

Quarterly Report
30 September, 2006
(Unaudited)



Jahangir Siddiqui Capital Markets Ltd.

Jahangir Siddiqui Capital Markets Ltd.

CONTENTS

Company Information	1
Directors' Report to the Members	2
Balance Sheet	3
Profit and Loss Account	5
Cash Flow Statement	6
Statement of Changes in Equity	7
Notes to the Financial Statements	8

Jahangir Siddiqui Capital Markets Ltd.

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Adil Matcheswala
(Chairman)
Mr. G.M. Malkani
(Chief Executive)
Mr. Aslam Khaliq
Mr. Tariq Usman
Mr. Zulfiqar Hyder Khan
Mr. Ahsen Ahmed
Syed Nadir Shah

AUDIT COMMITTEE

Mr. Adil Matcheswala
(Chairman)
Mr. Zulfiqar Hyder Khan
Mr. Ahsen Ahmed
Syed Nadir Shah

EXECUTIVE COMMITTEE

Mr. G.M. Malkani
(Chairman)
Mr. Tariq Usman
Mr. Adil Matcheswala

CFO & COMPANY SECRETARY

Mr. Kamran Ansari

AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants

BANKERS

MCB Bank
Habib Bank
Habib Metropolitan Bank
PICIC Bank
Soneri Bank
mybank

LEGAL ADVISORS

Bawaney & Partners

SHARES REGISTRAR

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

REGISTERED OFFICE

6th Floor, Faysal House, Main Shakra-e-Faisal,

Jahangir Siddiqui Capital Markets Ltd.

DIRECTORS' REPORT TO THE MEMBERS

The directors are pleased to present to you the un-audited financial statements of Jahangir Siddiqui Capital Markets Limited (the "Company"), for the three months period ended September 30, 2006 together with the comparative figures for the corresponding period of last year.

THE STOCK MARKET REVIEW

During the quarter under review, the KSE -100 Index increased by 5% to close at 10,512 points on September 30, 2006. The Market Capitalization ended the period at Rs. 2.9tn, up by 4%, however, share turnover in both Ready and Future market was lower by 27.70% and 45.68% respectively over the same period last year. Political speculation, higher interest rates and frequent changes in margin regulations governing the stock market shook the investor's confidence. The banking sector remained in the lime light due to record spreads in excess of 7% and expectation of acquisitions of local banks by foreign banks.

ECONOMIC REVIEW

Trade deficit continued its rising trend and stood at US \$ 3.159bn - 57% more than the corresponding period of last year. Current account gap for the first two months of the quarter also widened to US \$ 1.9bn, 53% more than the corresponding period, however, on the financial side CBR tax collection numbers portrayed encouraging trend and collection was 5.1% more than the target and 23% higher than the corresponding period. Prices depicted an increasing trend and September CPI was recorded at 8.73% whereas it was 8.64% in IQFY 06. Rising food prices were the major reason for the rising inflation number which has 40% weightage in the overall CPI basket. Inflation (CPI) target is set at 6.5% for FY07.

OPERATING PERFORMANCE

The Company has reported a profit before tax of Rs. 57.987 million and profit after tax of Rs. 47.709 million for the three months as compared to profit before tax of Rs.63.526 million and profit after tax of Rs. 51.384 million for the same period last year showing a marginal decline. Operating revenue for the three months period declined by 13.40% mainly due to reduced turnover in Ready and Future market. Earnings per share for three months period were Rs. 3.46 per share as compared to Rs. 3.72 per share for the same period last year.

ISSUANCE OF SUBSCRIPTION SHARES

The company issued and credited 10,009,700 number of shares to Global Investment House on October 04, 2006 against the receipt of Rs. 2,172,104,900. Permission for issuance of those shares was obtained from Securities and Exchange Commission of Pakistan on September 27, 2006. Subsequent to issuance of these shares, Jahangir Siddiqui & Company Limited is no longer the holding company and Global and Jahangir Siddiqui & Company Limited each have 10,350,000 shares of the company.

FUTURE OUTLOOK

The fundamentals of our business remain strong and with the enhanced capital and technical expertise of our new business partners Global Investment House we expect growth in our operating business in the future.

ACKNOWLEDGEMENT

The directors are grateful to the Company's clients and business partners for their faith and support and employees for their dedication and hard work.

On behalf of the Board

Adil Matcheswala
Chairman

Karachi: October 21, 2006

Jahangir Siddiqui Capital Markets Ltd.

BALANCE SHEET AS AT 30 SEPTEMBER, 2006

	Note	30 September 2006 (Unaudited)	30 June 2006 (Audited)
		----- (Rupees) -----	
Capital and reserves			
Share Capital			
Authorised			
25,000,0000 (June 2006: 25,000,000)			
ordinary shares of Rs. 10/- each		250,000,000	250,000,000
Issued, subscribed and paid up capital		138,000,000	138,000,000
Unappropriated profit		433,223,488	385,514,334
Unrealised loss on remeasurement of available-for-sale investment at fair value		(6,949,320)	(3,474,660)
		564,274,168	520,039,674
Advance against issue of shares	4	300,499,400	300,499,400
Deferred taxation		808,382	791,803
Current Liabilities			
Short term running finance under mark-up arrangements-secured	5	68,865,721	176,890,535
Creditors, accrued expenses and other liabilities	6	1,665,393,164	1,197,779,507
Provision for taxation		53,016,601	42,755,104
		1,787,275,486	1,417,425,146
Commitments	7		
		2,652,857,436	2,238,756,023

The annexed notes 1 to 13 form an integral part of these financial statements.

Adil Matcheswala
Chairman/Director

G.M. Malkani
Chief Executive

Kamran Ansari
Chief Financial Officer

Jahangir Siddiqui Capital Markets Ltd.

BALANCE SHEET

AS AT 30 SEPTEMBER, 2006

	Note	30 September 2006 (Unaudited)	30 June 2006 (Audited)
		------(Rupees) -----	
Fixed assets			
Property, plant and equipment	8	26,707,419	26,153,242
Intangible assets		22,450,002	22,933,335
Long term loans, advances and deposits		10,148,962	1,925,305
Current assets			
Short term investment		62,543,880	66,018,540
Trade debts-unsecured, considered good	9	1,550,702,183	1,087,641,912
Loans, advances, prepayments and other receivables		32,170,099	11,659,082
Advance tax		51,948,247	40,818,648
Securities purchased under resale obligations	10	585,013,834	664,420,075
Cash and bank balances	11	311,172,810	317,185,884
		2,593,551,053	2,187,744,141
		2,652,857,436	2,238,756,023

Adil Matcheswala
Chairman/Director

G.M. Malkani
Chief Executive

Kamran Ansari
Chief Financial Officer

Jahangir Siddiqui Capital Markets Ltd.

PROFIT & LOSS ACCOUNT (UNAUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER, 2006

	2006-07 July - Sept 2006	2005-06 July - Sept 2005
	----- (Rupees) -----	
Operating revenue	81,149,431	93,708,214
Net gain/income from reverse repurchase transactions in marketable securities	<u>29,466,340</u>	<u>13,363,097</u>
	110,615,771	107,071,311
Administrative and operating expenses	<u>(51,243,553)</u>	<u>(39,188,078)</u>
	59,372,218	67,883,233
Other operating income	<u>4,749,574</u>	<u>109,907</u>
	64,121,792	67,993,140
Finance cost	<u>(6,134,562)</u>	<u>(4,467,144)</u>
Profit before taxation	57,987,230	63,525,996
Taxation-current	<u>(10,261,497)</u>	<u>(11,968,291)</u>
-deferred	<u>(16,579)</u>	<u>(173,265)</u>
	(10,278,076)	(12,141,556)
Profit after taxation	<u>47,709,154</u>	<u>51,384,440</u>
Earnings per share-basic and diluted	<u>3.46</u>	<u>3.72</u>

The annexed notes 1 to 13 form an integral part of these financial statements.

Adil Matcheswala
Chairman/Director

G.M. Malkani
Chief Executive

Kamran Ansari
Chief Financial Officer

Jahangir Siddiqui Capital Markets Ltd.

CASH FLOW STATEMENT (UNAUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER, 2006

	2006-07 July - Sept 2006	2005-06 July - Sept 2005
----- (Rupees) -----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	57,987,230	63,525,996
Adjustments for:		
Depreciation	1,986,397	1,287,753
Gain on sale of fixed assets	(192,300)	-
Amortisation of intangible assets	483,333	483,333
Financial charges	7,049,179	4,467,144
	9,326,609	6,238,230
Operating profit before working capital changes	67,313,839	69,764,226
(Increase)/ decrease in operating assets:		
Trade debts	(463,060,271)	373,843,459
Short term investments	-	69,490,000
Advances, deposits, pre-payments and other receivables	(20,511,017)	(161,579)
	(483,571,288)	443,171,880
Increase/(decrease) in current liabilities (creditors, accrued expenses and other liabilities)	463,917,636	(404,355,195)
Cash generated from operations	47,660,187	108,580,911
Mark-up paid	(3,320,758)	(3,922,916)
Taxes paid	(11,129,599)	(7,769,331)
Dividend paid	(32,400)	-
Changes in long term loans and deposits	(8,223,657)	4,973,278
Net cash inflow from operating activities	24,953,773	101,861,942
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(3,395,974)	(7,201,664)
Proceeds from disposal of fixed assets	1,047,700	37,187
Payment for software	-	(1,740,000)
Fund placements - net	79,406,241	(191,002,067)
Net cash inflow / (outflow) from investing activities	77,057,967	(199,906,544)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash flow from financing activities	-	-
Net cash increase / (decrease) in cash and cash equivalents	102,011,740	(98,044,602)
Cash and cash equivalents at beginning of the period	140,295,349	(254,585,549)
Cash and cash equivalents at end of the period	242,307,089	(352,630,151)

The annexed notes 1 to 13 form an integral part of these financial statements.

Adil Matcheswala
Chairman/Director

G.M. Malkani
Chief Executive

Kamran Ansari
Chief Financial Officer

Jahangir Siddiqui Capital Markets Ltd.

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER, 2006

	Issued, subscribed and paid up capital	Capital reserves		Revenue reserves		Total
		Issue of bonus shares	Share premium	Unrealised loss on remeasurement of available for sale investment at fair value	Unappropriated profit	
----- (Rupees) -----						
Balance as on 01 July, 2005	100,000,000	-	32,000,000	(17,373,300)	127,306,180	241,932,880
Reserve for issue of bonus shares	-	15,000,000	(15,000,000)	-	-	-
Profit for the quarter ended 30 September, 2005	-	-	-	-	51,384,440	51,384,440
Transfer to profit and loss account on sale of investment	-	-	-	17,372,500	-	17,372,500
Balance as on 30 September, 2005	100,000,000	15,000,000	17,000,000	(800)	178,690,620	310,689,820
Issue of bonus shares 2004-05	15,000,000	(15,000,000)	-	-	-	-
Reserve for issue of bonus shares	-	23,000,000	(17,000,000)	-	(6,000,000)	-
Issue of bonus shares 2005-06	23,000,000	(23,000,000)	-	-	-	-
Profit for nine months period ended 30 June, 2006	-	-	-	-	212,823,714	212,823,714
Effect of remeasurement of available for sale investment at fair value	-	-	-	(3,473,860)	-	(3,473,860)
Balance as on 30 June, 2006	138,000,000	-	-	(3,474,660)	385,514,334	520,039,674
Profit for the quarter ended 30 September, 2006	-	-	-	-	47,709,154	47,709,154
Effect of remeasurement of available for sale investment at fair value	-	-	-	(3,474,660)	-	(3,474,660)
Balance as at 30 September, 2006	138,000,000	-	-	(6,949,320)	433,223,488	564,274,168

The annexed notes 1 to 13 form an integral part of these financials statements.

Adil Matcheswala
Chairman/Director

G.M. Malkani
Chief Executive

Kamran Ansari
Chief Financial Officer

Jahangir Siddiqui Capital Markets Ltd.

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER, 2006

1. These financial statements have been prepared in condense form in accordance with the requirements of International Accounting Standard (IAS) - 34 "Interim Financial Reporting".
2. These financial statements are unaudited and are being submitted to the shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984. These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2006.
3. The accounting policies and methods of computation adopted for the preparation of these financial statements are the same as those applied in the preparation of the financial statements for the preceding year ended 30 June, 2006.
4. **ADVANCE AGAINST ISSUE OF SHARES**

This represents advance payment made by Global Investment House K.S.C.C., ("Global") for issuance of 10,009,700 number of subscription shares at a subscription price of Rs. 217 per share of the company without offering right shares on the basis of a special resolution passed on 11 July, 2006 and final approval of the Securities and Exchange Commission of Pakistan obtained on September 27, 2006.

The company served subscription notice to Global following the obtention of final approval from SECP and issued and credited 10,009,700 numbers of shares in the CDC Account of Global subsequent to the balance sheet date on October 04, 2006 against the receipt of balance payment.

5. **SHORT TERM RUNNING FINANCE UNDER MARK-UP ARRANGEMENTS-SECURED**

30 September 2006 (Unaudited)	30 June 2006 (Audited)
----- (Rupees) -----	

Running finance utilised under mark-up arrangements	68,865,721	176,890,535
---	------------	-------------

The company has aggregate running finance facilities of Rs. 950 million (June 2005: 600 million) under mark-up arrangements. Mark-up rates varied from KIBOR plus 3% to KIBOR plus 4.25% per annum, with a floor ranging from 10% to 13% per annum. These arrangements would remain valid for varying periods upto June 30, 2007 and are secured by pledge of listed securities.

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

30 September 2006 (Unaudited)	30 June 2006 (Audited)
----- (Rupees) -----	

Creditors for sale of shares on behalf of clients	1,635,768,600	1,162,550,890
Tax deducted at source	422,186	13,998
Accrued expenses	14,338,310	17,636,441
Provision for staff bonus	3,667,285	12,000,000
Accrued mark-up on running finance	3,728,793	372
Unclaimed dividend	227,248	259,648
Retention money	-	580,000
Others	7,240,742	4,738,158
	1,665,393,164	1,197,779,507

Jahangir Siddiqui Capital Markets Ltd.

7. COMMITMENTS

	30 September 2006 (Unaudited)	30 June 2006 (Audited)
	----- (Rupees) -----	
Commitments in respect of resale transactions of listed equity securities	<u>426,528,225</u>	<u>416,654,735</u>

8. PROPERTY, PLANT AND EQUIPMENT

Following is the cost of property, plant and equipment that have been added / disposed off during the three months period ended 30 September, 2006:

	(Unaudited)	
	Additions	Disposals
	----- (Rupees) -----	
Office equipments	1,390,334	-
Office furniture	-	-
Motor vehicles	<u>2,005,640</u>	<u>1,089,700</u>
	<u>3,395,974</u>	<u>1,089,700</u>

9. TRADE DEBTS-unsecured, considered good

	30 September 2006 (Unaudited)	30 June 2006 (Audited)
	----- (Rupees) -----	
Trade debts for purchase of shares on behalf of clients	1,539,923,013	1,060,948,294
Trade debts for advisory services	4,276,538	20,872,340
Forex and fixed income commission receivable	<u>6,502,632</u>	<u>5,821,278</u>
	<u>1,550,702,183</u>	<u>1,087,641,912</u>

10. SECURITIES PURCHASED UNDER RESALE OBLIGATIONS

These securities have rates of return ranging from 16% to 18% per annum with maturities ranging from overnight to 30 trading days.

11. CASH AND BANK BALANCES

	30 September 2006 (Unaudited)	30 June 2006 (Audited)
	----- (Rupees) -----	
Cash with banks:		
- Current accounts	1,075,734	8,941,208
- PLS/deposit accounts	8,573,678	7,691,885
- Foreign currency deposit accounts	<u>301,449,398</u>	<u>300,499,400</u>
	311,098,810	317,132,493
Cash in hand	<u>74,000</u>	<u>53,391</u>
	<u>311,172,810</u>	<u>317,185,884</u>

Jahangir Siddiqui Capital Markets Ltd.

12. RELATED PARTY TRANSACTIONS

Related parties comprise of holding company, associated companies, other companies with common directors, retirement benefit fund, directors, executives and key management personnel.

Details of transactions and balances with related parties during the period and at period end are as follows:

	(Unaudited)	
	30 September 2006	30 September 2005
Brokerage and advisory income earned from:	----- (Rupees) -----	
- Directors	<u>188,562</u>	<u>100,143</u>
- Holding Company	<u>358,353</u>	<u>5,178,344</u>
- Associated Companies	<u>2,357,083</u>	<u>3,145,746</u>
Payments to staff retirement fund	<u>444,852</u>	<u>279,986</u>
Payment to holding company on account of expenses	<u>1,594,764</u>	<u>1,822,611</u>
Payments to associated companies on account of expenses	<u>515,984</u>	<u>307,543</u>

13. GENERAL

13.1 These financial statements were authorised for issue by the Board of Directors on 21 October, 2006.

13.2 The figures have been rounded off to the nearest rupees.

Adil Matcheswala
Chairman/Director

G.M. Malkani
Chief Executive

Kamran Ansari
Chief Financial Officer

BOOK POST
UNDER POSTAL CERTIFICATE

If undelivered please return to:-
Jahangir Siddiqui Capital Markets Ltd.
Registered Office:
6th Floor, Faysal House, Main Shahra-e-Faisal,
Karachi, Pakistan.
Tel: (92-21) 2799005 Fax: (92-21) 2800167