

JAHANGIR SIDDIQUI INVESTMENT BANK *Ltd.*

Financial Statements For The
Half Year Ended
December 31, 2005
(Un-Audited)

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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. 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,

CHAIRMAN'S REPORT

TO THE MEMBERS

On behalf of the Board of Directors, I am pleased to present the un-audited financial statements, duly reviewed by our external auditors, for the half year ended December 31, 2005.

Economic Review

Pakistan's macroeconomic fundamentals, which had weakened somewhat last year after substantial improvement in the preceding three years, came under further pressure in the first four months of FY2006. In agriculture, of the three major summer crops, cotton output and sugarcane crop is estimated to be lower than last year. However, only the rice crop is estimated to be larger than last year. In industry sector slowed down was mainly due to lower growth in production of large scale manufacturing.

The Stock market continued its rising momentum even at a higher pace during Oct-Dec 2005. In this period, the benchmark KSE-100 Index surged by 16% from 8226 points on Sep 30, 2005 to 9886 points. Positive investor sentiments were developed in the wake of the strong corporate sector profitability and hefty dividend payouts by companies especially public sector institutions. Policies on privatization have supported the market momentum, liberalization and deregulation encouraged private investments and had a profound effect on the stock market.

Operating Performance

During the period, your company attained an after tax profit of Rs. 170.785 million as compared to Rs. 181.962 million over the corresponding period last year.

Total assets increased to Rs. 7.8 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. 2.76 billion as at December 31, 2005.

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 records its appreciation for the dedicated services and hard work of the JSIBL team. We also thank our valued clients and the financial institutions for their support and confidence. The Board also 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

Karachi: 25th February, 2006

Mazharul Haq Siddiqui
Chairman

REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed Balance Sheet of JAHANGIR SIDDIQUI INVESTMENT BANK LIMITED as at December 31, 2005, and the related Profit and Loss Account, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof (hereinafter 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's 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 annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Without qualifying our opinion, we draw attention to note 1.2 to the financial statements regarding the execution of a Framework Agreement by the Company and its Holding Company with American Express Bank Limited, New York (AEBL) whereby the Company and AEBL-Pakistan Branches will be amalgamated under a Scheme of Amalgamation under Section 48 of the Banking Companies Ordinance, 1962.

Karachi: 25th February, 2006

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

BALANCE SHEET

AS AT DECEMBER 31, 2005
(UN-AUDITED)

		December 31, 2005 (Un-Audited)	June 30, 2005 (Audited)
		----- (Rs. in '000s) -----	
Assets			
Non-current assets			
Property, plant and equipment		8,458	9,700
Stock exchange membership card		11,101	11,101
Long term investments	4	283,781	237,728
Long term loans and term finances		32,955	93,369
Long term deposits		2,416	2,416
Deferred taxation	5	-	1,247
		338,711	355,561
Current assets			
Short term investments	6	3,107,344	1,340,480
Loans and advances	7	274,893	502,185
Fund placements		3,156,755	2,455,523
Receivable against sale of marketable securities		154,097	20,882
Prepayments, accruals & other receivables		55,354	53,101
Taxation-net		22,072	6,942
Cash and bank balances	8	687,951	81,816
		7,458,466	4,460,929
		7,797,177	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		633,273	462,488
Shareholders' equity		1,486,398	1,315,613
Surplus/ (Deficit) on revaluation of investments-net		183,935	(113,370)
Non-current liabilities			
Certificates of deposit		229,533	155,440
Current liabilities			
Certificates of deposit		2,533,139	1,925,211
Trade and other payables		101,535	91,755
Short term borrowings	9	3,242,952	1,186,729
Payable for purchase of marketable securities		19,685	255,112
		5,897,311	3,458,807
Contingencies and commitments	10	-	-
		7,797,177	4,816,490

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

PROFIT AND LOSS ACCOUNT

FOR THE HALF YEAR ENDED
DECEMBER 31, 2005
(UN-AUDITED)

Note	Half-Year Ended		Quarter Ended	
	December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004
----- (Rs. in '000s) -----				
Income				
	96,027	72,203	69,016	42,139
Income from investments/reverse repurchase transactions	16,204	12,128	7,593	7,623
Return on fund placements with financial institutions				
Capital gains on disposal of investments/reverse repurchase transactions	267,154	171,646	213,443	28,196
11	31,962	11,475	15,193	8,622
Mark-up on loans and term finances	2,046	1,595	1,162	986
Consulting and corporate advisory fees	2,182	11,450	389	5,993
Commission and fees	-	473	-	-
Gain on sale of fixed assets	9,513	1,218	9,086	61
Other income	425,088	282,188	315,882	93,620
Operating Expenses				
	113,519	18,251	56,553	12,061
Return on certificates of deposit	12,499	6,628	8,830	6,213
Mark-up on short term running finance	57,640	25,284	36,632	16,905
Mark-up on borrowings from banks / NBFCs	66,476	48,466	49,442	21,687
Administrative and operating expenses	(250,134)	(98,629)	(151,457)	(56,866)
	174,954	183,559	164,425	36,754
Profit before taxation	(4,169)	(1,597)	(1,021)	571
Taxation	170,785	181,962	163,404	37,325
Profit after taxation				
	Rupees	Rupees	Rupees	Rupees
Basic and diluted earnings per share	2.00	2.13	1.92	0.44

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

CASH FLOW STATEMENT

FOR THE HALF YEAR ENDED
DECEMBER 31, 2005
(UN-AUDITED)

	Half-Year Ended	
	December 31, 2005	December 31, 2004
----- (Rs. in '000) -----		
Cash flows from operating activities:		
Profit before taxation	174,954	183,559
Adjustments for:		
Provision for impairment	22,012	-
Provision for staff bonus	1,800	2,250
Depreciation	2,176	2,190
Gain on sale of fixed assets	-	(473)
	25,988	3,967
	200,942	187,526
Decrease / (increase) in operating assets:		
Long term loans and term finance	60,414	(46,769)
Short term investments	(1,469,559)	(299,511)
Loans and advances	227,292	(565,524)
Funds placements	(701,232)	(1,301,409)
Receivable against sale of marketable securities	(133,215)	(59,118)
Prepayments, accruals and other receivables	(2,253)	(18,685)
	(2,018,553)	(2,291,016)
(Decrease) / Increase in operating liabilities:		
Trade and other payable	7,980	255,106
Short term borrowings	1,446,432	(210,000)
Payable for purchase of marketable securities	(235,427)	192,118
	1,218,985	237,224
Net cash (used in) operating activities before income tax	(598,626)	(1,866,266)
Income tax (paid) / refund	(18,052)	33,095
Net cash (used in) operating activities	(616,678)	(1,833,171)
Cash flows from investing activities:		
Acquisition of fixed assets	(934)	(2,664)
Sale proceeds from disposal of fixed assets	-	650
Long term investments	(68,065)	(172,513)
Net cash (used in) investing activities	(68,999)	(174,527)
Cash flows from financing activities:		
Long term deposits	-	(10)
Issuance of certificates of deposit	682,021	549,300
Net cash inflow from financing activities	682,021	549,290
Net decrease in cash and cash equivalents	(3,656)	(1,458,408)
Cash and cash equivalents at beginning of the period	(97,844)	195,060
Cash and cash equivalents at end of the period	(101,500)	(1,263,348)

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

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED DECEMBER 31, 2005
(UN-AUDITED)

	Issued, Subscribed and Paid-up Capital	R e s e r v e s		Total	Total	
		Capital	Revenue			Unapprop- riated Profit
		Special Reserve				
----- (Res. in 000s) -----						
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	-	-	181,962	181,962	181,962	
Balance as at December 31, 2004	853,125	182,342	94,072	276,414	1,129,539	
Balance as at July 01, 2005	853,125	255,949	206,539	462,488	1,315,613	
Net Profit for the period	-	-	170,785	170,785	170,785	
Balance as at December 31, 2005	853,125	255,949	377,324	633,273	1,486,398	

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECMEBER 31, 2005
(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 # 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.

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 to be incorporated 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 but subject to limited scope review by auditors 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 annual financial statements of the Company for the year ended June 30, 2005.

4. LONG TERM INVESTMENTS

Available-for-sale

Listed shares
Unlisted shares

Note	December 31, 2005 (Un-Audited)	June 30, 2005 (Audited)
	----- (Rs. in '000s) -----	

	197,893	129,828
	85,888	107,900
	283,781	237,728

4.1 In an unlisted company- at cost

JS infocom Limited (formerly SPELL
Telecommunication Limited) 10,790,000 fully paid
ordinary shares of Rs. 10 each. Equity held 14.63%
having a book value of Rs. 7.96 per share as per
unaudited balance sheet of December 31, 2005.
Less: Provision for impairment

	107,900	107,900
	22,012	-
	85,888	107,900

	December 31, 2005 (Un-Audited)	June 30, 2005 (Audited)
Note	----- (Rs. in '000s) -----	
5. DEFERRED TAXATION		
Taxable Temporary differences		
Differences in accounting and tax bases of property, plant and equipment	-	1,119
Deductible temporary differences		
Provision for non-performing loan	-	8
Provision for compensated absences	-	120
	<u>-</u>	<u>1,247</u>
	<u>-</u>	<u>1,247</u>
5.1 The opening balance of deferred tax asset has been reversed during the period as it is anticipated that these temporary differences will not be recoverable in the future period due to proposed amalgamation.		
6. SHORT TERM INVESTMENTS		
Available-for-sale		
Listed securities		
Open-ended mutual funds units	861,666	363,441
Term finance certificates	344,524	414,424
Unlisted securities		
Term finance certificates	119,922	131,443
Held for trading		
Government securities		
Pakistan Investment Bonds	69,287	-
T Bills-One year	894,061	-
Listed shares/units	817,884	431,172
	<u>3,107,344</u>	<u>1,340,480</u>
7. LOANS AND ADVANCES		
Term loans - Considered good	230,595	490,315
Considered doubtful	24	24
	<u>230,619</u>	<u>490,339</u>
Less: Provision for non-performing loan	24	24
	<u>230,595</u>	<u>490,315</u>
Current maturity of long term loans and term finances	44,298	11,870
	<u>274,893</u>	<u>502,185</u>
8. CASH AND BANK BALANCES		
Cash with banks on		
Current accounts with State Bank of Pakistan	34,390	29,163
Others	3,290	1,119
PLS saving accounts		
Term Deposits Receipt	650,000	-
Others	269	51,534
	<u>687,949</u>	<u>81,816</u>
Cash in hand	2	-
	<u>687,951</u>	<u>81,816</u>

	December 31, 2005	June 30, 2005
Note	(Un-Audited)	(Audited)
	----- (Rs. in '000s) -----	
9. SHORT TERM BORROWINGS		
Under repurchase agreements-secured	1,253,501	172,069
From banks and NBFCs-unsecured	1,200,000	700,000
Demand finance-secured	-	135,000
Running finance utilized under mark-up arrangements-secured	<u>789,451</u>	<u>179,660</u>
	<u>3,242,952</u>	<u>1,186,729</u>

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

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

10.2 Commitments

Forward sale commitments	-	<u>232,476</u>
Forward purchase commitments	-	<u>88,875</u>
Underwriting commitments	<u>150,000</u>	<u>148,000</u>

	Half-Year Ended		Quarter Ended	
Note	December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004
	----- (Rs. in '000s) -----			
11. CAPITAL GAINS / (LOSS) ON DISPOSAL OF INVESTMENTS / REVERSE REPURCHASE TRANSACTIONS				
Listed shares	198,400	175,188	134,857	33,062
Term finance certificates	2,178	4,792	391	407
Open-ended mutual funds units	66,684	(2,242)	76,456	-
WAPDA bonds	-	416	-	-
Government securities	(108)	(6,508)	1,739	(5,273)
	<u>267,154</u>	<u>171,646</u>	<u>213,443</u>	<u>28,196</u>

11.1 Includes capital gain on disposal of listed shares amounting to Rs. 115,386 (000) [December 2004: Rs. 20,041 (000)] in respect of reverse repurchase transactions. Also includes accrued price differential on unsettled reverse repurchase transactions.

Half-Year Ended		Quarter Ended	
December 31, 2005	December 31, 2004	December 31, 2005	December 31, 2004

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

12. TRANSACTION WITH ASSOCIATED
UNDERTAKINGS / RELATED PARTIES

Cumulative sum of money market instruments purchased	1,023,348	1,026,670	416,926	661,328
Cumulative sum of money market instruments sold	189,434	1,723,528	117,863	551,478
Sale of marketable securities (including resale under reverse repurchase agreements)	38,434,601	12,279,798	23,784,724	7,951,856
Purchase of marketable securities (including purchase under reverse repurchase agreements)	39,522,982	12,963,031	24,190,529	8,445,083
Interest on loan	1,918	-	1,014	-
Brokerage	252	256	179	145
Rent	955	1,027	342	509
Security services	-	71	-	35
Purchase of fixed assets	830	-	830	-

13. SEGMENT INFORMATION

Primary segment information

For financial reporting purposes the company has identified two major business segments:

Capital market operations - principally engaged in dealing in equity instruments of enterprises listed on the stock exchange.

Money market operations - principally providing money market, trading and treasury services, as well as management of the company's funding operations by use of treasury bills, Government securities and placements and acceptances with other companies, through treasury and wholesale banking.

These segments are the basis on which the company has identified its primary segment information. Other operations of the company comprise of underwriting, trusteeship, portfolio trading services, loans and advances and consultancy services.

Segment results for the half-year ended December 31, 2005.	Half-Year Ended			
	Capital market	Money market	Others	Total

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

Gross operating income	315,964	63,421	45,703	425,088
Segment results	314,542	4,410	43,695	362,647
Unallocated costs				(187,693)
Profit before taxation				174,954
Income tax expense				(4,169)
Net profit for the period				170,785

	Half-Year Ended			Total
	Capital market	Money market	Others	

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

Segment results for the half-year ended December 31, 2004.

Gross operating income	<u>201,807</u>	<u>54,168</u>	<u>26,213</u>	<u>282,188</u>
Segment results	199,929	27,005	19,842	246,776
Unallocated costs				(63,217)
Profit before taxation				183,559
Income tax expense				(1,597)
Net profit for the period				<u>181,962</u>

14. DIVIDEND

The Board of Directors in its meeting held on February 25th, 2006 has declared interim dividend of Rs. 1.6 per share for the year ending June 30, 2006 amounting to Rs. 136,500,000/-. These financial statements do not include the effect of the aforesaid dividend.

15. GENERAL

15.1 The figures of the profit and loss account for the quarters ended December 31, 2005 and December 31, 2004 have not been subject to a limited scope review, as the scope of the review covered only the cumulative figures for the six months ended December 31, 2005.

15.2 These financial statements were authorized for issue by the Board of Directors on 25th February, 2006

15.3 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.

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