

Financial Statements For The
Quarter Ended
March 31, 2006
(Un-Audited)



Jahangir Siddiqui Investment Bank Ltd.

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. Zainul Abidin Memon. Mr. Firasat Ali
Company Secretary	Mr. Khwaja Jamaluddin Nasir
Auditors	Messrs. Ford Rhodes Sidat Hyder & Co. Chartered Accountants
Bankers	ABN-AMRO Bank N.V. Allied Bank Limited Bank Al Falah Limited Bank Al Habib Limited Citibank N. A. Habib Bank Limited KASB Bank Limited Metropolitan Bank Limited MCB Bank Limited PICIC Commercial Bank Limited Prime Commercial Bank Limited Saudi Pak Commercial Bank Limited Union 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, 2006.

Economic Review

After a brilliant 8.4% economic growth that Pakistan's economy achieved during FY05, a slight slowdown is expected this year. This would mainly be on account of a slower growth in agriculture and manufacturing from that of last year.

Exports during July-February FY06 showed an increase of 20.6% in rupee term and 19.6% in US Dollar. But imports increased at higher pace, showing an unprecedented growth of 47.4% in rupee terms and 46.3% in US\$ terms due to import of petroleum products, machinery and raw materials. Inflation that started increasing since May last year has come down to 8.05% in February 2006 from 9.3% recorded in June 2005.

During the period under review, bullish trend ruled the market with benchmark KSE-100 Index posted a significant growth of 54% to close at 11,486 points on March 31, 2006 from 7,450 on June 30, 2005. In this way, the market has gained 4,036 points during the first nine months of FY06. Yet another history was written as market for the first time entered into the 11,000 points level in February 2006. New highs were recorded in terms of both levels and average volume traded with 100 Index rising to a new high of 11,609 points on February 23, 2006. Positive investor sentiments were developed in the wake of the strong corporate sector profitability and hefty dividend payouts by companies' especially public sector entities. Policies on privatization, liberalization and deregulation encouraged private investments and have had a profound effect on the stock market.

Operating Performance

The focus on enhanced profitability and sustainable growth through broader range of Products & Services has resulted in a two fold increase in the profitability of your company.

During the period, your company attained an after tax profit of Rs 530.783 million as compared to Rs. 371.732 million over the corresponding period last year. The higher return achieved during the period was due to increased capital gains realized on sale of securities.

Total assets increased to Rs 7.5 billion from Rs 4.8 billion as at June 30, 2005 which reflects the continued commitment of the management to achieve sustainable growth. The deposit base of your company has also shown growth from Rs. 2.08 billion as at June 30, 2005 to Rs. 2.86 billion as at March 31, 2006.

Your company continued to excel in major business parameter during the period. The growth in deposits and investments is higher than the last period. The management of your company has made strenuous efforts in all critical areas of operations to improve the quality of its assets and manage its liabilities in as cost effective way as possible.

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

As regards the future, we remain dedicated to our core purpose of promoting savings and investment in Pakistan. Our action 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 places on record its appreciation for the dedicated services and hardwork of the JSIBL team. We also thank our valued clients and the financial institutions for their support and confidence. The Board also expresses 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, 2006
(UN-AUDITED)

		March 31, 2006	June 30, 2005
Assets	Note	----- (Rs. in '000s) -----	
Non-current assets			
Property, plant and equipment		7,875	9,700
Stock exchange membership card		11,101	11,101
Long term investments		469,214	237,728
Long term loans and term finances		33,458	93,369
Long term deposits		2,416	2,416
Deferred taxation		-	1,247
		524,064	355,561
Current assets			
Short term investments	4	2,763,085	1,340,480
Loans and advances		398,245	502,185
Fund placements		2,549,495	2,455,523
Receivable against sale of marketable securities		182,818	20,882
Prepayments, accruals & other receivables		767,061	53,101
Taxation-net		31,437	6,942
Cash and bank balances		263,377	81,816
		6,955,518	4,460,929
		7,479,582	4,816,490
Equity & Liabilities			
Share capital & reserves			
Authorised capital			
500,000,000 (June 2005: 500,000,000) ordinary shares of Rs. 10 each		5,000,000	5,000,000
Issued, subscribed and paid up capital			
85,312,500 (June 2005: 85,312,500) ordinary shares of Rs. 10 each		853,125	853,125
Reserves		856,771	462,488
Shareholders' equity		1,709,896	1,315,613
Surplus / (Deficit) on revaluation of investments		148,600	(113,370)
Non-current liabilities			
Certificates of deposit		240,603	155,440
Current liabilities			
Certificates of deposit		2,622,407	1,925,211
Trade and other payables		238,673	91,755
Short term borrowings		2,480,938	1,186,729
Payable for purchase of marketable securities		38,465	255,112
		5,380,483	3,458,807
Contingencies and commitments			
	5	7,479,582	4,816,490
		7,479,582	4,816,490

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, 2006
(UN-AUDITED)

	Jul-Mar 2006	Jul-Mar 2005	Jan-Mar 2006	Jan-Mar 2005
----- (Rs. in '000s) -----				
Income				
Income from investments/reverse repurchase transactions	200,526	136,065	104,499	63,862
Return on fund placements with financial institutions	21,799	19,194	5,595	7,066
Capital gains on disposal of investments/ reverse repurchase transactions	655,767	386,172	388,613	214,526
Mark-up on loans and term finances	41,952	24,815	9,990	13,340
Consulting and corporate advisory fees	3,656	2,121	1,610	526
Commission and fees	3,120	13,532	938	2,082
Gain on sale of fixed assets	-	806	-	333
Other income	12,954	1,909	3,441	691
	939,774	584,614	514,686	302,426
Operating Expenses				
Return on certificates of deposit	170,723	49,687	57,204	31,436
Mark-up on short term running finance	15,338	25,509	2,839	18,881
Mark-up on borrowings from banks/ NBFCs	121,369	44,191	63,729	18,907
Administrative and operating expenses	93,154	90,048	26,678	41,582
	400,584	209,435	150,450	110,806
Profit before taxation	539,190	375,179	364,236	191,620
Taxation	(8,407)	(3,447)	(4,238)	(1,850)
Profit after taxation	530,783	371,732	359,998	189,770
	Rupees	Rupees	Rupees	Rupees
Basic and diluted earnings per share	6.22	4.36	4.22	2.22

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

CASH FLOW STATEMENT

FOR THE PERIOD ENDED
MARCH 31, 2006
(UN-AUDITED)

	March 31 2006	March 31 2005
----- (Rs. in '000s) -----		
Cash flows from operating activities:		
Profit for the period before taxation	539,190	375,179
Adjustment for:		
Provision for impairment	17,912	-
Depreciation on fixed assets	3,341	3,187
Provision for staff bonus	4,500	10,250
Gain on sale of fixed assets	-	(806)
	25,753	12,631
	564,943	387,810
(Increase) / Decrease in operating assets:		
Long term loans and term finances	59,911	(68,944)
Short term investments	(1,236,678)	182,727
Loans and advances	103,940	(629,163)
Funds placements	(93,972)	(215,876)
Receivable against sale of marketable securities	(161,936)	(83,091)
Prepayments, accruals and other receivables	(713,496)	(40,811)
	(2,042,231)	(855,158)
Increase / (Decrease) in operating liabilities:		
Trade and other payable	5,918	(113,672)
Short term borrowings	1,294,209	(316,642)
Payable for purchase of marketable securities	(216,647)	64,706
	1,083,480	(365,608)
Net cash used in operating activities before income tax	(393,808)	(832,956)
Income tax (paid) / refund	(31,653)	23,299
Net cash used in operating activities	(425,461)	(809,657)
Cash flows from investing activities:		
Acquisition of fixed assets	(1,981)	(2,965)
Sale proceeds from disposal of fixed assets	-	1,445
Long term deposits	-	240
Net cash (outflow) from long term investments	(173,356)	(199,344)
Net cash used in investing activities	(175,337)	(200,624)
Cash flows from financing activities:		
Issuance of certificates of deposit	782,359	1,072,831
Net cash generated from financing activities	782,359	1,072,831
Net increase in cash and cash equivalents	181,561	62,550
Cash and cash equivalents at beginning of the period	81,816	195,060
Cash and cash equivalents at end of the period	263,377	257,610

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

Mazharul Haq Siddiqui
Chairman

Muhammad Yousuf Amanullah
Chief Executive

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED MARCH 31, 2006
(UN-AUDITED)

	Issued, Subscribed and Paid-up Capital	Reserves		Total	Total
		Capital	Revenue		
	Special Reserve	Unappropriated Profit			
----- (Rs. in 000's) -----					
Balance as at July 1, 2004	227,500	182,342	537,735	720,077	947,577
275% bonus shares issued during the period	625,625	-	(625,625)	(625,625)	-
Net profit for the period	-	-	371,732	371,732	371,732
Balance as at March 31, 2005	<u>853,125</u>	<u>182,342</u>	<u>283,842</u>	<u>466,184</u>	<u>1,319,309</u>
Balance as at July 1, 2005	853,125	255,949	206,539	462,488	1,315,613
Net profit for the period	-	-	530,783	530,783	530,783
Interim dividend (@ Rs. 1.60 per share)			(136,500)	(136,500)	(136,500)
Balance as at March 31, 2006	<u>853,125</u>	<u>255,949</u>	<u>600,822</u>	<u>856,771</u>	<u>1,709,896</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2006
(UN-AUDITED)

1. Legal Status and operation

1.1 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). The Company is a subsidiary of Jahangir Siddiqui & Company Limited.

1.2 The company and its holding company, Jahangir Siddiqui & Company Limited, has entered into a Framework Agreement with American Express Bank Limited, New York (AEBL) on November 10, 2005 for acquisition of its Pakistan Operations. According to the said agreement, the commercial banking business with the specified assets and liabilities of the AEBL-Pakistan Operations will be transferred to a new banking company by means of a Scheme of Amalgamation under section 48 of the Banking Companies Ordinance, 1962 and simultaneously the investment banking business of the company with all the assets and liabilities will be transferred to a New Banking Company under a separate Scheme of Amalgamation under Section 48 of the Banking Companies Ordinance, 1962. With regard to this matter, the Company is in the process of completing corporate and legal formalities.

These financial statements have been prepared on a going concern basis as all the assets and liabilities of the Company will be transferred to the New Banking Company under a scheme of Amalgamation as stated above.

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 Standard 34 "Interim Financial Reporting" as applicable in Pakistan.

3. Accounting Policies

The accounting policies followed for the preparation of these financial statements are the same as those applied in preparing the financial statements of the company for the year ended June 30, 2005.

4. Short term investments

Available-for-sale

Listed securities

Open-ended mutual funds units
Term finance certificates

Unlisted securities
Term finance certificates

Held for trading

Government securities
Pakistan Investment Bonds
T Bills-One year
Listed shares

March 31, 2006	June 30, 2005
----- (Rs. in '000s) -----	

832,435	363,441
336,635	414,424
90,965	131,443
35,158	
663,804	
804,088	431,172
<u>2,763,085</u>	<u>1,340,480</u>

5. Contingency and Commitments

5.1 Contingency

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

	March 31, 2006	June 30, 2005
----- (Rs. in '000s) -----		
5.2 Commitments		
Forward sale commitments	-	232,476
Forward purchase commitments	-	88,875
Underwriting commitments	175,000	148,000

	For the period July-March 2006	For the period July-March 2005	Quarter Ended Jan-March 2006	Quarter Ended Jan-March 2005
----- (Rs. in '000s) -----				

6. Transaction with associated undertakings / Related parties

Cumulative sum of money market instruments purchased	1,254,617	1,115,052	231,269	88,382
Cumulative sum of money market instruments sold	280,372	1,972,528	90,938	249,000
Cumulative sum of funds borrowed from				
financial institutions	-	150,000	-	150,000
Expense on funds borrowed from financial institutions	-	38	-	38
Sale of marketable securities (including resale under reverse repurchase agreements)	61,338,787	32,338,750	22,904,186	20,058,952
Purchase of marketable securities (including purchase under reverse repurchase agreements)	61,857,461	33,464,304	22,334,479	20,501,273
Interest on Loan	2,693	-	775	-
Brokerage	423	353	171	97
Rent	1,297	1,536	342	509
Security services	-	112	-	41
Purchase of fixed assets	830	-	-	-

7. Dividend

The Board of Directors in its meeting held on April 22nd, 2006 has declared 2nd Interim dividend of Rs. 3.30/- per share for the year ending June 30, 2006 amounting to Rs. 281,531,250/- . These financial statements do not include the effect of the aforesaid dividend.

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 22nd, 2006.
- 8.3 Figures have been rounded off to the nearest thousand rupees.

Mazharul Haq Siddiqui
Chairman

Muhammad Yousuf Amanullah
Chief Executive

Jahangir Siddiqui Investment Bank Ltd.

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Chapal Plaza, Hasrat Mohani Road,
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