

**2022**

Third Quarterly Report

 **JS Global**

**EXCEPTIONAL**

Values · Products · Services





# EXCEPTIONAL

Values · Products · Services

# 2022

Third Quarterly Report

JS Global Capital Limited (“JSGCL”) is one of the Pakistan’s largest and oldest Brokerage and Investment Banking firm incorporated under the local laws of Pakistan applicable to the Company and is part of the JS Group. The Company has exceptional leadership position in the domestic capital market together with one of the largest market share in equity brokerage. Besides this, the Company offers the range of other services as well which includes Money Market, Forex and Commodity brokerage, Advisory, Underwriting, Book Running and Consultancy services. The Company objectively follows its long term strategic plan to achieve its goals which ultimately translate into better returns and value creation for all its Stakeholders.



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# Vision

To be the leader in  
the financial  
service sector

# Mission

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

## Company Information

### Board of Directors

Mr. Shahab Anwar Khawaja	Chairman - Independent Director
Mr. Imtiaz Gadar	Chief Executive Officer
Mr. Iftikhar Ahmed Rao	Independent Director
Mr. Muhammad Yousuf Amanullah	Executive Director
Mr. Salaal Hasan	Non-Executive Director
Ms. Shireen Raza	Non-Executive Director
Mr. Hasan Saeed Akbar	Non-Executive Director
Mr. Fahad Viqar Siddiqui	Non-Executive Director

### Audit Committee

Mr. Iftikhar Ahmed Rao	Chairman
Mr. Salaal Hasan	Member
Ms. Shireen Raza	Member
Mr. Hasan Saeed Akbar	Member

### Risk Management Committee

Mr. Shahab Anwar Khawaja	Chairman
Mr. Imtiaz Gadar	Member
Mr. Muhammad Yousuf Amanullah	Member
Mr. Fahad Viqar Siddiqui	Member

### Human Resource & Remuneration Committee

Mr. Iftikhar Ahmed Rao	Chairman
Mr. Imtiaz Gadar	Member
Mr. Muhammad Yousuf Amanullah	Member
Mr. Hasan Saeed Akbar	Member
Mr. Fahad Viqar Siddiqui	Member
Mr. Fahad Muslim	Chief Financial Officer
Mr. Muhammad Yousuf Amanullah	Company Secretary

### External Auditor

KPMG Taseer Hadi & Co. Chartered Accountants  
Sheikh Sultan Trust Building No. 2 Beaumont Road Karachi

### Legal Advisors

Bawaney & Partners  
3rd & 4th Floors, 68-C, Lane-13, Bukhari Commercial Area, Phase-VI, D.H.A., Karachi.

Abdul Majeed Khoso  
1102 Kashif Center, Shahrah e Faisal, Karachi

S.A Law Associates  
Office No. 409, 4th Floor, Land Mark Plaza, Near Jang Press, Off. I.I. Chundrigar Road, Karachi.

### **Bankers**

JS Bank Limited  
Dubai Islamic Bank Pakistan Limited  
Habib Bank Limited  
Bank Alfalah Limited  
National Bank of Pakistan Limited  
Faysal Bank Limited  
Meezan Bank Limited

BankIslami Pakistan Limited  
MCB Bank Limited  
Habib Metropolitan Bank Limited  
United Bank Limited  
Askari Bank Limited  
Sindh Bank Limited  
Summit Bank Limited

### **Share Registrar**

CDC Share Registrar Services Limited  
CDC House, 99 – B, Block 'B', S.M.C.H.S., Main Shakra-e-Faisal, Karachi

### **Registered Office**

The Center 17th & 18th Floor, Plot No. 28, S.B.5, Abdullah Haroon Road, Karachi.  
UAN: (+92-21) 111 574 111 Fax: (+92-21) 3280 0167  
Web: [www.jsjcl.com](http://www.jsjcl.com) | [www.jsglobalonline.com](http://www.jsglobalonline.com)

## Directors' Report

We are pleased to present the unaudited condensed interim financial information of JS Global Capital Limited (“the Company”) for the Nine months period ended September 30, 2022.

The summarized results are set out below:-

	<b>For the Nine months ended</b>	
	<b>September 30, 2022</b>	September 30, 2021
	<b>----- Rupees -----</b>	
Profit before tax	<b>66,280,283</b>	502,711,034
Profit after tax	<b>25,615,627</b>	400,466,416
Earnings per share	<b>0.93</b>	13.72

### THE ECONOMY

Economic indicators continued to reflect pressures. On the fiscal side, 1QFY23 tax collection growth by FBR was reported at 17% YoY, lower than growth witnessed in the preceding quarters. The country, however met 1QFY23 targets as collection for the quarter came in at Rs1.635bn.

CPI also continued its upward spiral as it increased to 25.1% for 1QFY23 amid higher food and energy inflation. In an attempt to combat inflation, the SBP increased Policy Rate by 125 bps to 15% during the quarter.

On the external front, though pressure began to ease with trade deficit contracting by 21% YoY during 1QFY23, the contraction was primarily driven by 13% YoY decline in imports to US\$16.3bn amid lower commodity prices and administrative controls by the regulators. Exports during the period remained similar to previous levels, reporting a minimal growth of 1.8% YoY to US\$7.1bn. Remittances on the other hand dipped 3% YoY during the same period.

Consistent current account deficit and scheduled external payments took SBP's reserves down by almost US\$2bn. The decline was however limited by US\$1.2bn IMF disbursement received during the quarter. As at 1QFY23, SBP reserves stood at US\$7.9bn, translating into an import cover of 1.4 months. Pressure on FX reserves also led to higher volatility in PKR/US\$, where PKR touched its all-time low during the quarter.

### EQUITY CAPITAL MARKET

KSE-100 witnessed a turbulent, quarter driven by a host of factors, taking benchmark index down 1% QoQ to close at 41,129 points. Volatility in PKR/US\$ amid fears of macro headwinds and initial flood loss

estimates overweighed positive sentiments witnessed for a short period post IMF's tranche. Sharp drop in PKR also led to 3QCY22 US\$-term performance to clock in at -7%.

Uncertainty over economy kept investors at bay, as participation dropped 12% QoQ to 218mn shares per day during 3QCY22. With respect to segment-wise participation, Individuals (US\$23mn) and Banks/DFIs (US\$9mn) were the key buyers, while among key net sellers during the period were Mutual funds (US\$35mn).

Sector-wise performance showed Oil & Gas (-7.9% QoQ), Fertilizers (-7.9% QoQ) and Banks (-3.4% QoQ) among the laggards, while Cements (6.0% QoQ) and Technology (14.3% QoQ) were listed among outperformers.

### COMMODITIES MARKET

Continuing the declining trend from previous quarters, global markets fell during 3QCY22 over concerns on higher global inflation and monetary tightening by a number of regions. Escalating geopolitical tensions added further pressure. As a result, gold prices, that have been declining post USA Federal Reserve announcing aggressive hike in interest rates this year, continued its downward trajectory in 3QCY22.

Gold price started the quarter at US\$1,809.30 per ounce, which was the highest value the metal achieved during the quarter. Price pressures pushed gold to a two year low by the end of September, as values declined to US\$1,620.30. Oil prices also declined by more than 22% during 3QCY22 over economic slowdown fears.



## MONEY MARKET

Continued monetary tightening in 3QCY22 kept Money market volatile during 3QCY22, as SBP further increased the Policy rate by 125 basis points to 15%.

Treasury Bill cut-off yields at the end of September remained stable at 15.9999% for 3 M, 15.9998% for 6M and 15.9900% for 12M tenor, while participation in 3Months Treasury Bills and 12 Months Treasury Bills remained higher during the quarter. In the 6 Months T-Bills, however, participation witnessed a decline.

In the longer tenor papers, participation in PIBs decreased due to anticipation of higher inflation, leading to further monetary tightening. As a result, PIB cut-off yield also remained low except for the 5year tenor. Cut-off yield of 3Y, 5Y and 10Y PIBs at the quarter end stood at 13.9200%, 13.3900% and 12.9500% respectively, marking an inverted yield curve. On the other hand, lesser activity was witnessed in floating rates PIBs.

In Fixed Rate GOP Ijarah Sukuk's (FRR) auction, cut-off yield came at 98.5885 whereas cut-off price for 5-year maturity in Variable Rate GOP Ijarah Sukuk's (VRR) auction was 99.6705.

## FOREIGN EXCHANGE MARKET

Given pressure on the external account of the country, PKR/US\$ traded in a wide range. PKR/US\$ opened at Rs.204.55, closing at 238.60 during 3QCY22, trading in a range of Rs 204.55 and 239.75. The average swaps opened in July 2022 for 1-Month, 3-Month & 6-Month at 1.00, 3.06 & 6.44 paisa respectively. A trend reversal started to witness from Jun-2022 in the 1-Month, 3-month and 6-month swaps, trading at 0.25, 1.43 paisa and 3.13 paisa, respectively. This continued during 3QCY22 where the average swaps closed at an average of 1.00 to 4.10 paisa.

## COMPANY PERFORMANCE REVIEW

The Company generated total operating revenue of Rs313.86 million over nine months ended September 30, 2022 versus Rs910.55 million, a decrease of

65.53% compared to the same period last year. The decline in operating revenue is directly attributable to significantly lower volumes at the bourse.

A large portion of the operating revenue is derived from equity brokerage operations. While the company has a leading position in equity brokerage, the slowdown in overall volumes had an impact on top line of the company. The management is making efforts to consolidate the leading position and incrementally grow all segments, including local & foreign institutions, high net worth customers, retail and digital segments. The Company is also in the process of rolling out a comprehensive digital strategy for the retail market. Persistent efforts increased new accounts opened during this period by 35%, as compared to the same period last year.

On the cost front, the Company incurred cost of Rs 512.56 million during the period vis-a-vis Rs 548.29 million in the comparative period last year, reporting a decrease of 6.52% despite continued investments in technology and innovation.

The Earnings per Share (EPS) of the Company for the period decreased to Rs. 0.93 against EPS of Rs. 13.72 for the corresponding period last year.

While ongoing economic challenges could linger for the immediate term, the company is well positioned to take advantage of any turnaround in the economy, as clarity and stability lead to increased interest from not only local but also foreign investors going forward.

## 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 (SECP), Central Depository Company of Pakistan Limited (CDC), National Clearing Company of Pakistan Limited (NCCPL) and Pakistan Stock Exchange (PSX) for their efforts to strengthen capital markets and measures to protect investor rights.

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Chief Executive Officer

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Director

Date: October 19<sup>th</sup>, 2022





# FINANCIAL STATEMENTS

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2022

	September 30, 2022 (Un-audited)	December 31, 2021 (Audited)
Note	----- (Rupees) -----	-----
<b>EQUITY AND LIABILITIES</b>		
Share capital and reserves		
Authorised capital: 150,000,000 (December 31, 2021: 150,000,000) ordinary shares of Rs.10 each	<u>1,500,000,000</u>	<u>1,500,000,000</u>
Issued, subscribed and paid-up share capital	4 <b>274,772,970</b>	274,772,970
Share premium	<b>1,810,104,900</b>	1,810,104,900
Surplus on re-measurement of equity securities at fair value through other comprehensive income	<b>1,714,321</b>	9,388,710
Unappropriated profit	<b>127,724,545</b>	102,108,918
	<b>2,214,316,736</b>	2,196,375,498
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Long-term financing	6 <b>394,303,125</b>	552,135,000
Lease liability	7 <b>2,355,605</b>	7,602,136
	<b>396,658,730</b>	559,737,136
<b>Current liabilities</b>		
Current portion of deferred liability	5 <b>-</b>	1,897,534
Creditors, accrued expenses and other liabilities	8 <b>3,350,882,741</b>	2,724,571,721
Commercial Paper	<b>-</b>	953,670,325
Accrued profit	<b>13,502,228</b>	6,328,952
Unclaimed dividend	<b>3,361,843</b>	3,361,843
Current maturity of long-term financing	6 <b>250,503,606</b>	135,314,633
Current maturity of lease liability	7 <b>7,528,891</b>	9,274,266
	<b>3,625,779,309</b>	3,834,419,274
	<b>6,236,754,775</b>	<b>6,590,531,908</b>
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The annexed notes 1 to 27 form an integral part of these financial statements.

**DIRECTOR**

**CHIEF EXECUTIVE OFFICER**

**CHIEF FINANCIAL OFFICER**

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2022

		September 30, 2022 (Un-audited)	December 31, 2021 (Audited)
	Note	----- (Rupees) -----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	10	809,045,849	857,694,424
Investment property	11	120,935,012	123,321,956
Intangible assets	12	5,000,000	5,000,000
Long term investments	13	51,137,452	62,337,622
Long term loans and deposits		42,132,509	31,105,006
Deferred taxation - net	14	114,703,403	112,542,761
		<b>1,142,954,225</b>	1,192,001,769
<b>Current assets</b>			
Short term investments	15	594,253,461	1,392,509,008
Trade debts	16	1,795,664,563	1,537,968,534
Receivable against margin finance		587,283,727	453,311,520
Loans and advances - considered good		31,791,379	30,295,071
Short-term deposits and prepayments		568,358,463	619,816,280
Interest and mark-up accrued	17	29,843,090	13,953,661
Other receivables		5,267,858	7,494,026
Advance tax		55,002,951	56,313,277
Cash and bank balances	18	1,426,335,058	1,286,868,762
		<b>5,093,800,550</b>	5,398,530,139
		<b>6,236,754,775</b>	6,590,531,908

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**DIRECTOR**

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**CHIEF EXECUTIVE OFFICER**

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**CHIEF FINANCIAL OFFICER**

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2022

	Note	Nine months ended		Three months ended	
		September 30, 2022 (Un-audited) ----- (Rupees) -----	September 30, 2021 (Un-audited) -----	September 30, 2022 (Un-audited) ----- (Rupees) -----	September 30, 2021 (Un-audited) -----
Operating revenue	19	<b>313,863,608</b>	910,549,546	<b>115,197,264</b>	377,536,510
Capital gain on sale of investments - net		<b>62,205,688</b>	27,073,663	<b>16,083,593</b>	4,917,604
Unrealised gain / (loss) on remeasurement of investments at fair value through profit or loss - net		<b>(12,391,022)</b>	(1,966,478)	<b>896,544</b>	(2,734,753)
Unrealised gain / (loss) on remeasurement of derivatives at fair value through profit or loss - net		<b>2,950,690</b>	-	<b>(11,939,472)</b>	777,479
Dividend income		<b>56,120,056</b>	5,758,074	<b>27,141,672</b>	529,981
Margin finance income		<b>79,084,464</b>	43,531,498	<b>31,880,048</b>	15,158,030
		<b>501,833,484</b>	984,946,303	<b>179,259,649</b>	396,184,851
Administrative and operating expenses		<b>(512,563,334)</b>	(548,291,601)	<b>(169,719,246)</b>	(216,114,484)
		<b>(10,729,850)</b>	436,654,702	<b>9,540,403</b>	180,070,367
Other operating income - net		<b>196,836,133</b>	84,319,082	<b>44,380,494</b>	25,119,244
		<b>186,106,283</b>	520,973,784	<b>53,920,897</b>	205,189,611
Provision for Sindh Workers' Welfare Fund		<b>(1,384,448)</b>	(10,259,409)	<b>(518,097)</b>	(4,044,773)
Finance cost	20	<b>(118,441,552)</b>	(8,003,341)	<b>(29,043,254)</b>	(2,950,949)
Profit before taxation		<b>66,280,283</b>	502,711,034	<b>24,359,546</b>	198,193,889
Taxation - current		<b>(20,234,759)</b>	(110,366,211)	<b>(9,383,076)</b>	(21,410,173)
- prior	21.2	<b>(21,871,859)</b>	-	<b>-</b>	-
- deferred	21.1	<b>1,441,962</b>	8,121,593	<b>84,143</b>	(152,875)
		<b>(40,664,656)</b>	(102,244,618)	<b>(9,298,933)</b>	(21,563,048)
Profit after taxation		<b>25,615,627</b>	400,466,416	<b>15,060,613</b>	176,630,841
Earnings per share - basic and diluted	22	<b>0.93</b>	13.72	<b>0.55</b>	6.43

The annexed notes 1 to 27 form an integral part of these financial statements.

DIRECTOR

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2022

	Nine months ended		Three months ended	
	September 30, 2022 (Un-audited) ----- (Rupees) -----	September 30, 2021 (Un-audited)	September 30, 2022 (Un-audited) ----- Rupees -----	September 30, 2021 (Un-audited)
Profit for the period	25,615,627	400,466,416	15,060,613	176,630,841
<b>Other comprehensive income / (loss)</b>				
<b>Items that will not be reclassified to statement of profit or loss subsequently</b>				
Surplus / (deficit) re-measurement of investments at fair value through OCI during the period- Equity securities	(8,591,517)	7,578,158	(837,122)	(8,921,960)
Less: Related tax	764,400	(1,391,969)	-	359,740
	(7,827,117)	6,186,189	(837,122)	(8,562,220)
<b>Items that may be reclassified to statement of profit or loss subsequently</b>				
Surplus / (deficit) re-measurement of at fair value through OCI during the period- Debt Securities	179,680	95,225	33,860	33,180
Less: Related tax	(26,952)	(9,523)	(5,079)	(216)
	152,728	85,702	28,781	32,964
Total comprehensive income / (loss) for the period	<u>17,941,238</u>	<u>406,738,307</u>	<u>14,252,272</u>	<u>168,101,585</u>

The annexed notes 1 to 27 form an integral part of these financial statements.

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DIRECTOR

\_\_\_\_\_  
CHIEF EXECUTIVE OFFICER

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CHIEF FINANCIAL OFFICER

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2022

	Issued, subscribed and paid-up share capital	Share premium	Reserves		Sub-total	Total
			Unrealised gain / (loss) on revaluation of available-for-sale / fair value through other comprehensive income	Revenue reserve Unappropriated profit		
	(Rupees)					
<b>Balance as at January 01, 2021</b>	<b>305,570,000</b>	<b>1,810,104,900</b>	<b>11,441,759</b>	<b>319,321,963</b>	<b>2,140,868,622</b>	<b>2,446,438,622</b>
<b>Total comprehensive income for the period</b>						
Profit for the nine months ended September 30, 2021	-	-	-	400,466,416	400,466,416	400,466,416
Other comprehensive loss - net of tax	-	-	6,271,891	-	6,271,891	6,271,891
Total comprehensive income for the period	-	-	6,271,891	400,466,416	406,738,307	406,738,307
<b>Transactions with owners</b>						
Buy back of 3,079,703 shares having face value of Rs.10 each at a price of Rs. 80 each	(30,797,030)	-	-	-	-	(30,797,030)
Amount paid in excess of face value of 3,079,703 shares	-	-	-	(215,579,210)	(215,579,210)	(215,579,210)
Interim dividend for the financial year 2021 @ Rs. 10/- per share	-	-	-	(274,772,970)	(274,772,970)	(274,772,970)
<b>Balance as at September 30, 2021</b>	<b>274,772,970</b>	<b>1,810,104,900</b>	<b>17,713,650</b>	<b>229,436,199</b>	<b>2,057,254,749</b>	<b>2,332,027,719</b>
<b>Balance as at 1 January 2022</b>	<b>274,772,970</b>	<b>1,810,104,900</b>	<b>9,388,710</b>	<b>102,108,918</b>	<b>1,921,602,528</b>	<b>2,196,375,498</b>
Profit for the nine months ended September 30, 2022	-	-	-	25,615,627	25,615,627	25,615,627
Other comprehensive loss - net of tax	-	-	(7,674,389)	-	(7,674,389)	(7,674,389)
Total comprehensive income for the period	-	-	(7,674,389)	25,615,627	17,941,238	17,941,238
<b>Transactions with owners</b>						
<b>Balance as at September 30, 2022</b>	<b>274,772,970</b>	<b>1,810,104,900</b>	<b>1,714,321</b>	<b>127,724,545</b>	<b>1,939,543,766</b>	<b>2,214,316,736</b>

The annexed notes 1 to 27 form an integral part of these financial statements.

**DIRECTOR**

**CHIEF EXECUTIVE OFFICER**

**CHIEF FINANCIAL OFFICER**



## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2022

	September 30, 2022 (Un-audited)	September 30, 2021 (Un-audited)
Note	----- (Rupees) -----	-----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	66,280,283	502,711,034
<b>Adjustments for:</b>		
Depreciation of operating assets expense	50,785,685	45,631,715
Depreciation of right-of-use assets	6,386,898	6,114,123
Depreciation of investment property	6,368,638	2,386,943
Gain on sale of property and equipment	(44,128,837)	(2,263)
Unrealised gain / (loss) on remeasurement of investments at fair value through profit	12,391,022	1,966,478
Unrealised gain / (loss) on remeasurement of derivatives at fair value through profit	(2,950,690)	-
Provision for Sindh Workers' Welfare Fund	1,384,448	10,259,409
Finance cost	118,441,552	8,003,341
	<b>148,678,716</b>	<b>74,359,746</b>
<b>Cash generated from operating activities before working capital changes</b>	<b>214,958,999</b>	<b>577,070,780</b>
<b>Decrease in current assets</b>		
Trade debts	(257,696,029)	245,562,376
Receivable against margin finance	(133,972,208)	142,250,280
Loans and advances	(1,496,308)	(25,146,757)
Short-term deposits and prepayments	51,457,817	422,600,722
Interest and mark-up accrued	(15,889,429)	(642,876)
Other receivables	2,226,168	(1,567,858)
	<b>(355,369,989)</b>	<b>783,055,887</b>
<b>(Decrease) / Increase in current liabilities</b>		
Creditors, accrued expenses and other liabilities	764,872,453	(591,502,251)
Cash generated from operations	<b>624,461,463</b>	<b>768,624,416</b>
Finance cost paid	(64,938,601)	(5,921,532)
Taxes paid	(40,796,291)	(53,388,392)
	<b>518,726,571</b>	<b>709,314,492</b>
<b>Net cash generated from operating activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(11,429,167)	(6,152,727)
Advance against purchase of property	-	-
Proceeds from disposal of operating assets	46,810,878	15,000
Long term loans, advances and deposits	(11,027,503)	(5,764,890)
Long term investments - net	(5,408,405)	36,657,948
Short term investments - net	788,815,215	229,487,259
<b>Net cash (used in) / generated from investing activities</b>	<b>807,761,018</b>	<b>254,242,590</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid / adjustment	(137,386,485)	(274,772,970)
Lease rentals paid	(6,991,906)	(21,235,903)
Payment of buy back of shares	-	(246,376,240)
Deferred Liabilities	-	(247,223)
Repayment Commercial Paper	(1,000,000,000)	-
Repayment of long-term financing	(42,642,902)	(28,341,141)
<b>Net cash used in financing activities</b>	<b>(1,187,021,293)</b>	<b>(570,973,477)</b>
<b>Increase in cash and cash equivalents during the period</b>	<b>139,466,296</b>	<b>392,583,605</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,286,868,762</b>	<b>1,621,544,086</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,426,335,058</b>	<b>2,014,127,691</b>

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The annexed notes 1 to 27 form an integral part of these financial statements.

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**DIRECTOR**


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**CHIEF EXECUTIVE OFFICER**


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**CHIEF FINANCIAL OFFICER**

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2022

### 1. STATUS AND NATURE OF BUSINESS

- 1.1** JS Global Capital Limited (the Company) was incorporated as a private limited company on June 28, 2000. However, the Company commenced its operations in May 2003 and name of the Company was changed from JSCL Direct (Private) Limited to Jahangir Siddiqui Capital Markets (Private) Limited. Subsequently, the Company was converted into a public unquoted company and the holding company, Jahangir Siddiqui & Co. Ltd. (JSCL), offered its 25% shareholding to the general public for subscription in December 2004 and the Company obtained listing on Karachi Stock Exchange Limited and Islamabad Stock Exchange Limited on February 07, 2005. During 2006-07, the Company issued 10,009,700 shares to Global Investment House K.S.C.C Kuwait, ('Global'). The shares were issued to Global without offering right shares on the basis of a special resolution passed on July 11, 2006. The Securities and Exchange Commission of Pakistan vide its letter no. EMD/CI/49/2006-458 dated July 19, 2006 gave its in-principle approval to the scheme.
- 1.2** During the year 2012, JS Bank Limited (the Parent Company), a subsidiary of JSCL, acquired 25,525,169 shares of the Company from JSCL and other shareholders against issuance of 185,321,537 shares in lieu thereof. As a result, the principal ownership of the Company was transferred to the Bank. Presently, the Company is subsidiary of JS Bank Limited, which is a subsidiary of JSCL, the ultimate parent of the Company.
- 1.3** The Company is a Trading Right Entitlement Certificate (TREC) holder of Pakistan Stock Exchange Limited (PSX) and member of Pakistan Mercantile Exchange Limited (PMEX). The principal activities of the Company are share brokerage, money market brokerage, forex brokerage, commodity brokerage, advisory, underwriting, book running 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 17th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi, Pakistan. The Company has eight branches (2021: eight) in seven cities of Pakistan.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Accounting Standard (IAS 34), Interim Financial Reporting issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
- Provisions of and directives issued under the Companies Act, 2017;
- Directives issued by the Securities and Exchange Commission of Pakistan (SECP).

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2** These condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements of the Company as at and for the year ended 31 December 2021.
- 2.3** The comparative condensed interim statement of financial position presented in these condensed interim financial information have been extracted from the audited annual financial statements of the Company for the year ended 31 December 2021, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the period ended 30 September 2021.
- 2.4** These condensed interim financial statements are un-audited and are being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 237 of the Companies Act, 2017.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2022

### 2.5 Basis of measurement

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

### 2.6 Functional and presentation currency

These condensed interim financial statements are presented in Pakistani Rupee, which is also the functional and presentation currency of the Company and rounded off to the nearest rupee.

### 2.7 Use of estimates and judgments

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the annual financial statements for the year ended December 31, 2021.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are same as those applied in the preparation of the financial statements of the Company for the year ended December 31, 2021.

### 3.1 New / Revised Standards, Interpretations and Amendments

There are certain interpretations and amendments that are mandatory for the company's accounting periods beginning on or after January 01, 2022 but are considered not to be relevant or do not have any significant effect on the company's operations and therefore not detailed in these condensed interim financial statements.

#### 3.1.1 New accounting standards/ amendments and IFRS interpretations that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 clarifies that the 'cost of fulfilling a contract' for the purposes of the onerous contract assessment comprises the costs that relate directly to the contract, including both the incremental costs and an allocation of other direct costs to fulfil the contract. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
- The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:
  - IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
  - IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2022

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This amendment enables the fair value measurement of biological assets on a post-tax basis.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.
- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022.
- Classification of liabilities as current or non-current (Amendments to IAS 1) apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted:

- Definition of Accounting Estimates (Amendments to IAS 8) introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2022

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

### 3.2 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended December 31, 2021.

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

September 30, 2022 (Number of shares)	December 31, 2021		September 30, 2022 ----- (Rupees) -----	December 31, 2021
20,009,700	20,009,700	Ordinary shares of Rs.10 each fully paid in cash	200,097,000	200,097,000
29,990,300	29,990,300	Ordinary shares of Rs.10 each issued as bonus shares	299,903,000	299,903,000
(11,993,000)	(11,993,000)	First buy back of 11,993,000 shares having face value of Rs.10 each	(119,930,000)	(119,930,000)
(7,450,000)	(7,450,000)	Second buy back of 7,450,000 shares having face value of Rs.10 each	(74,500,000)	(74,500,000)
(3,079,703)	(3,079,703)	Third buy back of 3,079,703 shares having face value of Rs.10 each	(30,797,030)	(30,797,030)
<u>27,477,297</u>	<u>27,477,297</u>		<u>274,772,970</u>	<u>274,772,970</u>

4.1 The Parent company held 25,525,169 (2021: 25,525,169) ordinary shares of Rs.10 each at period end.

4.2 Voting rights, board selection, right of first refusal and block voting are in proportion to the respective.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2022

5. DEFERRED LIABILITY	Note	September 30, 2022 (Un-audited) ----- (Rupees) -----	December 31, 2021 (Audited)
Government Grant			
Opening balance		1,897,534	6,509,030
Received during the year		-	-
Released to the statement of profit or loss		(1,897,534)	(4,611,496)
Closing balance		-	1,897,534
Current portion of Government Grant		-	1,897,534
Non-current portion of Government Grant		-	-
	5.1	-	1,897,534

- 5.1** The government grant has been recorded against subsidized rate loan against State Bank of Pakistan's Refinance Scheme for Salaries and Wages to provide working capital loan at concessional interest rates for businesses to finance salary expense during the COVID-19 outbreak. The grant is conditional upon the fact that the Company would not terminate any employee, due / owing to cash flow limitations, for a period of three months from the date of receipt of the first tranche.

6. LONG-TERM FINANCING	September 30, 2022 (Un-audited) ----- (Rupees) -----	December 31, 2021 (Audited)
<b>Conventional</b>		
Salaries and Wages	13,921,731	56,564,633
Short-term maturity	(13,921,731)	(56,564,633)
	-	-
<b>Islamic</b>		
Long-term Loan	630,885,000	630,885,000
Short-term maturity	(236,581,875)	(78,750,000)
Long-term maturity	394,303,125	552,135,000
<b>Short-term maturity</b>	250,503,606	135,314,633

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2022

### 6.1 Long term finance utilised mark-up arrangements

	Number of installements and commencement date	Date of maturity	Rate of markup per annum	September 30, 2022 (Un-audited) ----- (Rupees) -----	December 31, 2021 (Audited) -----
Islamic <b>BankIslami Pakistan Limited</b>					
Diminishing Musharika	12 quarterly instalments November 21, 2022	November 21, 2024	3 months Kibor+1.5%	<b>330,885,000</b>	330,885,000
Islamic <b>Dubai Islamic Bank Pakistan Limited</b>					
Diminishing Musharika	12 quarterly instalments November 21, 2022	November 21, 2024	3 months Kibor+1.5%	<b>300,000,000</b>	300,000,000
Conventional <b>JS Bank Limited</b>					
Payroll Finance Facility	8 quarterly instalments August 12, 2020 & October 02, 2020	November 02, 2022	3%	<b>13,921,731</b>	56,564,633

**6.2** The government grant has been recorded against subsidized rate loan against State Bank of Pakistan's Refinance Scheme for Salaries and Wages to provide working capital loan at concessional interest rates for businesses to finance salary expense during the COVID-19 outbreak. The grant is conditional upon the fact that the Company would not terminate any employee, due / owing to cash flow limitations, for a period of three months from the date of receipt of the first tranche.

**6.3** Last year, the company obtained Diminishing Musharakah term finance facility, aggregating to Rs. 630.885 Million (2021:NIL). This facility is secured against charge over the property (16th and 17th Floor of building).

### 7. LEASE LIABILITY

	September 30, 2022 (Un-audited) ----- (Rupees) -----	December 31, 2021 (Audited) -----
Opening balance	<b>16,876,402</b>	25,154,794
Interest expense	<b>1,285,473</b>	2,686,157
Disposal	-	-
Addition	<b>4,112,901</b>	
Payment of rentals	<b>(12,390,280)</b>	(10,964,549)
Closing balance	<b>9,884,496</b>	16,876,402
Less: Current maturity	<b>(7,528,891)</b>	(9,274,266)
	<b>2,355,605</b>	7,602,136

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2022

8. CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES	Note	September 30, 2022 (Un-audited)	December 31, 2021 (Audited)
		----- (Rupees) -----	
Trade creditors	8.1	3,044,416,687	2,170,742,315
Accrued expenses		65,537,056	58,916,629
Staff Provident Fund		2,852,872	2,758,038
Current portion of Government Grant		-	-
Provision for staff bonus		17,125,376	88,763,376
Provision for Sindh Workers' Welfare Fund		47,397,888	46,013,440
Others		173,552,862	357,377,923
	8.2	<u>3,350,882,741</u>	<u>2,724,571,721</u>

**8.1** This includes payable to PSX and National Clearing Company of Pakistan Limited (NCCPL) amounting to Rs.0.221 (2021: Rs.0.214) million and Rs. 978.001 (2021: Rs.890.66) million respectively in respect of trading in securities, settled subsequent to the period end.

8.2 Movement of provision for staff bonus is as follows:	September 30, 2022 (Un-audited)	December 31, 2021 (Audited)
	----- (Rupees) -----	
Balance at the beginning of the year	88,763,376	36,117,950
Paid during the year	(71,638,000)	(18,665,534)
Charged during the year	-	71,310,960
Balance at the end of the year	<u>17,125,376</u>	<u>88,763,376</u>

## 9. CONTINGENCIES AND COMMITMENTS

### 9.1 Contingencies

There are no outstanding contingencies as at September 30, 2022 (2021: Nil) other than tax contingencies disclosed in note 21 of these condensed interim financial statements.

9.2 Commitments	September 30, 2022 (Un-audited)	December 31, 2021 (Audited)
	----- (Rupees) -----	
Net - future sale transactions of equity securities entered into by the Company in respect of which the settlement is outstanding	<u>575,584,548</u>	<u>1,395,782,715</u>
Bank Guarantee from a commercial bank in favor of National Clearing Company of Pakistan Limited expiring on May 31, 2023	<u>400,000,000</u>	<u>400,000,000</u>



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2022

		September 30, 2022 (Un-audited)	December 31, 2021 (Audited)
	Note	----- (Rupees) -----	
<b>10. PROPERTY AND EQUIPMENT</b>			
Operating assets	10.1	802,539,558	844,801,235
Right-of-use assets	10.2	6,506,291	12,893,189
		<u>809,045,849</u>	<u>857,694,424</u>
<b>10.1 Movement in operating assets - owned</b>			
Book value at beginning of the period / year		844,801,235	874,531,953
Cost of additions during the period / year	10.1.1	11,429,167	32,236,507
Book value of deletions during the period / year	10.1.2	(2,905,159)	(12,737)
Depreciation charge for the period / year		(50,785,685)	(61,954,488)
Book value at end of the period / year		<u>802,539,558</u>	<u>844,801,235</u>
<b>10.1.1 Details of additions during the period / year</b>			
Office equipment		11,429,167	29,323,331
Office furniture		-	2,913,177
		<u>11,429,167</u>	<u>32,236,508</u>
<b>10.1.2 Book value of deletions during the period / year:</b>			
Office equipment		-	(12,737)
Motor vehicle		(2,905,159)	-
		<u>(2,905,159)</u>	<u>(12,737)</u>
<b>10.2 Right-of-use assets</b>			
Branches		6,506,291	12,893,189
<b>11. INVESTMENT PROPERTY</b>			
Cost		127,303,650	127,303,650
Additions		-	-
Accumulated Depreciation		(6,368,638)	(3,981,694)
Closing balance		<u>120,935,012</u>	<u>123,321,956</u>
<b>12. INTANGIBLE ASSETS</b>			
Trading Right Entitlement Certificate (TREC) - Pakistan Stock Exchange Limited (PSX)	12.1	2,500,000	2,500,000
Membership card - Pakistan Mercantile Exchange Limited		2,500,000	2,500,000
		<u>5,000,000</u>	<u>5,000,000</u>

**12.1** This represents TREC received from PSX in accordance with the requirements of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012. The Company has also received shares of PSX after completion of the demutualization process.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2022

13. LONG TERM INVESTMENTS	Note	September 30, 2022	December 31, 2021
		(Un-audited)	(Audited)
		----- (Rupees) -----	
Classified as 'at fair value through Other Comprehensive Income'			
Shares of PSX - at cost (2021: 2,202,953 shares)		23,060,884	23,060,884
Term finance / sukuk certificates	13.1	28,291,667	31,080,000
		51,352,551	54,140,884
Surplus on revaluation - net	13.2	(215,099)	8,196,738
		51,137,452	62,337,622

### 13.1 Term finance / sukuk certificates

Number of Certificates	Name of term finance / sukuks certificates	Carrying value	
		September 30, 2022	December 31, 2021
September 30, 2022	December 31, 2021	(Un-audited)	(Audited)
		----- (Rupees) -----	
<b>Listed debt securities - secured</b>			
3,000	3,000 Jahangir Siddiqui & Co. Limited XI - related party	7,500,000	10,000,000
20	20 BYCO Petroleum Pakistan Limited - Sukuk - I	666,667	1,000,000
4,025	4,016 BIPL Ehad Sukuk	20,125,000	20,080,000
		28,291,667	31,080,000

13.2 Movement of surplus on revaluation of investment classified as at fair value through Other Comprehensive Income is as follows:

	September 30, 2022	December 31, 2021
	(Un-audited)	(Audited)
----- (Rupees) -----		
Balance at the beginning of the year	8,196,738	10,309,414
Surplus / (deficit) on re-measurement of investments during the year	(8,411,837)	(2,112,676)
Balance at the end of the year	(215,099)	8,196,738

### 14. DEFERRED TAXATION - NET

#### Taxable temporary difference

Difference in accounting and tax base of  
- operating assets and investment property  
Government grant

#### Deductible temporary differences

Lease Liability -net  
Revaluation of investments  
Allowance for expected credit losses

	September 30, 2022	December 31, 2021
	(Un-audited)	(Audited)
----- (Rupees) -----		
	(9,734,450)	(11,065,821)
	182,678	(550,285)
	(9,551,772)	(11,616,106)
	977,593	1,155,131
	623,638	349,792
	122,653,944	122,653,944
	124,255,175	124,158,867
	114,703,403	112,542,761

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2022

	September 30, 2022 (Un-audited)	December 31, 2021 (Audited)
Note	----- (Rupees) -----	
<b>15. SHORT TERM INVESTMENTS</b>		
<b>At fair value through profit or loss</b>		
Quoted equity securities - RBFS	587,754,300	1,386,669,860
Exchange Traded Fund	6,499,161	5,839,148
<b>At fair value through other comprehensive income</b>		
Privately placed term finance certificates - unsecured	-	-
	<u>594,253,461</u>	<u>1,392,509,008</u>
<b>16. TRADE DEBTS</b>		
Purchase of shares on behalf of clients	1,681,491,321	1,470,759,798
Advisory services	806,057	1,203,405
Forex and fixed income commission	9,646,262	6,516,850
Commodity	103,720,923	59,488,481
	<u>1,795,664,563</u>	<u>1,537,968,534</u>
<b>Considered doubtful</b>		
	<u>409,285,717</u>	<u>409,285,717</u>
	<u>2,204,950,280</u>	<u>1,947,254,251</u>
Provision for doubtful debts	(409,285,717)	(409,285,717)
	<u>1,795,664,563</u>	<u>1,537,968,534</u>
16.1		
16.1	Included herein is a sum of Rs.3.419 (2021: Rs. 3.641) million receivable from related parties.	
<b>17. INTEREST AND MARK-UP ACCRUED</b>		
Accrued mark-up on margin finance	27,126,673	12,629,367
Accrued mark-up on term finance / sukuk certificates	1,788,391	985,782
Interest receivable on bank deposits	928,026	338,512
	<u>29,843,090</u>	<u>13,953,661</u>
<b>18. CASH AND BANK BALANCES</b>		
Cash with banks:		
- Current accounts	13,012,490	17,444,983
- Profit or loss savings (PLS) / deposit accounts	1,413,098,568	1,269,199,779
	<u>1,426,111,058</u>	<u>1,286,644,762</u>
Cash in hand:	224,000	224,000
	<u>1,426,335,058</u>	<u>1,286,868,762</u>
18.1		
18.1	These carry profit / mark-up rates ranging from 9.25% to 14.50% (2021: 2.75% to 13.25%) per annum.	
18.2	These include balances with the Parent Company amounting to Rs.1,280.402 (2021: Rs.1,247.162) million.	

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2022

**18.3** Detail of customer assets held in designated bank accounts and Central Depository Company of Pakistan Limited (CDC) are as follows:

	<b>September 30, 2022 (Un-audited) ----- (Rupees) -----</b>	December 31, 2021 (Audited) -----
Customers' assets held in the designated bank accounts	<b>1,317,196,118</b>	1,242,787,363
Customers' assets held in the CDC	<b>36,020,615,270</b>	35,346,434,952
<b>18.4</b> Securities pledged with financial institutions	<b>13,966,711,087</b>	13,720,458,795

	<b>(Un-audited)</b>			
	<b>Nine months ended</b>		<b>Three months ended</b>	
	<b>September 30, 2022 (Un-audited) -----</b>	<b>September 30, 2021</b>	<b>September 30, 2022 (Un-audited) -----</b>	<b>September 30, 2021</b>

### 19. OPERATING REVENUE

Brokerage and operating income	<b>305,618,724</b>	733,519,387	<b>113,227,724</b>	215,356,721
Advisory and consultancy fee	<b>8,244,884</b>	177,030,159	<b>1,969,540</b>	162,179,789
	<b>313,863,608</b>	910,549,546	<b>115,197,264</b>	377,536,510

### 20. FINANCE COST

Mark-up on long-term loans	<b>66,260,691</b>	-	<b>27,183,412</b>	-
Mark-up on commercial paper	<b>46,329,675</b>	-	-	-
Commission expense on bank guarantee	<b>3,530,669</b>	3,374,175	<b>1,249,998</b>	1,118,405
Mark-up expense on SBP re-finance scheme against salaries	<b>629,410</b>	2,232,570	<b>48,964</b>	1,109,031
Bank and other charges	<b>405,634</b>	108,995	<b>202,350</b>	68,467
Interest expense on assets subject to finance lease	<b>1,285,473</b>	2,287,601	<b>358,530</b>	655,046
	<b>118,441,552</b>	8,003,341	<b>29,043,254</b>	2,950,949

### 21. TAXATION

**21.1** There are no material changes in tax contingencies as disclosed in annual financial statements for the year ended December 31, 2021.

**21.2** Prior year charge represents a super tax charge under section 4C of the Income Tax Ordinance, 2001, which is levied retrospectively, through Finance Act, 2022, on taxable income pertaining to the financial year ended December 31st, 2021 (Tax year 2022).

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2022

	(Un-audited)			
	Nine months ended September 2022 (Un-audited)		Three months ended September 2022 (Un-audited)	
<b>22. EARNINGS PER SHARE - BASIC AND DILUTED</b>				
Profit after taxation	<b>25,615,627</b>	400,466,416	<b>15,060,613</b>	176,630,841
	----- (Number) -----			
Weighted average number of shares	<b>27,477,297</b>	29,192,003	<b>27,477,297</b>	27,477,297
	----- (Rupees) -----			
Earnings per share - basic and diluted	<b>0.93</b>	13.72	<b>0.55</b>	6.43

### 23. RELATED PARTY TRANSACTIONS

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

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

	September 30, 2022 (Un-audited)		December 31, 2021 (Audited)	
	Key management personnel of entity and associated entities	Associated entities other than parent company	Key management personnel of entity and associated entities	Associated entities other than parent company
	----- (Rupees) -----			
<b>Trade debts</b>				
Opening balance	14,206	3,627,068	79,952	27,348,212
Invoiced during the year	(7,267,685)	(4,845,613)	7,279	439,157,098
Received during the year	7,522,242	3,535,505	(73,025)	(462,878,242)
Closing balance	<b>268,762</b>	<b>2,316,960</b>	14,206	3,627,068
<b>Trade payable</b>				
Opening balance	130,336,990	777,619	6,314,449	783,092
Invoiced during the year	(128,100,826)	1,613,540,740	1,452,595,975	1,468,430,320
Paid during the year	738,177	(1,476,848,823)	(1,328,573,434)	(1,214,249,806)
Closing balance	<b>2,974,341</b>	<b>137,469,536</b>	130,336,990	254,963,606
<b>Loans and advances</b>				
Opening balance	12,926,331	-	9,613,515	-
Disbursements during the year	9,322,826	-	10,239,346	-
Repayments during the year	(7,163,900)	-	(6,926,530)	-
Closing balance	<b>15,085,257</b>	-	12,926,331	-

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2022

	(Un-audited) September 30, 2022 (Un-audited) ----- (Rupees) -----	(Audited) December 31, 2021 (Audited) ----- (Rupees) -----
<b>Balances with Parent Company</b>		
Trade debts	833,751	-
Trade Payable	-	6,319
Bank balances with parent company	1,280,401,630	1,247,175,943
Other payable	6,960	6,960
Loan payable against SBP refinance scheme	13,921,731	56,564,633
Interest payable	107,150	428,611
Dividend Payable		127,632,045
<b>Balances with ultimate Parent Company</b>		
Trade debts	-	-
Trade Payable	19,564,371	224,150,764
Other receivables	284,852	284,852
Mark-up receivable on term finance certificates	534,674	284,121
Principal outstanding on term finance certificates	7,500,000	10,000,000
<b>Balances with associated entities of group companies</b>		
Other receivables	61,628	61,629
Principal outstanding on term finance certificates	20,125,000	20,080,000
Donation payable	650,000	2,255,223
Mark-up paid on commercial paper	8,601,772	-
Mark-up payable on commercial paper	-	1,559,662
Mark-up payable on long-term financing	6,151,741	3,973,884
Long-term financing	330,885,000	330,885,000

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2022

	September 30, 2022 (Un-audited) ----- (Rupees) -----	September 30, 2021 (Un-audited) -----
<b>Transactions with associated entities of group companies</b>		
<b>Nature of transactions</b>		
Brokerage income	14,653,291	26,108,533
Donation paid	210,512	-
Commercial Paper Principle Outstanding Paid	143,398,228	-
Mark-up paid on commercial paper		-
Rent Received	9,676,818	11,264,022
Long-term financing received	-	330,885,000
<b>Transactions with the Parent Company</b>		
<b>Nature of transactions</b>		
Brokerage income	1,841,407	3,214,584
Bank charges	322,727	90,834
Mark-up on running finance	-	-
Mark-up on deposit accounts	101,031,316	34,028,257
Dividend Paid	127,632,045	-
<b>Transactions with ultimate Parent Company</b>		
<b>Nature of transactions</b>		
Brokerage income	4,570,207	7,603,732
Reimbursement of expenses by the ultimate parent company	127,033,542	60,000
Reimbursement of expenses to the ultimate parent company	27,308,027	5,931,014
Advisory and Market maker fee received	333,333	-
Mark-up received on term finance certificates	916,306	1,083,935
Principal received on term finance certificates	5,000,000	2,500,000

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2022

	September 30, 2022 (Un-audited) ----- (Rupees) -----	September 30, 2021 (Un-audited) -----
<b>Transactions with key management personnel of the Company and its Parent Company</b>		
<b>Nature of transactions</b>		
Brokerage income	1,252,066	11,960,312
Directors' remuneration	1,125,000	956,516
Remuneration paid to Chief Executive Officer	46,761,205	23,393,747
Remuneration paid to key management personnel	236,396,857	160,697,165
<b>Transactions with other related parties</b>		
<b>Nature of transactions</b>		
Royalty expense	15,000,000	12,083,334
Insurance expense	10,091,450	13,656,484
Purchase of term finance certificates	201,804,320	163,644
Sale of term finance certificates	153,560,440	-
Purchase of Pakistan investment bond	-	7,970,521
Sale of sukuk certificates	2,530,582,117	904,343,821
Mark-up on sukuk certificates	1,553,825	1,088,569
Capital gain on sale of sukuk certificates	17,547,600	5,615,075
Contributions to staff provident fund	13,642,241	10,944,597



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2022

### 24. OPERATING SEGMENTS

	September 30, 2022 (Un-audited)			Total
	Brokerage	Investment and treasury	Other operations	
	----- (Rupees) -----			
Segment revenues	305,618,724	308,041,327	85,009,566	698,669,617
Administrative and operating expenses	(220,444,102)	(28,865,278)	(206,286,937)	(455,596,317)
Depreciation	(20,554,578)	(1,799,851)	(34,612,588)	(56,967,017)
Finance cost	(118,441,552)	-	-	(118,441,552)
	<u>(53,821,508)</u>	<u>277,376,199</u>	<u>(155,889,959)</u>	<u>67,664,731</u>
Provision for Sindh Workers' Welfare Fund				(1,384,448)
Taxation				(40,664,656)
Profit after tax				<u>25,615,627</u>
Segment assets	<u>3,712,901,906</u>	<u>1,917,120,052</u>	<u>606,732,818</u>	<u>6,236,754,775</u>
Segment liabilities	<u>3,248,292,378</u>	<u>-</u>	<u>774,145,661</u>	<u>4,022,438,039</u>

There were no major customer of the Company which derived 10 percent or more of the Company's revenue. All non-current assets of the Company as at September 30, 2022 and December 31, 2021 are located and operating in Pakistan.

	September 30, 2021			Total
	Brokerage	Investment and treasury	Other operations	
	----- (Rupees) -----			
Segment revenues	733,519,387	119,487,791	198,469,344	1,051,476,522
Loss on remeasurement of investments	-	(1,966,478)	-	(1,966,478)
Administrative and operating expenses	(285,443,217)	(15,631,354)	(194,161,455)	(495,236,026)
Depreciation	(23,705,652)	(9,544,123)	(19,805,800)	(53,055,575)
Amortisation of intangible assets	-	-	-	-
Finance cost	(8,003,341)	-	-	(8,003,341)
	<u>416,367,177</u>	<u>92,345,836</u>	<u>(15,497,911)</u>	<u>493,215,102</u>
Gain on sale of property and equipment				-
Gain on termination of lease				19,755,341
Provision for Sindh Workers' Welfare Fund				(10,259,409)
Taxation				(102,244,618)
Profit after tax				<u>400,466,416</u>
Segment assets	<u>2,546,679,823</u>	<u>1,413,974,327</u>	<u>676,608,609</u>	<u>4,637,262,759</u>
Segment liabilities	<u>1,790,844,514</u>	<u>-</u>	<u>514,390,526</u>	<u>2,305,235,040</u>

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2022

### 25. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

The carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair value. 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).

	September 30, 2022			
	Level 1	Level 2	Level 3	Total
	(Rupees)			
<b>Financial assets at fair value through profit or loss</b>				
Quoted equity securities	587,754,300	-	-	587,754,300
Exchange Traded Fund	6,499,161	-	-	6,499,161
	<u>594,253,461</u>	<u>-</u>	<u>-</u>	<u>594,253,461</u>
<b>Financial assets classified as 'available-for-sale securities'</b>				
Quoted equity securities	51,137,452	-	-	51,137,452
	<u>51,137,452</u>	<u>-</u>	<u>-</u>	<u>51,137,452</u>
	December 31, 2021			
	Level 1	Level 2	Level 3	Total
	(Rupees)			
<b>Financial assets at fair value through profit or loss</b>				
Quoted equity securities	1,386,669,860	-	-	1,386,669,860
Exchange Traded Fund	5,839,148	-	-	5,839,148
	<u>1,392,509,008</u>	<u>-</u>	<u>-</u>	<u>1,392,509,008</u>
<b>Fair value through other comprehensive income</b>				
Quoted securities	62,337,622	-	-	62,337,622
	<u>62,337,622</u>	<u>-</u>	<u>-</u>	<u>62,337,622</u>

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2022

### 26. DISCLOSURE UNDER RESEARCH ANALYST REGULATIONS 2015

The following disclosures are provided pursuant to compliance with Regulation 5(4) of Research Analyst Regulations, 2015:

At present, JSGCL employs seven members in its research department (including head of research, two senior analysts, a junior analyst, a technical analyst, a librarian and a data administrator). All members report to Head of Research who in turn reports to CEO.

Compensation structure of research analysts is flat and is subject to qualification, experience and skillset of the person. However, the compensation of anyone employed in the research department does not in any way depend on the contents / outcome of research report.

During the period ended September 30, 2022, the personnel employed in the Research Department have drawn an aggregate salary and benefits amounting to Rs.11,726,547 which comprises basic salary, medical allowance, provident fund and other benefits as per company policy.

### 27. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue in the Board of Directors' meeting held on October 19, 2022.

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**DIRECTOR**

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**CHIEF EXECUTIVE OFFICER**

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**CHIEF FINANCIAL OFFICER**



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