

**JAHANGIR SIDDIQUI & CO. *Ltd.***

Half Yearly Report  
December 31, 2004  
(Un-audited)

## **JAHANGIR SIDDIQUI & CO. *Ltd.***

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### CONTENTS

Company Information .....	1
Chairman's Statement to the Members .....	2
Review Report to the Members .....	4
Balance Sheet .....	5
Profit and Loss Account .....	6
Cash Flow Statement .....	7
Statement of Changes in Equity .....	8
Notes to the Accounts .....	9
Consolidated Balance Sheet .....	18
Consolidated Profit and Loss Account .....	20
Consolidated Cash Flow Statement .....	21
Consolidated Statement of Changes in Equity .....	22
Consolidated Notes to the Accounts .....	23

*COMPANY INFORMATION*

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**BOARD OF DIRECTORS**

Mr. Mazhar-ul-Haq Siddiqui  
(Chairman)  
Mr. Munaf Ibrahim  
(Chief Executive)  
Mr. Syed Nizam Ahmad Shah  
Chief Justice (R) Mahboob Ahmed  
Mr. Ali Jehangir Siddiqui  
Mr. Ali Raza Siddiqui  
Mr. Siraj Dadabhoy  
Mr. Khalid M. Bhaimia  
Mr. Nauzer A. Dinshaw

**AUDIT COMMITTEE**

Mr. Syed Nizam Ahmed Shah  
(Chairman)  
Mr. Ali Jehangir Siddiqui  
(Member)  
Mr. Khalid M. Bhaimia  
(Member)  
Mr. Wajahat Kazmi  
(Secretary)

**COMPANY SECRETARY**

Mr. Wajahat Kazmi

**AUDITORS**

Ford Rhodes Sidat Hyder & Co.  
Chartered Accountants

**LEGAL ADVISORS**

Bawaney & Partners

**REGISTERED OFFICE**

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

**SHARE REGISTRARS**

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

**WEB SITE**

[www.js.com](http://www.js.com)

*CHAIRMAN'S STATEMENT*  
TO THE MEMBERS

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On behalf of the Board of Directors, I am pleased to present to you the unaudited accounts of Jahangir Siddiqui & Co. Ltd. (the "Company") duly reviewed by our external auditors, and consolidated accounts of Jahangir Siddiqui & Co. Ltd. (the "Holding Company") and its subsidiaries for the half year ended December 31, 2004.

#### The Economy and Stock Market Review

During the first quarter of the FY05, the Pakistan's economy came under mild pressure due to rise in interest rates and depreciation of Rupee. However, on the whole the government seemed resolute to absorb the hike in petroleum costs to thwart inflationary pressures and allow interest rates to rise only gradually so as not to stifle the economic revival and investment momentum.

During October – December 2004 the market has depicted a positive trend with the KSE-100 index soaring by 19% to the 6218.4 point level as against 5218 points as on September 30, 2004. The bullish trend was witnessed mainly due to support for stocks in the telecommunications, energy and banking sector.

#### Brief review of results

The Company has reported a profit after tax of Rs.325.65 million for the six months as compared to profit after tax of Rs.325.81 million for the same period last year. Operating revenue for the six months period was Rs.234.54 million as compared to Rs.245.16 million for the same period last year. Operating expenses for the six months period were Rs.48.28 million as compared to Rs.57.89 million for the same period last year.

#### Credit Rating

The Directors are pleased to inform you that the Company has a long term rating of AA+ (Double A plus) and the short term rating of A1+ (A one plus) assigned to it by Pakistan Credit Rating Agency (Pvt.) Limited. The long term rating denotes a very low expectation of credit risk and indicates a very strong capacity for timely payment of financial commitments. The short term rating denotes that obligations are supported by the highest capacity for timely repayment.

**JAHANGIR SIDDIQUI & CO. Ltd.**

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*CHAIRMAN'S STATEMENT*  
TO THE MEMBERS

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Outlook

For the next half of the financial year, the fundamentals of our business remain strong. We expect continued growth in our operating businesses during next half year.

Acknowledgement

We express our sincere gratitude to our clients and business partners for their continued patronage to the Company and to our management and employees for their dedication and hard work.

We would also like to acknowledge the excellent work of the Securities and Exchange Commission of Pakistan, the State Bank of Pakistan and the Central Board of Revenue for their efforts to strengthen the financial markets and measures to safeguard investor rights.

For and on behalf of the  
Board of Directors

Karachi: February 26, 2005

Mazhar-ul-Haq Siddiqui  
Chairman

*REVIEW REPORT*  
TO THE MEMBERS

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We have reviewed the annexed balance sheet of JAHANGIR SIDDIQUI & COMPANY LIMITED as at December 31, 2004, 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 Auditing applicable to review engagements. This standard requires that we plan and perform to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquires 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.

Karachi: February 26, 2005

Ford Rhodes Sidat Hyder & Co.  
Chartered Accountants

# JAHANGIR SIDDIQUI & CO. Ltd.

## *BALANCE SHEET*

AS AT DECEMBER 31, 2004 (UN-AUDITED)

	Note	December 31, 2004	June 30, 2004
<b>ASSETS</b>			
(Rupees in '000)			
<b>NON-CURRENT ASSETS</b>			
Tangible fixed assets	4	29,140	31,583
Stock exchange cards and rooms		12,201	11,201
Long term loans, advances and deposits	5	97,051	144,626
Investments in subsidiaries	6	1,733,489	964,528
Long term investments		1,011,687	1,077,976
		2,883,568	2,229,914
<b>CURRENT ASSETS</b>			
Short term investments	7	2,884,887	1,633,576
Trade debtors - unsecured, considered good		332,775	10,883
Advances, prepayments and other receivables	8	135,811	73,983
Advance taxation		2,501	2,473
Fund placements		354,636	812,113
Cash and bank balances		9,361	65,221
		3,719,971	2,598,249
		6,603,539	4,828,163
<b>EQUITY &amp; LIABILITIES</b>			
<b>SHARE CAPITAL &amp; RESERVES</b>			
Authorised capital			
150,000,000 (June 2004: 50,000,000) ordinary shares of Rs. 10 each		1,500,000	500,000
Issued, subscribed and paid up capital			
35,000,000 (June 2004: 35,000,000) ordinary shares of Rs. 10 each		350,000	350,000
Capital reserve			
Share premium reserve		475,505	475,505
Revenue reserves			
General reserve		1,500,000	1,500,000
Surplus on revaluation of available for sale investments		855,225	829,817
Unappropriated profit		319,216	46,066
		2,674,441	2,375,883
Share holders' equity		3,499,946	3,201,388
<b>NON-CURRENT LIABILITIES</b>			
Redeemable capital	9	1,349,100	999,400
<b>CURRENT LIABILITIES</b>			
Current portion of redeemable capital		600	400
Short term running finance under mark up arrangements-secured	10	1,054,656	-
Securities sold under repurchase agreements		603,435	522,849
Creditors, accrued expenses and other liabilities		90,787	100,255
Provision for taxation	11	829	2,982
Unclaimed dividend		4,186	889
		1,754,493	627,375
<b>CONTINGENCY AND COMMITMENTS</b>			
	12		
		6,603,539	4,828,163

The annexed notes 1 to 17 form an integral part of these financial statements.

Mazhar-ul-Haq Siddiqui  
Chairman

Munaf Ibrahim  
Chief Executive

# JAHANGIR SIDDIQUI & CO. *Ltd.*

## *PROFIT & LOSS ACCOUNT*

FOR THE HALF YEAR ENDED DECEMBER 31, 2004  
(UN-AUDITED)

Note	Half-Year Ended		Quarter Ended	
	December 31, 2004	December 31, 2003	December 31, 2004	December 31, 2003
	----- (Rs. in '000s) -----			
<b>INCOME</b>				
Operating revenue	40,165	75,856	29,267	26,317
Net gain / income from transactions in marketable securities	194,374	169,306	108,512	54,989
Other income	17,585	12,365	5,928	8,953
Share of profit of subsidiary / associated companies / Joint venture	130,738	177,525	87,133	16,407
Gain / (loss) on re-measurement of held for trading investments - net	28,820	(27,509)	105,570	40,263
	411,682	407,543	336,410	146,929
<b>OPERATING EXPENSES</b>				
Operating and administrative expenses	(48,285)	(57,889)	(29,133)	(19,698)
Financial charges	(36,666)	(22,220)	(21,686)	(9,717)
	(84,951)	(80,109)	(50,819)	(29,415)
Profit before taxation	326,731	327,434	285,591	117,514
<b>TAXATION</b>				
- Current	1,192	1,621	1,082	1,240
- Prior year	(111)	-	(111)	-
	1,081	1,621	971	1,240
Profit after taxation	325,650	325,813	284,620	116,274
	Rupees	Rupees	Rupees	Rupees
Basic and diluted earnings per share	9.30	10.86	8.13	3.32

The annexed notes 1 to 17 form an integral part of these financial statements.

Mazhar-ul-Haq Siddiqui  
Chairman

Munaf Ibrahim  
Chief Executive



# JAHANGIR SIDDIQUI & CO. Ltd.

## *CASH FLOW STATEMENT*

FOR THE HALF YEAR ENDED DECEMBER 31, 2004  
(UN-AUDITED)

	Half-Year Ended	
	December 31, 2004	December 31, 2003
CASH FLOWS FROM OPERATING ACTIVITIES		
	(Rupees in '000)	
Profit before taxation	326,731	327,434
Adjustments for:		
Depreciation	2,766	5,411
Profit on sale of fixed assets	(4,092)	(7,350)
Share of profit of subsidiary / associated companies	(130,738)	(177,525)
Gain on remeasurement of held for trading investment	(28,820)	27,509
Financial charges	36,666	22,220
	(124,218)	(129,735)
Operating profit before working capital changes	202,513	197,699
(Increase)/ decrease in operating assets:		
Short term investment	(1,122,935)	(333,719)
Trade debtors	(321,892)	884,221
Advances, pre-payments and other receivables	(44,294)	(18,034)
	(1,489,121)	532,468
Decrease in creditors, accrued expenses and other liabilities	(16,525)	(369,294)
Net cash (used in) / generated from operations	(1,303,133)	360,873
Mark-up paid	(29,610)	(23,447)
Taxes paid	(3,262)	(1,548)
Dividend paid	(49,203)	(804)
Changes in long term loans, advances and deposits	30,041	(540)
Net cash (used in) / generated from operating activities	(1,355,167)	334,534
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(5,176)	(4,965)
Proceeds from sale of fixed assets	7,944	16,458
Fund Placements	457,477	(4,049)
Investment acquired	(646,080)	(149,285)
Net cash (used in) investing activities	(185,835)	(141,841)
CASH FLOWS FROM FINANCING ACTIVITIES		
Securities sold under repurchase agreements	80,586	579,931
Issuance of redeemable capital - net of repayments	349,900	(100)
Share issue at premium	-	400,000
Net cash generated from financing activities	430,486	979,831
Net (decrease) / increase in cash and cash equivalents	(1,110,516)	1,172,524
Cash and cash equivalents at the beginning of the period	65,221	(954,967)
Cash and cash equivalents at the end of the period	(1,045,295)	217,557

The annexed notes 1 to 17 form an integral part of these financial statements.

Mazhar-ul-Haq Siddiqui  
Chairman

Munaf Ibrahim  
Chief Executive

# JAHANGIR SIDDIQUI & CO. *Ltd.*

## *STATEMENT OF CHANGES IN EQUITY*

FOR THE HALF YEAR ENDED DECEMBER 31, 2004  
(UN-AUDITED)

	Reserves					Total
	Issued, subscribed and paid up capital	Capital		Revenue		
		Share premium	General reserve	Surplus / (deficit) on revaluation of available for sale investments	Unappropriated profit	
----- (Rupees in '000) -----						
Balances as at July 1, 2003 - as previously reported	250,000	175,505	500,000	362,203	354,981	1,642,689
Effect of change in accounting policy- Dividend declared on October 29, 2003- added back	-	-	-	-	37,500	37,500
Balance as at July 1, 2003 - restated	<u>250,000</u>	<u>175,505</u>	<u>500,000</u>	<u>362,203</u>	<u>392,481</u>	<u>1,680,189</u>
Effect of change in accounting policy- Dividend declared on October 29, 2003	-	-	-	-	(37,500)	(37,500)
Issue of right shares	100,000	300,000	-	-	-	400,000
Effect of re-measurement of available for sale of investments to fair value held as at the period end	-	-	-	(67,316)	-	(67,316)
Profit for the period	-	-	-	-	325,813	325,813
Balance as at December 31, 2003	<u>350,000</u>	<u>475,505</u>	<u>500,000</u>	<u>294,887</u>	<u>680,794</u>	<u>2,301,186</u>
Balances as at July 1, 2004 - as addback previously reported	350,000	475,505	1,500,000	829,817	68,612	3,223,934
Effect of change in accounting policy - Dividend declared on September 18, 2004	-	-	-	-	52,500	52,500
Effect of change in accounting policy by subsidiary for recognition of gain or loss on available for sale investments from profit and loss account to statement of changes in equity	-	-	-	-	(75,046)	(75,046)
Balance as at July 1, 2004 - restated	<u>350,000</u>	<u>475,505</u>	<u>1,500,000</u>	<u>829,817</u>	<u>46,066</u>	<u>3,201,388</u>
Effect of change in accounting policy - Dividend declared on September 18, 2004	-	-	-	-	(52,500)	(52,500)
Share of unrealised gain on re-measurement of available for sale investments of subsidiary company	-	-	-	11,008	-	11,008
Effect of re-measurement of available for sale of investments to fair value held as at the period end	-	-	-	14,400	-	14,400
Profit for the period	-	-	-	-	325,650	325,650
Balance as at December 31, 2004	<u>350,000</u>	<u>475,505</u>	<u>1,500,000</u>	<u>855,225</u>	<u>319,216</u>	<u>3,499,946</u>

The annexed notes 1 to 17 form an integral part of these financial statements.

Mazhar-ul-Haq Siddiqui  
Chairman

Munaf Ibrahim  
Chief Executive

*NOTES TO THE ACCOUNTS*

FOR THE HALF YEAR ENDED DECEMBER 31, 2004  
(UN-AUDITED)

1. THE COMPANY AND ITS OPERATION

Jahangir Siddiqui & Company Limited (the Company) was incorporated under the Companies Ordinance, 1984 on May 4, 1991 as a public unquoted company. The Company was listed on all three stock exchanges in Pakistan on August 10, 1993, however, during 2003 the Company was voluntarily de-listed from the Lahore and Islamabad Stock Exchanges. The Company is a corporate member of Karachi and Islamabad Stock Exchanges (Guarantee) Limited. The registered office of the Company is situated at 14th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi. The principal activities of the Company are equity trading, money market transactions, investment advisory and consultancy services, underwriting etc.

2. BASIS OF PREPARATION

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 directives issued by the Securities and Exchange Commission of Pakistan (SECP) and as per the requirements of International Accounting Standard - 34 (IAS-34) 'Interim Financial Reporting'.

3. ACCOUNTING POLICIES

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

3.1 Change in accounting policy

During the period, SECP substituted the Fourth Schedule to the Companies Ordinance, 1984, which is effective from the financial year ending on or after July 5, 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 recognised in the period in which these are declared. Upto 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 International Accounting Standard - 8 (Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies).

Had there been no change in accounting policy, unappropriated profit brought forward would have been lower by Rs. 52.50 million [June 30, 2003: Rs. 37.5 million] and proposed dividend would have been higher by Rs. Nil [June 30, 2003: Rs. 37.50 million]. 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.

## **JAHANGIR SIDDIQUI & CO. Ltd.**

### 3.2 Investments in joint ventures

A joint venture is a contractual arrangement in which a venturer has a joint control in the economic activities undertaken with the other venturers. Investment in joint ventures are accounted for under the equity method of accounting, less impairment losses, if any.

### 3.3 Change in accounting policy in a subsidiary company

ABAMCO Limited, a subsidiary of the company, during the period, changed its accounting policy from recognition of gain / (loss) on remeasurement of its available for sale investments in the profit and loss account to taking it directly to equity.

ABAMCO Limited Company's accounting policy for accounting for the same is now in line with the Company's accounting policy, which is in line with International Accounting Standard - 28 (Accounting for Investments in Associates) which requires that adjustments to the associates financial statements should be made when uniform accounting policies for like transactions are not used before using the equity method.

Since such an adjustment was not made in the financial statements for the year ended June 30, 2004, this is being accounted for retrospectively as required by International Accounting Standard - 8 (Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies), the effect of this change is reflected in the statement of changes in equity and in note 5 to these financial statements.

## 4. TANGIBLE FIXED ASSETS

The details of additions and disposals during the six months ended December 31, 2004 are as follows:

	2004 (Rupees in 000)
Additions	
Motor vehicles	3,978
Office furniture	198
	<u>4,176</u>
Disposals	
Motor vehicles:	
Cost	<u>9,803</u>
Written down value	3,852
Sale proceeds	<u>7,944</u>
Gain on disposal	<u>4,092</u>

## JAHANGIR SIDDIQUI & CO. *Ltd.*

### 5. INVESTMENT IN SUBSIDIARIES

These shares are of Rs. 10 each unless stated otherwise.

Name of Companies	Note	Holding		December 31, 2004		June 30, 2004	
		%	%	2004	2004	2004	2004
(Rupees in 000)							
Quoted							
Jahangir Siddiqui Investment Bank Limited							
53,247,277 shares (June 2004: 14,199,274 shares)		62.41	62.41				
- Opening balance				542,132		306,120	
- Share of profit after tax for the period				113,562		275,060	
- Dividend received during the period				-		(39,048)	
				655,694		542,132	
Unquoted							
ABAMCO Limited	5.1						
11,419,183 shares (June 2004: 11,419,183 shares)		53.73	53.73				
- Opening balance				270,940		114,154	
- Share of profit after tax for the period				15,105		154,935	
- Effect of change in accounting policy by ABAMCO Limited for recognition of gain or loss on available for sale investments from profit and loss account to statement of changes in equity				-		(75,046)	
- Share of unrealised gain on re-measurement of available for sale investments				11,008		(17,143)	
- Right shares subscribed				-		94,040	
				297,053		270,940	
Jahangir Siddiqui Capital Markets Limited	5.1 & 5.2						
10,000,000 shares (June 2004: 6,000,000 shares)		100	100				
- Opening balance				100,006		59,735	
- Right shares subscribed				72,000		-	
- Share of profit after tax for the period				27,998		40,271	
				200,004		100,006	
JS Infocom Limited (formerly Spell Telecommunication Limited)	5.1						
60,000,000 shares (June 2004: 5,145,000 shares)		82.49	78				
- Opening balance				51,450		-	
- Investment during the period				548,550		51,450	
- Share of loss for the period				(19,262)		-	
				580,738		51,450	
				1,733,489		964,528	

5.1 Share of profits / (losses) of subsidiaries have been incorporated in these financial statements on the basis of the financial statements of the subsidiaries that were not subject to an audit or a limited scope review by their auditors.

5.2 Jahangir Siddiqui Capital Markets Limited was converted into a public unquoted company with effect from August 7, 2004. Furthermore, it has also been listed on Karachi Stock Exchange and Islamabad Stock Exchange from February 7, 2005.

## JAHANGIR SIDDIQUI & CO. Ltd.

	Note	December 31, 2004	June 30, 2004
(Rupees in '000)			
<b>6. LONG TERM INVESTMENTS</b>			
Investment in an associate and a joint venture	6.1	22,430	13,250
Advance against shares subscriptions of associates	6.2	102,044	92,500
Available for sale		884,611	969,840
Held to maturity		2,602	2,386
		<u>1,011,687</u>	<u>1,077,976</u>

### 6.1 Investment in an associate and a joint venture

Investment in an associate	6.1.1	7,500	7,500
Investment in a joint venture	6.1.2	14,930	5,750
		<u>22,430</u>	<u>13,250</u>

#### 6.1.1 These are fully paid ordinary shares of Rs. 10/- each

Number of shares			
December 31, 2004	June 30, 2004	Unquoted	
750,000	750,000	EFU Services (Private) Limited	
		Equity held 37.50%	
		(June 2004: 37.50%)	7,500
		Share of profit	41
			<u>7,500</u>

#### 6.1.2 This represents a joint venture investment in DCD - JS Factors (Private) Limited in accordance with a joint venture agreement dated March 3, 2004 between the Company, DCD Capital LLC, USA and a third party. The Company's share in the joint venture is 49.99% (June 30, 2004: 49.99%).

Opening balance		5,750	5,750
Investment during the period		12,317	-
Share of loss for the period		(3,137)	-
		<u>14,930</u>	<u>5,750</u>

### 6.2 Advance against shares subscriptions of associates

These are fully paid ordinary shares of Rs. 10/- each unless stated otherwise:

3,000,000	3,000,000	Network Micro Finance Bank Limited		
		Interest 30%		
		(June 2004: 30%)	6.2.1	-
		Investment during	30,000	-
		the period	-	30,000
		Share of expenses	(3,150)	-
			<u>26,850</u>	<u>30,000</u>

Subsequent to balance sheet date Network Micro Finance Bank Limited has been listed on the Karachi Stock Exchange.

## JAHANGIR SIDDIQUI & CO. *Ltd.*

Number of shares			Note	December 31,	June 30,
December 31, 2004	June 30, 2004			2004	2004
(Rupees in '000)					
6,250,000	6,250,000	Eye TV (Private) Limited Interest 25% (June 2004: 25%) Investment during the period	6.2.2	62,500 - 62,500	- 62,500 62,500
1,158,113	-	Bank Islami Pakistan Limited Interest 25% (June 2004: Nil) Investment during the period	6.2.2	- 11,581 11,581	- - -
147,500	-	DCD JS Factors Inc. Interest 49.99% (June 2004: Nil) Investment during the period Share of loss	6.2.1	- 1,491 (378) 1,113 <u>102,044</u>	- - - - <u>92,500</u>

6.2.1 Share of losses of associates have been incorporated in these financial statements on the basis of the financial statements of the associates that were not subject to an audit or a limited scope review by their auditors.

6.2.2 These companies have not as yet commenced operations.

		Note	December 31,	June 30,
			2004	2004
(Rupees in '000)				
<b>7. SHORT TERM INVESTMENTS</b>				
Held for trading		7.1	1,642,982	663,002
Available for sale		7.2	1,241,905	970,574
			<u>2,884,887</u>	<u>1,633,576</u>
7.1 Held for trading				
Quoted				
- Shares			1,351,708	502,825
- Term Finance Certificates			103,264	160,177
			1,454,972	663,002
Government Securities		7.3	188,010	-
			<u>1,642,982</u>	<u>663,002</u>
7.2 Available for sale				
Shares				
- Quoted			1,238,425	941,706
- Unquoted			3,480	3,480
			1,241,905	945,186
Government Securities		7.3	-	25,388
			<u>1,241,905</u>	<u>970,574</u>

## **JAHANGIR SIDDIQUI & CO. Ltd.**

7.3 During the period these government securities comprising of Pakistan Investment Bonds have been re-classified from available for sale investments to held for trading investments due to frequent trading and short term profit taking from price fluctuations.

### **8. ADVANCES, PRE-PAYMENTS AND OTHER RECEIVABLES**

This includes advance given against subscriptions of 8,000 unquoted TFCs, having a face value of Rs.5,000 each, amounting to Rs.40 million. The mark-up and principal on these TFCs is payable on maturity after three years, based on a fixed rate of 8 percent per annum with the option to extend the tenor of the facility.

### **9. REDEEMABLE CAPITAL**

During the period the Company has issued unsecured Term Finance Certificates (TFCs) amounting to Rs. 350 million to private investors (Pre-IPO). The profit on these TFCs is payable semi-annually, based on a fixed rate of 8.29 percent per annum. These TFCs have a tenor of five years with a call option exercisable by the Company anytime from the 30th month to the 54th month by giving a 30 days notice. Call option will be exercisable only on the coupon dates.

### **10. SHORT TERM RUNNING FINANCE UNDER MARK UP ARRANGEMENT-SECURED**

This represents aggregate facilities of running finance amounting to Rs.1,200 million from commercial banks for one year and are renewable. The rate of mark-up ranges between 3-months KIBOR+1.00 percent to 6-months KIBOR+1.00 percent per annum on daily product basis. These arrangements are secured by pledge of shares. The un-availed aggregate facility of running finance amounts to Rs.145 million.

### **11. TAXATION**

The income tax assessments of the Company have been finalised upto and including the tax year 2003. Further the Company has assessed and un-assessed carry forward tax losses amounting to Rs. 172.95 million. However, the Company has not recorded deferred tax asset in view of uncertainty about the availability of taxable profits in the future against which such losses can be utilised.

### **12. CONTINGENCY AND COMMITMENT**

#### **12.1 Contingency**

The Company is a principal defendant in a suit filed in the Honourable High Court of Sind by some shareholders seeking a declaration regarding the validity of the renunciation of right shares having subscription money of Rs.107.52 million for subscription of 2,687,988 right shares of the Company at Rs.40 per share, a decree for specific performance of Letter of Rights and direction to the Company to allot the shares to the renounee and a permanent injunction restraining the Company from allotting the renounced shares to any other person.

The Plaintiffs in the Suit had also filed an application for interim relief seeking an interim injunction restraining the Company from allotting the allegedly renounced right shares to any person other than the Plaintiffs. This interim injunction was however not granted and the court allowed the allotment of shares to proceed subject to the final decision based on which the Company has allotted these shares.

In the opinion of the legal advisors, in the unlikely event of an adverse outcome of the suit, the status of the company shall not be effected in any manner nor the same will have any effect on the affairs of the Company (financial or otherwise). Furthermore, for various reasons, it is presently not possible to give any estimate of the financial impact on the Company in case of an adverse decision in the aforesaid suit.



## JAHANGIR SIDDIQUI & CO. *Ltd.*

Based on the aforementioned legal advice no provision has been made in these financial statements in this respect.

	December 31, 2004	June 30, 2004
	(Rupees in '000)	
12.2 Commitment		
Purchase of equity investment in an associates	<u>363,419</u>	<u>-</u>

	Note	Half-Year Ended		Quarter Ended	
		December 31, 2004	December 31, 2003	December 31, 2004	December 31, 2003
		(Rupees in '000)		(Rupees in '000)	
13. OPERATING REVENUE					
Brokerage and other operating revenue	13.1	25,377	32,873	12,927	(3,182)
Consultancy and advisory fee		952	8,054	626	2,574
Underwriting commission		1,861	8,175	1,812	8,125
Dividend income		11,975	26,754	11,025	23,293
		<u>40,165</u>	<u>75,856</u>	<u>26,390</u>	<u>30,810</u>

13.1 This includes net of profit paid on repo transactions arising from TFCs and PIBs amounting to Rs. 13.59 million (2003: Rs. 4.53 million) and includes profit earned on reverse repo transactions amounting to Rs. 7.86 million (2003: Rs. 4.87 million).

#### 14. RELATED PARTY TRANSACTIONS

Related parties comprise of subsidiaries, associated companies, directors, key management personnel and provident fund schemes.

Following are the associates and subsidiaries of the Company:

- Bank Islami Pakistan Limited	associate
- EFU Services (Private) Limited	associate
- ABAMCO Limited	subsidiary company.
- Jahangir Siddiqui Capital Markets Limited	subsidiary company.
- Jahangir Siddiqui Investment Bank Limited	subsidiary company.
- DCD - JS Factors (Private) Limited	Joint venture

Significant transactions with related parties during the six months period are as follows:

	Half-Year Ended		Quarter Ended	
	December 31, 2004	December 31, 2003	December 31, 2004	December 31, 2003
	(Rupees in '000)		(Rupees in '000)	
Purchase of marketable securities for and on behalf of directors	-	703,514	-	-
Sale of marketable securities for and on behalf of directors	-	405,965	-	-
Purchase of marketable securities for and on behalf of associates	-	2,397,862	-	-
Sale of marketable securities for and on behalf of associates	-	2,654,505	-	-
Purchase of marketable securities	23,297,513	-	8,679,015	-
Sale of marketable securities	22,992,309	-	7,815,483	-
Brokerage expense	5,818	-	5,818	-

## JAHANGIR SIDDIQUI & CO. *Ltd.*

	Half-Year Ended		Quarter Ended	
	December 31, 2004	December 31, 2003	December 31, 2004	December 31, 2003
	(Rupees in '000)		(Rupees in '000)	
Brokerage income earned	2,314	1,846	-	-
Purchase of government securities	3,339,265	1,014,678	2,178,274	263,597
Sale of government securities	996,091	908,583	638,806	397,091
Mark-up on loan to subsidiary	8,230	-	4,116	-
Rent income	3,809	1,589	3,300	1,164
Sale of fixed assets	6,974	-	-	-
Advisory and consultancy fees	630	358	570	-
Advance against shares subscription to an associate	11,581	-	-	-

The Company continues to have a policy whereby all transactions with related parties are entered into at arm's length prices using comparable uncontrolled price method. Borrowings and lending transactions with related parties are executed substantially at the same terms, including mark-up rates and collaterals, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than a normal risk.

### 15. SEGMENT INFORMATION

#### Primary segment information

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

Capital market operations - Principally engaged in trading of equity securities.

Fixed income operations - Principally engaged in fixed income trading and management of the Company's funding operations by use of government securities and placements.

These segments are the basis on which the Company has identified its primary segment information. Other operations of the Company comprise of underwriting and consultancy services.

	Capital Market Operations	Fixed Income Operations	Others	Total
	----- (Rupees in '000) -----			
Segment results for the half-year ended December 31, 2004				
Gross operating income	<u>203,983</u>	<u>26,855</u>	<u>3,702</u>	<u>234,540</u>
Segment results	200,444	14,837	1,376	216,657
Unallocated costs				(30,403)
Operating profit				<u>186,254</u>
Other income				17,585
Share of profit from subsidiary / associates / Joint venture				130,738
Gain / (loss) on re-measurement of held for trading investments - net				28,820
Financial charges				(36,666)
Profit before taxation				326,731
Income tax expense				(1,081)
Net profit for the period				<u>325,650</u>

## JAHANGIR SIDDIQUI & CO. *Ltd.*

	Capital Market Operations	Fixed Income Operations	Others	Total
	----- (Rupees in '000) -----			
Segment results for the half-year ended December 31, 2003				
Gross operating income	<u>190,219</u>	<u>13,923</u>	<u>41,020</u>	<u>245,162</u>
Segment results	182,369	(2,519)	41,028	220,878
Unallocated costs				<u>(33,605)</u>
Operating profit				187,273
Other income				12,365
Share of profit from subsidiary / associates				177,525
Gain / (loss) on re-measurement of held for trading investments - net				(27,509)
Financial charges				<u>(22,220)</u>
Profit before taxation				327,434
Income tax expense				(1,621)
Net profit for the period				<u>325,813</u>

### 16. DATE OF AUTHORISATION

These financial statements were authorised for issue in the Board of Directors meeting held on February 26, 2005.

### 17. GENERAL

- 17.1 The figures of the profit and loss account for the quarters ended December 31, 2004 and December 31, 2003 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, 2004.
- 17.2 Due to certain changes made by the SECP in the Fourth Schedule to the Companies Ordinance, 1984 vide SRO 589(1)/2004 dated July 05, 2004, previous period's figures have been rearranged or reclassified wherever necessary for the purpose of comparison.
- 17.3 Figures have been rounded off to the nearest thousand rupees.

Mazhar-ul-Haq Siddiqui  
Chairman

Munaf Ibrahim  
Chief Executive

# JAHANGIR SIDDIQUI & CO. Ltd.

## *CONSOLIDATED*

AS AT DECEMBER		
Note	December 31, 2004	June 30, 2004
(Rupees in '000)		
Capital and reserves		
Share capital		
Authorised 150,000,000 (June 2004: 50,000,000) ordinary shares of Rs. 10/- each	1,500,000	500,000
Issued, subscribed and paid-up	350,000	350,000
Capital reserve		
Share premium	475,505	475,505
Revenue reserve		
General reserve	1,500,000	1,500,000
Unrealised gain on remeasurement of available for sale investments to fair value	845,311	999,124
Unappropriated profit	316,254	124,702
	3,487,070	3,449,331
Redeemable Capital		
	1,651,100	999,400
Minority interest	4 815,350	645,485
Long term loan	518,761	416,145
Certificate of deposits	12,300	-
Liabilities against assets subject to finance lease	7,107	-
Deferred gain on sale and lease back	624	-
Current liabilities		
Current maturity of long term liabilities	5 1,559,557	1,021,464
Short term running finance under markup arrangement	1,119,579	-
Borrowings from banks / NBFC's	2,250,081	300,000
Securities sold under repurchase agreements	482,435	1,403,630
Creditors, accrued expenses and other liabilities	1,638,545	566,423
Provision for taxation	56,723	72,597
Unclaimed dividend	4,186	2,284
	7,111,106	3,366,398
Contingency and Commitments		
	6	
	13,603,418	8,876,759
The annexed notes form an integral part of these financial statements.		
Mazhar-ul-Haq Siddiqui Chairman		Munaf Ibrahim Chief Executive

# JAHANGIR SIDDIQUI & CO. *Ltd.*

## *BALANCE SHEET*

31, 2004 (UN-AUDITED)

	Note	December 31, 2004	June 30, 2004
(Rupees in '000)			
Fixed assets - at cost less accumulated depreciation	7	137,489	124,581
Stock exchange card and rooms		44,302	43,302
Intangible assets	8	131,250	140,000
Advance for capital expenditure		55,716	-
Long term loans, term finance and deposits		73,088	27,830
Long term investments	9	3,321,911	2,337,012
Deferred expenditure receivables		24,000	24,000
Deferred tax assets - net		145	1,825
Negative goodwill	10	(49,293)	(49,293)
Current assets			
Trade debtors - considered good		936,009	30,959
Advances, pre-payments and other receivables		1,063,414	302,233
Advance taxations		2,501	-
Fund placements		3,484,856	2,475,311
Short term loans		-	95,755
Short term investments	11	4,343,879	2,952,791
Cash and bank balances		34,151	370,453
		9,864,810	6,227,502

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

Mazhar-ul-Haq Siddiqui  
Chairman

Munaf Ibrahim  
Chief Executive

**JAHANGIR SIDDIQUI & CO. Ltd.**

***CONSOLIDATED PROFIT & LOSS ACCOUNT***

FOR THE SECOND QUARTER AND SIX MONTHS  
PERIOD ENDED DECEMBER 31, 2004 (UN-AUDITED)

	Quarter ended Dec. 31, 2004	Half year ended Dec. 31, 2004	Quarter ended Dec. 31, 2003	Half year ended Dec. 31, 2003
----- (Rs. in '000s) -----				
<b>INCOME</b>				
Operating revenue	169,993	331,530	112,429	243,743
Net gain / income from transactions in marketable securities	153,107	371,754	58,248	349,350
Financial and other income / (charges)	17,676	28,453	15,756	73,042
Share of profit / (loss) of associated companies / joint venture	(6,665)	(6,665)	24,644	73,142
Gain on re-measurement of held for trading investments - net	234,235	28,820	40,263	(27,509)
	568,346	753,892	251,340	711,768
<b>OPERATING EXPENSES</b>				
Operating expenses	(125,714)	(220,273)	(66,792)	(143,397)
Financial charges	(69,601)	(98,803)	(21,702)	(50,353)
	(195,315)	(319,076)	(88,494)	(193,750)
Profit before taxation	373,031	434,816	162,846	518,018
<b>TAXATION</b>				
- Current	15,704	35,361	18,577	41,387
- Prior years	(111)	(111)	-	-
	15,593	35,250	18,577	41,387
Profit after taxation	357,438	399,566	144,269	476,631
Profit attributable to minority interest	4 (156,505)	(155,514)	(27,705)	(130,466)
Profit for the period after minority interest	200,933	244,052	116,564	346,165
Basic earnings per share	<i>Rupees</i> 5.74	6.97	4.66	11.54

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

Mazhar-ul-Haq Siddiqui  
Chairman

Munaf Ibrahim  
Chief Executive

# JAHANGIR SIDDIQUI & CO. Ltd.

## *CONSOLIDATED CASH FLOW STATEMENT*

FOR THE HALF YEAR ENDED DECEMBER 31, 2004  
(UN-AUDITED)

	Six months ended December 31, 2004	Six months ended December 31, 2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
	(Rupees in '000)	
Profit before taxation	434,816	518,018
Adjustments for:		
Depreciation	10,943	8,198
(Profit) on sale of fixed assets	(1,933)	(7,350)
Share of loss of associated companies	6,665	(73,142)
Amortisation of Management Rights of ICP Mutual Funds	8,750	8,750
Provision for Staff Bonus	2,250	-
Gain on remeasurement of held for trading investments	(28,820)	27,509
Financial charges	98,803	50,353
	96,658	14,318
Operating profit before working capital changes	531,474	532,336
(Increase)/ decrease in operating assets:		
Short term investment	(1,247,291)	(337,118)
Trade debtors	(905,050)	860,049
Short term loans	95,755	146,584
Advances, prepayments and other receivables	(761,181)	(22,537)
	(2,817,767)	646,978
Decrease in current liabilities (creditors, accrued expenses and other liabilities)	1,059,059	(208,167)
Cash (used in) generated from operations	(1,226,834)	971,147
Mark-up paid	(94,370)	(27,097)
Taxes paid	(51,945)	(14,887)
Dividend paid	(50,598)	(804)
Changes in long term loans, term finance and deposits	(100,974)	(2,392)
Net cash flow (used in) from operating activities	(1,524,721)	925,967
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(31,348)	(12,326)
Proceeds from sale of fixed assets	17,844	16,458
Fund Placements	(1,009,545)	167,514
Long term investments acquired	(1,240,813)	(245,186)
Net cash flow from investing activities	(2,263,862)	(73,540)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease obligation	-	(2,251)
Share issue of premium	-	400,000
Acquisition / (Repayment) of long term loan	102,616	(25,000)
Certificates of investment / deposit	549,300	428,705
Issuance of redeemable Capital - net of repayment	651,900	(71,400)
Securities sold under repurchase commitment	(921,195)	164,686
Net cash flow from financing activities	382,621	894,740
Net (decrease) / increase in cash and cash equivalents	(3,405,962)	1,747,167
Cash and cash equivalents at the beginning of the period	70,453	(1,884,438)
Cash and cash equivalents at the end of the period	(3,335,509)	137,271

The annexed notes form an integral part of financial statements.

Mazhar-ul-Haq Siddiqui  
Chairman

Munaf Ibrahim  
Chief Executive

# JAHANGIR SIDDIQUI & CO. *Ltd.*

## *CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*

FOR THE SECOND QUARTER AND SIX MONTHS  
PERIOD ENDED DECEMBER 31, 2004 (UN-AUDITED)

	Issued, subscribed and paid up capital	Share premium	Capital reserve	General reserve	Unrealised gain on remeasurement of available-for-sale investments to fair value	Unappropri- ated profit	Total
Balances as at July 1, 2003 - as previously reported	250,000	175,505	2,857	500,000	522,924	518,533	1,969,819
Effect of change in accounting policy- dividend declared on October 29, 2003 - added back	-	-	-	-	-	37,500	37,500
Balance as at July 1, 2003 - restated	<u>250,000</u>	<u>175,505</u>	<u>2,857</u>	<u>500,000</u>	<u>522,924</u>	<u>556,033</u>	<u>2,007,319</u>
Effect of change in accounting policy- dividend declared on October 29, 2003	-	-	-	-	-	(37,500)	(37,500)
Effect of remeasurement of available- for-sale investments to fair value held as at the period end	-	-	-	-	(95,394)	-	(95,394)
Issue of shares	100,000	300,000	-	-	-	-	400,000
Share of capital reserve	-	-	(571)	-	-	-	(571)
Profit for the period	-	-	-	-	-	346,165	346,165
Balance as at December 31, 2003	<u>350,000</u>	<u>475,505</u>	<u>2,286</u>	<u>500,000</u>	<u>427,530</u>	<u>864,698</u>	<u>2,620,019</u>
Balance as at July 1, 2004	350,000	475,505	-	1,500,000	924,078	147,248	3,396,831
Effect of change in accounting policy- added back dividend declared on September 18, 2004	-	-	-	-	-	52,500	52,500
Effect of change in accounting policy for remeasurement of available for sale investment of subsidiary from profit & loss account to equity	-	-	-	-	-	(75,046)	(75,046)
Balance as at July 1, 2004 - restated	<u>350,000</u>	<u>475,505</u>	<u>-</u>	<u>1,500,000</u>	<u>924,078</u>	<u>124,702</u>	<u>3,374,285</u>
Effect of change in accounting policy dividend declared on September 18, 2004	-	-	-	-	-	(52,500)	(52,500)
Effect of remeasurement of available- for-sale investments to fair value held as at the period end	-	-	-	-	(78,767)	-	(78,767)
Profit for the period	-	-	-	-	-	244,052	244,052
Balance as at December 31, 2004	<u>350,000</u>	<u>475,505</u>	<u>-</u>	<u>1,500,000</u>	<u>845,311</u>	<u>316,254</u>	<u>3,487,070</u>

The annexed notes form an integral part of financial statements.

Mazhar-ul-Haq Siddiqui  
Chairman

Munaf Ibrahim  
Chief Executive



*CONSOLIDATED NOTES TO THE ACCOUNTS*

FOR THE SECOND QUARTER AND SIX MONTHS  
PERIOD ENDED DECEMBER 31, 2004 (UN-AUDITED)

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and as per the requirements of International Accounting Standard - 34 (IAS-34) 'Interim Financial Reporting'. These financial statements are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984.

2. ACCOUNTING POLICIES

The accounting policies adopted and method of computation followed in the preparation of these financial statements are the same as those of the published annual financial statements for the year ended June 30, 2004 except for as stated below.

2.1 Change in accounting policy

During the period, SECP substituted the Fourth Schedule to the Companies Ordinance, 1984, which is effective from the financial year ending on or after July 5, 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 recognised in the period in which these are declared. Upto 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 International Accounting Standard - 8 (Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies).

Had there been no change in accounting policy, unappropriated profit brought forward would have been lower by Rs. 52.50 million [June 30, 2003: Rs. 37.5 million] and proposed dividend would have been higher by Rs. Nil [June 30, 2003: Rs. 37.50 million]. 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.

2.2 Investments in joint ventures

A joint venture is a contractual arrangement in which a venturer has a joint control in the economic activities undertaken with the other venturers. Investment in joint ventures are accounted for under the equity method of accounting, less impairment losses, if any.

2.3 Change in accounting policy in a subsidiary company

ABAMCO Limited, a subsidiary of the Holding Company, during the period, changed its accounting policy from recognition of gain / (loss) on remeasurement of its available for sale investments in the profit and loss account to taking it directly to equity.

## JAHANGIR SIDDIQUI & CO. Ltd.

ABAMCO Limited's accounting policy for accounting for the same is now in line with the holding company's policy, which is in line with International Accounting Standard - 28 (Accounting for Investments in Associates) which requires that adjustments to the associates financial statements should be made when uniform accounting policies for like transactions are not used before using the equity method.

Since such an adjustment was not made in the financial statements for the year ended June 30, 2004, this is being accounted for retrospectively as required by International Accounting Standard - 8 (Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies), the effect of this change is reflected in the statement of changes in equity.

### 3. SUBSIDIARY COMPANIES

Following subsidiary companies have been consolidated in the financial statements of the Holding Company.

Subsidiary Companies	Nature of Business	Date of Acquisition	Group Holding
Jahangir Siddiqui Investment Bank Limited (JSIBL)	Investment Banking	Sept. 18, 1999	62.41%
ABAMCO Limited	Investment adviser and Asset Management Company	July 31, 2000	53.74%
Jahangir Siddiqui Capital Markets Limited (JSCML)	Brokerage House	May 22, 2003	100%
JS Infocom Limited (formerly Spell Telecommunications Limited)	Telecom, Media and Technology Company	April 8, 2004	82.49%
Confidence Financial Services Limited (Sub-subsidiary)	Former Investment Advisor of former Confidence Mutual Fund Limited	Sept. 14, 2000	42.77%

The consolidated financial statements include the accounts of the Holding Company and its subsidiaries (the Group). The financial statements of such Subsidiary Companies have been consolidated on a line-by-line basis.

All material inter company balances, transactions and resulting unrealised profits / losses have been eliminated.

### 4. DIFFERENCE IN OPENING BALANCE

Certain differences have been discovered in the opening balance of the previous period's financial statements which have resulted in an understatement of minority interest by Rs. 78.636 million and an overstatement of profit of Rs. 78.636 million.

This difference has been accounted for in accordance with the allowed alternative treatment given under International Accounting Standard - 8 (Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies) which requires that the correction of the difference should be included in the determination of net profit for the current period.

Proforma information relating to prior periods has not been presented, being impracticable to do so.

## JAHANGIR SIDDIQUI & CO. *Ltd.*

December 31, June 30,  
2004 2004

(Rupees in '000)

### 5. CURRENT MATURITY OF LONG TERM LIABILITIES

Current maturity of redeemable capital	600	400
Current maturity of long term loan	25,000	25,000
Current maturity of liabilities against assets subject to finance lease	893	-
Current maturity of certificates of investments / deposits	1,533,064	996,064
	1,559,557	1,021,464

### 6. CONTINGENCY AND COMMITMENTS

#### 6.1 Contingency

The Holding Company is a principal defendant in a suit filed in the Honourable High Court of Sind by some shareholders seeking a declaration regarding the validity of the renunciation of right shares having subscription money of Rs.107.52 million for subscription of 2,687,988 right shares of the Holding Company at Rs.40 per share, a decree for specific performance of Letter of Rights and direction to the Holding Company to allot the shares to the renouncee and a permanent injunction restraining the Holding Company from allotting the renounced shares to any other person.

The Plaintiffs in the Suit had also filed an application for interim relief seeking an interim injunction restraining the Holding Company from allotting the allegedly renounced right shares to any person other than the Plaintiffs. This interim injunction was however not granted and the court allowed the allotment of shares to proceed subject to the final decision based on which the Holding Company has allotted these shares.

In the opinion of the legal advisor, in the unlikely event of an adverse outcome of the suit, the status of the company shall not be effected in any manner nor the same will have any effect on the affairs of the Holding Company (financial or otherwise). Furthermore, for various reasons, it is presently not possible to give any estimate of the financial impact on the Holding Company in case of an adverse decision in the aforesaid suit.

Based on the aforementioned legal advice no provision has been made in these financial statements in this respect.

December 31, June 30,  
2004 2004

(Rupees in '000)

#### 6.2 Commitments

Purchase of equity investment in associates	363,419	-
Commitments in respect of repurchase transactions	-	1,410,629
Commitments in respect of resale transactions - Listed equity securities	-	1,278,884

## JAHANGIR SIDDIQUI & CO. Ltd.

- Other Securities	-	<u>1,028,568</u>
Commitments in respect of clean placements	-	<u>175,349</u>
Commitments in respect of underwriting	<u>293,000</u>	<u>523,000</u>
Commitments in respect of Pre-Initial Public Offer (Pre-IPO)	<u>40,000</u>	<u>65,000</u>

### 7. OPERATING FIXED ASSETS

The details of additions and disposals during the six months ended December 31, 2004 are as follows:

(Rupees in '000)

#### *Additions*

Office equipments		6,634
Furniture and fixtures		261
Motor vehicles		<u>31,453</u>
		<u>38,348</u>

#### *Disposals*

Office equipment:		
Cost	<i>Rupees</i>	<u>1,637</u>
Written down value		1,228
Sale proceeds		<u>1,600</u>
Gain on disposal	<i>Rupees</i>	<u>372</u>
 Motor vehicles:		
Cost	<i>Rupees</i>	<u>18,423</u>
Written down value		11,271
Sale proceeds		<u>16,244</u>
Gain on disposal	<i>Rupees</i>	<u>4,973</u>

### 8. INTANGIBLE ASSETS

This includes balance payment of Rs. 131 million for acquisition of management rights of ICP Mutual Funds Lot 'A'. The details are as follows:

	December 31, 2004	June 30, 2004
	(Rupees in '000)	
Payment for management rights	140,000	157,500
Amortisation	<u>(8,750)</u>	<u>(17,500)</u>
	<u>131,250</u>	<u>140,000</u>

## **JAHANGIR SIDDIQUI & CO. Ltd.**

The payment for management rights is being amortised over a period of 10 years. ABAMCO Limited is entitled to receive management fee @ 2% of Net Assets of ICP Mutual Funds comprised in Lot 'A'.

### 9. LONG TERM INVESTMENTS

Investment in associates and a joint venture	22,430	13,250
Advance against shares subscription of associates	1,101,232	92,500
Available for sale	2,195,647	2,228,877
Held to maturity	2,602	2,386
	<u>3,321,911</u>	<u>2,337,013</u>

### 10. NEGATIVE GOODWILL

Citibank Overseas Investment Corporation (COIC) had on February 01, 1999 entered into an agreement to sell 6 million shares of Citicorp Investment Bank Limited to the company and in that agreement it was agreed by the parties to the agreement that the purchase consideration of Rs. 123.9 million (representing 6 million shares at the rate of Rs. 20.65 per share) would be adjusted to the extent of 70 percent if there is any subsequent reduction in total disputed tax liability as of December 31, 1998 amounting to Rs. 68.65 million as confirmed by a Chartered Accountant firm. Therefore as and when this disputed tax liability is resolved in favour of Jahangir Siddiqui Investment Bank Limited, the company would pay to COIC the above amount to the extent of 70 percent which would be adjusted against the purchase consideration (Negative goodwill) for above shares.

December 31,    June 30,  
2004                2004

(Rupees in '000)

### 11. SHORT TERM INVESTMENTS

Held for trading	1,991,556	1,150,685
Available-for-sale	2,352,323	1,802,106
	<u>4,343,879</u>	<u>2,952,791</u>

### 12. RELATED PARTY TRANSACTIONS

Related parties comprise of subsidiaries, associated companies, directors, key management personnel and provident fund schemes. The Group continues to have a policy whereby all transactions with related parties are entered into at arm's length prices using comparable uncontrolled price method.

### 13. TAXATION

13.1 The income tax assessments of the Holding Company have been finalised upto and including the tax year 2003. Further the Holding Company has assessed and un-assessed carry forward tax losses amounting to Rs. 172.95 million. However, the Holding Company has not recorded deferred tax asset in view of uncertainty about the availability of taxable profits in the future against which such losses can be utilised.

13.2 In respect of JSIBL, income tax assessments upto tax year 2003 corresponding to accounting year ended June 30, 2003 have been finalised. Income tax return for the tax year 2004 have been filed and is deemed to be assessed under section 120 of the Income Tax Ordinance, 2001.

## **JAHANGIR SIDDIQUI & CO. *Ltd.***

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13.3 In respect of ABAMCO Limited, income tax assessments have been finalised upto and including the assessment year 2002-2003 and that of its subsidiaries upto and including the assessment year 2002-2003.

13.4 In respect of JSCML, the income tax assessments have been finalised upto and including tax year 2003, under section 120 of the Income Tax Ordinance, 2001.

### 14. DATE OF AUTHORISATION

These financial statements were authorised for issue in the Board of Directors meeting held on February 26, 2005.

### 15. GENERAL

15.1 Due to certain changes made by the SECP in the Fourth Schedule to the Companies Ordinance, 1984 vide SRO 589(1)/2004 dated July 05, 2004, previous period's figures have been rearranged or reclassified wherever necessary for the purpose of comparison.

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

Mazhar-ul-Haq Siddiqui  
Chairman

Munaf Ibrahim  
Chief Executive

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