions. The members of these committees are stated in the company information pages.

### **Changes in the Board**

The directors wish to report the following changes in the Board of Directors:

Mr. Yousef S FA Alebrahim was appointed as director on July 20, 2010. He resigned from the Board on August 09, 2011. We express our appreciation for the valuable contributions made by Mr. Yousef S FA Alebrahim during his tenure on the Board.

Casual Vacancy created by the resignation of afore-mentioned director was filled in accordance with the applicable regulations. Mr. Kashif Khan has been appointed as the new director on August 09, 2011. The Board welcomes the new Director. No directors of the company had any interest in his appointment.

### **Change in Management**

Mr. Nadir Rahman resigned as the Company's CEO w.e.f. January 01, 2011. The Board places on record its appreciation for the services rendered by Mr. Nadir Rahman during his tenure.

Mr. Muhammad Kamran Nasir has been appointed as the new CEO, with effect from January 01, 2011. The Board welcomes Mr. Nasir.

### **Board of Directors Meetings**

During the year 2010-11, four meetings of the Board of directors were held. The attendance by the directors is shown hereunder:



Name of Director	Resigned*/ Retired on	Eligibility	Meetings attended
Mr. Adil Matcheswala	-	4	4
Mr. Shahid Hameed	-	4	4
Mr. Aslam Khaliq	-	4	2
Syed Nadir Shah	-	4	3
Mr. Ahsen Ahmed	-	4	4
Mr. Naief Abdullatif S A Mohammad	-	4	3
Mr. Yousuf S FA Alebrahim	*August 09, 2011	4	4
Mr. Nadir Rahman (CEO)	*January 01, 2011	2	2
Mr. Muhammad Kamran Nasir (CEO)	-	2	2

### Management Discussion of Financial Responsibility

The company's management is responsible for preparing the financial statements and related notes contained in the Annual Report. The Audit Committee monitors and supervises the functions of the Internal Audit Department and assists the Board in monitoring and managing risks and internal controls. The internal audit adopts a risk based approach for planning and conducting business process audits, which is very much consistent with the established Framework. The Committee also reviews the performance of the Company's external auditors and recommends their appointment and the terms of their appointment.

The Audit Committee operates in accordance with the Code of Corporate Governance issued by the SECP. Terms of reference approved by the Board sets out the scope of the Committee. The Committee comprises of three Non-Executive Directors. The Chief Internal Auditor reports directly to the Chairman Audit Committee and the Chief Financial Officer is invited to attend the meetings. The Committee held four meetings during the year. The external auditors were also in attendance to discuss specific issues. The financial statements of the company were reviewed by the Audit Committee before approval by the Board.

### External Auditors

The auditors Messrs. KPMG Taseer Hadi & Co. stand retired and offer themselves for reappointment.

### Shareholding

The pattern of shareholding as on June 30, 2011 is appearing on page 62 including the transactions carried out by directors, Chief Executive Officer and their spouses and minor children. The Chief Financial Officer & Company Secretary had reportedly carried out no trading in the shares of the company.

### Credit Rating

The Pakistan Credit Rating Agency (PACRA), maintained both long term and short term ratings at AA (Double A) and A1+ (A one plus), respectively, for FY10. These ratings denote a very low expectation of credit risk emanating from very strong capacity for timely payments of financial commitments. Rating for the current year is under process.

### Future Outlook

With the strength that our balance sheet and reserves have to offer and our constant desire to achieve 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 the economy we are confident that the Company will maintain its growth momentum in the long run and continue to build shareholder value, as it has in the past.

Your company is also a member of the Pakistan Mercantile Exchange Limited ("PMEX"). PMEX is the 2nd largest exchange in the country, in terms of value traded. JSGCL had launched brokerage services pertaining to commodities last year which is demonstrating high growth as investors have a new avenue for investment. JSGCL is among the top brokers in the PMEX currently.

Irrespective of the challenges being faced, your Company plans on maintaining its focus on institution building by continuously strengthening its core business units, increasing market share in all departments and constantly remaining in search of innovative financial products and services.



### **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 and the State Bank of Pakistan for their efforts to strengthen the Capital Markets and measures to protect investor rights.

For and on behalf of the  
Board of Directors

**Adil Matcheswala**  
Chairman

Karachi: September 22, 2011



## BOARD OF DIRECTORS

### **Chairman, Mr. Adil Matcheswalla**

Mr. Adil Matcheswalla joined the JS Group in April 1993 and remained an employee till October 2001. During his 8 years with the group he served in various capacities ranging from Head of Equity Operations, Head of Equity Sales and as a member of various Committees ranging from technology, investments, special projects and acquisitions. He is an Alumni of Brown University in Rhode Island, USA from where he obtained a degree in Economics. He is also on the board of Food Basics (Private) Limited and Speed (Private) Limited. At present he is the Chief Executive Officer of Speed (Private) Limited, a company he co-founded. Speed (Private) Limited's scope of operations revolve around the retail and service industry and it is the exclusive distributor and representative in Pakistan for brands like Nike, Tag Heuer, Dior, Fendi, Oris SA, Timex Watches and HCA International Hospitals UK.

### **Vice Chairman, Mr. Shahid Hameed**

Mr. Shahid Hameed is one of the leading investment professionals in the Middle East with fifteen years of experience in asset management and research with a focus on Middle Eastern equity markets. Mr. Shahid Hameed is currently the head of GCC asset management at Global Investment House which is one of the largest investment management firms in the Middle East. His team is responsible for managing over \$2 billion in assets which are primarily invested in equities listed on the Middle Eastern stock exchanges and partly in regional fixed income markets. Mr. Shahid has been in his current role since July 2007.

Prior to that, Mr. Shahid was at Unicorn Investment Bank in Bahrain as Senior Director and the Head of Equities from May 2006 till June 2007. Between 1999 and 2006, he worked at SICO Investment Bank in Bahrain where he was a key member of the senior management team. Mr. Shahid initially set up the research function at SICO and then went on to establish one of the most successful asset management businesses in the Middle East for the firm. He led the asset management business for several years and launched and managed one of the first regionally focused equity funds. Before that, Mr. Shahid spent around five years in Saudi Arabia and Pakistan working as an equity analyst. Mr. Shahid holds an MBA degree from the Institute of Business Administration, Karachi and was awarded the Chartered Financial Analyst (CFA) charter in 1998.

### **Director, Mr. Aslam Khaliq**

Mr. Aslam Khaliq was appointed as a director in JS Global Capital Limited in 2004. Mr. Aslam Khaliq joined Pakistan Tobacco Company in 1967 as an agronomist. During his service, he worked in various departments including Product Development & Corporate Planning. He was seconded to BAT, UK during 1988-89 and upon returning to Pakistan was appointed as GM-Leaf.

In 1996, he was appointed as Director Corporate & Regulatory Affairs and became Deputy Managing Director in 2001. On retirement in June 2004, he was invited to become the Chairman of the Board.

He is also a Director/Member of the boards of Lahore University of Management Sciences (LUMS), National Database Registration Authority (NADRA), Intellectual Property Organization of Pakistan (IPO-Pakistan), Indus Valley School of Arts and Architecture, Pakistan Atomic Energy Commission of Bio Sciences (Pvt.) Ltd., Islamabad Stock Exchange and Honorary Counsel of the Republic of Bulgaria. On retirement as Chairman PTC in August 2007, he was invited by Reckitt Benckiser PLC, to become Chairman of Reckitt Benckiser Pakistan Limited.

### **Director, Syed Nadir Shah**

Mr. Nadir Shah was appointed as Director of JS Global Capital Limited in 2006. Mr. Nadir Shah acquired BA Economics from the University of Massachusetts, Amherst in 1991, with a major in Finance and Development Economics. Mr. Shah was a Director and Head of Equity Trading Pakistan for the Jardine Fleming Group. Also served as CEO of World Tel



Meca which was amongst the four largest ISPs in Pakistan. Partner Meskay & Femtee Ltd. the second largest rice exporter in Pakistan. Vice President of Infinity Global Telecom, the first licensed VoIP Operator since November 2002. Currently provides consultancy services for infrastructure projects and funds.

**Director, Mr. Ahsen Ahmed**

Mr. Ahsen Ahmed was appointed as Director in 2006. Mr. Ahsen Ahmed acquired BA Economics from Denison University USA, with a major in Microeconomics and Finance. At present he is a Director of Abid Industries and Sindh Industries the operations of which evolves around manufacturing auxiliaries for Textile Companies.

**Director, Mr. Naief Abdullatif Al-Ahmad**

Mr. Naief has an overall experience of more than 12 years with a focus on finance and investment in the last 6 years. In June 2008 Mr. Naief joined Global's Investment Banking Group where he has worked on M&A advisory assignments along with several other tasks of valuation, due diligence, investment analysis in various sectors such as Telecommunications, Services, Real Estate and Finance. Mr. Naief has also been involved in several assignments related to Global's proprietary investments. Mr. Naief was part of GCC Investment team as a Manager for the business development unit before joining the IB group, where he was responsible for the planning and the development of the various activities of the GCC Investment Department which included the introduction of new investment funds.

Before joining Global, Mr. Naief was an Assistant Manager in the Investment Department of the Commercial Real Estate Company. He was involved in the daily management of the firm's proprietary investment portfolio along with handling and assessment of new investment opportunities in Kuwait and the GCC region in the real estate sector, health sector, finance, and others. Mr. Naief's previous experience was in the legal and engineering fields where he worked in the Experts Departments of the Ministry of Justice and prior to that in the Military Engineering Projects Department.

Mr. Naief holds an MBA from Kuwait University and a Bachelors of Science in Architectural Engineering from Kansas State University

**Director, Mr. Kashif Shafi Khan**

Mr. Khan joins Global as a Senior Vice President and is spearheading Business Development for the Investment Banking Group. Prior to his move to Global, he was a Director at Unicorn Investment Bank in Bahrain. Mr. Khan is a seasoned investment banking professional with a unique blend of working with major global investment banks such as, Citigroup and Deutsche Bank among other regional financial services firms in the Middle East. He has a track-record of successfully initiating and developing relationships with clients including financial institutions, family offices, corporations (government and private) and sovereign wealth funds. He maintains a strong reputation with clients in the Middle East and other international markets.

Mr. Khan began his career in New York with leading Wall Street firms on the investment banking side such as Merrill Lynch and Salomon Smith Barney. He holds a BBA in Finance & Marketing from Pace University's Lubin School of Business in New York City, and is a Fellow at University of Pennsylvania's Wharton School of Business.

**Chief Executive Officer, Mr. Muhammad Kamran Nasir**

Mr. Nasir is a Fellow Chartered Certified Accountant who brings with himself rich experience of Investment Banking and handling complex financial matters. He has worked with a Leading Investment Bank as its Investment Banking Head. His Investment Banking experience ranges from advising companies on mergers, acquisitions, divestitures, debt raising and re-profiling including taking companies public. Besides he has also held various senior level positions within the Financial Sector and Multinational companies including Chief Financial Officer. He has played an instrumental role in setting up and managing one of the largest Brokerage Divisions in his previous company that performed exceptionally well. He has also been associated with KPMG where he was primarily involved in audits of Financial Sector Institutions particularly Commercial Banks.





### Details of Different Committees of the Board of Directors

1. Audit Committee
2. Executive Committee
3. Compensation Committee

#### 1. Audit Committee

The Audit Committee comprise of three members including the Chairman of the Audit Committee. All the member of Committee are non-executive directors.

The members of committee are as follows:

<b>Mr. Adil Matcheswala</b>	Chairman
<b>Mr. Shahid Hameed</b>	Member
<b>Mr. Ahsen Ahmed</b>	Member
<b>Mr. Ilyas Ahmed</b>	Secretary of the Audit Committee

#### Terms of Reference of Audit Committee

- Recommendation to Board of Directors regarding the appointment of external auditors, subject to shareholders ratification.
- Considerations of any question of resignation/removal of external auditors, audit fee and provision of any service to the company in addition to audit of its financial statements as are allowed under the Code of Corporate Governance.
- Determination of appropriate measures to safeguard the company's assets.
- Review of preliminary announcements of results prior to publication.
- Review of quarterly, half yearly and annual financial statements, prior to their approval by the Board of Directors.
- Facilitating the external auditors and discussion with external auditors of major observations arising from interim and final audit.
- Review of management letter issued by the external auditors and management's response thereto.
- Ensuring coordination between the internal and external auditors.
- Review of the scope and extent of the internal audit and ensuring that the internal audit function has adequate resources.
- Consideration of major findings of internal investigations and management response thereto.
- Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective.





- Review of the management statement on internal control system prior to endorsement by the Board of Directors.
- Determination of compliance with relevant statutory requirements.
- Monitoring compliance with the best practice of corporate governance and identification of significant violations thereof.
- Consideration of any other issue or matter as may be assigned by the Board of Directors.

## 2. Executive Committee

The Executive Committee comprise of three members including the Chairman of the Executive Committee.

The members of committee are as follows:

<b>Mr. Muhammad Kamran Nasir</b>	Chairman
<b>Mr. Shahid Hameed</b>	Member
<b>Mr. Adil Matcheswala</b>	Member

Terms of Reference of Executive Committee

- The Committee is appointed by the Board of Directors. There must be atleast three members, of whom one must be the Chief Executive Officer (CEO). In the event of any casual vacancy, appointment is made immediately in the following Board meeting.
- Quorum of the meeting is atleast two members present in person, of whom one must be the CEO. The meeting is compulsorily convened once each quarter to evaluate and recommend to management and Board for approval of new lines of business, underwriting, major additions / deletions in assets and changes in investment mix.
- Review the Company's adherence to the mission and vision statement and, if needed, make recommendation to the Board for change as a result of new developments.
- Regularly review the Company's operations based on operating reports and present to the Board any shortfalls or significant changes in financial conditions, operations, prospectus or business plan of the company.
- Implement or as appropriate delegation to the CEO to implement, the Company's capital expenditures budget approved by the Board.

## 3. Compensation Committee

The Compensation Committee comprise of three members including the Chairman of the Compensation Committee.

The members of committee are as follows:

<b>Mr. Aslam Khaliq</b>	Chairman
<b>Mr. Shahid Hameed</b>	Member
<b>Mr. Muhammad Kamran Nasir</b>	Member



### Terms of Reference of Compensation Committee

- The Committee is appointed by the Board of Directors. There must be at least three members, of whom one must be the Chief Executive Officer (CEO). In the event of any casual vacancy, appointment is made immediately in the following Board meeting.
- Quorum of the meeting is at least two members present in person, of whom one must be the CEO. The meeting is compulsorily convened once a year
- The Compensation Committee shall review and approve the Company's compensation and benefits policies generally including reviewing and approving any incentive-compensation plans of the Company. Reviewing compensation policies and guidelines relating to all employees, including annual salary and incentive policies and programs, and material new benefit programs, or material changes to existing benefit programs. In reviewing such compensation and benefits policies, the Compensation Committee may consider the recruitment, development, promotion, retention and compensation of senior executives and other employees of the Company and any other factors that it deems appropriate.
- Monitor and evaluate matters relating to the compensation and benefits structure of the Company as the Compensation Committee deems appropriate, including providing guidance to management on significant issues affecting compensation philosophy or policy and review and approve compensation policies regarding CFO, Company Secretary, Internal Auditors and other senior executive officer compensation.
- The Compensation Committee shall, in consultation with the CEO, review the CEO's assessment of senior executives (including CFO, Company Secretary & Internal Auditor), oversee an evaluation of the performance of the Company's senior executive officers and approve the annual compensation, including salary, bonus, incentive and equity compensation, for the executive officers. Review the structure and competitiveness of the Company's executive officer compensation programs considering the following factors:
  - (i) the attraction and retention of executive officers;
  - (ii) the motivation of executive officers to achieve the Company's business objectives; and
  - (iii) the alignment of the interests of executive officers with the long-term interests of the Company's shareholders.
- The Compensation Committee shall periodically review the Company's management organization structure and the CEO's proposals for changes to that structure and report any significant organizational changes, along with the CompCo recommendations, to the Board.
- The Compensation Committee shall annually review the Company's succession plans. The CompCo shall monitor the progress and development of executives in accordance with the succession plans and annually review the adequacy of the succession candidates to foster timely and effective executive continuity.

### Risk Management Policy

Risk management is the process of identifying, controlling, eliminating or minimizing uncertain events that may affect the system resources. It includes risk analysis, cost benefit analysis, controls selection, implementation and tests, security evaluation of safeguards and overall security review.



Risk management is a continuous, measured, rational and vigilant process. It is designed to identify and manage the risks inherent in the brokerage business. The goal of an effective Risk Management process is not only to avoid financial losses, but also to ensure that the company achieves its targeted financial results with a high degree of reliability.

The Company's principal business activities by their nature engender significant market and credit risks. In addition, the Company is also subject to other risks including operating risk, legal risk and funding risk. Effective identification, assessment and management of these risks are critical to the success and stability of the Company. As a result, comprehensive risk management policies and procedures have been established to identify, control and monitor each of these risks.

Risk management begins with the Board of Directors, which reviews the governance of these activities. Formulation of policy and day to day risk management is the responsibility of Executive Committee.

The Board of Directors has adopted a Statement of Investment & Operational Policies which provides for overall risk management guidelines for the company. The Statement also provides authority limits for Chairman, CEO and the Executive Committee.

### **Corporate Social Responsibility**

At JS Global, we are committed to operate ethically and contribute towards economic development while enhancing the skills and quality of life of our workforce as well as of the local community and the society at large.

We are an equal opportunity employer and we ensure employment of a diverse workforce. Bonuses are given to employees based on performance against targets in order to encourage cohesion and to maintain a strong competitive position. We understand the importance of training in the development of quality human resource, thus, every year the Company invests generously in training its workforce. JS Global has a structured internship programs; on the job training is effectively imparted through delegation of responsibility for actual tasks. The program is directly linked to recruitment and successful candidates are offered employment.

During the year, the Company paid PKR 72.138 million to the National Exchequer in terms of taxes.



## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in the listing Regulations of Karachi and Islamabad stock exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and the Board currently includes seven independent non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed Companies including JS Global Capital Limited.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancy occurring in the board were duly filled up by the directors.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The management of the Company has submitted a paper to the Board of Directors to consider an orientation course for its directors and to apprise them of their duties and responsibilities.
10. The appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO is approved by the Board of directors.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than those disclosed in the pattern of shareholding.



14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members, of whom all are non-executive directors including the Chairman of the Committee.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The company has outsourced the internal audit function to M/s Ford Rhodes Sidat Hyder & Co. Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company and their representatives are involved in the internal audit function on a full time basis.
18. The related party transactions have been placed before the audit committee and approved by the board of directors with necessary justifications for non arm's length transactions and pricing methods for transactions that were made on terms equivalent to those that prevails in the arms' length transactions only if such terms can be substantiated.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The management of the Company is committed to good corporate governance, and appropriate steps are taken to comply with the best practices.
22. We confirm that all material principles contained in the Code have been complied with.

For and on behalf of the Board

**Adil Matcheswala**  
**Chairman**

Karachi: September 22, 2011



## REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **JS Global Capital Limited** ("the Company") to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Listing Regulations of the Stock Exchanges where the Company is listed, require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2011.

**Dated:** September 22, 2011  
**Karachi**

**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Moneeza Usman Butt



## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **JS Global Capital Limited** ("the Company") as at 30 June 2011 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - (i) the balance sheet and profit and loss account together with the notes thereon, have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement, statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information require by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2011 and of the profit, cash flows and changes in equity for the year then ended; and
- d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

**Dated:** September 22, 2011  
**Karachi**

**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Moneeza Usman Butt



## Balance Sheet As at 30 June 2011

Note	30 June 2011 .....(Rupees) .....	30 June 2010	Note	30 June 2011 .....(Rupees).....	30 June 2010
<b>CAPITAL AND RESERVES</b>			<b>ASSETS</b>		
<b>Share capital</b>			<b>Non current assets</b>		
Authorised: 150,000,000 (30 June 2010: 150,000,000) ordinary shares of Rs. 10 each	<b>1,500,000,000</b>	1,500,000,000	Property and equipment	<b>24,941,067</b>	43,436,658
Issued, subscribed and paid-up share capital	<b>500,000,000</b>	500,000,000	Intangible assets	<b>23,500,000</b>	23,500,000
Share premium	<b>1,810,104,900</b>	1,810,104,900	Long term loans, advances and deposits	<b>8,223,874</b>	5,369,026
Unappropriated profit	<b>285,228,007</b>	446,107,206	Deferred taxation - net	<b>141,586,220</b>	114,337,587
Unrealised (loss) / gain on remeasurement of available for sale investments at fair value	<b>(69,493)</b>	4,100,099		<b>198,251,161</b>	186,643,271
	<b>2,595,263,414</b>	2,760,312,205	<b>Current assets</b>		
<b>LIABILITIES</b>			Short term investments	<b>1,868,315,625</b>	1,759,574,556
<b>Current liabilities</b>			Trade debts - unsecured, considered good	<b>157,221,996</b>	351,209,537
Creditors, accrued expenses and other liabilities	<b>194,892,528</b>	196,529,065	Loans and advances - considered good	<b>7,701,435</b>	7,855,218
Provision for taxation	<b>65,962,451</b>	121,390,337	Deposits and short term prepayments	<b>9,756,565</b>	58,465,001
	<b>260,854,979</b>	317,919,402	Interest and markup accrued	<b>19,313,483</b>	6,163,159
<b>Contingencies and Commitments</b>			Other receivables	<b>10,525,803</b>	33,769,492
			Advance tax	<b>63,944,065</b>	111,592,889
			Cash and bank balances	<b>521,088,260</b>	562,958,484
				<b>2,657,867,232</b>	2,891,588,336
	<b>2,856,118,393</b>	3,078,231,607		<b>2,856,118,393</b>	3,078,231,607

The annexed notes 1 to 30 form an integral part of these financial statements.

**Adil Matcheswala**  
Chairman / Director

**Muhammad Kamran Nasir**  
Chief Executive



**Profit and Loss Account** For the year ended 30 June 2011

	Note	30 June 2011 .....(Rupees) .....	30 June 2010
Operating revenue	18	<b>216,301,342</b>	328,639,731
Capital gain on sale of investments	19	<b>60,683,916</b>	57,333,309
Gain on remeasurement of investments at fair value through profit or loss - net		<b>60,007,688</b>	16,758,547
		<b>336,992,946</b>	402,731,587
Administrative and operating expenses	20	<b>(329,060,703)</b>	(354,438,733)
Provision for doubtful debts-net	12.3	<b>(6,815,799)</b>	(365,895,568)
Impairment of investment in preference shares	11.6	<b>(78,417,906)</b>	(87,745,197)
Impairment of dividend receivable	16.3	<b>(8,592,669)</b>	-
		<b>(85,894,131)</b>	(405,347,911)
Other operating income	21	<b>219,176,350</b>	357,675,457
		<b>133,282,219</b>	(47,672,454)
Provision for Workers' Welfare Fund		<b>(2,664,135)</b>	(7,136,029)
Finance cost	22	<b>(4,386,703)</b>	(4,208,287)
Profit / (loss) before taxation		<b>126,231,381</b>	(59,016,770)
Taxation - current year		<b>(64,205,550)</b>	(121,390,337)
- prior year		<b>(153,663)</b>	2,868,150
- deferred		<b>27,248,633</b>	100,182,370
	23	<b>(37,110,580)</b>	(18,339,817)
Profit / (loss) after taxation		<b>89,120,801</b>	(77,356,587)
Earnings / (loss) per share - basic and diluted	24	<b>1.78</b>	(1.55)

The annexed notes 1 to 30 form an integral part of these financial statements.

**Adil Matcheswala**  
Chairman / Director

**Muhammad Kamran Nasir**  
Chief Executive



## Statement of Comprehensive Income For the year ended 30 June 2011

	30 June 2011	30 June 2010
	.....(Rupees) .....	
Net income / (loss) for the year	<b>89,120,801</b>	(77,356,587)
<b>Other comprehensive income:</b>		
Unrealised (loss) / gain on remeasurement of available for sale investments at fair value	<b>(4,169,592)</b>	38,516,599
<b>Total comprehensive income / (loss) for the year</b>	<b><u>84,951,209</u></b>	<b><u>(38,839,988)</u></b>

The annexed notes 1 to 30 form an integral part of these financial statements.

**Adil Matcheswala**  
Chairman / Director

**Muhammad Kamran Nasir**  
Chief Executive

**Cash Flow Statement** For the year ended 30 June 2011

	30 June 2 0 1 1	30 June 2 0 1 0
	.....(Rupees) .....	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	<b>126,231,381</b>	(59,016,770)
Adjustments for:		
Depreciation	<b>14,939,949</b>	18,000,341
Loss on sale of property and equipment	<b>1,147,847</b>	197,921
Amortisation of intangible assets	-	36,651
Gain on remeasurement of investments carried at fair value through profit or loss - net	<b>(60,007,688)</b>	(16,758,547)
Provision for doubtful debts	<b>6,815,799</b>	365,895,568
Provision for Workers' Welfare Fund	<b>2,664,135</b>	7,136,029
Impairment of investment in preference shares	<b>78,417,906</b>	87,745,197
Impairment of dividend receivable	<b>8,592,669</b>	-
Finance cost	<b>4,386,703</b>	4,208,287
	<b>56,957,320</b>	466,461,447
Cash generated from operating activities before working capital changes	<b>183,188,701</b>	407,444,677
(Increase) / decrease in current assets:		
Trade debts	<b>187,171,742</b>	825,756,384
Loans and advances	<b>153,783</b>	(6,869,251)
Deposits and short term prepayments	<b>48,708,436</b>	(49,954,420)
Interest and markup accrued	<b>(13,150,324)</b>	16,399,000
Other receivables	<b>14,650,061</b>	22,113,395
	<b>237,533,698</b>	807,445,108
Increase / (decrease) in current liabilities:		
Creditors, accrued expenses and other liabilities	<b>2,716,093</b>	(135,079,500)
Cash generated from operations	<b>423,438,492</b>	1,079,810,284
Finance cost paid	<b>(4,386,703)</b>	(4,208,287)
Taxes paid	<b>(72,138,274)</b>	(116,930,730)
Payment to Workers' Welfare Fund	<b>(7,293,206)</b>	(5,463,059)
Net cash generated from operating activities	<b>339,620,309</b>	953,208,208
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<b>(7,793,340)</b>	(11,296,609)
Purchase of membership card of National Commodity Exchange Limited	-	(2,500,000)
Proceeds from disposal of property and equipment	<b>10,202,093</b>	6,790,617
Long term loans, advances and deposits	<b>(2,854,848)</b>	(1,476,732)
Short term investments-net	<b>(131,320,879)</b>	(697,036,339)
Net cash used in investing activities	<b>(131,766,974)</b>	(705,519,063)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	<b>(249,723,559)</b>	(498,880,486)
(Decrease) in cash and cash equivalents during the year	<b>(41,870,224)</b>	(251,191,341)
Cash and cash equivalents at the beginning of the year	<b>562,958,484</b>	814,149,824
Cash and cash equivalents at the end of the year	<b>521,088,260</b>	562,958,484

The annexed notes 1 to 30 form an integral part of these financial statements.

**Adil Matcheswala**  
Chairman / Director

**Muhammad Kamran Nasir**  
Chief Executive



## Statement of Changes in Equity For the year ended 30 June 2011

	Issued, subscribed and paid up share capital	Capital reserves Share premium	Revenue reserves		Total
			Unrealized gain / (loss) on remeasurement of available for sale investment at fair value (Rupees)	Unappropriated profit	
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 year</b>					
Loss for the year ended 30 June 2010	-	-	-	(77,356,587)	(77,356,587)
<b>Other comprehensive income</b>					
Unrealised gain on remeasurement of available for sale investments at fair value	-	-	38,516,599	-	38,516,599
Total comprehensive loss for the year	-	-	38,516,599	(77,356,587)	(38,839,988)
<b>Transactions with owners</b>					
Distribution to owners of the Company					
- Final dividend for the year ended 30 June 2009 @ Rs. 10 per ordinary share	-	-	-	(500,000,000)	(500,000,000)
<b>Balance as at 30 June 2010</b>	<b>500,000,000</b>	<b>1,810,104,900</b>	<b>4,100,099</b>	<b>446,107,206</b>	<b>2,760,312,205</b>
<b>Total comprehensive income for the year</b>					
Profit for the year ended 30 June 2011	-	-	-	89,120,801	89,120,801
<b>Other comprehensive income</b>					
Unrealised loss on remeasurement of available for sale investments at fair value	-	-	(4,169,592)	-	(4,169,592)
Total comprehensive income for the year	-	-	(4,169,592)	89,120,801	84,951,209
<b>Transactions with owners</b>					
Distribution to owners of the Company					
Final dividend for the year ended 30 June 2010 @ Rs. 5 per ordinary share	-	-	-	(250,000,000)	(250,000,000)
<b>Balance as at 30 June 2011</b>	<b>500,000,000</b>	<b>1,810,104,900</b>	<b>(69,493)</b>	<b>285,228,007</b>	<b>2,595,263,414</b>

The annexed notes 1 to 30 form an integral part of these financial statements.

**Adil Matcheswala**  
Chairman / Director

**Muhammad Kamran Nasir**  
Chief Executive



## Notes To The Financial Statements For The Year Ended 30 June, 2011

### 1. STATUS AND NATURE OF BUSINESS

JS Global Capital Limited ('the Company') was incorporated as a private limited company on 28 June 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 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 7 February 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 11 July 2006. Securities and Exchange Commission of Pakistan vide its letter No. EMD/CI/49/2006-458 dated 19 July 2006 gave its approval in principle to the scheme of the transaction. Consequently, Global and Jahangir Siddiqui and Company Limited each hold 10,350,000 shares of the Company and the name of the Company has changed from Jahangir Siddiqui Capital Markets Limited to JS Global Capital Limited.

The Company is a corporate member of Karachi Stock Exchange (Guarantee) Limited and member of Pakistan Mercantile 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 financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting Standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail.

#### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain investments and derivative financial instruments which are stated at fair value.

#### 2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is also the functional and presentation currency of the Company and rounded off to the nearest rupee.

#### 2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the apparent from other sources. Actual results may differ from these estimates.



The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and judgments that have a significant effect on the financial statements are in respect of the following:

- Investments (notes 3.4 and 11);
- Residual values and useful lives of property, plant and equipment (notes 3.2, 7 & 20);
- Useful lives of intangible assets (notes 3.3, 8 and 20); and
- Recognition of taxation and deferred taxation (notes 3.9, 10 and 23).
- Impairment of available for sale investments (note 3.11 and 11)
- Provision against trade debts and other receivables (note 3.11, 12 and 16)

## **2.5 Standards, amendments or interpretations which became effective during the year**

During the year certain amendments to Standards and new interpretations became effective however they did not have any material effect on the financial statements of the Company.

## **2.6 New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective**

The following standards, amendments and interpretations of approved accounting standards are only effective for annual periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements, other than increased disclosures in certain cases:

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1: Presentation of Financial Statements) effective for annual periods beginning on or after 1 July 2012.
- Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12) effective for annual periods beginning on or after 1 January 2012.
- IAS 19 Employee Benefits (amended 2011) effective for annual periods on or after 1 January 2013
- Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14) effective for annual periods beginning on or after 1 January 2011.
- IAS 24 Related Party Disclosures (revised 2009) effective for annual periods beginning on or after 1 January 2011.
- Disclosures – Transfers of Financial Assets (Amendments to IFRS 7) effective for annual periods beginning on or after 1 July 2011.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.



### 3.1 Employee benefits

#### *Defined contribution plan*

The Company operates a defined contribution plan, i.e. recognized provident fund scheme for all its eligible employees in accordance with the trust deed and rules made there under. Equal monthly contributions at the rate of 10% of basic salary are made to the fund by the Company and the employees.

#### *Employees' compensated absences*

The liability for accumulated compensated absences of employees is recognized in the period in which employees render service that increases their entitlement to future compensated absences.

### 3.2 Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation is calculated on straight line basis over the estimated useful life of the assets. Depreciation on additions is charged from the month in which they are available for use and on deletions up to the month of deletion. The estimated useful lives for the current and comparative periods are as follows:

Office equipments	4 years
Office furniture	10 years
Motor vehicles	5 years

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and its cost can be reliably measured. Cost incurred to replace an item of property and equipment is capitalized and the asset so replaced is retired from use and its carrying amount is derecognized. Normal repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

The residual values and useful lives of assets are reviewed and adjusted, if appropriate at each balance sheet date. Capital work-in-progress is stated at cost less impairment loss, if any.

Gains and losses on disposal of assets, if any, are taken to profit and loss account.

### 3.3 Intangible assets

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

#### *Membership cards*

Membership cards represent corporate membership of Karachi Stock Exchange (Guarantee) Limited and Pakistan Mercantile Exchange with indefinite useful life. These are stated at cost less impairment, if any. The carrying amounts are reviewed at each balance date to assess whether they are in excess of their recoverable amounts, and where the carrying values exceed estimated recoverable amount, these are written down to their estimated recoverable amount.

#### *Software*

Costs directly associated with identifiable software products that will have probable economic benefits exceeding costs beyond one year are recognized as an intangible asset. Direct costs include the purchase costs of software



and other directly attributable costs of preparing the software for its intended use.

Computer software is measured initially at cost and subsequently stated at cost less accumulated amortization and accumulated impairment losses, if any. These are amortized on straight line basis over its estimated useful life (three years).

### 3.4 Investments

All investments are initially recognized at fair value, being the cost of the consideration given including transaction cost associated with the investment, except in case of held for trading investments, in which case the transaction costs are charged off to the profit and loss account.

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognized at the trade date. Trade date is the date on which the Company commits to purchase or sale an asset.

The management determines the appropriate classification of the investment made by the Company in accordance with the requirements of International Accounting Standards (IAS) 39: 'Financial Instruments: Recognition and Measurement' at the time of purchase.

The Company classifies its investments in the following categories:

#### *Financial assets 'at fair value through profit or loss - held for trading'*

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in prices are classified as 'financial assets at fair value through profit or loss - held for trading'. Subsequent to initial recognition, these investments are marked to market and are carried on the balance sheet at fair value, except for investments in unquoted debt securities which are carried at cost. Net gains and losses arising on changes in fair values of these investments are taken to the profit and loss account.

#### *Held-to-maturity investments*

Investments with a fixed maturity where the Company has the intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are carried at amortized cost using the effective interest rate method, less any accumulated impairment losses.

#### *Available for sale*

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in market prices, are classified as 'available for sale'. Subsequent to initial measurement, available for sale' investments are re-measured to fair value. Net gains and losses arising on changes in fair values of these investments are taken to equity. However, any premium or discount on acquisition of debt securities is amortized and taken to the profit and loss account over the life of the investment using the effective interest rate method. When securities are disposed off or impaired, the related fair value adjustments previously taken to equity are transferred to the profit and loss account.

Fair value for listed securities are the quoted prices on stock exchange on the date it is valued. Fair value of term finance certificates, units of open end mutual funds and government securities are determined on the basis of rates notified by Mutual Fund Association of Pakistan for term finance certificates, relevant redemption prices for the open-end mutual funds and quotations obtained from the PKRV sheets for government securities respectively. Unquoted securities are valued at cost.





### 3.5 Derivatives

Derivative instruments held by the Company primarily comprise of future contracts in the capital market. These are initially recognized at fair value and are subsequently remeasured at fair value. The fair value of future contracts is calculated as being the net difference between the contract price and the closing price reported on the primary exchange of the future contracts. Derivatives with positive market values (unrealized gains) are included in assets and derivatives with negative market values (unrealized losses) are included in liabilities in the balance sheet. The resultant gains and losses are included in the profit and loss account. Derivative financial instrument contracts entered into by the Company do not meet the hedging criteria as defined by International Accounting Standard (IAS) 39: 'Financial Instruments: Recognition and Measurement'. Consequently hedge accounting is not being applied by the Company.

### 3.6 Securities purchased / sold under resale / repurchase agreements

Transactions of purchase under resale (reverse-repo) of marketable securities including the securities purchased under continuous funding system are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resale at a specified future date (reverse-repo) are not recognised in the balance sheet. Amounts paid under these agreements in respect of reverse repurchase transactions are included in assets. The difference between purchase and resale price is treated as income from reverse repurchase transactions in marketable transactions / continuous funding system and accrued over the life of the reverse repo agreement.

Transactions of sale under repurchase (repo) of marketable securities are entered into at contracted rates for specified periods of time. Securities sold with a simultaneous commitment to repurchase at a specified future date (repo) continue to be recognised in the balance sheet and are measured in accordance with accounting policies for investments. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as finance cost and accrued over the life of the repo agreement.

### 3.7 Trade debts and other receivables

Trade debts are recognised initially at fair value plus directly attributable cost (if any) and subsequently measured at amortised cost less provision for impairment, if any. Other receivables are stated at amortised cost less provision for impairment, if any.

### 3.8 Revenue recognition

Brokerage, consultancy and advisory fee, commission on foreign exchange dealings and government securities etc. are recognized as and when such services are provided.

Income from reverse repurchase transactions, continuous funding system transactions, debt securities and bank deposits is recognized at effective yield on time proportion basis.

Dividend income is recorded when the right to receive the dividend is established.

Gains / (losses) arising on sale of investments are included in the profit and loss account in the period in which they arise.

Unrealised capital gains / (losses) arising from mark to market of investments classified as 'financial assets at fair value through profit or loss - held for trading' are included in profit and loss account in the period in which they arise.

Unrealised gains / (losses) arising from mark to market of investments classified as 'available for sale' are taken directly to equity.



Gains / (losses) arising on revaluation of derivatives to fair value are taken to profit and loss account.

### 3.9 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in equity or below equity, in which case it is recognised in equity or below equity respectively.

#### *Current*

Provision for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any.

#### *Deferred*

Deferred tax is recognised using the balance sheet liability method on all major temporary differences between the carrying amount of assets and liabilities used for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax is charged or credited to the profit and loss account.

### 3.10 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, current and deposit accounts held with banks. Running finance facilities availed by the Company, which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of cash flow statement.

### 3.11 Impairment

#### **Financial assets**

The company assesses at each balance sheet date whether there is any objective evidence that financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after initial recognition of asset (an incurred loss event) and that loss event (or events) has impact on the estimated future cash flows of the financial asset or the group of financial asset that can be reliably estimated.

If, in a subsequent period, the fair value of an impaired available for sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available for sale equity security is recognised in other comprehensive income.

#### **Non-financial assets**

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs



to sell and value in use. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

### **3.12 Foreign currency translation**

Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Transactions in foreign currencies are converted into rupees at the rates of exchange prevailing at the transaction date. Exchange gains or losses are taken to profit and loss account.

### **3.13 Borrowing costs**

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalized up to the date the respective assets are available for intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

### **3.14 Provisions**

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

### **3.15 Financial liabilities**

Trade and other payables are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost.

### **3.16 Financial instruments**

All financial assets and liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instruments. Any gain or loss on the recognition and derecognition of the financial assets and liabilities is taken to profit and loss account.

### **3.17 Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet only when there is a legally enforceable right to set off the recognised amount and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

### **3.18 Earnings per share**

Earnings per share is calculated by dividing the profit after tax for the year by the weighted average number of shares outstanding during the year.

### **3.19 Dividend distributions and appropriations**

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

### **3.20 Operating segments**

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 Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.



The operating segments of the Company are as follows:

*Brokerage*

It consists of equity brokerage, forex brokerage, money market brokerage, commodity brokerage and online trading brokerage. The brokerage activities includes services provided in respect of share brokerage, brokerage on continuous funding system, money market brokerage and share subscription commission.

*Investment and treasury*

It consists of capital market, money market investment and treasury functions. The activities includes profit on bank deposit, term deposit receipts, capital gains on equity and debt securities, mark-up income on term finance certificates and sukuks and dividend income.

*Other operations*

It consists of advisory and consultancy function.

**4. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL**

<b>30 June 2011 (Number of shares)</b>	<b>30 June 2010</b>		<b>30 June 2011 ------(Rupees)-----</b>	<b>30 June 2010</b>
<b>20,009,700</b>	20,009,700	Ordinary shares of Rs.10/- each fully paid in cash	<b>200,097,000</b>	200,097,000
<b>29,990,300</b>	29,990,300	Ordinary shares of Rs.10/- issued as fully paid bonus shares	<b>299,903,000</b>	299,903,000
<b><u>50,000,000</u></b>	<u>50,000,000</u>		<b><u>500,000,000</u></b>	<u>500,000,000</u>

**5. CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES**

Note

Creditors for commodities and sale of shares on behalf of clients

5.1

**155,408,663** 153,780,321

Accrued expenses

**22,411,990** 17,611,505

Provision for staff bonus

**2,000,000** 2,000,000

Unclaimed dividend

**2,512,602** 2,236,161

Retention money

**40,600** 40,600

Advance fee from client

**3,276,971** 6,043,182

Provision for Workers' Welfare Fund

**2,506,958** 7,136,029

Others

**6,734,744** 7,681,267

**194,892,528** 196,529,065

**5.1** This includes payable to following related parties:

JS Bank Limited

**70,407** 73,093

Directors

**53,837** 21,251



	Note	30 June 2011	30 June 2010
----- (Rupees) -----			
Executives of the Company		<u>42,049</u>	<u>-</u>
EFU Life Assurance Limited		<u>191,150</u>	<u>191,150</u>
Global Investment House K.S.C.C Kuwait ('Global')		<u>476,282</u>	<u>476,282</u>
Unit Trust of Pakistan		<u>74,056</u>	<u>*232,515</u>
Jahangir Siddiqui & Company Limited		<u>*9,881,222</u>	<u>-</u>
JS Income Fund		<u>99,529</u>	<u>14,479</u>
DCD Factors (Private) Limited		<u>-</u>	<u>*99,529</u>
JS Principal Secure Fund II		<u>*1,934,973</u>	<u>-</u>

\* These amounts were subsequently settled through T+2 settlement system.

## 6. CONTINGENCIES AND COMMITMENTS

### Contingencies:

A recovery suit was filed against the Company by the lessor of the previous Islamabad office vacated last year. 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.

### 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 30 June 2011

<u>-</u>	<u>405,845,769</u>
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Bank guarantee in favour of Karachi Stock Exchange (Guarantee) Limited from JS Bank Limited. The guarantee expires on 5 August 2011 and is secured against pledge of shares, listed TFC's, PIB's, T bills, cash deposits and lien on Rupee plus Account No 109520 for Rs 40 Million

<u>400,000,000</u>	<u>400,000,000</u>
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## 7. PROPERTY AND EQUIPMENT

Property and equipment

7.1

<u>24,941,067</u>	<u>43,436,658</u>
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## 7.1 Property and equipment

	2011							Written down value as at 30 June 2011
	COST			Rate (%)	DEPRECIATION		As at 30 June 2011	
	As at 01 July 2010	Additions / (disposal)	As at 30 June 2011		As at 01 July 2010	For the year / (disposal)		
	------(Rupees)-----				------(Rupees)-----			
Office equipment	52,963,354	1,281,260 (1,097,820)	53,146,794	25	40,171,248	7,845,378 (944,413)	47,072,213	6,074,581
Office furniture	23,724,510	- (8,595,171)	15,129,339	10	5,389,428	2,372,443 (2,656,673)	5,105,198	10,024,141
Motor vehicles	28,909,903	6,512,080 (9,782,773)	25,639,210	20	16,599,475	4,722,128 (4,524,738)	16,796,865	8,842,345
	105,597,767	7,793,340 (19,475,764)	93,915,343		62,160,151	14,939,949 (8,125,824)	68,974,276	24,941,067
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	2010							Written down value as at 30 June 2010
	COST			Rate (%)	DEPRECIATION		As at 30 June 2010	
	As at 01 July 2009	Additions / (disposal)	As at 30 June 2010		As at 01 July 2009	For the year / (disposal)		
	------(Rupees)-----				------(Rupees)-----			
Office equipment	50,878,899	2,111,455 (27,000)	52,963,354	25	30,207,795	9,975,828 (12,375)	40,171,248	12,792,106
Office furniture	25,547,160	2,941,850 (4,764,500)	23,724,510	10	4,284,462	2,430,007 (1,325,041)	5,389,428	18,335,082
Motor vehicles	30,121,499	6,243,304 (7,454,900)	28,909,903	20	14,926,373	5,594,506 (3,920,446)	16,600,433	12,309,470
	106,547,558	11,296,609 (12,246,400)	105,597,767		49,418,630	18,000,341 (5,257,862)	62,161,109	43,436,658
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## 7.2 Disposal of property and equipment

The following is a statement of property and equipment disposed off during the year:

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss)	Particular of Buyers	Mode of disposal
	------(Rupees)-----						
Motor vehicles:							
Honda Civic	1,639,726	(644,024)	995,702	1,400,000	404,298	Azhar Iqbal Hussain -Ex employee	Negotiations
Honda Civic	1,422,178	663,684)	758,494	1,405,000	646,506	G.M.Malkani-Ex Employee	Negotiations
Cuore	426,350	(426,349)	1	410,000	409,999	Zafar Majeed - Employee	On Loan Basis
Cuore	572,145	(419,574)	152,571	500,000	347,429	Saeed Akram - Employee	Negotiations
Honda Civic	1,042,000	(1,041,999)	1	900,000	899,999	Asim Shafique -Employee	Negotiations
Toyota Helix Surf	2,387,969	(318,587)	2,069,382	1,900,000	(169,382)	Nadir Rahman -Ex Employee	Negotiations
Toyota Corolla	1,434,315	(191,242)	1,243,073	1,400,000	156,927	Mirza Khalid Murtaza	Negotiations
Cultus	619,490	(619,489)	1	400,000	399,999	Mushahid Ishrat- Employee	On Loan Basis
	<b>9,544,173</b>	<b>(4,324,948)</b>	<b>5,219,225</b>	<b>8,315,000</b>	<b>3,095,775</b>		
Honda CD-70	54,000	(45,000)	9,000	54,000	45,000	Ahmed Abdul Razzak -Employee	On Loan Basis
Unique	38,500	(17,325)	21,175	38,500	17,325	Mohammad Khan -Employee	On Loan Basis
Honda CD-70	54,000	(54,000)	-	54,000	54,000	Zaheer Abbas-Employee	On Loan Basis
Honda CD-70	45,000	(45,000)	-	55,000	55,000	Mr. Abdul Hamid-Employee	On Loan Basis
Honda CD-100	47,100	(38,465)	8,635	47,100	38,465	Mr. Irfan Aziz - Employee	On Loan Basis
	<b>238,600</b>	<b>(199,790)</b>	<b>38,810</b>	<b>248,600</b>	<b>209,790</b>		
Office equipments:							
Laptop- Rsch	84,870	(8,841)	76,029	32,774	(43,255)	EFU General Insurance Limited	Insurance Claim
Lap top -IT	135,000	(115,314)	19,686	36,562	16,876	EFU General Insurance Limited	Insurance Claim
Lap Top-RSCH	113,000	(101,229)	11,771	-	(11,771)	EFU General Insurance Limited	Insurance Claim
Black Berry -RSCH	19,950	(19,949)	1	-	(1)	EFU General Insurance Limited	Insurance Claim
UPS 6 KVA	145,000	(144,999)	1	13,608	13,607	EFU General Insurance Limited	Insurance Claim
UPS 3 KVA	72,000	(37,500)	34,500	44,550	10,050	EFU General Insurance Limited	Insurance Claim
Laptop -Salman & Zahid	238,000	(237,999)	1	32,000	31,999	EFU General Insurance Limited	Insurance Claim
LCD -mmk	16,000	(15,999)	1	1,400	1,399	EFU General Insurance Limited	Insurance Claim
LCD-it	16,000	(15,999)	1	1,400	1,399	EFU General Insurance Limited	Insurance Claim
laptop-ACC	145,000	(135,938)	9,062	43,420	34,358	EFU General Insurance Limited	Insurance Claim
Lap top- CF	113,000	(110,646)	2,354	32,779	30,425	EFU General Insurance Limited	Insurance Claim
	<b>1,097,820</b>	<b>(944,413)</b>	<b>153,407</b>	<b>238,493</b>	<b>85,086</b>		



	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss)	Particular of Buyers	Mode of disposal
	----- (Rupees) -----						
Furniture and fixtures: Furniture pertaining to 7th Floor	8,595,171	(2,656,673)	5,938,498	1,400,000	(4,538,498)	Faysal Bank Limited	Negotiations
	<b>8,595,171</b>	<b>(2,656,673)</b>	<b>5,938,498</b>	<b>1,400,000</b>	<b>(4,538,498)</b>		
<b>2011</b>	<b>19,475,764</b>	<b>(8,125,824)</b>	<b>11,349,940</b>	<b>10,202,093</b>	<b>(1,147,847)</b>		
<b>2010</b>	<b>7,212,300</b>	<b>(3,756,292)</b>	<b>3,456,008</b>	<b>6,389,560</b>	<b>2,933,552</b>		

## 8. INTANGIBLE ASSETS

	Note	30 June 2011	30 June 2010
		----- (Rupees) -----	
Membership cards			
Karachi Stock Exchange (Guarantee) Limited		<b>21,000,000</b>	21,000,000
Pakistan Mercantile Exchange (formerly "National Commodity Exchange Limited")		<b>2,500,000</b>	2,500,000
		<b>23,500,000</b>	<b>23,500,000</b>

## 9. LONG TERM LOANS AND DEPOSITS

Long term loans - secured, considered good			
- Executives	<i>9.1 &amp; 9.2</i>	<b>564,099</b>	217,441
- Employees		<b>2,262,198</b>	1,249,248
	<i>9.3</i>	<b>2,826,297</b>	1,466,689
Current maturity	<i>13</i>	<b>(1,618,136)</b>	(763,376)
		<b>1,208,161</b>	703,313
Security deposits	<i>9.4</i>	<b>7,015,713</b>	4,665,713
		<b>8,223,874</b>	<b>5,369,026</b>

### 9.1 Reconciliation of carrying amount of loans to executives:

Balance at the beginning of the year		<b>217,441</b>	176,406
Disbursements		<b>739,006</b>	217,997
Repayments		<b>(392,348)</b>	(176,962)
Balance at the end of the year		<b>564,099</b>	217,441

**9.2** Maximum amount due from executives calculated with reference to the month end balance was Rs. 0.5 million (30 June 2010: Rs. 0.267 million).

**9.3** Loan to executives and employees are given for purchase of home appliances at an interest rate ranging from 12% to 15% (30 June 2010: 10% to 15%) per annum in accordance with the Company's policy and terms of employment. The loans are repayable over a period of two to five years and are secured against provident fund balance of the executives / employees.

**9.4** This includes Rs. 1.75 million (30 June 2010: Rs. 2.725 million) deposited with Karachi Stock Exchange (Guarantee) Limited, Rs. 0.35 million (30 June 2010: Rs. 0.3 million) with National Clearing Company of Pakistan, Rs. 0.125 million (30 June 2010: Rs. 0.125 million) with Central Depository Company of Pakistan Limited and Rs. 2.4 million (30 June 2010: Rs. Nil) with Pakistan Mercantile Exchange (formerly: National Commodity Exchange Limited).



## 10. DEFERRED TAXATION - net

	2011		
	Opening	(Charge) / reversal	Closing
	----- (Rupees) -----		
<b>Taxable temporary difference</b>			
Accelerated depreciation for tax purposes	(1,350,753)	1,307,391	(43,362)
Revaluation of investments	(4,868,358)	(1,132,411)	(6,000,769)
<b>Deductible temporary differences</b>			
Difference in accounting and tax base of intangible assets	3,496	(3,496)	-
Provision for doubtful debts	120,553,202	27,077,149	147,630,351
	<u>114,337,587</u>	<u>27,248,633</u>	<u>141,586,220</u>
	----- (Rupees) -----		
	----- (Rupees) -----		
<b>Taxable temporary difference</b>			
Accelerated depreciation for tax purposes	(3,159,167)	1,808,414	(1,350,753)
Revaluation of investments	-	(4,868,358)	(4,868,358)
<b>Deductible temporary difference</b>			
Difference in accounting and tax base of intangible assets	133,011	(129,515)	3,496
Provision for doubtful debts	17,181,373	103,371,829	120,553,202
	<u>14,155,217</u>	<u>100,182,370</u>	<u>114,337,587</u>

## 11. SHORT TERM INVESTMENTS

	Note	30 June 2011	30 June 2010
		----- (Rupees) -----	
<b>Investments in marketable securities 'at fair value through profit or loss - held for trading'</b>			
Quoted equity securities		-	386,250,060
Units of mutual funds	11.1	708,570,947	477,547,609
Term finance certificates	11.2	305,046,849	71,886,925
Government securities	11.3	651,259,087	502,863,722
Engro Rupiya Certificates - unquoted	11.4	15,000,000	-
		<u>1,679,876,883</u>	<u>1,438,548,316</u>
<b>Available for sale</b>			
Unlisted term finance certificates	11.5	56,000,000	106,000,000
Quoted preference shares of related parties	11.6	132,438,742	215,026,240
		<u>1,868,315,625</u>	<u>1,759,574,556</u>



**11.1 Units of mutual funds**

<b>(Number of units)</b>		<b>Name of fund</b>	<b>30 June 2011</b>		<b>30 June 2010</b>
<b>30 June 2011</b>	<b>30 June 2010</b>		<b>Average cost</b>	<b>Fair Value</b>	<b>Fair Value</b>
----- <b>(Rupees)</b> -----					
<b>385,514</b>	805,268	MCB Cash Management Optimizer Fund	<b>34,607,645</b>	38,633,171	82,029,106
-	5,000,000	NIT Government Bond Fund	-	-	53,240,000
-	7,553,816	NIT Income Fund	-	-	78,135,162
<b>1,899,335</b>	997,506	JS Cash Fund - related party	<b>200,000,000</b>	200,000,000	102,204,489
<b>1,078,760</b>	1,083,293	Lakson Money Market Fund	<b>100,000,000</b>	108,932,332	111,324,959
<b>285,018</b>	247,060	UBL Liquidity Plus Fund	<b>25,628,919</b>	28,562,283	25,425,363
-	2,451,629	NAFA Government Securities Liquid Fund	-	-	25,188,530
<b>2,491,521</b>	-	JS Principal Secure Fund I	<b>250,000,000</b>	292,355,095	-
<b>4,001,284</b>	-	ABL Cash Fund	<b>40,000,000</b>	40,088,065	-
			<b>650,236,564</b>	<b>708,570,947</b>	<b>477,547,609</b>
Unrealised gain on remeasurement at fair value			<b>58,334,383</b>		
			<b>708,570,947</b>		

**11.2 Term finance certificates**

<b>(Number of units)</b>		<b>Name of term finance certificates</b>	<b>Note</b>	<b>30 June 2011</b>		<b>30 June 2010</b>
<b>30 June 2011</b>	<b>30 June 2010</b>			<b>Average cost</b>	<b>Fair Value</b>	<b>Fair Value</b>
----- <b>(Rupees)</b> -----						
<b>Listed</b>						
<b>2,000</b>	5,000	Engro Fertilizers Limited III	<i>11.2.1</i>	<b>9,811,245</b>	9,616,768	24,509,250
-	800	Askari Bank Limited I		-	-	3,918,720
<b>3,000</b>	-	United Bank Limited III	<i>11.2.2</i>	<b>15,122,7300</b>	15,159,444	-
<b>10,000</b>	-	United Bank Limited IV	<i>11.2.3</i>	<b>49,190,900</b>	49,298,121	-
<b>6,900</b>	-	Pak Mobile Communications	<i>11.2.4</i>	<b>32,257,500</b>	32,479,749	-
<b>1,600</b>	-	Bank Al-Habib Limited	<i>11.2.5</i>	<b>8,226,816</b>	8,209,236	-
<b>Unlisted</b>						
-	9,740	Engro Fertilizers Pakistan Limited IV		-	-	43,458,955
<b>4,300</b>	-	Faysal Bank Limited	<i>11.2.6</i>	<b>21,818,136</b>	21,495,700	-
<b>510</b>	-	Engro Sukuk	<i>11.2.7</i>	<b>2,556,375</b>	2,550,000	-
<b>500</b>	-	Orix Leasing Pakistan Limited	<i>11.2.8</i>	<b>50,000,000</b>	50,000,000	-
<b>190</b>	-	Orix Leasing Pakistan Limited Sukkuk	<i>11.2.9</i>	<b>292,917</b>	317,952	-
<b>13,000</b>	-	Engro Fertilizers Pakistan Limited II	<i>11.2.10</i>	<b>63,797,500</b>	65,919,880	-
<b>10,000</b>	-	Bank Al-Habib	<i>11.2.11</i>	<b>50,000,000</b>	50,000,000	-
				<b>303,074,119</b>	<b>305,046,849</b>	<b>71,886,925</b>
Unrealised gain on remeasurement at fair value				<b>1,972,730</b>		
				<b>305,046,849</b>		



- 11.2.1** These unsecured term finance certificates carry an interest rate of six months KIBOR plus 1.55% with maturity on 30 November 2015 with credit rating of AA.
- 11.2.2** These unsecured term finance certificates carry an interest rate of six months KIBOR plus 1.70% with maturity on 8 September 2014 with credit rating of AA.
- 11.2.3** These unsecured term finance certificates carry an interest rate of six months KIBOR plus 0.85% for first 5 years and 1.35% for remaining 5 years with maturity on 14 February 2018 with credit rating of AA.
- 11.2.4** These unsecured term finance certificates carry an interest rate of six months KIBOR plus 1.65% with maturity on 28 October 2013 with credit rating of A+.
- 11.2.5** These unsecured term finance certificates carry an interest rate of 15.71% with maturity on 1 February 2015 with credit rating of AA.
- 11.2.6** These unsecured term finance certificates carry an interest rate of six months KIBOR plus 2.25% with maturity on 27 December 2017 with credit rating of AA-.
- 11.2.7** These unsecured term finance certificates carry an interest rate of six months KIBOR plus 1.50% with maturity on 6 September 2015 with credit rating of AA-.
- 11.2.8** These unsecured term finance certificates carry an interest rate of three months KIBOR plus 2.15% with maturity on 1 June 2014 with credit rating of AA-.
- 11.2.9** These unsecured term finance certificates carry an interest rate of six months KIBOR plus 1.25% with maturity on 30 June 2012 with credit rating of AA.
- 11.2.10** These unsecured term finance certificates carry an interest rate of six months KIBOR plus 1.25% with maturity on 18 March 2018 with credit rating of AA.
- 11.2.11** This represents Pre-IPO subscription in term finance certificates of Bank Al-Habib Limited.

### 11.3 Government securities

	Note	30 June 2011		30 June 2010
		Average cost	Fair value	Fair value
----- (Rupees) -----				
Treasury Bills - 3 months		-	-	123,250,495
Treasury Bills - 1 year	11.3.1	441,279,821	440,507,464	372,393,227
Treasury Bills - 6 months	11.3.2	114,938,692	114,831,223	-
Pakistan Investment Bonds	11.3.3	95,160,000	95,740,400	-
National Saving Bonds	11.3.4	180,000	180,000	7,220,000
		<b>651,558,513</b>	<b>651,259,087</b>	<b>502,863,722</b>
Unrealised loss on remeasurement at fair value		<b>(299,426)</b>	<b>651,259,087</b>	



- 11.3.1** These treasury bills have a tenor of one year with maturity on 22 March 2012 and 14 June 2012. They carry an effective yield of 13.75 to 13.83% per annum.
- 11.3.2** These treasury bills have a tenor of six months with maturity on 3 November 2011, 17 November 2011 and 1 December 2011 and carry an effective yield of 13.56% and 13.62% per annum.
- 11.3.3** These bonds carry markup at the rate of 11.25% per annum with maturity on 22 July 2013.
- 11.3.4** These bonds carry markup at the rate of 12.55% per annum with maturity on 29 January 2015.
- 11.4** Engro Rupiya Certificates - unquoted

These represent 3,000 certificates having face value of Rs. 5,000 per certificate. These carry markup at the rate of 14.5% payable semi-annually and mature on 30 September 2014.

#### 11.5 Unlisted term finance certificates - unsecured

2011				
Number of certificates	Markup rate (%)	Name of company	Maturity date	Cost (Rupees)
1	6 month KIBOR Plus 3.50%	TPL Trakker Limited (Formerly Trakker (Private) Limited)	31 October 2009	56,000,000
				56,000,000

2010				
Number of certificates	Markup rate (%)	Name of company	Maturity date	Cost (Rupees)
1	6 month KIBOR Plus 3.50%	TPL Trakker Limited (Formerly Trakker (Private) Limited)	31 October 2009	106,000,000
				106,000,000

- 11.5.1** These unlisted term finance certificates were due to mature on 31 October 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. In January 2010, an amount of Rs. 20 million was received from the issuer representing partial repayment of the principal and during the year, a further amount of Rs. 50 million has been received by the Company. Markup at the rate of 17.95% per annum (last coupon rate) has been paid on a monthly basis. Management is hopeful that the remaining principal amount will be paid by 31 December 2011. The Company also holds 23.6 million ordinary shares of TPL Direct Insurance limited as a security against the exposure.



## 11.6 Quoted preference shares of related parties

Number of shares		Name of company	Note	30 June 2011		30 June 2010
30 June 2011	30 June 2010			Average cost	Fair value	Fair value
----- (Rupees) -----						
6,949,320	6,949,320	Pakistan International Containers Terminal Limited - related party	11.6.1	69,493,200	69,423,707	73,593,299
		Unrealised loss on remeasurement		(69,493)		
				<u>69,423,707</u>	<u>69,423,707</u>	<u>73,593,299</u>
25,601,986	25,601,986	Azgard Nine Limited preference shares - related party	11.6.2	229,178,138	229,178,138	170,441,282
		Impairment of investment in preference shares of Azgard Nine Limited		(166,163,103)	(166,163,103)	(87,745,197)
				<u>63,015,035</u>	<u>63,015,035</u>	<u>141,432,941</u>
				<u>132,438,742</u>	<u>132,438,742</u>	<u>215,026,240</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 on 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 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 (24 September 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. Management is currently considering various recourses at its disposal and on prudent basis determined provision for impairment against these preference shares. 21,200,000 preference shares have been pledged with JS Bank Limited against bank guarantee.

**11.6.3** Movement of unrealised gain / (loss) is as follows:

	Note	30 June 2011	30 June 2010
------(Rupees)-----			
Unrealised gain / (loss) at the beginning of the year		<b>4,100,099</b>	(34,416,500)
Gain / (loss) for the year		<b>(4,169,592)</b>	38,516,599
Unrealised gain / (loss) at the end of the year		<b>(69,493)</b>	4,100,099

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

- Purchase of shares on behalf of clients	12.1	<b>116,763,777</b>	310,986,861
- Advisory services	12.2	<b>152,295</b>	21,723,650
- Forex and fixed income commission		<b>9,639,487</b>	13,950,002
- Commodity		<b>30,666,437</b>	4,549,024

**Considered doubtful or bad**

		<b>421,801,004</b>	414,985,205
--	--	--------------------	-------------

Provision for doubtful debts	12.3	<b>(421,801,004)</b>	(414,985,205)
		<b>157,221,996</b>	351,209,537

**12.1** Amounts due from related parties at the year end were as follows:

	30 June 2011	30 June 2010
------(Rupees)-----		
Azgard Nine Limited	<b>480,549</b>	351,875
JS Bank Limited	<b>96,604</b>	463,702
Jahangir Siddiqui & Company Limited	-	*11,925,820
JS Investments Limited	<b>14,085</b>	13,966
Directors / executives and their spouses	-	22,456
EFU General Insurance Limited	<b>*674,045</b>	*1,350,380
EFU Life Assurance Limited	-	3,613
JS Income Fund	<b>58,490</b>	201,739
Bank Islami Pakistan Limited	<b>282,280</b>	321,608
Unit Trust of Pakistan	<b>975</b>	147,182
JS Value Fund	<b>22,690</b>	-
ABAMCO Provident Fund	<b>3,016</b>	1,780
JS Large Capital Fund	<b>87,654</b>	*337,060
JS Aggressive Income Fund	<b>1,625</b>	-
JS Growth Fund	<b>357,087</b>	*157,071
Pakistan International Containers Terminal Limited	-	886
JS Cash Fund	<b>8,223</b>	14,695
Agritech Limited	-	34,848
JSCL staff provident fund	<b>1,820</b>	-

\* These amounts were subsequently settled through T+2 settlement system.



**12.2** It includes Rs. 21,723,650 receivable from Azgard Nine Limited, a related party. The Company has made a provision against the entire amount during the year.

<b>12.3 Provision for doubtful debts</b>	Note	<b>30 June 2011</b>	30 June 2010
		------(Rupees)-----	
Balance at the beginning of the year		<b>414,985,205</b>	49,089,637
Charged during the year	<i>12.2</i>	<b>21,723,650</b>	367,744,349
Reversed during the year		<b>(14,907,851)</b>	(1,848,781)
		<b>6,815,799</b>	365,895,568
Balance at the end of the year		<b><u>421,801,004</u></b>	<u>414,985,205</u>

### **13. LOANS AND ADVANCES - considered good**

Current maturity of long term loans - secured	<i>9</i>	<b>1,618,136</b>	763,376
Advances to staff		<b>2,952,049</b>	1,256,342
Advance for purchase of office - unsecured		<b>2,500,000</b>	2,500,000
Advance for purchase of cars		<b>631,250</b>	3,335,500
		<b><u>7,701,435</u></b>	<u>7,855,218</u>

### **14. DEPOSITS AND SHORT TERM PREPAYMENTS**

Deposits	<i>14.1</i>	<b>7,158,783</b>	50,000,000
Prepayments		<b>2,597,782</b>	8,465,001
		<b><u>9,756,565</u></b>	<u>58,465,001</u>

**14.1** This represents deposit with Karachi Stock Exchange (Guarantee) Limited against ready and future exposure.

### **15. INTEREST AND MARK-UP ACCRUED**

Accrued markup on Pakistan investment bonds		<b>4,931,507</b>	-
Accrued markup on term finance certificates		<b>12,406,599</b>	5,873,633
Profit receivable on bank deposits	<i>15.1</i>	<b>1,975,377</b>	289,526
		<b><u>19,313,483</u></b>	<u>6,163,159</u>

**15.1** It includes profit receivable from JS Bank Limited amounting to Rs. 865,267 (30 June 2010: Rs.26,239).

### **16. OTHER RECEIVABLES**

Dividend receivable on preference shares from related parties		<b>15,541,989</b>	15,541,989
Other receivables	<i>16.1</i>	<b>3,576,483</b>	2,105,628
Unrealised gain on derivatives	<i>16.2</i>	<b>-</b>	16,121,875
		<b><u>19,118,472</u></b>	<u>33,769,492</u>
Provision against doubtful receivables	<i>16.3</i>	<b>(8,592,669)</b>	-
		<b><u>10,525,803</u></b>	<u>33,769,492</u>



- 16.1** This includes Rs. 269,049 (30 June 2010: Rs. 253,925) from Jahangir Siddiqui & Co Limited, Rs. 791,258 (30 June 2010: Rs. 518,283) from JS Bank Limited, Rs. 47,667 (30 June 2010: Rs. 47,677) from JS Infocom Limited, Rs. Nil from JS Investments Limited (30 June 2010: 1,088,069) and Rs. 43,678 (30 June 2010: Rs. 41,928) from JS Private Equity on account of various expenses incurred on behalf of each other.
- 16.2** This represents unrealised gain on revaluation of future sale contracts of equity securities entered into by the Company.
- 16.3** This represents dividend accrued on investment in preference shares of Azgard Nine Limited.

<b>17. CASH AND BANK BALANCES</b>	Note	<b>30 June 2011</b>	30 June 2010
		------(Rupees)-----	
Cash with banks:			
- Current accounts		<b>4,943,407</b>	3,213,775
- Profit and loss / deposit accounts	<i>17.1</i>	<b>505,621,754</b>	545,631,731
- Foreign currency deposit accounts	<i>17.2</i>	<b>10,429,099</b>	14,018,978
		<b>520,994,260</b>	562,864,484
Cash in hand		<b>94,000</b>	94,000
		<b>521,088,260</b>	562,958,484

- 17.1** Profit and loss / deposit accounts carry profit ranging from 5% to 11.5% per annum (30 June 2010: 5% to 11% per annum).
- 17.2** Foreign currency deposit accounts carry profit ranging from 0.10% to 1% per annum (30 June 2010: 0.745% to 3% per annum).

## **18. OPERATING REVENUE**

Brokerage and operating income	<b>211,527,559</b>	299,598,805
Advisory and consultancy fee	<b>4,773,783</b>	29,040,926
	<b>216,301,342</b>	328,639,731

## **19. CAPITAL GAIN ON SALE OF INVESTMENTS**

Gain on sale of investment in open ended mutual funds	<b>25,386,367</b>	12,180,293
(Loss) / gain on sale of ordinary shares	-	(354,386)
Gain on sale of investments - term finance certificates and government securities	<b>35,297,549</b>	45,507,402
	<b>60,683,916</b>	57,333,309



20. ADMINISTRATIVE AND OPERATING EXPENSES	Note	30 June 2011	30 June 2010
		------(Rupees)-----	
Salaries and benefits		<b>153,572,151</b>	179,213,523
Contribution to provident fund		<b>3,427,801</b>	3,534,696
Fee for directors / committee meetings	<i>25</i>	<b>3,100,000</b>	3,344,000
Printing and stationery		<b>2,198,172</b>	2,377,663
Telephone, fax, telegram and postage		<b>6,502,284</b>	6,920,283
Amortisation of intangible assets		-	36,651
Rent, rates and taxes		<b>47,020,126</b>	40,892,957
Vehicle running expenses		<b>10,462,748</b>	9,076,975
Electricity, gas etc.		<b>4,238,502</b>	3,498,519
Legal and professional charges		<b>9,042,631</b>	2,526,950
Insurance		<b>7,580,617</b>	7,058,223
Newspaper and periodicals		<b>170,641</b>	143,997
Entertainment		<b>628,667</b>	273,178
Advertisement and business promotion		<b>1,189,126</b>	6,065,318
Office supplies		<b>1,437,643</b>	1,132,984
Depreciation expense		<b>14,939,949</b>	18,000,341
Auditors' remuneration	<i>7.1 20.1</i>	<b>1,125,680</b>	554,733
Fees and subscription		<b>8,775,194</b>	9,648,352
Conveyance and traveling		<b>7,718,963</b>	7,500,505
Repairs and maintenance		<b>11,727,067</b>	10,880,991
Computer expenses		<b>12,151,323</b>	12,943,970
KSE Clearing House and CDC Charges		<b>10,903,571</b>	18,616,003
Royalty	<i>20.2</i>	<b>10,000,000</b>	10,000,000
Loss on disposal of property and equipment		<b>1,147,847</b>	197,921
		<b>329,060,703</b>	354,438,733
<b>20.1 Auditors' remuneration</b>			
Audit fee		<b>300,000</b>	250,000
Special audit fee		<b>400,000</b>	-
Certification including half year review		<b>371,850</b>	260,000
Out of pocket expenses		<b>53,830</b>	44,733
		<b>1,125,680</b>	554,733
<b>20.2</b> This represents the royalty payable to Mr. Jahangir Siddiqui on account of use of part of Company's name under an initial agreement dated 29 June 2004. The agreement was revised dated 7 February 2007 under which the Company agreed to pay Rs. 10 million per annum effective from 1 June 2008.			
<b>21. OTHER OPERATING INCOME</b>			
<b>Income from financial assets:</b>			
Profit on term finance certificates, treasury bills, Pakistan investment bonds and national savings bonds		<b>120,446,180</b>	129,863,814
Dividend income		<b>25,373,645</b>	43,376,471
Mark-up on Pre - IPO investments and management fee		<b>186,476</b>	44,384
Profit on term deposit receipts		<b>819,726</b>	5,923,288
Return on cash margin on future contracts		<b>488,573</b>	666,374
Exchange gain on foreign currency deposit accounts		<b>(113,221)</b>	707,363
Late payment charges		<b>6,099,490</b>	110,253,983
Profit on profit and loss / deposit accounts		<b>60,764,869</b>	66,292,786
Mark-up on commercial papers		<b>4,687,535</b>	-
		<b>218,753,273</b>	357,128,463





	Note	30 June 2011	30 June 2010
------(Rupees)-----			
<b>Income from non-financial assets:</b>		-	-
Gain on sale of property and equipment		<b>423,077</b>	546,994
Other income		<b>423,077</b>	546,994
		<b>219,176,350</b>	357,675,457
<b>22. FINANCE COST</b>			
Mark-up on running finance		-	29,423
Mark-up on reverse repurchase transactions		<b>599,300</b>	417,550
Bank and other charges	<i>22.1</i>	<b>3,787,403</b>	3,761,314
		<b>4,386,703</b>	4,208,287
<b>22.1</b>	The Company has aggregate running finance facilities from various banks of Rs. 400 million (30 June 2010: 1,950 million) under mark-up arrangements. Mark-up rate is KIBOR plus 2% per annum (30 June 2010: KIBOR plus 2% to KIBOR plus 3% per annum), with no floor and cap (30 June 2010: Nil). These arrangements would remain valid for varying periods up to 31 December 2011 and are secured against institutional trade debts with 30% margin. At the year end, no amount was due by the Company under the above arrangements.		
	The Company also has bank guarantee facilities from JS Bank Limited of Rs. 400 million (30 June 2010: Rs. 650 million) under commission arrangements. At the year end, the facilities availed amount to Rs. 400 million (30 June 2010: Rs. 400 million).		
<b>23. TAXATION</b>			
<b>23.1</b>	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. The tax year 2005 has been selected for audit and the proceedings are pending in the LTU. For the tax year 2009, the Additional Commissioner Inland revenue- E (ACIR), Audit Division II, LTU Karachi passed an order under Section 122 (5A) of the ordinance. Appeal was filed by the Company against the said order to Commissioner Inland Revenue Appeal [(CIR Appeal)]. Subsequent to year end on 23 July 2011, order has been passed by CIR (Appeal) in which it has withheld the findings of ACIR in respect of apportionment of expenses, allowability of expenses and claiming of tax deducted at source.		
<b>23.2 Reconciliation of tax charge for the year</b>			
Profit / (loss) before taxation		<b>126,231,381</b>	(59,016,770)
Tax at the applicable tax rate of 35% (2010: 35%)		<b>44,180,983</b>	(20,655,870)
Effect of income exempt from tax		-	1,032,758
Tax effect of income tax at lower rate and final tax regime		<b>(11,905,781)</b>	2,213,750
Tax effect of amount relating to prior year		<b>(153,663)</b>	2,868,150
Tax charge on impairment of preference shares		<b>30,453,701</b>	30,710,819
Deferred tax impact due to proration		<b>(24,691,620)</b>	1,698,620
Surcharge under section 4A of the Ordinance		<b>2,768,194</b>	-
Others		<b>(3,541,234)</b>	471,590
Total tax expense		<b>37,110,580</b>	18,339,817



	30 June 2011	30 June 2010
	----- (Rupees) -----	
<b>24. EARNINGS / (LOSS) PER SHARE - basic and diluted</b>		
Profit / (loss) for the year after taxation	<u>89,120,801</u>	<u>(77,356,587)</u>
	----- (Number) -----	
Weighted average number of ordinary shares outstanding during the year	<u>50,000,000</u>	<u>50,000,000</u>
	----- (Number) -----	
Earnings / (loss) per share - basic and diluted	<u>1.78</u>	<u>(1.55)</u>

## 25. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration, including certain benefits to the chief executive, directors and executives of the Company is as follows:

	Chief Executive		Director		Executives	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	----- (Rupees) -----		----- (Rupees) -----		----- (Rupees) -----	
Managerial remuneration	3,870,450	6,000,000	-	-	17,396,858	17,526,900
House rent allowance	1,741,703	2,400,000	-	-	6,958,743	7,010,760
Utilities allowance	193,523	600,000	-	-	1,739,686	1,752,690
Staff retirement benefits	600,000	600,000	-	-	1,564,129	1,607,773
Medical	41,124	110,938	-	-	206,788	201,937
Joining bonus	-	750,000	-	-	-	-
Fees for attending meetings	-	-	3,100,000	3,344,000	-	-
	<u>6,446,800</u>	<u>10,460,938</u>	<u>3,100,000</u>	<u>3,344,000</u>	<u>27,866,204</u>	<u>28,100,060</u>
<b>Number of persons</b>	<u>2</u>	<u>1</u>	<u>4</u>	<u>2</u>	<u>14</u>	<u>15</u>

25.1 The Company provides the chief executive and certain executives with the Company maintained cars as per their terms of employment.

## 26. 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 employment. Transactions with other related parties are entered into at rates negotiated with them.

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



	<b>30 June 2011</b>	30 June 2010
	----- <b>(Rupees)</b> -----	
Brokerage and advisory income earned from:		
- Directors	<u>25,157</u>	<u>203,236</u>
- Associated companies	<u>18,097,425</u>	<u>61,891,901</u>
- Related parties	<u>4,791,367</u>	<u>23,818,090</u>
- Key management	<u>-</u>	<u>302,998</u>
Contribution to staff provident fund	<u>3,427,801</u>	<u>3,534,696</u>
Payment on account of expenses to associated companies	<u>39,177,245</u>	<u>32,686,674</u>
Royalty expense	<u>10,000,000</u>	<u>10,000,000</u>
Loans to executives	<u>564,099</u>	<u>217,441</u>
Dividend income on preference shares	<u>6,949,320</u>	<u>23,894,946</u>
Capital gain on sale of units of JS Income Fund	<u>-</u>	<u>5,171,058</u>
Profit on PLS accounts and term deposit receipts	<u>53,100,040</u>	<u>54,985,284</u>
Mark-up on running finance and Bank Guarantee charges	<u>4,665,000</u>	<u>3,598,071</u>
Exchange gain on foreign currency deposit accounts	<u>21,963</u>	<u>223,335</u>
Investment made in preference shares	<u>-</u>	<u>38,219,246</u>
Rent received from related parties	<u>1,677,108</u>	<u>4,062,024</u>
Cash at bank	<u>366,098,142</u>	<u>240,840,512</u>
Purchase of units of JS Cash Fund	<u>200,000,000</u>	<u>100,000,000</u>
Sale of units of JS Income Fund	<u>-</u>	<u>257,501,510</u>
Purchase of membership card of National Commodity Exchange Limited from Jahangir Siddiqui & Company Limited	<u>-</u>	<u>2,500,000</u>
Advance for purchase of office at Hayat Regency paid to Jahangir Siddiqui & Company Limited	<u>-</u>	<u>2,500,000</u>
Purchase of investments from related parties	<u>22,406,559,742</u>	<u>6,742,937,437</u>
Sale of investments to related parties	<u>14,527,847,723</u>	<u>4,250,678,490</u>



## 27. OPERATING SEGMENTS

	30 June 2011			
	Brokerage	Investment and treasury	Other operations	Total
	(Rupees)			
Segment revenues	211,527,559	332,856,814	11,784,923	556,169,296
Intersegment revenues	-	-	-	-
Total segment revenues	211,527,559	332,856,814	11,784,923	556,169,296
Administrative and operating expenses	(160,206,253)	(28,640,835)	(125,273,666)	(314,120,754)
Depreciation	(7,244,710)	(390,228)	(7,305,011)	(14,939,949)
Amortisation of intangible assets	-	-	-	-
Impairment of investment in preference shares	-	(78,417,906)	-	(78,417,906)
Impairment of dividend receivable	-	(8,592,669)	-	(8,592,669)
Provision for doubtful debts-net	-	(6,815,799)	-	(6,815,799)
Finance cost	(4,386,703)	-	-	(4,386,703)
	39,689,893	209,999,377	(120,793,754)	128,895,516
Provision for Workers' Welfare Fund				(2,664,135)
Taxation				(37,110,580)
Profit after tax				89,120,801
Segment assets	170,409,977	2,675,712,756	9,995,660	2,856,118,393
Segment liabilities	257,578,008	-	3,276,971	260,854,979
Capital expenditure	4,431,670	1,426,928	1,934,742	7,793,340
<b>Non cash items other than depreciation and amortisation</b>				
- Gain on remeasurement of investments	-	60,007,688	-	60,007,688
- Impairment of investment in preference shares	-	(78,417,906)	-	(78,417,906)
- Impairment of dividend receivable	-	(8,592,669)	-	(8,592,669)

There were no major customer of the Company which formed part of 10 per cent or more of the Company's revenue. All external customers of the Company are located in Pakistan. All non current assets of the Company as at 30 June 2011 and 2010 were located and operating in Pakistan.

	30 June 2010			
	Brokerage	Investment and treasury	Other operations	Total
	(Rupees)			
Segment revenues	411,066,156	320,299,962	29,040,926	760,407,044
Intersegment revenues	-	-	-	-
Total segment revenues	411,066,156	320,299,962	29,040,926	760,407,044
Administrative and operating expenses	(271,814,629)	(37,626,798)	(26,960,314)	(336,401,741)
Amortisation of intangible assets	(36,651)	-	-	(36,651)
Provision for doubtful debts	(365,895,568)	-	-	(365,895,568)
Impairment of investment in preference shares	-	(87,745,197)	-	(87,745,197)
Finance cost	(4,208,287)	-	-	(4,208,287)
	(230,888,979)	194,927,967	2,080,612	(33,880,400)
Provision for Workers' Welfare Fund				(7,136,029)
Taxation				(18,339,817)
Loss after tax				(77,356,587)
Segment assets	678,920,734	2,363,225,280	36,085,593	3,078,231,607
Segment liabilities	311,876,220	-	6,043,182	317,919,402

### Information about major customers

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



## 28. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### Financial risk management

The Company primarily invests in a portfolio of money market investments and investments in marketable securities and short term debt securities. Such investments are subject to varying degrees of risk.

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

### 28.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfill their obligations. There is a possibility of default by participants and of failure of the financial markets, the depositories, the settlements or clearing system etc.

#### Exposure to credit risk

Credit risk of the Company arises principally from the trade debts, short term investments, loans and advances, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines approved by the Board of Directors. In addition, credit risk is also minimised due to the fact that the Company invests only in high quality financial assets, majority of which have been rated by a reputable rating agency. All transactions are settled / paid for upon delivery. Except for provision made against the trade debts amounting to Rs. 421,801,004 (Refer note 12 to the financial statements), impairment against investment in preference shares amounting to Rs. 166,163,103 (Refer note 11 to the financial statements), impairment against dividend receivable on preference shares amounting to Rs.8,592,669 (Refer note 16.3 to the financial statements), the Company does not expect to incur material credit losses on its financial assets. The maximum exposure to credit risk at the reporting date is as follows:



	Note	30 June 2011	30 June 2010
------(Rupees)-----			
Long term loans and deposits	28.1.1	8,223,874	5,369,026
Short term investments		1,217,056,538	870,460,774
Trade debts - unsecured		157,221,996	351,209,537
Loans and advances		1,618,136	763,376
Deposits		7,158,783	50,000,000
Interest and mark-up accrued		19,313,483	6,163,159
Other receivables		10,525,803	33,769,492
Cash and bank balances		520,994,260	562,864,484
		<u>1,942,112,873</u>	<u>1,880,599,849</u>

**28.1.1** Loans to executives and employees are secured against provident fund balance of the executives and employees.

**28.1.2** The maximum exposure to credit risk for trade debts at the balance sheet date by geographic region is as follows:

Local clients	550,071,850	723,517,082
Foreign clients	28,951,150	42,677,660
	<u>579,023,000</u>	<u>351,209,537</u>

	30 June 2011		30 June 2010	
	Gross	Impairment	Gross	Impairment
------(Rupees)-----				
Past due 1-30 days	100,828,449	-	101,990,052	-
Past due 31 days -180 days	24,323,066	-	32,493,943	-
Past due 181 days -1 year	1,093,572	-	1,700,521	-
More than one year	452,777,913	421,801,004	628,979,234	414,985,205
Total	<u>579,023,000</u>	<u>421,801,004</u>	<u>765,163,750</u>	<u>414,985,205</u>

Except for the impairment disclosed above, no impairment has been recognised in respect of these debts as the custody of equity securities against the same is adequate.

### 28.1.3 Bank balances

The analysis below summarizes the credit quality of the Company's bank balances as at 30 June 2011 and 30 June 2010:

	30 June 2011	30 June 2010
------(Rupees)-----		
AA +	14,693,615	14,138,627
AA -	1,002,530	304,824,767
AA	133,562,067	3,060,575
A	366,098,142	224,918,307
BBB+	5,637,906	15,922,208
	<u>520,994,260</u>	<u>562,864,484</u>

**28.1.4 Investment in debt securities**

Exposure of the Company in term finance certificates according to credit ratings is as follows:

**Term finance certificates  
Credit rating**

	30 June 2011	
	Amount (Rupees)	Percentage
AA-	124,045,700	40.66%
AA	181,001,149	59.34%
	<u>305,046,849</u>	<u>100.00%</u>

**Term finance certificates  
Credit rating**

	30 June 2010	
	Amount (Rupees)	Percentage
AA-	3,918,720	5.45%
AA	67,968,205	94.55%
	<u>71,886,925</u>	<u>100.00%</u>

**28.1.5 Investment in units of mutual funds**

The Company has investments in units of mutual funds have rating ranging from AA+ to A+ at reporting date.

**28.1.6 Investment in preference shares**

The Company has investments in preference shares of Pakistan International Container Terminals and Azgard Nine Limited having rating of "A+" and "D" at reporting date.

**28.1.7 Impairment losses**

The amount of impairment losses / (reversals) booked by the Company against trade debts and investments is as follows:

	30 June 2011	30 June 2010
	------(Rupees)-----	
Trade debtors - Equity transactions	(14,907,851)	365,895,568
Trade debtors - Advisory receivables	21,723,650	-
Investment in preference shares	78,417,906	87,745,197
Impairment of dividend receivable	8,592,669	-
<b>Total</b>	<u>93,826,374</u>	<u>453,640,765</u>

The Company is doing its utmost to recover the amount from the clients and is confident that majority of the amount would be recovered based on the past experience and the recovery efforts being carried out by the Company. None of the financial assets were considered to be impaired, other than as disclosed above.



### *Concentration of credit risk*

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

Details of the industrial sector analysis of the trade debts are as follows:

	30 June 2011		30 June 2010	
	(Rupees)	%	(Rupees)	%
Textile	21,723,650	3.75%	21,152,585	2.764%
Services	11,159,788	1.93%	1,349,949	0.176%
Manufacturing	4,140,423	0.72%	-	0.000%
Banking and financial institutions	71,525,304	12.35%	69,114,525	9.033%
Individuals	470,473,835	81.25%	673,546,691	88.026%
	<u>579,023,000</u>	<u>100.00%</u>	<u>765,163,750</u>	<u>100.00%</u>

## 28.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available. The following are the contractual maturities of financial liabilities:

	2011					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	----- (Rupees) -----					
<b>Financial liabilities</b>						
Creditors, accrued expenses and other liabilities	192,385,570	192,385,570	192,385,570	-	-	-
	<u>192,385,570</u>	<u>192,385,570</u>	<u>192,385,570</u>	<u>-</u>	<u>-</u>	<u>-</u>
	----- (Rupees) -----					
	2010					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
<b>Financial liabilities</b>						
Creditors, accrued expenses and other liabilities	189,393,036	189,393,036	189,393,036	-	-	-
	<u>189,393,036</u>	<u>189,393,036</u>	<u>189,393,036</u>	<u>-</u>	<u>-</u>	<u>-</u>

On the balance sheet date, the Company has cash and bank balances of Rs.521.088 million (30 June 2010: Rs.562.958 million) as mentioned in note 17 and unutilised credit lines of Rs. 400 million (30 June 2010: Rs. 1,950million) as mentioned in note 22.



**28.3 Market risk**

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market manages market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

*Currency risk*

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. Currently, the Company's foreign exchange risk exposure is restricted to bank balances in foreign currency. As such the Company does not regularly deal in foreign currency transactions except for maintenance of foreign currency bank accounts which currently are denominated in US Dollars. The management believes that the Company's exposure emanating from any fluctuations in the foreign currencies does not require to be hedged.

Financial assets and liabilities exposed to foreign exchange rate risk amounts to Rs.10.429 million (2010: Rs.14.019 million) at the year end.

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company manages fair value risk by investing primarily in variable rate term finance certificates, preferably with no cap and floor which insulates the Company from fair value interest rate risk, as coupon rates correspond with current market interest rate. Company also invests in fixed rated Government securities such as treasury bills and Pakistan investment bonds.

As at 30 June 2011, investments in term finance certificates exposed to interest rate risk are detailed in note 11.2 to the financial statements. Cash and cash equivalents are not subject to cash flow and fair value interest rate risk.

At the reporting date, the interest rate profile of Company's interest-bearing financial instruments is as follows:

	<b>Carrying Amount</b>	
	<b>30 June 2011</b>	30 June 2010
	----- <b>(Rupees)</b> -----	
Fixed rate investments (Note 11.3)	<u><b>722,259,087</b></u>	<u>608,863,722</u>
Variable rate investments (Note 11.2)	<u><b>305,046,849</b></u>	<u>71,886,925</u>

**Cash flow sensitivity analysis for variable rate instruments**

The Company holds KIBOR based interest bearing investments in term finance certificates. exposing the Company to cash flow interest rate risk.



For cash flow sensitivity analysis of variable rate instruments, a hypothetical change of 100 basis points in interest rates during the year would have decreased / increased profit for the year by the amounts shown below. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	<b>Impact on profit or loss before tax</b>	
	<b>100 bp increase</b>	<b>100 bp Decrease</b>
	<b>----- (Rupees) -----</b>	
<b>As at 30 June 2011</b>		
Cash flow sensitivity - variable rate instruments	<b>3,050,468</b>	<b>(3,050,468)</b>
<b>As at 30 June 2010</b>		
Cash flow sensitivity - variable rate instruments	718,869	(718,869)

#### **Fair value sensitivity analysis for fixed rate instruments**

The Company accounts for the following fixed rate financial assets and liabilities at fair value through profit and loss.

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) the profit before tax for the year as follows. This analysis assumes that all other variables remain constant.

	<b>Profit or loss before tax</b>	
	<b>100 bp increase</b>	<b>100 bp Decrease</b>
	<b>----- (Rupees) -----</b>	
<b>As at 30 June 2011</b>		
Treasury Bills	<b>(3,446,358)</b>	<b>3,492,160</b>
Pakistan Investment Bonds	<b>(1,677,500)</b>	<b>1,717,000</b>
	<b><u>(5,123,858)</u></b>	<b><u>5,209,160</u></b>
<b>As at 30 June 2010</b>		
Treasury Bills	<u>(2,887,420)</u>	<u>2,928,876</u>

The composition of the company's investment portfolio and interest rates are expected to change over time. Accordingly, the sensitivity analysis prepared as of 30 June 2011 is not necessarily indicative of future movements in interest rates.

Yield / interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of contractual repricing or maturity date. The company's market rate of return sensitivity related to financial assets and financial liabilities as at 30 June 2011 can be determined from the following:



On-balance sheet financial instruments	Effective rate of mark-up / return (%)	30 June 2011			Not exposed to interest rate risk	Total
		Exposed to interest rate risk				
		Upto three months	More than three months and upto one year	More than one year		
------(Rupees)-----						
<b>Financial assets</b>						
Long term loans advances and deposits	12 to 15	-	-	1,208,161	7,015,713	8,223,874
Short term investments	8.95 to 17.95	-	555,338,687	471,967,249	841,009,689	1,868,315,625
Trade debts - unsecured		-	-	-	157,221,996	157,221,996
Loans and advances	10 to 15	-	1,618,136	-	6,083,299	7,701,435
Deposits and short term prepayments		-	-	-	9,756,565	9,756,565
Interest and mark-up accrued		-	-	-	1,975,377	1,975,377
Other receivables		-	-	-	10,525,803	10,525,803
Cash and bank balances	0.745 to 11	-	-	-	521,088,260	521,088,260
		-	556,956,823	473,175,410	1,554,676,702	2,584,808,935
<b>Financial liabilities</b>						
Creditors, accrued expenses and other liabilities		-	-	-	192,385,570	192,385,570
		-	-	-	192,385,570	192,385,570
On-balance sheet gap		-	556,956,823	473,175,410	1,362,291,132	2,392,423,365
<b>Off balance sheet</b>						
Future Sale transactions of equity securities entered into by the Company in respect of which the sale transactions have not been settled as at 30 June		-	-	-	-	-
		-	-	-	(400,000,000)	(400,000,000)
Bank guarantee		-	-	-	(400,000,000)	(400,000,000)
		-	556,956,823	1,030,132,233	1,992,423,366	1,992,423,365
<b>Cumulative gap</b>						

On-balance sheet financial instruments	Effective rate of mark-up / return (%)	30 June 2010			Not exposed to interest rate risk	Total
		Exposed to interest rate risk				
		Upto three months	More than three months and upto one year	More than one year		
------(Rupees)-----						
<b>Financial assets</b>						
Long term loans, advances and deposits	10 to 15	-	-	-	5,369,026	5,369,026
Short term investments	8.95 to 17.95	123,250,495	444,280,152	7,220,000	1,184,823,909	1,759,574,556
Trade debts - unsecured		-	-	-	351,209,537	351,209,537
Loans and advances	10 to 15	-	-	-	7,855,218	7,855,218
Deposits and short term prepayments		-	-	-	58,465,001	58,465,001
Interest and mark-up accrued		-	-	-	6,163,159	6,163,159
Other receivables		-	-	-	33,769,492	33,769,492
Cash and bank balances	0.745 to 11	-	-	-	562,958,484	562,958,484
		123,250,495	444,280,152	7,220,000	2,210,613,826	2,785,364,473
<b>Financial liabilities</b>						
Creditors, accrued expenses and other liabilities		-	-	-	196,529,065	196,529,065
		-	-	-	196,529,065	196,529,065
<i>On-balance sheet gap</i>		123,250,495	444,280,152	7,220,000	2,014,084,762	2,588,835,408
<b>Off Balance Sheet</b>						
Future Sale transactions of equity securities entered into by the Company in respect of which the sale transactions have not been settled as at 30 June		-	-	-	(405,845,769)	(405,845,769)
Bank guarantee		-	-	-	(400,000,000)	(400,000,000)
		-	-	-	(805,845,769)	(805,845,769)
<b>Cumulative gap</b>		123,250,495	567,530,647	574,750,647	1,782,989,640	1,782,989,640



### *Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market.

The Company's listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The Company manages the equity price risk through diversification and purchase of securities in the ready market and simultaneous sale in the future market.

Presently, the Company holds equity instruments classified as 'at fair value through profit or loss' that expose the Company to equity risk. The table below summarises Company's market risk as of 30 June 2011 and 2010. It shows the effect of a 10% increase and 10% decrease in the market prices of equity investments as on those dates on Company's profit.

	<b>Carrying Amount</b>	
	<b>30 June 2011</b>	30 June 2010
	----- <b>(Rupees)</b> -----	
<b>Investments</b>		
Fair value through profit or loss (Note 11)	-	386,250,060
	-----	-----
	<b>Profit or loss</b>	
	<b>Increase</b>	<b>(Decrease)</b>
	----- <b>(Rupees)</b> -----	
<b>Sensitivity analysis</b>		
30 June 2011	-	-
	-----	-----
30 June 2010	<b>38,625,006</b>	<b>(38,625,006)</b>
	-----	-----

## **28.4 Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.



The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

### 28.5 Fair value of financial instruments

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Fair value of the financial assets that are traded in active markets are based on quoted market prices or dealer price quotations.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----			
<b>Financial assets at fair value through profit or loss</b>				
Equity securities	708,570,947	-	-	708,570,947
Debt securities	-	956,305,936	-	956,305,936
	<u>708,570,947</u>	<u>956,305,936</u>	<u>-</u>	<u>1,664,876,883</u>
<b>Available for sale</b>				
Debt securities	-	<u>132,438,742</u>	-	<u>132,438,742</u>



## 28.6 Capital management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structure in order to ensure ample availability of finance for its existing operations, for maximizing shareholder's value, for tapping potential investment opportunities and to reduce cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

The Company finances its operations through equity, borrowing and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

## 29. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors have approved cash dividend of Nil (30 June 2010: 50%) amounting to Rs. Nil (2010: Rs. 500 million) and bonus of Nil (30 June 2010: Nil) in their meeting held on September 22, 2011.

## 30. DATE OF AUTHORISATION

These financial statements were authorised for issue in the Board of Directors' meeting held on September 22, 2011.

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**Adil Matcheswala**  
Chairman / Director

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**Muhammad Kamran Nasir**  
Chief Executive

**PATTERN OF SHARE HOLDING FORM "34" SHAREHOLDER'S STATISTICS**

As At June 30, 2011

Number of Shareholders		Share Holding		Total Shares Held
		From	To	
255	Shareholding from	1	to 100	9,742
406	Shareholding from	101	to 500	115,865
172	Shareholding from	501	to 1000	140,358
292	Shareholding from	1001	to 5000	614,597
45	Shareholding from	5001	to 10000	345,973
18	Shareholding from	10001	to 15000	230,019
7	Shareholding from	15001	to 20000	130,370
2	Shareholding from	20001	to 25000	45,380
6	Shareholding from	25001	to 30000	164,336
1	Shareholding from	30001	to 35000	30,690
1	Shareholding from	35001	to 40000	36,328
1	Shareholding from	40001	to 45000	42,499
1	Shareholding from	45001	to 50000	49,900
2	Shareholding from	55001	to 60000	114,314
1	Shareholding from	60001	to 65000	62,741
1	Shareholding from	65001	to 70000	65,154
1	Shareholding from	85001	to 90000	90,000
1	Shareholding from	115001	to 120000	117,179
1	Shareholding from	215001	to 220000	218,797
1	Shareholding from	280001	to 285000	280,923
1	Shareholding from	310001	to 315000	310,348
1	Shareholding from	355001	to 360000	359,097
1	Shareholding from	380001	to 385000	383,757
1	Shareholding from	430001	to 435000	435,000
1	Shareholding from	455001	to 460000	456,975
1	Shareholding from	1675001	to 1680000	1,680,000
2	Shareholding from	21730001	to 21735000	43,469,658
<b>1223</b>				<b>50,000,000</b>

S.No.	Categories of Shareholders	Number of Shareholders	Total Shares Held	Percentage
1	Individuals	1176	4,785,309	9.57%
2	Investment Companies	39	43,880,994	87.76%
3	Banks	0	-	0.00%
4	Insurance Companies	4	777,542	1.56%
5	Joint Stock Companies	1	49,900	0.10%
6	Mudarabas and Mutual Funds	0	-	0.00%
7	Foreign Investor	1	56,766	0.11%
8	Other(s)			
	Trustee - Siddiqui Foundation			
	Kaymo Trading (FZE)	2	449,489	0.90%
		<b>1223</b>	<b>50,000,000</b>	<b>100.00%</b>

\* Includes 1144 CDC Beneficial Owner as per list appear on CDS.



## DISCLOSURE TO PATTERN OF SHAREHOLDING As at June 30, 2011

<u>Serial No.</u>	<u>Description</u>	<u>No. of Share Holders</u>	<u>No. of Shares Held</u>
<b>1</b>	<b>Associated Companies, Undertakings and Related Parties</b>		
	M/s Jahangir Siddiqui & Company Limited	1	21,734,826
	Global Investment House	1	21,734,832
		<b>2</b>	<b>43,469,658</b>
<b>2</b>	<b>NIT and ICP</b>	Nil	Nil
<b>3</b>	<b>List of Directors, CEO and their spouses and minor children</b>		
	Mr. Adil Matcheswala	1	12,001
	Mr. Aslam Khaliq	1	8,694
	Mr. Ahsen Ahmed	1	1
	Syed Nadir Shah	1	1
	Mr. Shahid Hameed	1	4
	Mr. Naief Abdullatif Sulaiman	1	4
	Mr. Yousef SFA AlEbrahim	1	4
	Mr. Muhammad Kamran Nasir	1	1
		<b>8</b>	<b>20,710</b>
<b>4</b>	<b>List of Executives</b>	Nil	Nil
<b>5</b>	<b>Public Sector Companies and Corporations</b>	Nil	Nil
<b>6</b>	<b>Banks Development Financial Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas and Mutual Funds</b>	4	<b>777,542</b>
<b>7</b>	<b>Joint Stock Companies &amp; Others</b>	40	<b>608,394</b>
<b>8</b>	<b>Individuals</b>	1168	<b>4,764,599</b>



**DETAILS OF SHARE HOLDING 10% MORE**

1.	M/s Jahangir Siddiqui & Company Limited	21,734,826
2.	M/s Global Investment House K.S.C.C	21,734,832
		<u>43,469,658</u>

Details of trades carried out by Directors, CEO, CFO, Company Secretary and their Spouses and minor children during the period from July 01, 2010 to June 30, 2011

<b>S.No</b>	<b>Name</b>	<b>Designation</b>	<b>Shares Bought</b>	<b>Shares Sold</b>
1	Mr. Adil Matcheswala	Chairman	4931	-
2	Mr. Muhammad Kamran Nasir*	Chief Executive Officer	-	-
3	Mr. Nadir Rahman*	Chief Executive Officer	2500	-
4	Mr. Aslam Khaliq	Director	-	-
5	Mr. Ahsen Ahmed	Director	-	-
6	Syed Nadir Shah	Director	-	-
7	Mr. Naief Abdullatif Sulaiman	Director	-	-
8	Mr. Shahid Hameed	Director	-	-
9	Mr. Yousef SFA AlEbrahim	Director	-	-
10	Mr. Danish Zahoor	Company Secretary	-	-
11	Minor Family members / spouses		-	-

\* Mr. Nadir Rahman resigned as CEO w.e.f January 01, 2011 and Mr. Muhammad Kamran Nasir is appointed in his place as the new CEO.



**Form of Proxy**

11th Annual General Meeting

The Company Secretary  
**JS Global Capital Limited**  
6th Floor, Faysal House, Shahrah-e- Faisal,  
Karachi

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being member(s) of JS Global Capital Limited holding \_\_\_\_\_  
ordinary shares as per Registered Folio No./CDC A/c. No. (for members who have shares in CDS) \_\_\_\_\_  
hereby appoint Mr./ Mrs./ Miss \_\_\_\_\_  
of (full address) \_\_\_\_\_ or failing him/her  
Mr./ Mrs./ Miss \_\_\_\_\_ of (full address) \_\_\_\_\_  
being member of the Company, as my / our proxy to attend, act and vote for me / us and on my / our behalf at the Annual General Meeting of the  
Company to be held on October 27, 2011 and / or any Adjournment thereof.

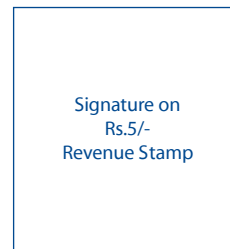
As witness my / our hand / seal this \_\_\_\_\_ day of 2011.

Signed by \_\_\_\_\_

In the presence of \_\_\_\_\_

**Witness:**

- 1. Name \_\_\_\_\_  
Signature \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_  
CNIC or \_\_\_\_\_  
Passport No. \_\_\_\_\_
- 2. Name \_\_\_\_\_  
Signature \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_  
CNIC or \_\_\_\_\_  
Passport No. \_\_\_\_\_



The Signature should agree with the specimen registered with Company.

**Important:**

- 1. This proxy form, duly completed and signed, must be received at the Office of the Company situated at 6th Floor, Faysal House, Shahrah-e-Faisal, Karachi, not later than 48 hours before the time of holding meeting.
- 2. No Person shall act as proxy unless he / she himself / herself is a member of the Company, except that a corporation may appoint a person who is not a member.
- 3. If member appoints more than one proxies and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
- 4. Any individual Beneficial Owner of the Central Depository Company, entitled to vote at this meeting must bring his / her National Identity Card with him / her to prove his / her identity, and in case of proxy, must enclose and attested copy of his / her National Identity Card. Representatives of Corporate members should bring the usual documents required for such purpose.



The Company Secretary  
**JS Global Capital Limited**

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

AFFIX  
CORRECT  
POSTAGE



**JS Global Capital Limited**

**Head Office**

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

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