

JAHANGIR SIDDIQUI INVESTMENT BANK *Ltd.*

Financial Statements For The
Quarter Ended
March 31, 2004
(Un-Audited)

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COMPANY INFORMATION

Board of Directors	Mr. Mazharul Haq Siddiqui (Chairman) Mr. Maqbool Ahmed Soomro (Vice Chairman) Mr. Sarfaraz Ahmed Khanani (Chief Executive Officer) Mr. Munawar Alam Siddiqui Mr. Salman Rashid Mr. Saad Saeed Faruqui Mr. Firasat Ali
Company Secretary	Mr. Sarfaraz Ahmed Khanani
Auditors	Messrs. Ford Rhodes Sidat Hyder & Co. Chartered Accountants
Bankers	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, 2004.

Economic Review

The improvement in the country's economic environment is emphatically punctuated by indicators such as the record high exports, the sharp rise in imports of machinery and inputs, the continuing surge in capacity utilization, the strong growth in taxes and above all the record growth in net private sector credit.

Low interest rates contributed to the growth and development of the consumer credit market, increased access of relatively cheap credit to agriculture, and played an important role in boosting the competitiveness of Pakistani exports (particularly in the face of an appreciating rupee).

The market remained bullish during the quarter January-March 2004 with the KSE-100 index soaring by 14.2% to the 5106.67 points level as against 4471.6 points as on December 31, 2003. Cumulatively during the nine months of the current fiscal July 2003 - March 2004, the index portrayed an overall growth of 50.1%.

Operating Performance

During the last nine months your Company earned a post-tax profit of Rs. 324.489 million compared to a post-tax profit of Rs. 167.570 million over the corresponding period last year. The increase can be attributed to the rapid increase in capital gains on sale of securities, which amounted to Rs. 274.285 for the period from Rs. 134.808 million for corresponding period last year. The income on Term Finance Certificates has also increased to Rs. 47.693 million for the period as compared to Rs. 32.192 million of the corresponding period due to increase in investment in Term Finance Certificates.

Credit Rating

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

Outlook

JSIBL's management is optimistic about the company's future prospect and is fully aware of the need of the hour and are determined to maintain its growth by devising new strategies to diversify and develop new niches for achieving enhanced market share in the Investment Banking sector.

The management expresses its gratitude for the support extended to us by our clients and the efforts of our employees. The management is also grateful to the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan for their valuable guidance provided to us from time to time.

Karachi: April 21, 2004.

Mazharul Haq Siddiqui
Chairman

BALANCE SHEET

AS AT MARCH 31, 2004
(UN-AUDITED)

		March 31, 2004	June 30, 2003
	Note	----- Rs. (000) -----	
Assets			
Non-current assets			
Fixed assets		9,475	6,408
Long term deposits		2,681	1,332
Long term loans and term finance		23,098	9,557
Long term investments	4	456,202	416,267
Deferred taxation		497	-
		491,953	433,564
Current assets			
Short term investments	5	993,779	1,627,398
Short term advances		-	78,600
Short term loans	6	46,067	207,416
Fund placements		994,763	610,082
Receivable for sale of marketable securities		50,976	21,700
Prepayments, accruals & other receivables		34,948	35,199
Taxation-net		22,854	56,435
Cash and bank balances		74,552	5,981
		2,217,939	2,642,811
		2,709,892	3,076,375
Equity & Liabilities			
Share capital & reserves			
Authorised capital			
50,000,000 (June 2003: 50,000,000) ordinary shares of Rs. 10 each		500,000	500,000
Issued, subscribed and paid up capital			
22,750,000 (June 2003: 22,750,000) ordinary shares of Rs. 10 each		227,500	227,500
Reserves		603,866	313,502
Shareholders' equity		831,366	541,002
Surplus on revaluation of investments		243,279	390,244
Non-current liabilities			
Deferred Taxation		-	8,922
Current liabilities			
Certificates of deposit		811,061	343,856
Running finance utilized under markup arrangements		-	203,154
Borrowing from banks / NBFCs		700,000	1,501,000
Payable for purchase of marketable securities		37,803	20,317
Advances, accrued expenses and other liabilities		52,258	39,442
Proposed dividend		34,125	28,438
		1,635,247	2,136,207
Contingency and commitments	7		
		2,709,892	3,076,375
		2,709,892	3,076,375

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

Mazharul Haq Siddiqui
Chairman

Sarfraz Ahmed Khanani
Chief Executive

JAHANGIR SIDDIQUI INVESTMENT BANK Ltd

PROFIT AND LOSS ACCOUNT

FOR THE QUARTER AND PERIOD
ENDED MARCH 31, 2004
(UN-AUDITED)

	July- March 2004	July- March 2003	Jan- March 2004	Jan- March 2003
----- Rs. (000) -----				
Income				
Income from investments/reverse repurchase transactions	102,318	100,120	30,845	25,817
Return on fund placements with financial institutions	13,922	9,202	1,999	530
Capital gains/(loss) on disposal of investments/ reverse repurchase transactions	274,285	134,808	92,005	120,252
Income on loans	5,759	23,090	1,326	6,753
Consulting and corporate advisory fees	7,293	604	1,545	240
Commission and fees	2,105	3,098	732	1,304
Other income	3,125	4,163	1,472	1,339
	<u>408,807</u>	<u>275,085</u>	<u>129,924</u>	<u>156,235</u>
Operating Expenses				
Return on certificates of deposits	16,337	20,434	7,424	7,030
Mark-up on short term running finance	406	1,547	102	391
Mark-up on borrowings from banks/ NBFCs	19,911	40,294	4,783	9,918
Administrative and operating expenses	38,306	37,431	14,961	18,848
	<u>74,960</u>	<u>99,706</u>	<u>27,270</u>	<u>36,187</u>
Profit before taxation	333,847	175,379	102,654	120,048
Taxation	(9,358)	(7,809)	(2,896)	(4,087)
Profit after taxation	<u>324,489</u>	<u>167,570</u>	<u>99,758</u>	<u>115,961</u>
Unappropriated profit brought forward	219,300	80,111	444,031	131,720
	<u>543,789</u>	<u>247,681</u>	<u>543,789</u>	<u>247,681</u>
Appropriations				
Interim dividend at the rate of Rs. 1.50 (2003: Nil) per share	(34,125)	-	(34,125)	-
Unappropriated profit carried forward	<u>509,664</u>	<u>247,681</u>	<u>509,664</u>	<u>247,681</u>
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
Basic earnings per share	<u>14.26</u>	<u>7.37</u>	<u>4.38</u>	<u>5.10</u>

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

CASH FLOW STATEMENT

FOR THE PERIOD ENDED
MARCH 31, 2004
(UN-AUDITED)

	March 31, 2004	March 31, 2003
	-----Rs. (000) -----	
Cash flows from operating activities:		
Profit for the period before taxation	333,847	175,379
Adjustment for:		
Depreciation on fixed assets	2,766	1,836
Provision for staff bonus	3,250	15,000
Lease finance charges	2	16
	6,018	16,852
	339,865	192,231
(Increase)/ decrease in operating assets:		
Short term investments	521,207	(709,983)
Short term loans	147,808	15,730
Funds placements with financial institutions	(384,681)	135,898
Receivable from sale of marketable securities	(29,276)	-
Prepayments, accruals and other receivables	251	(10,632)
	255,309	(568,987)
Increase/(Decrease) in operating liabilities		
Running finance utilized under mark-up arrangements	(203,154)	(79,442)
Borrowings from banks/NBFCs	(801,000)	718,000
Payable for purchase of marketable securities	17,486	22,817
Advances, accrued expenses and other liabilities	9,566	21,170
	(977,102)	682,545
Net Cash (used in)/ generated from operating activities before income tax	(381,928)	305,789
Income tax paid	23,768	(5,206)
Net cash (used in)/ generated from operating activities	(358,160)	300,583
Cash flows from investing activities:		
Acquisition of fixed assets	(5,830)	(4,547)
Advance for subscription of term finance certificate	78,600	32,105
Long term deposits	(1,349)	100
Dividend paid	(28,438)	-
Net cash (outflow)/ inflow from long term investments	(83,410)	(279,776)
Net cash (used in) investing activities	(40,427)	(252,118)
Cash flows from financing activities		
Issuance of certificates of deposit	467,205	136,400
Payment of lease rentals	(47)	(194)
Net cash generated from financing activities	467,158	136,206
Net increase in cash and cash equivalents	68,571	184,671
Cash and cash equivalents at beginning of the period	5,981	6,705
Cash and cash equivalents at end of the period	74,552	191,376

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

Mazharul Haq Siddiqui
Chairman

Sarfraz Ahmed Khanani
Chief Executive

JAHANGIR SIDDIQUI INVESTMENT BANK Ltd

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED MARCH 31, 2004
(UN-AUDITED)

	Issued, Subscribed and Paid-up Capital	Capital <u>Reserve</u> Special Reserve	Revenue <u>Reserve</u> Unappropriated Profit	Total
	----- Rs. (000) -----			
Balance as at July 1, 2002	227,500	52,295	80,111	359,906
Net profit for the period	-	-	167,570	167,570
Balance as at March 31, 2003	<u>227,500</u>	<u>52,295</u>	<u>247,681</u>	<u>527,476</u>
Balance as at July 1, 2003	227,500	94,202	219,300	541,002
Net profit for the period	-	-	324,489	324,489
Interim dividend	-	-	(34,125)	(34,125)
Balance as at March 31, 2004	<u>227,500</u>	<u>94,202</u>	<u>509,664</u>	<u>831,366</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2004
(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 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.

2. Basis of preparation

These financial statements are unaudited 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, 2003.

	March 31, 2004	June 30, 2003
----- Rs. (000) -----		
4. Long term investments		
Available-for-sale		
Listed shares/ units/ rights entitlement	456,202	414,681
Unlisted shares	-	1,586
	<u>456,202</u>	<u>416,267</u>
5. Short term investments		
Available-for-sale		
Listed securities		
Open-ended mutual funds units	191,818	115,199
Term finance certificates	504,728	492,897
Unlisted securities		
Wapda Bonds	-	38,105
Term finance certificate	172,368	-
Government securities		
Pakistan Investment Bonds	-	275,464
Held for trading		
Government securities		
Pakistan Investment Bonds	64,864	216,639
Listed shares	60,001	489,094
	<u>993,779</u>	<u>1,627,398</u>

JAHANGIR SIDDIQUI INVESTMENT BANK Ltd

	March 31, 2004	June 30, 2003
	----- Rs. (000)-----	
6. Short term loans		
Considered good	42,178	196,460
Considered doubtful	182	182
	42,360	196,642
Less: Provision for non-performing loans	182	182
	42,178	196,460
Current maturity of long term loans and term finances	3,889	10,956
	<u>46,067</u>	<u>207,416</u>

7. Contingency and Commitments

7.1 Contingency

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

7.2 Commitments

Forward sale commitments	66,582	689,443
Underwriting commitments	523,000	135,000
Pre-IPO commitments	135,000	160,000
Guarantee commitment	-	50,000

6. Related party transactions

	July-March 2004	July-March 2003
	----- Rs. (000)-----	
Cumulative sum of money market instruments purchased	1,636,697	-
Cumulative sum of money market instruments sold	1,300,803	-
Cumulative sum of funds borrowed from financial institutions	585,000	375,000
Expense on funds borrowed from financial institutions	76	520
Receivable for sale of marketable securities	50,976	-
Payable for sale of marketable securities	-	23,107
Sale of marketable securities (including resale under reserve repurchase agreements)	4,227,391	983,694
Purchase of marketable securities (including purchase under reserve repurchase agreements)	4,300,760	850,600
Dividend received	-	6,861
Brokerage	568	138
Rent	1,392	1,275
CDC charges	-	645
Certificates of Investment issued	-	315,000
Certificates of investment matured	-	434,500
Return on Certificates of investment	-	914
Security services	108	-

9. General

- 9.1 Prior period figures have been rearranged, wherever necessary, to facilitate the comparison
- 9.2 These financial statements were authorized for issued by the Board of Directors on April 21, 2004.
- 9.3 Figures have been rounded off to the nearest thousand rupee.

Mazharul Haq Siddiqui
Chairman

Sarfaraz Ahmed Khanani
Chief Executive

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