

JAHANGIR SIDDIQUI INVESTMENT BANK *Ltd.*

Financial Statements For The  
Quarter Ended  
March 31, 2005  
(Un-Audited)

## CONTENTS

Company Information .....	1
Chairman's Report to the Members .....	2
Balance Sheet .....	3
Profit and Loss Account .....	4
Cash Flow Statement .....	5
Statement of Changes in Equity .....	6
Notes to the Financial Statements .....	7

## COMPANY INFORMATION

Board of Directors	Mr. Mazharul Haq Siddiqui (Chairman)  Mr. Maqbool Ahmed Soomro (Vice Chairman)  Mr. Muhammad Yousuf Amanullah (Chief Executive Officer)  Mr. Munawar Alam Siddiqui  Mr. Salman Rashid  Mr. Saad Saeed Faruqui  Mr. Firasat Ali
Company Secretary	Mr. Muhammad Yousuf Amanullah
Auditors	Messrs. Ford Rhodes Sidat Hyder & Co. Chartered Accountants
Bankers	Allied Bank Limited Bank Al Falah Limited Bank Al Habib Limited Citibank N. A. KASB Bank Limited Metropolitan Bank Limited Muslim Commercial Bank Limited PICIC Commercial Bank Limited Saudi Pak Commercial Bank Limited
Share Registrar	Technology Trade (Pvt.) Limited 241-C, Block-2, P.E.C.H.S., Karachi.
Registered Office	1301-1303, 13th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi.

# CHAIRMAN'S REPORT

## TO THE MEMBERS

On behalf of the Board of Directors, I am pleased to present the un-audited financial statements, for the third quarter ended March 31, 2005.

### Economic Review

The Pakistani economy maintained its momentum during the first nine months of current fiscal. The improvement in the country's economic environment is emphatically punctuated by indicators such as acceleration in growth accompanied by a pick up in industrial production, upsurge in investment, greater credit offtake in the private sector and inflow of higher remittances. Pakistan's strategic entry into the international capital markets through the floatation of an Islamic Bond has also been received very positively by investors.

During the quarter under review, the KSE-100 Index depicted an overall increase of 25%. The market remained highly volatile and went through one of the worst corrections ever. The market capitalization ended the quarter at Rs 2,114bn (US\$36.1bn), up 24.4%. Multiple records were created during the quarter with index surpassing the 10,000 points level to post an all time high of 10,303 points on March 15. The market capitalization during the quarter went as high as Rs 2,813bn (US\$47.4bn) on March 15 from the low of Rs 1,725bn (US\$29.0bn) on January 3. Average daily volume (both ready and future market) at KSE remained at 842mn shares during the quarter. This translates into a turnover of Rs85.3bn (US\$1436mn) on a daily basis.

### Operating Performance

During the last nine months your Company earned a post-tax profit of Rs. 371.73 million as compared to a post-tax profit of Rs. 324.48 million over the corresponding period last year. The increase can be attributed to the increase in capital gains on sale of securities, which amounted to Rs. 386.17 million for the period as compared to Rs. 274.28 million for corresponding period last year.

Moreover, your company increased fee based income to Rs. 13.18 million as compared to Rs. 2.1 million for the corresponding period last year. This has also contributed in increasing EPS to Rs. 4.36 from Rs. 3.80.

Finally, the deposit base of your company has shown remarkable growth from Rs. 996 million as at June 30, 2004 to Rs. 1,997 million as at March 31, 2005 (a 100 percent increase) which reflects the continued commitment of the management to achieve the sustainable growth.

### Credit Rating

The Pakistan Credit Rating Agency (Pvt.) Ltd. has maintained the long term credit rating of the Company at A+ ("Single A plus") and the short term rating at A1 ("A One"). The ratings denote a low expectation of credit risk and strong capacity for timely repayment of financial commitments.

### Outlook

We remain dedicated to our core purpose of promoting savings and investment in Pakistan. Our plan going forward consists of increasing the coverage of our activities and further strengthening our balance sheet. Our task is to consolidate our gains, leverage our accomplishments and sustain our growth momentum.

### Acknowledgement

The Board wishes to place on record its appreciation of the dedicated services and hard work of the JSIBL team. We also wish to thank our valued clients and business associates for their support and confidence. Finally, the Board would like to express its gratitude to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, the Central Board of Revenue and the Stock Exchanges for their continued cooperation and guidance.

On behalf of the Board

Mazharul Haq Siddiqui  
Chairman

# *BALANCE SHEET*

AS AT MARCH 31, 2005  
(UN-AUDITED)

		March 31, 2005	June 30, 2004
Assets			
Non-current assets			
Property, plant and equipment		10,593	11,453
Stock exchange membership card		11,101	11,101
Long term investments		555,301	351,434
Long term loans and term finances		89,375	20,431
Long term deposits		2,441	2,681
Deferred taxation		470	2,028
		669,281	399,128
Current assets			
Short term investments	4	931,401	1,309,003
Loans and advances	5	734,918	105,755
Fund placements		1,641,110	1,425,234
Receivable for sale of marketable securities		83,093	2
Prepayments, accruals & other receivables		80,360	39,549
Taxation-net		691	28,008
Cash and bank balances		257,610	195,060
		3,729,183	3,102,611
		4,398,464	3,501,739
Equity & Liabilities			
Share capital & reserves			
Authorised capital			
500,000,000 (June 30, 2004: 50,000,000) ordinary shares of Rs. 10 each		5,000,000	500,000
Issued, subscribed and paid up capital			
85,312,500 (June 30, 2004: 22,750,000) ordinary shares of Rs. 10 each		853,125	227,500
Reserves		466,184	720,077
Shareholders' equity		1,319,309	947,577
(Deficit) / Surplus on revaluation of investments		(49,152)	143,328
Non-current liabilities			
Certificates of deposit		71,500	-
Current liabilities			
Certificates of deposit		1,997,395	996,064
Trade and other payables		147,598	251,020
Short term borrowings		843,358	1,160,000
Payable for purchase of marketable securities		68,456	3,750
		3,056,807	2,410,834
Contingencies and commitments	6		
		4,398,464	3,501,739
		4,398,464	3,501,739

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

**Mazharul Haq Siddiqui**  
Chairman

**Muhammad Yousuf Amanullah**  
Chief Executive

JAHANGIR SIDDIQUI INVESTMENT BANK Ltd

# PROFIT AND LOSS ACCOUNT

FOR THE QUARTER AND PERIOD  
ENDED MARCH 31, 2005  
(UN-AUDITED)

July-Mar 2005	July-Mar 2004	Jan-Mar 2005	Jan-Mar 2004
------------------	------------------	-----------------	-----------------

----- (Rs. in '000s) -----

Income

Income from investments/reverse repurchase transactions	136,065	102,318	63,862	30,845
Return on fund placements with financial institutions	19,194	13,922	7,066	1,999
Capital gains/ (loss) on disposal of investments/ reverse repurchase transactions-net	386,172	274,285	214,526	92,005
Mark-up on loans and term finances	24,815	5,759	13,340	1,326
Consulting and corporate advisory fees	2,121	7,293	526	1,545
Commission and fees	13,532	2,105	2,082	732
Gain on sale of fixed assets	806	-	333	-
Other income	1,909	3,125	691	1,472
	584,614	408,807	302,426	129,924

Operating Expenses

Return on certificates of deposit	49,687	16,337	31,436	7,424
Mark-up on short term running finance	25,509	406	18,881	102
Mark-up on borrowings from banks/ NBFCs	44,191	19,911	18,907	4,783
Administrative and operating expenses	90,048	38,306	41,582	14,961
	(209,435)	(74,960)	(110,806)	(27,270)
Profit before taxation	375,179	333,847	191,620	102,654
Taxation	(3,447)	(9,358)	(1,850)	(2,896)
Profit after taxation	371,732	324,489	189,770	99,758
	Rupees	Rupees	Rupees	Rupees
Basic earnings per share	4.36	3.80	2.22	1.17

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

# CASH FLOW STATEMENT

FOR THE PERIOD ENDED  
MARCH 31, 2005  
(UN-AUDITED)

	<b>March 31,</b> 2005	<b>March 31,</b> 2004
----- (Rs. in '000s) -----		
Cash flows from operating activities:		
Profit for the period before taxation	375,179	333,847
Adjustment for:		
Depreciation on fixed assets	3,187	2,766
Provision for staff bonus	10,250	3,250
Gain on sale of fixed assets	(806)	-
Lease finance charges	-	2
	12,631	6,018
	387,810	339,865
(Increase) / Decrease in operating assets:		
Long term loans and term finance	(68,944)	(13,541)
Short term investments	182,727	521,207
Loans and advances	(629,163)	239,949
Funds placements	(215,876)	(384,681)
Receivable for sale of marketable securities	(83,091)	(29,276)
Prepayments, accruals and other receivables	(40,811)	251
	(855,158)	333,909
Increase / (Decrease) in operating liabilities:		
Short term borrowings	(316,642)	(1,004,154)
Payable for purchase of marketable securities	64,706	17,486
Trade and other payable	(113,672)	9,566
	(365,608)	(977,102)
Net cash (used in) operating activities before income tax	(832,956)	(303,328)
Income tax refund	23,299	23,768
Net cash (used in) operating activities	(809,657)	(279,560)
Cash flows from investing activities:		
Acquisition of fixed assets	(2,965)	(5,830)
Sale proceeds from disposal of fixed assets	1,445	-
Long term deposits	240	(1,349)
Dividend paid	-	(28,438)
Net cash (outflow) from long term investments	(199,344)	(83,410)
Net cash (used in) investing activities	(200,624)	(119,027)
Cash flows from financing activities		
Issuance of certificates of deposit	1,072,831	467,205
Payment of lease rentals	-	(47)
Net cash generated from financing activities	1,072,831	467,158
Net increase in cash and cash equivalents	62,550	68,571
Cash and cash equivalents at beginning of the period	195,060	5,981
Cash and cash equivalents at end of the period	257,610	74,552

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

**Mazharul Haq Siddiqui**  
Chairman

**Muhammad Yousuf Amanullah**  
Chief Executive

JAHANGIR SIDDIQUI INVESTMENT BANK Ltd

# STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED MARCH 31, 2005  
(UN-AUDITED)

	Issued, Subscribed and Paid-up Capital	Reserves			Total	Total
		Capital	Revenue			
		Special Reserve	Reserve for issue of bonus shares	Unappro- priated Profit		
----- (Rs. in 000s) -----						
Balance as at July 1, 2003-as previously reported	227,500	94,202	-	219,300	313,502	541,002
Effect of change in accounting policy						
Final dividend for the year ended June 30, 2003 declared subsequent to the year end	-	-	-	28,438	28,438	28,438
Balance as at July 01, 2003-restated	227,500	94,202	-	247,738	341,940	569,440
Effect of change in accounting policy						
Final dividend for the year ended June 30, 2003 declared subsequent to the year end				(28,438)	(28,438)	(28,438)
Net profit for the period	-	-	-	324,489	324,489	324,489
Interim dividend				(34,125)	(34,125)	(34,125)
Balance as at March 31, 2004	227,500	94,202	-	509,664	603,866	831,366
Balance as at July 01, 2004	227,500	182,342	227,500	310,235	720,077	947,577
Effect of change in accounting policy						
Bonus declared subsequent to the year end	-	-	(227,500)	227,500	-	-
Balance as at July 01, 2004-restated	227,500	182,342	-	537,735	720,077	947,577
Effect of change in accounting policy						
Bonus declared subsequent to the year end	-	-	227,500	(227,500)	-	-
Net profit for the period	-	-	-	371,732	371,732	371,732
Bonus shares issued during the period	625,625		(227,500)	(398,125)	(625,625)	-
Balance as at March 31, 2005	853,125	182,342	-	283,842	466,184	1,319,309

These annexed notes form an integral part of these financial statements.

# *NOTES TO THE FINANCIAL STATEMENTS*

FOR THE PERIOD ENDED MARCH 31, 2005  
(UN-AUDITED)

1. Legal status and operation

Jahangir Siddiqui Investment Bank Limited (JSIBL) is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 and is quoted on the Karachi Stock Exchange. The registered office of the Company is situated at Room No. 1301-1303, 13th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi, Pakistan. JSIBL is licensed to carry out business of investment finance services as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 issued by the Securities and Exchange Commission of Pakistan (SECP) (previously this was covered under SRO 585(1)/87 dated July 13, 1987, issued by the Ministry of Finance). The Company is a subsidiary of Jahangir Siddiqui & Company Limited.

2. Basis of presentation

These financial statements are unaudited and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standards 34 "Interim Financial Reporting" as applicable in Pakistan.

3. Accounting Policies

The accounting policies and methods of computation followed for the preparation of these financial statements are the same as those applied in preparing the financial statements for the year ended June 30, 2004 except for the change in accounting policy as stated below:

Change in accounting policy

During the period, the Securities and Exchange Commission of Pakistan substituted the Fourth Schedule to the Companies Ordinance, 1984, which is effective from the financial year ending on or after July 05, 2004. This has resulted in the change in accounting policy pertaining to recognition of dividend and other appropriations (except statutory reserve) declared subsequent to the year/period end. Dividend and other appropriations of profit are now recognized in the period in which these are declared. Up until the previous year, dividends declared and appropriations made after the balance sheet date but before the financial statements were authorized for issue, were recognized as of the balance sheet date. The change in accounting policy has been accounted for retrospectively and comparative information has been restated in accordance with the benchmark treatment specified in IAS-8 (Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies). Had there been no change in accounting policy, the unappropriated profit would have been lower by Rs. 227,500(000) [June 30, 2003: 28,438(000)] and the trade and other payable would have been higher by Rs. Nil [June 30, 2003: 28,438(000)] and reserve for the issue of bonus shares would have been higher by Rs. 227,500(000) [June 30, 2003: Nil]. The effect of the change in accounting policy has been reflected in the statement of changes in equity. The change in accounting policy has not resulted in any change in the profit for the current period.

4. Short term investments

Available-for-sale

Listed securities

Term finance certificates  
Open-ended mutual funds units

Unlisted securities

Term finance certificates  
WAPDA Bonds

Held for trading

Government securities  
Pakistan Investment Bonds  
Listed shares

	March 31, 2005	June 30, 2004
----- (Rs. in '000s) -----		
	351,554	480,744
	396,268	191,594
	140,327	98,232
	-	50,750
	12,740	379,302
	30,512	108,381
	<u>931,401</u>	<u>1,309,003</u>

JAHANGIR SIDDIQUI INVESTMENT BANK Ltd

	March 31, 2005	June 30, 2004
----- (Rs. in '000s) -----		
5. Loans and advances		
Term loan -Considered good	503,780	81,590
-Considered doubtful	-	12
Discounted promissory notes-considered good	-	9,805
	503,780	91,407
Less: Provision for non-performing loans	-	12
	503,780	91,395
Current maturity of long term loans and term finances	9,626	4,360
	513,406	95,755
Short term advances	221,512	10,000
	<u>734,918</u>	<u>105,755</u>

6. Contingencies and Commitments

6.1 Contingencies

There is no significant change in the status of contingent liabilities of the company since the last annual balance sheet.

6.2 Commitments

Forward sale commitments	-	63,908
Underwriting commitments	183,000	523,000
Pre-IPO commitments	15,000	65,000

	For the period July-March 2005	For the period July-March 2004	Quarter Ended Jan-March 2005	Quarter Ended Jan-March 2004
----- (Rs. in '000s) -----				
7. Transaction with associated undertakings/ Related parties				
Cumulative sum of money market instruments purchased	1,115,052	1,636,697	88,382	644,800
Cumulative sum of money market instruments sold	1,972,528	1,300,803	249,000	475,187
Cumulative sum of funds borrowed from financial institutions	150,000	585,000	150,000	-
Expense on funds borrowed from financial institutions	38	76	38	-
Sale of marketable securities (including resale under reverse repurchase agreements)	32,338,750	4,227,391	20,058,952	1,151,316
Purchase of marketable securities (including purchase under reverse repurchase agreements)	33,464,304	4,300,760	20,501,273	1,386,115
Brokerage	353	568	97	160
Rent	1,536	1,392	509	468
Security services	112	108	41	36

8. General

8.1 Prior period figures have been rearranged, wherever necessary, to facilitate the comparison.

8.2 These financial statements were authorized for issue by the Board of Directors on April 20, 2005.

8.3 Figures have been rounded off to the nearest thousand rupees.

Mazharul Haq Siddiqui  
Chairman

Muhammad Yousuf Amanullah  
Chief Executive

BOOK POST  
UNDER POSTAL CERTIFICATE

*If undelivered please return to:-*

**JAHANGIR SIDDIQUI INVESTMENT BANK Ltd.**

Registered Office: 1301-1303, 13th Floor,

Chapal Plaza, Hasrat Mohani Road,

Karachi-74000, Pakistan.

Tel: (9221) 2429445-7 Fax: (9221) 2429448