

**HALF YEARLY REPORT**  
**December 31, 2005**  
**(Unaudited)**

**JAHANGIR SIDDIQUI CAPITAL MARKETS LIMITED**

# **JAHANGIR SIDDIQUI CAPITAL MARKETS LIMITED**

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## **JAHANGIR SIDDIQUI CAPITAL MARKETS LIMITED**

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### **COMPANY INFORMATION**

#### **BOARD OF DIRECTORS**

Mr. Mazhar ul Haq Siddiqui  
(Chairman)

Mr. G. M. Malkani  
(Chief Executive)

Mr. Aslam Khaliq

Mr. Tariq Usman Bhatti

Mr. Adil Matcheswala

Mr. Basir Shamsie

Mr. Zulfiqar Hyder Khan

#### **AUDIT COMMITTEE**

Mr. Adil Matcheswala  
Chairman

Mr. Basir Shamsie

Mr. Zulfiqar Hyder Khan

Mr. Mateen Sadiq  
Secretary

#### **COMPANY SECRETARY**

Mr. Kamran Muneer Ansari

#### **AUDITORS**

KPMG Taseer Hadi & Co.  
Chartered Accountants

#### **LEGAL ADVISORS**

Bawaney & Partners

#### **SHARES REGISTRAR**

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

#### **REGISTERED OFFICE**

14th Floor, Chapal Plaza,  
Hasrat Mohani Road, Karachi-74000

# **JAHANGIR SIDDIQUI CAPITAL MARKETS LIMITED**

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## **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 six months period ended December 31, 2005 together with the comparative figures for the corresponding period of last year.

### **OPERATING PERFORMANCE**

The Company has reported a profit before tax of Rs. 153.869 million and profit after tax of Rs. 127.656 million for the six months, an overall growth of 326% over the same period last year. Operating revenue for the six months period was Rs. 213.901 million, a growth of 216% over the same period last year. Earnings per share for six months period were Rs. 11.10 per share as compared to Rs. 2.61 per share (diluted) for the same period last year, a growth of 325%.

### **THE STOCK MARKET REVIEW**

The stock market continued its rising momentum during the six months period ended December 31, 2005. The KSE-100 index surged from 7,450 points on June 30, 2005 to 9,557 points at December end, an overall increase of 28%. The stock market benefited from strong corporate sector profitability and increased dividend payouts. Policies on privatization, liberalization and deregulation encouraged investments and had a positive effect on the stock market. Moreover, rising inflows of foreign portfolio investment further supported the market momentum.

Banking sector stocks continued to perform in anticipation of excellent results for FY2005 due to improving ADR (advance to deposit ratio) and higher transaction and fee incomes. The cement sector also remained in the limelight because of its profitability growth during financial year 2005 and 1st Half of FY2006. The performance of the oil and gas sector was at par with the overall market performance on the back of strong international oil prices leading to profitability growth coupled with regular inflow of news regarding new discoveries.

### **ECONOMIC REVIEW**

Pakistan's economic growth momentum is continuing. However, this year the real GDP growth is expected to slow down after showing a massive growth of 8.4% during the last fiscal year. Slower growth in agriculture and manufacturing are identified as the prime reasons of relatively weaker trend this year. Inflation has come down to 8.5% in December 2005 after posting a high of 11.1% in April 2005. Tighter monetary policy, adequate food supplies and topping out of oil prices played the key role in cooling down inflation. The current account deficit during the 1st Half of FY2006 has already reached US\$ 2.9bn that has actually surpassed the full year target of US\$ 2.1bn. This is mainly attributable to higher than expected oil prices and rising machinery imports. Nonetheless, this has not created much pressure in the currency market where the Pak Rupee is relatively stable against the US dollar.

### **BONUS**

The Board has approved an Interim bonus issue of shares in respect of the financial year ending June 30, 2006 in the proportion of one share for every five shares i.e. 20%.

### **FUTURE OUTLOOK**

For the next quarter of the financial year, the fundamentals of our business remain strong and we expect continued growth in our operating businesses visavis the same period last year.

### **ACKNOWLEDGMENT**

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

**Mazhar ul Haq Siddiqui**  
Chairman

Karachi February 17, 2006

## **JAHANGIR SIDDIQUI CAPITAL MARKETS LIMITED**

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### **REVIEW REPORT TO THE MEMBERS**

We have reviewed the annexed balance sheet of Jahangir Siddiqui Capital Markets Limited as at 31 December 2005 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "financial statements") for the half year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

February 17, 2006  
Karachi

**KPMG Taseer Hadi & Co.**  
Chartered Accountants

## **JAHANGIR SIDDIQUI CAPITAL MARKETS LIMITED**

### **BALANCE SHEET (UNAUDITED)**

AS AT 31 DECEMBER 2005

	Note	31 December 2005 (Unaudited)	30 June 2005 (Audited)
		-----Rupees-----	
<b>Capital and reserves</b>			
Share capital			
Authorised			
25,000,000 (June 2005: 25,000,000)			
ordinary shares of Rs. 10 each		<b>250,000,000</b>	250,000,000
Issued, subscribed and paid up capital	8	<b>115,000,000</b>	100,000,000
Share premium		<b>17,000,000</b>	32,000,000
Unappropriated Profit		<b>254,962,143</b>	127,306,180
Unrealised loss on re-measurement of available-for-sale investment at fair value		<b>(10,423,980)</b>	(17,373,300)
		<b>376,538,163</b>	241,932,880
<b>Deferred taxation</b>		<b>770,717</b>	597,452
<b>Current Liabilities</b>			
Short term running finance under mark-up arrangements-secured	9	<b>55,895,653</b>	256,408,309
Creditors, accrued expenses and other liabilities	10	<b>1,625,886,760</b>	519,413,760
Securities sold under repurchase obligations	11	<b>69,493,200</b>	-
Provision for taxation		<b>70,149,084</b>	44,108,943
		<b>1,821,424,697</b>	819,931,012
<b>Commitments</b>	12		
		<b>2,198,733,577</b>	1,062,461,344

The annexed notes 1 to 15 form an integral part of these financial statements.

Mazhar ul Haq Siddiqui  
Chairman/Director

G. M. Malkani  
Chief Executive

Kamran Ansari  
Chief Financial Officer

## **JAHANGIR SIDDIQUI CAPITAL MARKETS LIMITED**

### **BALANCE SHEET (UNAUDITED)**

AS AT 31 DECEMBER 2005

	Note	<b>31 December 2005 (Unaudited)</b>	30 June 2005 (Audited)
		-----Rupees-----	
<b>Fixed assets</b>			
Property, plant and equipment	4	<b>25,179,033</b>	20,158,989
Intangible assets		<b>23,900,000</b>	24,866,667
<b>Long term loans, advances and deposits</b>		<b>2,252,557</b>	5,879,057
<b>Long term investment - advance against equity</b>		<b>3,071,667</b>	3,071,667
<b>Current assets</b>			
Short term investment	11	<b>59,069,220</b>	52,119,900
Trade debts-unsecured, considered good	5	<b>1,352,853,777</b>	477,033,287
Loans, advances, pre-payments and other receivable		<b>13,981,955</b>	10,156,482
Advance tax		<b>65,657,832</b>	43,741,784
Securities purchased under resale obligations	6	<b>650,865,228</b>	423,610,751
Cash and bank balances	7	<b>1,902,308</b>	1,822,760
		<b>2,144,330,320</b>	1,008,484,964
		<b>2,198,733,577</b>	1,062,461,344

Mazhar ul Haq Siddiqui  
Chairman/Director

G. M. Malkani  
Chief Executive

Kamran Ansari  
Chief Financial Officer

## JAHANGIR SIDDIQUI CAPITAL MARKETS LIMITED

### PROFIT & LOSS ACCOUNT (UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2005

	<b>Three months ended 31 December 2005</b>	<b>Six months ended 31 December 2005</b>	<b>Three months ended 31 December 2004</b>	<b>Six months ended 31 December 2004</b>
-----Rupees-----				
Operating revenue	<b>120,192,489</b>	<b>213,900,703</b>	40,663,807	67,776,727
Net gain/income from transactions in marketable securities	<b>18,286,866</b>	<b>31,649,963</b>	8,031,199	14,078,762
	<b>138,479,355</b>	<b>245,550,666</b>	48,695,006	81,855,489
Operating expenses	<b>(44,368,297)</b>	<b>(83,556,375)</b>	(23,775,576)	(42,697,693)
	<b>94,111,058</b>	<b>161,994,291</b>	24,919,430	39,157,796
Other operating income	<b>966,160</b>	<b>1,076,067</b>	164,925	379,816
	<b>95,077,218</b>	<b>163,070,358</b>	25,084,355	39,537,612
Financial charges	<b>(4,733,845)</b>	<b>(9,200,989)</b>	(2,106,287)	(3,380,034)
Profit before taxation	<b>90,343,373</b>	<b>153,869,369</b>	22,978,068	36,157,578
Taxation - current	<b>(14,071,850)</b>	<b>(26,040,141)</b>	(2,959,744)	(6,292,504)
- deferred	-	<b>(173,265)</b>	97,945	97,945
Profit after taxation	<b>76,271,523</b>	<b>127,655,963</b>	20,116,269	29,963,019
Earnings per share - basic and diluted	<b>6.63</b>	<b>11.10</b>	1.75	2.61

The annexed notes 1 to 15 form an integral part of these financial statements.

Mazhar ul Haq Siddiqui  
Chairman/Director

G. M. Malkani  
Chief Executive

Kamran Ansari  
Chief Financial Officer

# JAHANGIR SIDDIQUI CAPITAL MARKETS LIMITED

## CASH FLOW STATEMENT (UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2005

	<b>31st December 2005</b>	31 December 2004
	-----Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	<b>153,869,369</b>	36,157,578
Adjustments for:		
Depreciation	<b>2,983,474</b>	1,027,255
Gain on disposal of fixed assets	-	(40,832)
Amortization of intangible assets	<b>966,667</b>	-
Financial charges	<b>9,200,989</b>	3,380,034
	<b>13,151,130</b>	4,366,457
Operating profit before working capital changes	<b>167,020,499</b>	40,524,035
(Increase)/decrease in operating assets:		
Trade debts	<b>(875,820,490)</b>	(502,680,459)
Advances, deposits, prepayments and other receivables	<b>(3,825,473)</b>	(5,452,538)
	<b>(879,645,963)</b>	(508,132,997)
Increase in current liabilities (creditors, accrued expenses & other liabilities)	<b>1,108,950,681</b>	1,267,012,633
Cash generated from operations	<b>396,325,217</b>	799,403,671
Mark-up paid	<b>(8,177,405)</b>	(2,935,967)
Taxes paid	<b>(21,916,048)</b>	(26,173,744)
Changes in long term loans, advances and deposits	<b>3,626,500</b>	-
Cash flows from operating activities	<b>369,858,264</b>	770,293,960
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure incurred	<b>(8,040,704)</b>	(10,475,983)
Proceeds from disposal of fixed assets	<b>37,186</b>	350,000
Securities sold under repurchase obligations	<b>69,493,200</b>	-
Payment for software	<b>(3,501,265)</b>	-
Fund placements	<b>(227,254,477)</b>	(281,843,808)
Cash flows from investing activities	<b>(169,266,060)</b>	(291,969,791)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Further issue of share capital	-	72,000,000
Cash flows from financing activities	-	72,000,000
Increase in cash and cash equivalents	<b>200,592,204</b>	550,324,169
Cash and cash equivalents at beginning of the period	<b>(254,585,549)</b>	46,233,302
Cash and cash equivalents at end of the period	<b>(53,993,345)</b>	596,557,471
Cash and cash equivalents comprises:		
Cash and bank balances	<b>1,902,308</b>	661,480,787
Short term borrowings	<b>(55,895,653)</b>	(64,923,316)
	<b>(53,993,345)</b>	596,557,471

The annexed notes 1 to 15 form an integral part of these financial statements.

Mazhar ul Haq Siddiqui  
Chairman/Director

G. M. Malkani  
Chief Executive

Kamran Ansari  
Chief Financial Officer

## JAHANGIR SIDDIQUI CAPITAL MARKETS LIMITED

### STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2005

	Issued Subscribed and paid up capital	Capital reserves		Revenue reserves		Total
		Reserve for Issue of bonus shares	Share premium	Unrealised loss on remeasurement of available for sale investment at fair value	Un- appropriated profit	
----- Rupees -----						
<b>Balance as at 1 July 2004</b>	60,000,000	-	-	-	40,006,665	100,006,665
Issue of right shares	40,000,000	-	32,000,000	-	-	72,000,000
Profit for the six months period ended 31 December 2004	-	-	-	-	29,963,019	29,963,019
<b>Balance as at 31 December 2004</b>	100,000,000	-	32,000,000	-	69,969,684	201,969,684
Profit for the six months period ended 30 June 2005	-	-	-	-	57,336,496	57,336,496
Effect of measurement of available for sale investment at fair value	-	-	-	(17,373,300)	-	(17,373,300)
<b>Balance as at 30 June 2005</b>	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)	-	-	-
Issue of bonus shares	15,000,000	(15,000,000)	-	-	-	-
Profit for the six months period ended 31 December 2005	-	-	-	-	127,655,963	127,655,963
Effect of re-measurement of available for sale investment at fair value	-	-	-	6,949,320	-	6,949,320
<b>Balance as at 31 December 2005</b>	<b>115,000,000</b>	-	<b>17,000,000</b>	<b>(10,423,980)</b>	<b>254,962,143</b>	<b>376,538,163</b>

The annexed notes 1 to 15 form an integral part of these financial statements.

Mazhar ul Haq Siddiqui  
Chairman/Director

G. M. Malkani  
Chief Executive

Kamran Ansari  
Chief Financial Officer

## **JAHANGIR SIDDIQUI CAPITAL MARKETS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**

FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2005

1. These financial statements have been presented 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.
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 2005.

#### **4. PROPERTY, PLANT AND EQUIPMENT**

Following is the cost of property, plant and equipment that have been added/ disposed during the six months period ended 31 December 2005:

	<b>Additions</b>	<b>Disposal</b>
	-----	-----
	<b>Rupees</b>	<b>Rupees</b>
Office equipments	<b>1,288,909</b>	<b>42,500</b>
Motor vehicles	<b>6,751,795</b>	-
	<b>8,040,704</b>	<b>42,500</b>
	<b>31 December</b>	30 June
	<b>2005</b>	2005
	<b>(Unaudited)</b>	<b>(Audited)</b>
	-----	-----
	<b>Rupees</b>	<b>Rupees</b>

#### **5. TRADE DEBTS - unsecured, considered good**

Debtors for purchase of shares on behalf of clients	<b>1,347,343,102</b>	468,758,871
Forex and fixed income commission receivable	<b>5,510,675</b>	8,274,416
	<b>1,352,853,777</b>	477,033,287

#### **6. 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.

#### **7. CASH AND BANK BALANCES**

Cash with Banks		
- current accounts	<b>1,715,397</b>	1,802,378
- PLS/deposit accounts	<b>147,525</b>	15,174
	<b>1,862,922</b>	1,817,552
Cash in hand	<b>39,386</b>	5,208
	<b>1,902,308</b>	1,822,760

## **JAHANGIR SIDDIQUI CAPITAL MARKETS LIMITED**

### **8. ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

<u>Number of shares</u>			<u>31 December</u>		<u>30 June</u>	
<b>31 December</b>	30 June		<b>2005</b>	2005	<b>2005</b>	2005
<b>(Unaudited)</b>	(Audited)		<b>(Unaudited)</b>	(Audited)	<b>(Unaudited)</b>	(Audited)
----- <b>(Numbers)</b> -----			----- <b>(Rupees)</b> -----			
		Ordinary shares of Rs. 10/- each				
<b>10,000,000</b>	10,000,000	fully paid in cash	<b>100,000,000</b>		100,000,000	
		Ordinary shares of Rs. 10/- each allotted as bonus shares				
<b>1,500,000</b>	-		<b>15,000,000</b>		-	
<b>11,500,000</b>	10,000,000		<b>115,000,000</b>		100,000,000	

### **9. SHORT TERM RUNNING FINANCE**

#### **UNDER MARK-UP ARRANGEMENTS - secured**

Running finance utilised under mark up arrangements	<b>55,895,653</b>	256,408,309
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The facilities for running finance available from various banks amounted to Rs. 750 million (June 2005: 750 million) and carry mark-up ranging from 10.25% to 13% per annum. These facilities are secured by pledge of listed equity securities purchased under resale obligations and listed equity securities of various companies owned by Jahangir Siddiqui & Company Limited, (holding company).

### **10. CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES**

Creditors for sale of shares on behalf of clients	<b>1,606,232,786</b>	493,610,728
Payable against purchase of software	<b>558,735</b>	4,234,000
Tax deducted at source	-	505,016
Accrued expenses	<b>16,102,316</b>	19,960,442
Accrued mark up on running finance	<b>1,237,350</b>	213,766
Unclaimed dividend	<b>261,673</b>	316,798
Retention money	<b>524,126</b>	-
Others	<b>969,774</b>	573,010
	<b>1,625,886,760</b>	519,413,760

### **11. SECURITIES SOLD UNDER REPURCHASE OBLIGATIONS**

This represents sale of preference shares of Pakistan International Containers Terminal Limited under repurchase obligations.

## **JAHANGIR SIDDIQUI CAPITAL MARKETS LIMITED**

### **12. COMMITMENTS**

	<b>31 December 2005 (Unaudited)</b>	30 June 2005 (Audited)
	----- Rupees -----	
Commitments in respect of repurchase transactions of listed equity securities	<u><b>69,493,200</b></u>	-
Commitments in respect of resale transactions of listed equity securities	<u><b>653,992,664</b></u>	<u>424,950,589</u>

### **13. EARNINGS PER SHARE - BASIC AND DILUTED**

	<b>31 December 2005 (Unaudited)</b>	31 December 2004 (Unaudited)
	----- Rupees -----	
Profit after tax	<u><b>127,665,963</b></u>	<u>29,963,019</u>
Weighted average number of shares	<u><b>11,500,000</b></u>	<u>11,500,000</u>
Earnings per share - basic and diluted	<u><b>11.10</b></u>	<u>2.61</u>

### **14. 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 balance with related parties during the period and at period end are as follows:

Brokerage and advisory income earned from directors and associated companies	<u><b>20,926,619</b></u>	<u>4,697,884</u>
Payment to holding company and associated companies on account of expenses	<u><b>3,747,950</b></u>	-
Receivable from associated company	<u><b>6,049,072</b></u>	-

### **15. GENERAL**

**15.1** These financial statements were authorised for issue by the Board of Directors on February 17, 2006. The Board has approved an interim Bonus issue of shares @ 20% which will be accounted for in period of declaration.

**15.2** Figures have been rounded off to the nearest rupees.

Mazhar ul Haq Siddiqui  
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 LIMITED**  
Registered Office: 14th Floor,  
Chapal Plaza, Hasrat Mohani Road,  
Karachi-74000, Pakistan.  
Tel: (92-21) 2431181-8 Fax: (92-21) 2431178,2431151