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OUR MISSION

Our Mission is to grow our various financial services business and create new products, services and markets in the financial services sector.

Jahangir Siddiqui & Co. Limited is a diversified financial services company with a 35 year history. We have a tradition of leadership and excellence in every market and business in which we operate.



Jahangir Siddiqui & Co. Ltd.is involved in investment banking, fixed income, equities, securities sales and trading.



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OUR VISION

We measure our performance not just by the results but also by the quality of our work. Jahangir Siddiqui & Co. assists public and private sector entities, financial institutions, multinational corporations and domestic as well as international institutional investors in private placements, underwriting and advisory assignments.

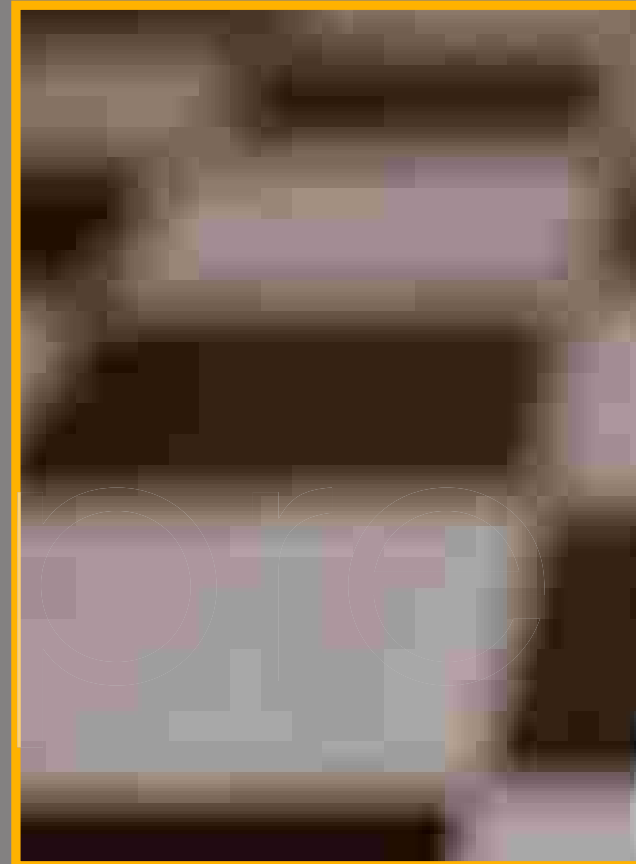
It sets itself apart as a private equity investor in the various sectors of the country such as sugar, sugar derivatives, textile, building materials, telecom, and Insurance.



- Winner of the Best Equity House and Best Bond House awards from Asiamoney in 2004
- We have one of the largest Fixed Income Sales teams in the industry that serves over 150 institutions



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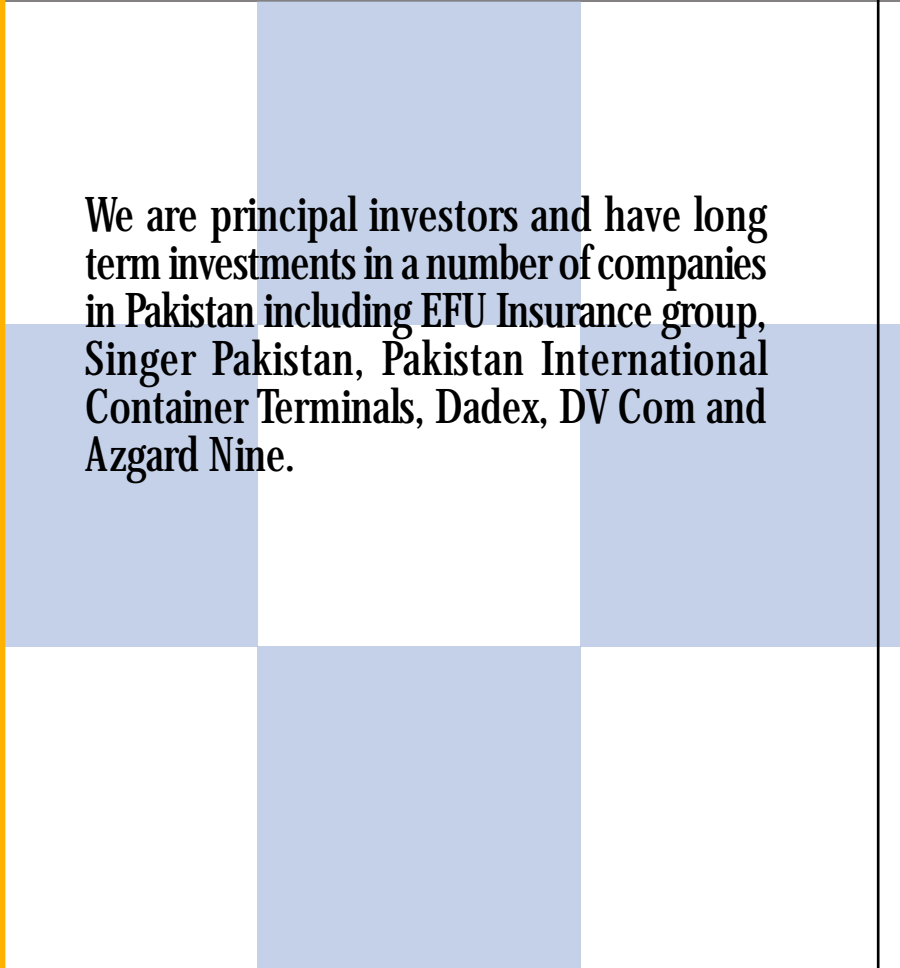
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ENTREPRENEURSHIP

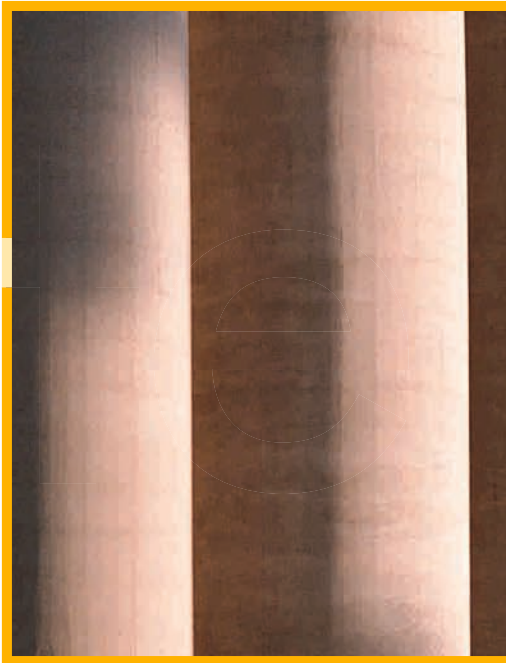
Jahangir Siddiqui & Co. is one of fourteen primary dealers for government securities in Pakistan. Our investment banking business is the single largest issuer (both by volume and value) of Term Finance Certificates (corporate bonds) in Pakistan.



We are principal investors and have long term investments in a number of companies in Pakistan including EFU Insurance group, Singer Pakistan, Pakistan International Container Terminals, Dadex, DV Com and Azgard Nine.



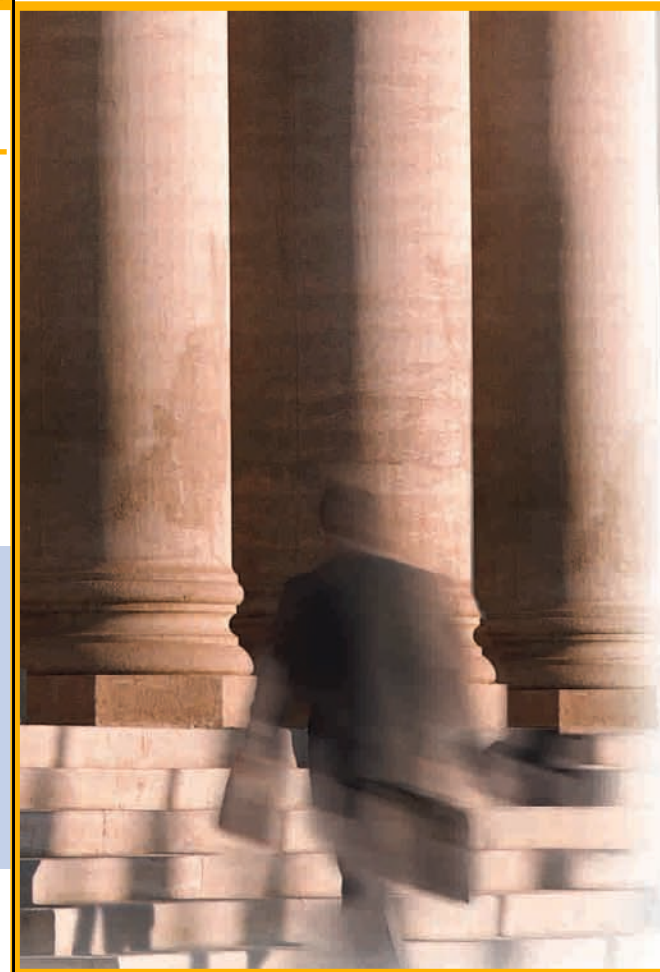
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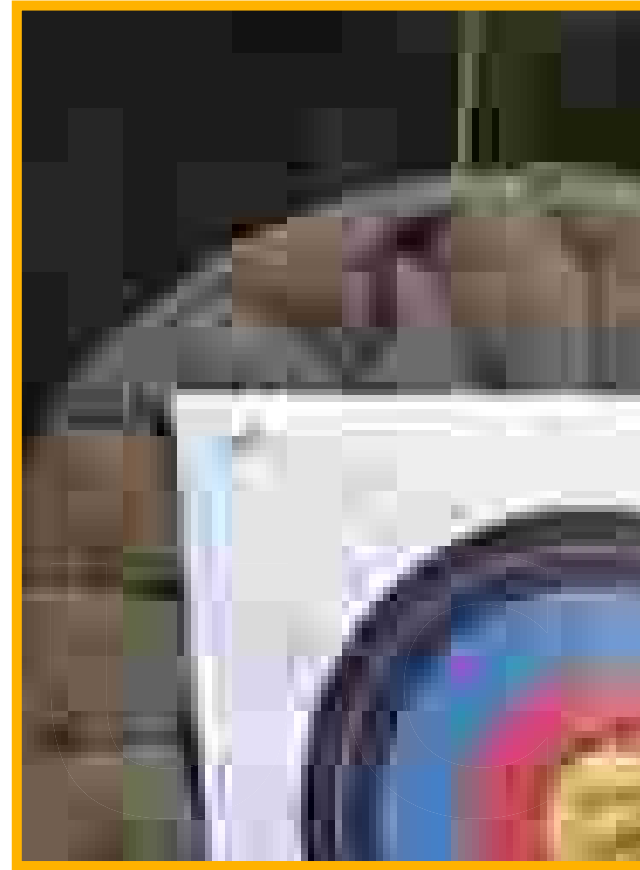
Our business is founded on trust and we manage our business ethically, lawfully and fairly. Nothing we do is more important than protecting and preserving our clients' interests.



We hold responsibilities towards our clients in the highest regard.

JSCL has a long term credit rating of "AA+" by Pakistan Credit Rating Agency.

SUCCESS

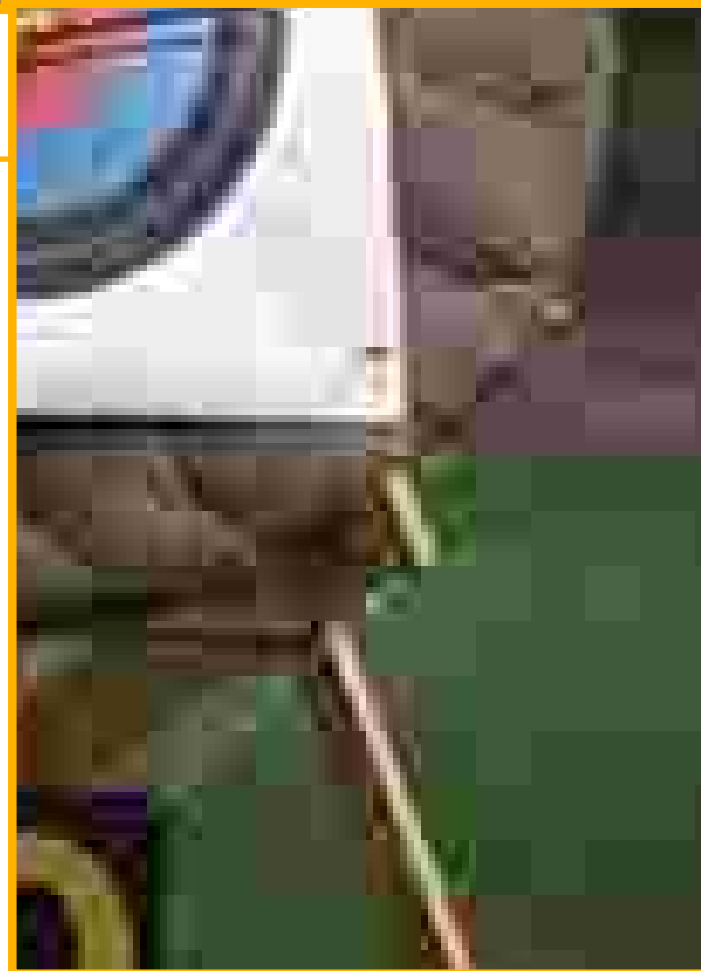


SUCCESS

While we are fair and ethical at all times, we compete aggressively in managing our businesses and in producing superior returns for our clients.

Jahangir Siddiqui & Co. Ltd. is one of the largest investment firms in Pakistan with shareholders' equity of PKR 4,346 million (USD 73 million), assets of PKR 13,956 million (USD 234 million).

- Jahangir Siddiqui & Co. was the first securities firm to boast a Wall Street pedigree by virtue of its joint venture with Bear Stearns.



- Jahangir Siddiqui & Co. in collaboration with Bear Stearns, issued the Government of Pakistan's first Sovereign Eurobond of USD 150 million in 1994.
- Jahangir Siddiqui & Co. issued Pakistan's first 10 year corporate TFC in 2004.

ABBREVIATIONS

ACF	ABAMCO Capital Fund
ASMF	ABAMCO Stock Market Fund
BBF	BSJS Balanced Fund Limited
CDC	Central Depository Company of Pakistan Limited
CFSL	Confidence Financial Services Limited
CMFL	Confidence Mutual Fund Limited
COIC	Citibank Overseas Investment Corporation Limited
COIs	Certificate of Investments
DCIT	Deputy Commissioner of Income Tax
DSCs	Defence Saving Certificates
FIB	Federal Investment Bonds
FRSH	Ford Rhodes Sidat Hyder & Co.
IASC	International Accounting Standards Committee
ICP	Investment Corporation of Pakistan
IPO	Initial Public Offering
JSCL	Jahangir Siddiqui & Company Limited
JSCML	Jahangir Siddiqui Capital Market (Private) Limited
JSIBL	Jahangir Siddiqui Investment Bank Limited
KSE	Karachi Stock Exchange (Guarantee) Limited
MROR	Market Rate of Return
NBFIs	Non Banking Financial Institutions
NBFC	Non Banking Finance Company
NIT	National Investment Trust
NPL	Non-Performing Loans
NSS	National Savings Schemes
PACRA	The Pakistan Credit Rating Agency (Pvt.) Ltd.
PC	Privatisation Commission
PIBs	Pakistan Investment Bonds
PICIC	Pakistan Industrial Credit and Investment Corporation Limited
PIPO	Pre-Initial Public Offer
SBP	State Bank of Pakistan
SECP	Securities and Exchange Commission of Pakistan
SIC	Standing Interpretation Committee
TFCs	Term Finance Certificates
TTL	Technology Trade (Private) Limited
UTP	Unit Trust of Pakistan

COMPANY INFORMATION

Board of Directors

Mr. Mazharul Haq Siddiqui	Chairman
Mr. Munaf Ibrahim	Chief Executive
Syed Nizam Ahmed Shah	Director
Chief Justice (R) Mahboob Ahmed	Director
Mr. Ali Jehangir Siddiqui	Director
Mr. Ali Raza Siddiqui	Director
Mr. Siraj Ahmed Dadabhoy	Director
Mr. Khalid M. Bhaimia	Director
Mr. Nauzer Aspi Dinshaw	Director

Audit Committee

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.

Legal Advisors

Bawany & Partners

Share Registrar

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

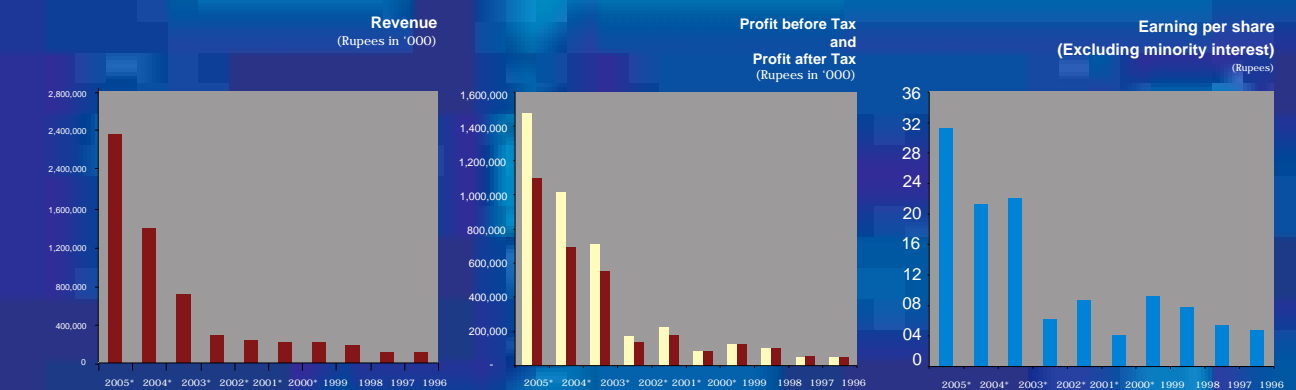
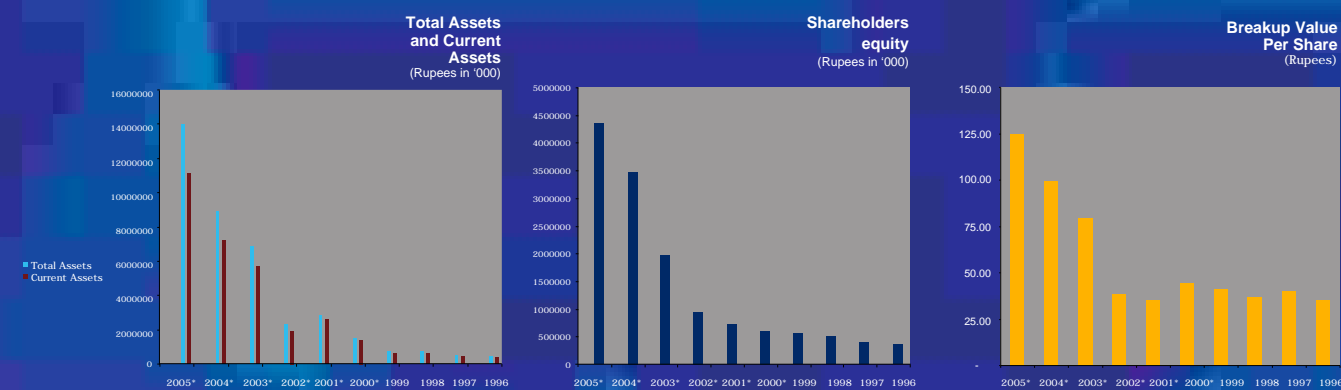
Registered Office

14th Floor, Chapal Plaza
Hasrat Mohani Road, Karachi-74000
Web site: www.js.com

Financial Highlights

	2005*	2004*	2003*	2002*	2001*	2000*	1999	1998	1997	1996
Operating Results										
Revenue	2,522,148	1,473,169	760,759	301,998	264,765	235,522	220,276	189,873	114,635	124,445
Operating Expenses	575,327	342,619	283,182	136,088	158,867	136,688	120,244	121,677	86,003	76,142
Financial Expenses	407,381	130,623	107,266	133,610	154,553	82,598	30,289	30,229	15,273	7,669
Other Income	14,291	14,883	127,155	100,937	246,230	64,896	62,864	60,463	37,107	11,503
Profit before tax	1,473,512	1,014,851	705,149	167,020	219,097	85,168	124,343	100,933	50,533	49,583
Profit after tax **	1,091,291	689,133	550,975	133,739	176,517	82,600	124,236	100,023	52,773	47,397
Per Ordinary Share (Rupees)										
Earning per share**	31.18	21.28	22.04	6.24	8.65	4.05	9.14	7.80	5.27	4.74
Breakup value	124.18	99.02	78.79	38.07	34.87	44.27	41.00	36.86	39.74	35.06
Pay outs (Percent of Face Value)										
- Cash	25.00	15.00	15.00	22.00	33.00	28.00	50.00	47.50	6.00	28.00
- Bonus	-	-	-	-	20.00	25.00	-	-	20.00	-
Assets & Liabilities										
Total Assets	13,955,985	8,901,888	6,872,430	2,280,797	2,794,896	1,493,289	729,934	731,434	530,742	437,125
Current Assets	11,126,142	7,197,576	5,657,732	1,923,955	2,582,403	1,397,460	648,274	647,809	435,472	351,010
Current Liabilities	6,714,683	3,391,527	3,858,721	1,108,703	1,898,733	777,639	165,353	223,188	130,397	82,469
Financial Position										
Shareholders equity	4,346,461	3,465,569	1,969,819	951,713	711,258	602,061	557,541	501,305	397,402	350,629
Share Capital	350,000	350,000	250,000	250,000	204,000	136,000	136,000	136,000	100,000	100,000
Reserves	3,996,461	3,115,569	1,719,819	701,713	507,258	466,061	421,541	365,305	297,402	250,629
Shares outstanding ('000)	35,000	35,000	25,000	25,000	20,400	13,600	13,600	13,600	10,000	10,000
Ratios										
Return on Capital Employed %	25.10%	19.89%	27.97%	14.05%	24.82%	13.75%	22.28%	19.95%	13.28%	13.52%
Return on Total Assets %	7.82%	7.74%	8.02%	6.86%	6.32%	5.53%	17.02%	13.67%	9.94%	10.84%
Current Ratio	1.66	2.12	1.46	1.74	1.36	1.80	3.92	2.90	3.34	4.26
Interest Cover Ratio	3.67	3.01	6.14	2.00	2.14	2.00	5.10	4.31	4.46	7.18

* numbers based on consolidated accounts. ** excluding minority interests.



Directors' report to the Shareholders

The directors are pleased to present the audited financial statements of Jahangir Siddiqui & Co. Ltd. (the "Company") and consolidated financial statements of Jahangir Siddiqui & Co. Ltd. and its subsidiaries (the "Holding Company") for the year ended June 30, 2005.

The Economy

Pakistan's economy performed exceptionally well during FY05 as all its sub-sectors contributed significantly towards GDP growth of the Country.

The manufacturing sector showed a growth of 12.5% against the Government's target of 10.2%, while the Agriculture sector expanded by 7.5% against the target of 4%. Services sector also exceeded its performance target by 1.7% to show a growth of 7.9%.

Other positive indicators such as higher than targeted exports, growth in tax revenues, sustained inflows of worker's remittances, continued stability of foreign exchange reserves and growing foreign direct investment resulted in Pakistan's real GDP to grow by 8.35% in FY05. This also represents the fifth time in Pakistan's history that the country has achieved GDP growth in excess of 8%.

The consumer price inflation has been a source of concern throughout FY05. It has fluctuated around 9% with some deceleration in the middle of the year. The increase in inflationary tendencies was also evident in the rising trend of core inflation despite periodic interest rate hikes throughout FY05.

Market Review

Stock Market

During the year under review, the stock market continued its strong performance with the benchmark KSE-100 Index posting a significant growth of 41% to close at 7450 points on June 30, 2005 as compared to

5279 points last year. The market thus gained 2171 points during the year. New highs were recorded in terms of both the index levels and volume traded with KSE-100 Index rising to a new all time high of 10303 points on March 15, 2005. However, despite record highs, the market remained highly volatile and went through one of worst ever corrections in March 2005.

Positive investor sentiments were developed in the wake of the strong corporate sector profitability and growing dividend payouts by companies including the large public sector institutions. Policies on privatization, liberalization and deregulation encouraged private sector investment and have had a positive effect on the stock market.

Government Bond Market

During FY05, government bond yields in the secondary market have moved in the absence of any supply of long-term bonds from the government. The moves in the bond yields have come about due to unexpectedly strong inflationary pressures present in the economy and due to expectations of further price pressures down the road.

Treasury Bill issuance has, however, remained consistent during the FY05. The regular supply in Bills has moved the yields to multi-year highs. The 3, 6 and 12 month T-Bill secondary market yields have moved up approximately 5.21%, 5.38% and 5.49% respectively (July 01, 2004 vs. June 30, 2005). The movements in the T-Bill yields also seem reflective of the SBP stance on controlling inflation.

Corporate Debt Market

The corporate debt market gained momentum during FY05 whereby 14 new Term Finance Certificates ("TFCs") were brought for Initial Public Offerings in domestic stock markets. The TFCs issued in FY05 raised Rs.16 billion. The listed corporate bond market size is now Rs.39 billion.

Performance Review

The Company's after tax profit increased substantially in the current year to Rs.1.181 billion mainly because of the increase in capital gains from trading activities and income from long term loans and fund placements. Overall revenues amounted to Rs.1.507 billion. Current year operating expenses amounted to Rs.149.554 million as compared to Rs.122.823 million during FY 2004.

Results of Operations

The financial results for the year ended June 30, 2005 are summarized below.

	(Rupees in ' 000)
Profit before taxation	1,187,745
Less: Taxation	
Current	7,006
Prior	(111)
	6,895
Profit after taxation	1,180,850
The earning per share works to be	Rs.33.74

Corporate and Financial Reporting Framework

The Directors confirm compliance with the Corporate and financial reporting framework of the SECP Code of Corporate Governance for the following:

- The financial statements present fairly the state of affairs of the Company, the results of its operations, Cash Flows Statement and Statement of Changes in Equity;

- Proper books of accounts of the company have been maintained;
- Accounting policies as stated in the notes to the accounts have been consistently applied;
- International Accounting Standards as applicable in Pakistan and the Companies Ordinance, 1984 as stated in the notes attached with the accounts, have been followed in preparation of the financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- The company is financially sound and is a going concern; and
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

No material payment is outstanding on account of taxes, duties, levies and charges.

The statement of key operating and financial data of last ten years appears on Page 14.

The Company operates an approved contributory provident fund for all its employees eligible to the scheme. Value of investments as per audited financial statements for the year ended June 30, 2005 amounts to Rs.11.329 million.

Six meetings of the Board of Directors were held during the year 2004-2005. The attendance of Directors at board meetings were as follows:

Name of Director		Meetings Eligibility	Meetings Attended
Mr. Mazharul Haq Siddiqui	Chairman	Six	Three
Mr. Munaf Ibrahim	Chief Executive Officer	Six	Six
Syed Nizam Ahmed Shah	Director	Six	Six
Chief Justice (R) Mahboob Ahmed	Director	Six	Six
Mr. Ali Jehangir Siddiqui	Director	Six	Six
Mr. Ali Raza Siddiqui	Director	Six	Six
Mr. Siraj Ahmed Dadabhoy	Director	Three	Three
Mr. Khalid M. Bhamia	Director	Six	Six
Mr. Nauzer A. Dinshaw	Director	Six	Four

Management Discussion of Financial Responsibility

The Company's management is responsible for preparing the financial statements and related notes contained in the Annual Report.

The consolidated financial statements and notes are prepared in accordance with generally accepted accounting principles. Other financial data included in the Annual Report is consistent with the data in the financial statements.

The Company's accounting policies are integral to understanding the results reported. Accounting policies are described in detail in the Notes to the financial statements. The Company's most complex accounting policies require management's judgment to ascertain the valuation of assets and liabilities. The Company has established detailed Policies and control procedures that are intended to ensure that valuation methods are fair, well controlled and applied consistently.

The Audit Committee of the Board of Directors is responsible for monitoring the integrity of the Company's financial statements, controls systems and the independence and performance of its internal and independent auditors. The Audit Committee comprises of three directors and operates under terms of reference approved by the Board.

Future Outlook

We endeavor to achieve sustainable growth delivered through outstanding teamwork and flawless execution of strategy.

In an increasingly competitive business environment, there is a growing need for us to maintain our drive to operational excellence, innovation and diversification.

Pakistan's economy is projected to perform well during financial Year 2005-2006 and sustain the growth momentum built up last year. However, the balance of risks indicates that domestic prices may continue to remain under pressure on account of high world oil prices and rising interest rates in the world financial markets.

Stable exchange rates, build up of foreign exchange reserves and a successful privatization process will be the key ingredients for future growth.

Credit Rating

The Directors are pleased to inform you that The Pakistan Credit Rating Agency Limited (PACRA) has maintained the long term rating of the Company to "AA+" (Double A plus) and short term rating of "A1+" (A one plus) respectively during the financial year 2005. 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.

Auditors

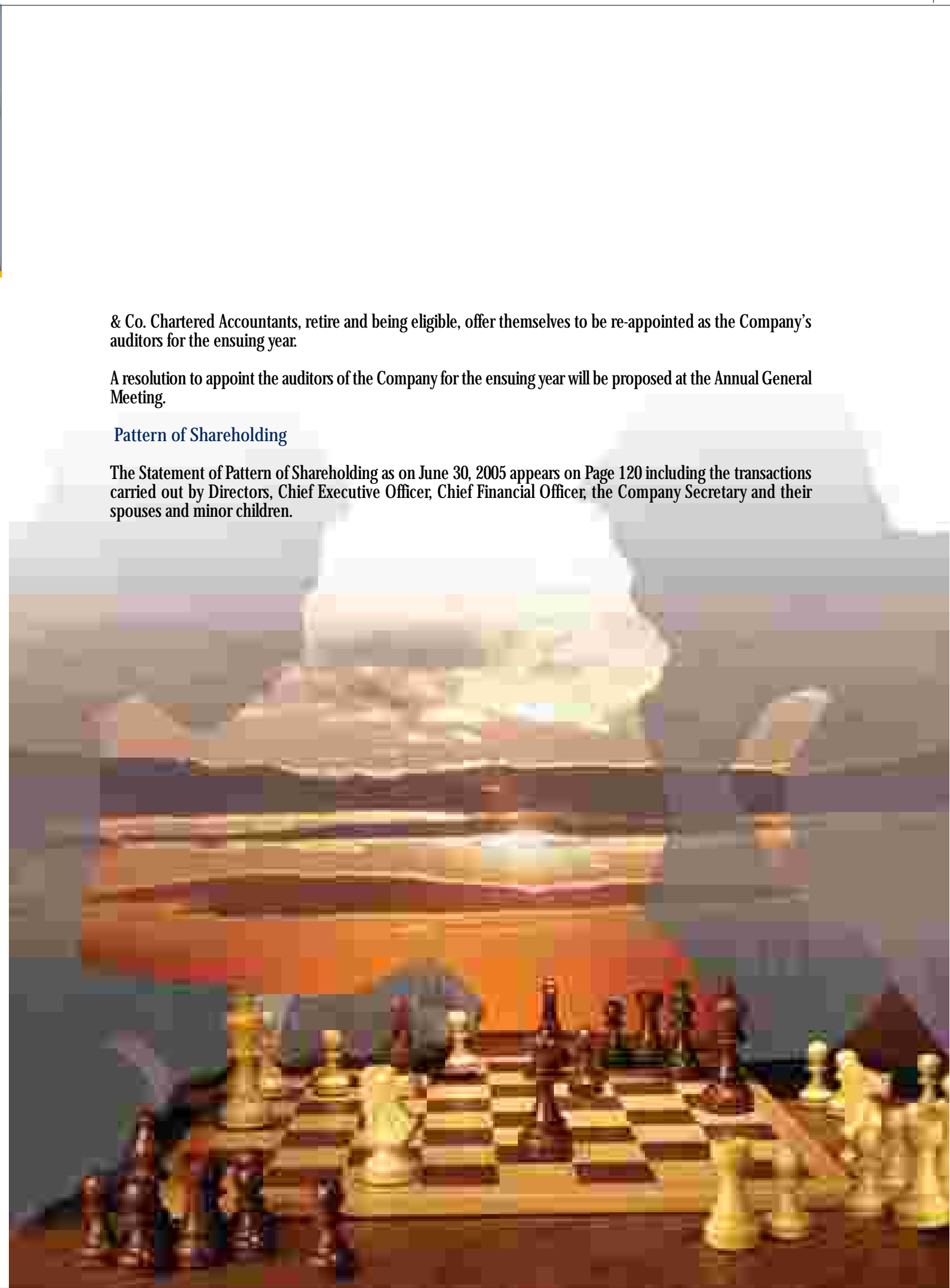
The present auditors, Messrs Ford Rhodes Sidat Hyder

& Co. Chartered Accountants, retire and being eligible, offer themselves to be re-appointed as the Company's auditors for the ensuing year.

A resolution to appoint the auditors of the Company for the ensuing year will be proposed at the Annual General Meeting.

Pattern of Shareholding

The Statement of Pattern of Shareholding as on June 30, 2005 appears on Page 120 including the transactions carried out by Directors, Chief Executive Officer, Chief Financial Officer, the Company Secretary and their spouses and minor children.





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 Director

Mazharul Haq Siddiqui
Chairman

Karachi: September 17, 2005



Notice of Meeting

Notice is hereby given that the Fourteenth Annual General Meeting of Jahangir Siddiqui & Co. Ltd. will be held at Beach Luxury Hotel on Saturday, October 22, 2005 at 10:00 a.m. to transact the following business:

Ordinary Business

1. To confirm the minutes of the Annual General Meeting held on October 30, 2004.
2. To receive and consider the audited financial statements of the Company for the year ended June 30, 2005 together with the Directors' and Auditors' report thereon.
3. To appoint the auditors for the ensuing year and fix their remuneration.
4. To approve 25% cash dividend to those shareholders whose names appear as members on the register of members of the Company on the closing of October 14, 2005 as recommended by the Board of Directors of the Company.
5. Any other business with the permission of the Chair.

Karachi: September 28, 2005

By order of the Board

Wajahat Kazmi
Company Secretary

- (i) Share transfer books of the Company will remain closed from October 15, 2005 to October 21, 2005 (both days inclusive).
- (ii) A member of the Company entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her.
- (iii) Proxies must be received at the Head Office of the Company not less than 48 hours before the time of the meeting.
- (iv) Beneficial owners of the shares registered in the name of Central Depository Company of Pakistan (CDC) and / or their proxies are required to produce their original National Identity Card (NIC) or Passport for identification purpose at the time of attending the meeting. The form of proxy must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, addresses and NIC numbers must be mentioned on the form, along with attested copies of NIC or the passport of the beneficial owner and the proxy. In case of corporate entity, the Board of Directors' Resolution /Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier along with proxy form to the Company).
- (v) Shareholders are requested to notify immediately of any change in their address.

Statement of Compliance with Code of Corporate Governance and Best Practices on Transfer pricing

Statement of Compliance with the Code of Corporate Governance (As required by the Listing Regulations)

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 37 of listing regulations of Karachi Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors. At present the Board includes three independent non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or a NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The management of the Company has submitted a paper to the Board of Directors on July 08, 2005 to consider it as an orientation course for its directors and to apprise them of their duties and responsibilities.
10. The Board has the approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than those disclosed in the Pattern of Shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises three members, including the Chairman of the Committee, who is an independent, non-executive Director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has set-up an effective internal audit function consisting of a full time internal auditor who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all material principles contained in the Code have been complied with.

Statement of Compliance with the Best Practices on Transfer Pricing (As required by the Listing Regulations)

The Company has fully complied with the Best Practices on Transfer Pricing as contained in the Listing Regulations of the Stock Exchange

For and on behalf of the Board

Mazharul Haq Siddiqui
Chairman

Karachi: September 17, 2005

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Jahangir Siddiqui & Company Limited to comply with the Listing Regulation No. 37 (Chapter XI) of the Karachi Stock Exchange where the Company is listed. The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

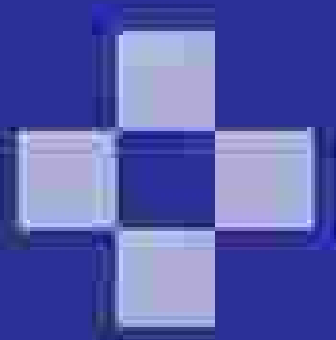
As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2005.

Karachi - September 17, 2005

Chartered Accountants

FINANCIAL STATEMENT



Auditors' Report to the Members

We have audited the annexed balance Sheet of **Jahangir Siddiqui & Company Limited** as at June 30, 2005 and the related profit and loss account, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides, a reasonable basis for our opinion and, after due verification, we report that:

- a) the comparatives in the accompanying financial statements were audited by another firm of Chartered Accountants whose report, dated September 18, 2004, expressed an unqualified opinion thereon;
- b) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- c) in our opinion:-
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the change referred to in notes 4.1 and 4.2 with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- d) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement, statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2005 and of the profit, its cash flows and changes in equity for the year then ended; and
- e) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

Dated: September 17, 2005
Karachi:

BALANCE SHEET

As at June 30, 2005

ASSETS	Note	2005 (Rs. in'000s)	2004 (Restated)
NON-CURRENT ASSETS			
Tangible fixed assets	5	23,504	31,583
Stock exchange membership cards and room	6	12,201	11,201
Long-term investments	7	2,823,265	2,057,335
Long-term loans and advances	8	78,997	142,062
Long-term security deposits		2,521	2,564
		2,940,488	2,244,745
CURRENT ASSETS			
Current maturity of long-term loans and advances	8	67,022	61,439
Short-term investments	9	2,706,675	1,633,576
Receivable against sale of shares	10	185,762	10,883
Advance taxation - net		6,467	-
Advances, prepayments and other receivables	11	230,531	162,244
Fund placements	12	1,767,783	812,113
Cash and bank balances	13	47,094	65,221
		5,011,334	2,745,476
		7,951,822	4,990,221
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (2004: 50,000,000) ordinary shares of Rs.10 each		1,500,000	500,000
Issued, subscribed and paid-up capital	14	350,000	350,000
Capital reserve			
Share premium reserve	15	475,505	475,505
Revenue reserves			
General reserve		1,500,000	500,000
Unrealised gain on revaluation of available-for-sale investments - net		867,885	1,004,736
Unappropriated profit		1,164,028	1,035,678
		3,531,913	2,540,414
Shareholders' equity		4,357,418	3,365,919
NON-CURRENT LIABILITIES			
Redeemable capital	16	1,490,891	999,400
CURRENT LIABILITIES			
Current portion of redeemable capital	16	600	400
Creditors, accrued expenses and other liabilities	17	303,968	101,144
Securities sold under repurchase agreements	18	734,600	522,849
Short-term running finance under mark-up arrangement - secured	19	869,032	-
Financial liabilities - held for trading	12.3	195,313	-
Provision for taxation - net		-	509
		2,103,513	624,902
CONTINGENCY AND COMMITMENTS	20	7,951,822	4,990,221

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

MAZHAR-UL-HAQ SIDDIQUI
CHAIRMAN

MUNAF IBRAHIM
CHIEF EXECUTIVE

PROFIT AND LOSS ACCOUNT

for the year ended June 30, 2005

		2005	2004 (Restated)
	Note	(Rs. in '000s)	
INCOME			
Return on investments	21	152,689	70,162
Gain on sale of investments	22	1,025,967	235,784
Income from long-term loans and fund placements	23	102,776	54,740
Fee, commission and brokerage	24	7,033	65,585
Other income	25	15,459	17,426
(Loss) / gain on revaluation of held for trading financial instruments - net		(74,629)	30,474
		1,229,295	474,171
Share of profit / (loss) from:			
- subsidiaries		312,611	470,266
- associated companies		(31,780)	41
- joint venture		(3,499)	-
		277,332	470,307
		1,506,627	944,478
EXPENDITURE			
Operating and administrative expenses	26	149,554	122,823
Financial charges	27	169,328	60,146
		318,882	182,969
Profit before taxation		1,187,745	761,509
TAXATION			
- Current		7,006	2,882
- Prior		(111)	(140)
	34	6,895	2,742
Profit after taxation		1,180,850	758,767
Basic earnings per share	28	33.74	23.43

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

MAZHAR-UL-HAQ SIDDIQUI
CHAIRMAN

MUNAF IBRAHIM
CHIEF EXECUTIVE

CASH FLOW STATEMENT

For the year ended June 30, 2005

	Note	June 30, 2005	June 30, 2004 (Restated)
		(Rs. in '000s)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,187,745	761,509
Adjustments for:			
Depreciation		5,481	7,975
Profit on sale of fixed assets		(7,175)	(7,836)
Share of profit of subsidiaries, associates and a joint venture - net		(277,332)	(470,307)
Amortisation of preliminary expenses for issuance of term finance certificates		920	-
Interest income from defence saving certificates		(430)	(365)
Loss / (gain) on revaluation of held for trading financial instruments - net		74,629	(30,474)
(Gain) on sale of investments in a subsidiary		(80,758)	-
Financial charges		169,328	60,146
		(115,337)	(440,861)
Operating profit before working capital changes		1,072,408	320,648
(Increase) / decrease in operating assets:			
Short-term investments		(1,139,574)	(413,243)
Receivable against sale of shares		(174,879)	873,338
Advances, pre-payments and other receivables		(61,806)	(159,989)
		(1,376,259)	300,106
Increase / (decrease) in current liabilities			
Creditors, accrued expenses and other liabilities		196,004	(347,265)
Net cash (used in) / generated from operations		(107,847)	273,489
Mark-up paid		(162,645)	(59,100)
Taxes paid		(13,871)	(2,890)
Dividend paid		(52,363)	(39,236)
Changes in long-term loans and advances		57,482	(198,856)
Changes in long-term deposits		43	(325)
Net cash used in operating activities		(279,201)	(26,918)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(4,315)	(7,044)
Stock exchange membership cards and room acquired		(1,000)	(11,101)
Proceeds from sale of fixed assets		14,088	19,038
Fund placements - net		(955,670)	47,260
Dividend from a subsidiary		11,246	39,048
Investments acquired - net of sale		(685,317)	(291,858)
Proceeds from disposal of investments in a subsidiary		131,250	-
Net cash used in investing activities		(1,489,718)	(204,657)
CASH FLOWS FROM FINANCING ACTIVITIES			
Further issue of share capital		-	400,000
Proceeds from issue of TFC - net		490,771	499,800
Securities sold under repurchase agreements - net		211,751	351,963
Short sale of government securities - held for trading		179,238	-
Net cash generated from financing activities		881,760	1,251,763
Net (decrease) / increase in cash and cash equivalents		(887,159)	1,020,188
Cash and cash equivalents at the beginning of the year		65,221	(954,967)
Cash and cash equivalents at the end of the year	29	(821,938)	65,221

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

MAZHAR-UL-HAQ SIDDIQUI
CHAIRMAN

MUNAF IBRAHIM
CHIEF EXECUTIVE

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2005

Note	Issued, subscribed and paid-up capital	Capital Reserve		Revenue Reserve		Total
		Share premium reserve	General reserve	Unrealised gain on revaluation of available-for- sale investment - net	Unappropriated profit	
(Rs. in '000s)						
	250,000	175,505	500,000	362,203	354,981	1,642,689
Balance as at July 1, 2003 - as previously reported						
Effect of change in accounting policy						
Appropriations declared subsequent to the year end - added back						
- Transfer from general reserve	-	-	(300,000)	-	300,000	-
- Proposed dividend @ 15%	-	-	-	-	37,500	37,500
Balance as at July 1, 2003 - restated	250,000	175,505	200,000	362,203	692,481	1,680,189
Appropriations declared subsequent to the year end						
- Transfer to general reserve	-	-	300,000	-	(300,000)	-
- Proposed dividend @ 15%	-	-	-	-	(37,500)	(37,500)
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	4.2	-	-	78,070	(78,070)	-
Net effect of revaluation of available-for-sale investments to fair value held as at the year end	-	-	-	484,757	-	484,757
Profit for the year	-	-	-	-	758,767	758,767
Share of unrealised loss on revaluation of available-for-sale investments of subsidiary companies	-	-	-	79,706	-	79,706
Issue of share capital	100,000	300,000	-	-	-	400,000
Balance as at June 30, 2004 - restated	350,000	475,505	500,000	1,004,736	1,035,678	3,365,919
Balance as at July 1, 2004 - as previously reported	350,000	475,505	1,500,000	829,817	68,612	3,223,934
Effect of change in accounting policy						
Appropriations declared subsequent to the year end - added back	4.1					
- Transfer from general reserve	-	-	(1,000,000)	-	1,000,000	-
- Proposed dividend @ 15%	-	-	-	-	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	4.2	-	-	78,070	(78,070)	-
Share of unrealised gain / (loss) on revaluation of investment of a subsidiary previously not recognised	4.3.1	-	-	96,849	(7,364)	89,485
Balance as at July 1, 2004 - restated	350,000	475,505	500,000	1,004,736	1,035,678	3,365,919
Appropriations declared subsequent to the year end						
- Transfer to general reserve	-	-	1,000,000	-	(1,000,000)	-
- Dividend	-	-	-	-	(52,500)	(52,500)
Net effect of revaluation of available-for-sale investments to fair value held as at the year end	-	-	-	140,801	-	140,801
Profit for the year	-	-	-	-	1,180,850	1,180,850
Share of unrealised loss on revaluation of available-for-sale investments of subsidiary companies	-	-	-	(277,652)	-	(277,652)
Balance as at June 30, 2005	350,000	475,505	1,500,000	867,885	1,164,028	4,357,418

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

MAZHAR-UL-HAQ SIDDIQUI
CHAIRMAN

MUNAF IBRAHIM
CHIEF EXECUTIVE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2005

1. THE COMPANY AND ITS OPERATIONS

Jahangir Siddiqui & Company Limited (the company) was incorporated under the Companies Ordinance, 1984 on May 4, 1991 as a public unquoted company. The company is presently listed on Karachi Stock Exchange (Guarantee) Limited. The company is also a corporate member of Karachi Stock Exchange (Guarantee) Limited and Islamabad Stock Exchange (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. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 and the applicable regulations and directives of Securities and Exchange Commission of Pakistan (SEC). Approved accounting standards comprise of such International Accounting Standards (IASs) as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984, or regulations / directives issued by the SEC differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention, except for held for trading and available-for-sale investments and derivative financial instruments which are stated at fair value.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Change in accounting policy

During the year, the SEC substituted the Fourth Schedule to the Companies Ordinance, 1984 vide SRO 589(1)/2004 dated July 5, 2004, which is effective from the financial year ending on or after July 5, 2004. This has resulted in a change in the accounting policy pertaining to the recognition of dividends and other appropriations declared subsequent to the year end. Dividends and other appropriations to revenue reserves are now recognised in the period in which these are made. Upto the previous year, dividends declared and appropriations made after the balance sheet date but before the financial statements were authorised for issue, were recognised 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 (IAS) 8 "Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies".

Had there been no change in the accounting policy, the effect on the financial statements would have been as follows:

	2005	2004
	(Rupees in '000)	
Decrease in unappropriated profit	(87,500)	(1,052,500)
Increase in general reserve	-	1,000,000
	<u>(87,500)</u>	<u>(52,500)</u>
Increase in proposed dividend	<u>87,500</u>	<u>52,500</u>

The effect of change in accounting policy has been reflected in the comparative balance sheet and the statement of changes in equity. The change in accounting policy has not resulted in any change in the net profit for the current year.

4.2 Change in accounting policy in a subsidiary company

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

ABAMCO Limited's accounting policy for accounting the same is now in line with the company's accounting policy, which is in line with International Accounting Standard - 27 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries" (IAS - 27) which requires that adjustments to the subsidiary's 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 7 to these financial statements.

Had there been no change in the accounting policy, the investments in subsidiary would have been higher by Rs.78.07 million and shareholders' equity would have been higher by Rs.78.07 million.

4.3 Adjustment in subsidiaries financial statements for consistency in accounting policies in accordance with International Accounting Standard - 27 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries"

4.3.1 In Jahangir Siddiqui Investment Bank Limited (JSIBL), investments in quoted securities are initially recorded at cost and are subsequently marked to market in accordance with BSD Circular No. 20 dated August 4, 2000 issued by the State Bank of Pakistan. The circular requires that the difference between the carrying value (adjusted for amortisation of discount or premium) and the revalued amount shall not be taken to profit and loss account except when actually realised and instead be kept in a separate account called "Surplus / deficit on revaluation of securities" which is being shown below equity.

Appropriate adjustments have been made in the current year financial statements of JSIBL in line with International Accounting Standard - 27 "Consolidated Financial Statements and Account for Investments in Subsidiaries" which requires that adjustments to the subsidiary's financial statements should be made when uniform accounting policies for like transactions are not used before using the equity method.

Since such 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", this has resulted in decrease in profit by Rs. 7.364 million and increase in unrealised gain on revaluation of available-for-sale investments - net by Rs. 96.85 million in the comparative figures.

4.3.2 The company state all its fixed assets as stated in note 4.4 to these financial statements except for ABAMCO Limited where commencing from the current year the office premises are carried at revalued amounts as allowed under IAS - 16 "Property, Plant and Equipment". Therefore, to be consistent with the group accounting policy, appropriate adjustments have been made in the financial statements of ABAMCO Limited as required by International Accounting Standard "Consolidated Financial Statements and Accounting for Investments in

Subsidiaries” (IAS - 27) which requires that adjustments to the subsidiary’s financial statements should be made when uniform accounting policies for like transactions are not used before using the equity method.

4.3.3 JS Infocom Limited (formerly Spell Telecommunication Limited) accounts for its investment in associate under the cost method, whereas, the company accounts for investments in associates under equity method as stated in note 5.9 to these financial statements. Therefore, appropriate adjustments in JS Infocom Limited’s financial statements have been made to comply with the requirements of International Accounting Standard “Consolidated Financial Statements and Accounting for Investments in Subsidiaries” (IAS - 27) and the investment of JS Infocom Limited (formerly Spell Telecommunications Limited) in its associate has been accounted for under equity method in these financial statements.

4.4 Tangible fixed assets

These are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to income applying the straight-line method whereby the cost of an asset is written-off over its estimated useful life at the rates specified in note 5 to the financial statements. In respect of additions and deletions of assets during the year, depreciation is charged from the month of acquisition and upto the month preceding the deletion respectively.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying value exceeds estimated recoverable amount, assets are written down to their estimated recoverable amount.

Maintenance and normal repairs are charged to income as and when incurred.

Gains and losses on disposal of fixed assets, if any, are taken to income currently.

4.5 Stock exchange membership cards and room

These are stated at cost less impairment, if any. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying value exceeds estimated recoverable amount, these are written down to their estimated recoverable amount.

4.6 Investments in subsidiaries

Subsidiary companies are the entities in which the company directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

Investments in subsidiaries that are not held exclusively with a view to its disposal in near future are accounted for under the equity method. Such investments are carried in the balance sheet at cost, plus post-acquisition changes in the company's share of net assets of the subsidiaries, less any impairment in value. The profit and loss account reflects the company's share of the results of its subsidiaries.

4.7 Investments in associates

Associates are the entities in which the company directly or indirectly holds or controls shares carrying not less than twenty percent to fifty percent of the voting power or over which it exercises significant influence.

- Investments in associates that are not held exclusively with a view to its disposal in near future are accounted for under the equity method. Such investments are carried in the balance sheet at cost, plus post-acquisition changes in the company's share of net assets of the associate, less any impairment in value. The profit and loss account reflects the company's share of the results of its associates.
- Other investments in associates that are held exclusively with a view to its subsequent disposal in the near future are classified as held for trading or available-for-sale investments and are stated at fair value, with any resultant gains or losses being recognised directly in profit and loss account or equity, respectively. When available-for-sale investments are sold or when the carrying amount of the available-for sale investments is impaired, the cumulative gain or loss recognised in equity is transferred to the profit and loss account.

4.8 Investments in joint ventures

A joint venture is a contractual arrangement in which a venturer has 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. Such investments are carried in the balance sheet at cost, plus post-acquisition changes in the company's share of net assets of the joint ventures, less any impairment in value. The profit and loss account reflects the company's share of the results of its joint ventures.

4.9 Investments

The management of the company determines the appropriate classification of its investments (other than investments in subsidiaries, associates and joint ventures) at the time of purchase and classifies its investments as held for trading, held-to-maturity and available-for-sale.

All investments are initially recognised at cost, being the fair value of the consideration given including acquisition charges associated with the investment.

Held for trading

Investments which are acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin are classified as held for trading. After initial recognition, these are stated at fair values with any resulting gains or losses recognised directly in the profit and loss account.

Available-for-sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale. After initial recognition, these are stated at fair values (except for unquoted investments where active market does not exist) with any resulting gains or losses being taken directly to equity until the investment is disposed or impaired. At the time of disposal, the respective surplus or deficit is transferred to income currently.

Unquoted investments, where active market does not exist, are carried at cost. Provision for impairment in value, if any, is taken to income currently.

Held-to-maturity

Investments with fixed or determinable payments and fixed maturity where management has both the positive intent and ability to hold to maturity are classified as held-to-maturity and are stated at amortised cost. Provision for impairment in value, if any, is taken to income.

For investments in government securities, fair value is determined by reference to quotations obtained from PKRV Reuters page. In respect of investments in quoted marketable securities, fair value is determined by reference to stock exchange quoted market prices at the close of business and in respect of unquoted investments, where active market exists, fair value is determined by reference to broker quotes.

Premiums and discounts on investments are amortised using the effective interest rate method and taken to income from investments.

4.10 Derivatives

Derivative instruments held by the company generally comprise of future and forward contracts in the capital and money markets. These are stated at fair value at the balance sheet date. The fair value of the derivative is equivalent to the unrealised gain or loss from marking to market the derivative using prevailing market rates. Derivatives with positive market values (unrealised gains) are included in other assets and derivatives with negative market values (unrealised losses) are included in other liabilities in the balance sheet. The resultant gains and losses are recognised in the profit and loss account.

The fair value of unquoted derivatives, if any, is determined by discounted cash flows using appropriate interest rates applicable to the underlying asset.

4.11 Securities sold under repurchase / purchased under resale agreements

Investments sold with a simultaneous commitment to repurchase at a specified future date (Repo) continue to be recognised in the balance sheet and are measured in accordance with the accounting policies for investments. Amounts received under these agreements are recorded as securities sold under repurchase agreements. The difference between sale and repurchase price is treated as mark-up / interest expense using the effective yield method.

Investments purchased with a corresponding commitment to resell at a specified future date (Reverse repo) are not recognised in the balance sheet. Amounts paid under these obligations are included in fund placements. The difference between purchase and resale price is treated as mark-up / interest income using the effective yield method.

4.12 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently (for regular way purchases and sales of financial instruments refer to note 4.13).

4.13 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is only offset and the net amount is reported in the balance sheet, when there is a legal enforceable right to set off the recognised amount and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also accordingly offset.

4.14 Trade date accounting

All "regular way" purchases and sales of financial assets are recognised on the trade date, i.e. the date on which the company commits to purchase or sell an asset. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market.

4.15 Foreign currency transactions

Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the balance sheet date. Gains and losses on translation are taken to income currently.

4.16 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

4.17 Financial liabilities - held for trading

Financial liabilities - held for trading include the obligation to deliver securities borrowed by a short seller (i.e. securities sold that are not yet owned).

All financial liabilities - held for trading are initially measured at its cost, which is the fair value of the consideration received for the same including transaction costs associated with the liability. Subsequently, these are remeasured to fair value with any resulting gains or losses recognised directly in the profit and loss account.

4.18 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any, or on one-half of one percent of income under section 113 of Income Tax Ordinance, 2001 whichever is higher.

Deferred

Deferred tax is calculated using the liability method on all temporary differences at the balance sheet date, between the tax base of the assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that the deductible temporary differences will reverse in the future and sufficient taxable income will be available against which the deductible temporary differences and unused tax losses can be utilised.

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

5. TANGIBLE FIXED ASSETS-OWNED

	C O S T				D E P R E C I A T I O N			W R I T T E N
	As at	As at	Rate	As at	For the	As at	DOWN VALUE	
	July 1, 2 0 0 4	Additions / (disposals) 2 0 0 5		July 1, 2 0 0 4	year / (disposals) 2 0 0 5	June 30, 2 0 0 5	As at June 30, 2 0 0 5	
----- (Rs. in '000s) -----				----- (Rs. in '000s) -----				
Office premises - freehold	35,438	- (4,862)	30,576	5	17,071	1,813 (2,614)	16,270	14,306
Office equipment	37,609	337	37,946	25	34,947	956	35,903	2,043
Office furniture and fixtures	7,726	-	7,726	10	6,638	395	7,033	693
Motor vehicles	23,554	3,978 (10,823)	16,709	20	14,088	2,317 (6,158)	10,247	6,462
June 30, 2005	104,327	4,315 (15,685)	92,957		72,744	5,481 (8,772)	69,453	23,504
June 30, 2004	124,345	7,044 (27,062)	104,327		80,629	7,975 (15,860)	72,744	31,583

5.1 Details of disposal of fixed assets having written down value exceeding Rs.50,000 each

Particulars	Acquisition cost	Accumulated depreciation	Written down value	Sale proceeds	Profit	Mode of disposal	Buyer's Particulars
----- (Rs. in '000s) -----							
Motor vehicles:							
Honda City	765	459	306	600	294	Negotiation	Jahangir Siddiqui Capital Markets Limited*, 14th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi.
Honda City	777	181	596	750	154	Negotiation	Jahangir Siddiqui Capital Markets Limited*, 14th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi.
Suzuki Cultus	511	426	85	425	340	Negotiation	Jahangir Siddiqui Capital Markets Limited*, 14th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi.
Suzuki Cultus	560	131	429	525	96	Negotiation	Jahangir Siddiqui Capital Markets Limited*, 14th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi.
Suzuki Cultus	560	121	439	525	86	Negotiation	Jahangir Siddiqui Capital Markets Limited*, 14th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi.

Particulars	Acquisition cost	Accumulated depreciation	Written down value	Sale proceeds	Profit	Mode of disposal	Buyer's Particulars
Suzuki Cultus	560	140	420	525	105	Negotiation	Jahangir Siddiqui Capital Markets Limited*, 14th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi.
Suzuki Cultus	609	122	487	570	83	Negotiation	Jahangir Siddiqui Capital Markets Limited*, 14th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi.
Honda City	765	459	306	600	294	Negotiation	Jahangir Siddiqui Capital Markets Limited*, 14th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi.
Toyota Corolla	1,029	755	274	725	451	Negotiation	Mr. Mehboob Ali, House No. Z-A / 45 - A, Chanesar Goth Mehmoodabad, Karachi.
Honda Civic	865	750	115	674	559	Negotiation	Jahangir Siddiqui Investment Bank Limited*, 1301-1303, 13th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi.
Honda Civic	925	627	298	800	502	Negotiation	Jahangir Siddiqui Investment Bank Limited*, 1301-1303, 13th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi.
Honda Civic	939	157	782	920	138	Negotiation	Bank Islami Pakistan Limited,** 10th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi.
Office premises - free hold:							
Room no. 813 Chapal Plaza Hasrat Mohani Road, Karachi	2,431	1,307	1,124	2,500	1,376	Negotiation	Rafi Enterprises, 8th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi.
Room no. 811 & 812, Chapal Plaza Hasrat Mohani Road, Karachi	2,431	1,307	1,124	2,640	1,516	Negotiation	Naseer Ahmed Burkhurdas 8th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi.

* A subsidiary company.

** An associated company.

	Note	2005 (Rs. in '000s)	2004
6. STOCK EXCHANGE MEMBERSHIP CARDS AND ROOM			
Membership cards			
- Karachi Stock Exchange		100	100
- Islamabad Stock Exchange		11,101	11,101
Room - Islamabad Stock Exchange		1,000	-
		<u>12,201</u>	<u>11,201</u>
7. LONG-TERM INVESTMENTS			
Related parties			
- Investments in subsidiaries	7.1	1,699,498	1,077,609
- Investments in associates	7.2	31,516	7,500
- Investment in a joint venture	7.3	14,568	-
Other investments	7.4	1,077,683	972,226
		<u>2,823,265</u>	<u>2,057,335</u>

7.1 Investment in subsidiaries - stated under equity method accounting

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

Name of Companies	Note	Activity	Holding		2005	2004 (Restated)
			2005	2004		
			%	% (Rupees in '000)		
Quoted						
Jahangir Siddiqui Investment Bank Limited	7.1.1					
53,247,277 shares (2004: 14,199,274 shares)						
market value Rs.1,552.16 million based on the year end stock exchange quotations (2004:net asset value Rs. 947.48 million based on audited financial statements as on June 30, 2004)		Investment Banking	62.41	62.41		
- Opening balance					680,910	355,413
- Share of profit for the year - net of tax					229,615	275,060
- Share of unrealised (loss) / gain on revaluation of available-for-sale investments					(136,873)	96,849
- Share of unrealised loss on revaluation of held for trading investments					(23,332)	(7,364)
- Dividend received during the year					-	(39,048)
					750,320	680,910
- Disputed tax liability					(49,293)	(49,293)
					<u>701,027</u>	<u>631,617</u>

Name of Companies	Note	Activity	Holding		2005	2004 (Restated)
			2005	2004		
			%	%	(Rupees in '000)	
Jahangir Siddiqui Capital Markets Limited	7.1.3					
7,500,000 shares (2004: 6,000,000 shares) market value Rs.378.75 million based on the year end stock exchange quotations (2004: net assets value Rs.100.00 million based on audited financial statements as on June 30, 2004)		Dealing in and brokerage of marketable securities	75.00	100.00		
- Opening balance					100,006	59,735
- Share of profit for the year - net of tax					84,212	40,271
- Share of unrealised loss on revaluation of available-for-sale investments					(13,030)	-
- Right shares subscribed / purchased					72,000	-
- Disposal of investment during the year					(50,492)	-
- Dividend received during the year					(11,246)	-
					181,450	100,006
Unquoted -						
ABAMCO Limited						
26,011,086 shares (2004: 11,419,183 shares) value based on net assets of of Rs.608.57 million (2004: Rs.643.85 million) based on audited financial statements as at June 30, 2005		Asset Management and Investment Advisor	52.02	53.73		
- Opening balance					345,986	114,154
- Share of profit for the year - net of tax					76,344	154,935
- Share of unrealised (loss) / gain on revaluation of available-for-sale investments					(127,749)	60,927
- Right shares subscribed / purchased					-	94,040
- Effect of change in accounting policy	4.2				-	(78,070)
	4.3.2				294,581	345,986
JS Infocom Limited (Formerly Spell Telecommunications Limited)	7.1.4					
60,000,000 shares (2004: Nil) value based on net assets of Rs.686.98 million (2004: Rs. Nil) based on audited financial statements as at June 30, 2005.		Telecom, Media and Technology	81.37	-		
- Allotment during the year against advance					51,450	-
- Investment during the year					548,550	-
- Share of loss for the year - net of tax					(77,560)	-
					522,440	-
					1,699,498	1,077,609

7.1.1 Citibank Overseas Investment Corporation (COIC) had on February 1, 1999 entered into an agreement to sell 6.00 million shares of Jahangir Siddiqui Investment Bank Limited (Formerly 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.123.90 million (representing 6.00 million shares at the rate of Rs.20.65 per share) would be adjusted to the extent of 70.00% 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 (Formerly Citicorp Investment Bank Limited), the company would pay to the COIC the above amount to the extent of 70.00% which would be adjusted against the purchase consideration for above shares. The disputed tax liability has been settled in favour of JSIBL, which is under appeal by the Income Tax Department.

7.1.2 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.

7.2 Investments in associates - stated under equity method accounting

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

<u>Number of shares</u>		Activity	<u>Holding</u>		2005	2004	
			2005	2004			
2004	2005		%	%	2005		
					(Rupees in '000)		
-	3,000,000	Network Microfinance Bank Limited - quoted Allotment during the year against advance	Banking (Microfinancing)	30.00	-	30,000	-
		Impairment during the year				(1,694)	
		Share of loss for the year - net of tax				(4,306)	-
						<u>24,000</u>	<u>-</u>
750,000	750,000	EFU Services (Private) Limited - unquoted Opening balance	Investment company	37.50	37.50	7,500	7,459
		Share of profit for the year - net of tax				16	41
						<u>7,516</u>	<u>7,500</u>
						<u>31,516</u>	<u>7,500</u>

7.3 Investment in a joint venture - stated under equity method accounting

Allotment during the year against advance	5,750	-
Investment during the year	12,317	-
Share of loss for the year	(3,499)	-
	<u>14,568</u>	<u>-</u>

7.3.1 The company has entered into a joint venture agreement on March 3, 2004 with DCD Capital, L.L.C., a company incorporated in United States of America and a third party, to form a new company "DCD - JS Factors (Private) Limited". The primary objective for which the venture is established is to provide export credit protection and export bill discounting facilities to Pakistani exporters and for providing credit information relating to importers in the United States of America, United Kingdom and other European and Asian Countries to Pakistani exporters in accordance with the business plan. The company's share in the joint venture is 49.99% (2004: Nil).

	Note	2005 (Rs. in '000s)	2004
7.4 Other investments *			
Available-for-sale			
Equity securities			
- quoted	7.4.1	1,074,866	929,490
- unquoted (at cost)		-	40,350
		1,074,866	969,840
Held-to-maturity			
Defence Saving Certificates (at amortised cost)		2,817	2,386
		1,077,683	972,226

* Investments are carried at market value except where mentioned specifically.

7.4.1 Includes equity securities pledged with banks having market value as at June 30, 2005 of Rs.840.47 million (2004: Rs.359.00 million) costing Rs.241.58 million (2004: Rs.153.43 million).

The cost of equity securities is Rs.323.91 million (2004: Rs.342.67 million).

8. LONG-TERM LOANS AND ADVANCES - considered good

Long-term loans

Secured

Due from:

- Executives *
- Other employees *

	343	900
	293	501
8.1	636	1,401

Unsecured

Due from:

- ABAMCO Limited - (a subsidiary company)

8.2	139,417	200,000
	140,053	201,401

Current maturity of long-term loans

	(67,022)	(61,439)
	73,031	139,962

Long-term advances

Advance against investment property

Advance against a room at National Commodity Exchange Limited

	3,466	-
	2,500	2,100
	5,966	2,100
	78,997	142,062

* Comparative figures have been restated to comply with the revised threshold of an executive under the revised Fourth Schedule to the Companies Ordinance, 1984.

- 8.1** Represents loans to executives and employees of the company given for housing and for purchase of home appliances at rates ranging from 8.00% to 10.00% per annum in accordance with the company's employee loan policy. These loans are secured against provident fund balance and salaries of the employees and are repayable over a period of two to five years. The maximum aggregate amount due from executives at the end of any month during the year was Rs.0.836 million (2004: Rs.1.899 million). Total disbursements and repayments to executives during the year amounted to Rs.Nil and Rs.0.557 million (2004: Nil and Rs.1,073 million) respectively.
- 8.2** The loan is repayable in six equal semi-annual instalments which commenced from October 30, 2004, alongwith mark-up at the rate of 9.50% per annum..

	Note	2005 (Rs. in '000s)	2004
9. SHORT-TERM INVESTMENTS			
By classification:			
Held for trading			
- Listed equity securities		1,463,773	502,825
- Term finance certificates		96,344	160,177
		1,560,117	663,002
Available-for-sale			
Equity securities			
- quoted		1,061,165	864,452
- unquoted - (at cost)		3,480	3,480
Government securities		-	25,388
Open-end fund units - (at redemption price)		81,913	77,254
		1,146,558	970,574
		2,706,675	1,633,576
By type:			
Equity securities			
- quoted	9.1	2,524,938	1,367,277
- unquoted - (at cost)		3,480	3,480
		2,528,418	1,370,757
Government securities		-	25,388
Term finance certificates - quoted		96,344	160,177
Open-end fund units - (at redemption price)		81,913	77,254
	9.2	2,706,675	1,633,576

The above investments are carried at market value except where mentioned specifically. The cost of the above investments amounts to Rs.2,446.16 million (2004: Rs.1,306.59 million).

9.1 This includes investments in equity securities of related parties having market value of Rs.536.56 million (2004: Rs.273.15 million).

9.2 Includes investments pledged with banks having market value of Rs.2,376.90 million (2004: Rs.794.92) costing Rs.2,163.94 million (2004: Rs.557.44 million).

10. RECEIVABLE AGAINST SALE OF SHARES - unsecured and considered good

The balance includes Rs.145.89 million (2004: Nil) which is receivable from a subsidiary company. Maximum amount due from the subsidiary company at the end of any month during the year was Rs.172.63 million (2004: Rs.37.65 million). The outstanding balance as at year-end has been subsequently recovered.

	Note	2005 (Rs. in '000s)	2004
11. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - unsecured and considered good			
Advance against subscription of shares of a subsidiary and associates - stated under equity method accounting	11.1	148,265	149,700
Advance against subscription of term finance certificates	11.2	50,000	-
Staff		14	30
Others		94	202
		198,373	149,932
Prepayments		311	1,969
Other receivables			
Accrued profit / mark-up on:			
- Long-term loan	11.3	2,208	3,285
- Reverse repurchase transactions		4,723	730
- Bank deposits		255	601
- Government securities		-	137
- Term finance certificates		4,270	3,535
Dividend receivable		11,781	-
Fair value of derivative financial instruments		7,916	-
Other receivables		694	2,055
		31,847	10,343
		230,531	162,244

	Note	2005 (Rs. in '000s)	2004
11.1 Advance against subscription of shares of a subsidiary and associates - stated under equity method accounting			
Eye Television Network Limited - quoted (Formerly Eye TV Limited) Interest 17.86% (2004: 17.86%) representing 6.250 million shares (2004: 6.250 million shares)		62,500	-
Investment during the year		-	62,500
Share of expenses		(25,418)	-
		37,082	62,500
Bank Islami Pakistan Limited - unquoted Interest 18.75% (2004: Nil) representing 11.007 million shares (2004: Nil)	11.1.1	-	-
Investment during the year		110,070	-
		110,070	-
DCD JS Factors Inc. - unquoted Interest 49.99% (2004: Nil)	11.1.2	-	-
Investment during the year		1,491	-
Share of expenses		(378)	-
		1,113	-
JS Infocom Limited (Formerly Spell Telecommunications Limited) - unquoted Interest Nil (2004: 81.37%) representing Nil (2004: 5.145 million shares)	7.1	-	51,450
Network Microfinance Bank Limited - quoted Interest Nil (2004: 30%) representing Nil (2004: 3.000 million shares)	7.2	-	30,000
DCD - JS Factors (Private) Limited - unquoted Interest Nil (2004: 49.99%)	7.3	-	5,750
		148,265	149,700

11.1.1 The company has not as yet commenced commercial operations.

11.1.2 Share of loss of associate has been incorporated in these financial statements on the basis of the financial statements of the associate that were not subject to an audit or a limited scope review.

11.2 This represents advance against subscription of 10,000 unquoted secured term finance certificates of Real Estate Management (Private) Limited having face value of Rs.5,000 each. The mark-up and principal on these term finance certificates is payable on maturity after three years, based on a fixed rate of 8% per annum with the option to extend the tenor of the facility.

11.3 This represents mark-up receivable on long-term loan receivable from ABAMCO Limited (a subsidiary company).

	Note	2005 (Rs. in '000s)	2004
12. FUND PLACEMENTS - secured and considered good			
Securities purchased under resale agreement			
- Listed equity securities	12.1	940,783	414,513
- Government securities	12.2 & 12.3	827,000	385,000
- Term finance certificates		-	12,600
		1,767,783	812,113

12.1 The market value of securities held in respect of these aggregates to Rs.939.59 million (2004: Rs.371.462 million).

12.2 The market value of securities held in respect of these aggregates to Rs.863.70 million (2004: Rs.403.12 million).

12.3 As at June 30, 2005 securities having a market value of Rs.195.31 million have been short sold by the company in the normal course of business. Furthermore, securities having market value of Rs.671.10 million have been further given as collateral under repurchase transactions.

13. CASH AND BANK BALANCES

Cash in hand		30	25
Balances with banks on:			
Current accounts			
- local currency		42,979	5,730
- foreign currency		669	673
		43,648	6,403
Deposit accounts			
- local currency		1,762	57,667
- foreign currency		1,654	1,126
		3,416	58,793
		47,094	65,221

14. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2005	2004			
Number of shares				
23,387,500	23,387,500	Ordinary shares of Rs.10/- each fully paid in cash	233,875	233,875
11,612,500	11,612,500	Ordinary shares of Rs.10/- each issued as fully paid bonus shares	116,125	116,125
35,000,000	35,000,000		350,000	350,000

	Note	2005 (Rs. in '000s)	2004
15. SHARE PREMIUM RESERVE			
Balance at the beginning of the year		475,505	175,505
Share premium received on issue of right shares		-	300,000
Balance at the end of the year		<u>475,505</u>	<u>475,505</u>
16. REDEEMABLE CAPITAL - Non-participatory			
Term finance certificates (TFCs)			
- Unsecured - first issue	16.1	499,600	499,800
- Secured - second issue	16.2	499,800	500,000
- Unsecured - third issue	16.3	492,091	-
		1,491,491	999,800
Less:: Current portion shown under current liability		600	400
		<u>1,490,891</u>	<u>999,400</u>

16.1 The profit on these unsecured TFCs is payable semi-annually, based on the cut-off yield of the last successful auction of 5 year Pakistan Investment Bonds (PIBs) held during the 6 month period plus 1.50% per annum with a floor and cap of 7.50% and 13.00% per annum. The TFCs have a tenor of five years i.e. 2003-2008 with a call option exercisable by the company at any time during the tenor of the TFCs after the first 6 months by giving a 3 months notice at a premium of 1% of outstanding face value.

16.2 The profit on these TFCs is payable semi-annually, based on the 6 month KIBOR average rate plus 1.50% per annum for first 5 years, and thereafter, an increase of 0.10% a year for next 3 years and a further 0.10% a year for the last 2 years. The TFCs have a tenor of ten years i.e. 2004-2014 with a call option exercisable by the company at any time during the tenor of the TFCs after the first 2 years by giving a 3 months notice. These TFCs are secured against lien over a designated account with the Central Depository Company. The account contains marketable securities having a market value of Rs.685.33 million (2004: Rs.751.1 million) equal to the issue size with the regulatory margin as prescribed by the State Bank of Pakistan's Prudential Regulations. In the event of any sale and repurchase of marketable securities, the lead arranger will have a hypothecation charge on the ensuing receivable and a lien over subsequent cash which is to be maintained in a specified bank account.

16.3 The profit on these unsecured TFCs is payable semi-annually at a fixed rate of 8.29% per annum. These TFCs have a tenor of five years i.e. 2004-2009 with a call option exercisable at the coupon dates only by the Company at any time from the 30th month to the 54th month by giving a 30 days advance notice. The call price will include a call premium of 1.00% of then principal outstanding. Transaction costs associated with the issue of TFCs, amounting to Rs.8.73 million, are included in the initial measurement of the financial liability and have been amortised over the life of TFCs using effective interest method.

	Note	2005 (Rs. in '000s)	2004
17. CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES			
Payable against purchase of shares		203,416	18,727
Accrued expenses		77,052	62,916
Accrued return / mark-up on:			
- Redeemable capital		14,596	9,729
- Short-term running finance		90	327
- Repurchase transactions		2,691	638
Other liabilities			
- Payable to a director		148	148
- Security deposits		1,233	1,551
- Unclaimed dividend		1,026	889
- Others		3,716	6,219
		303,968	101,144
18. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS - secured			
Secured against:			
- Government securities	18.1	650,000	410,000
- Term finance certificates	18.2	84,600	112,849
		734,600	522,849

18.1 The market value of securities given as collateral aggregates to Rs.671.10 million (2004: Rs.431.99 million).

18.2 The market value of securities given as collateral aggregates to Rs.83.31 million (2004: Rs.118.65 million).

**19. SHORT-TERM RUNNING FINANCE UNDER
MARK-UP ARRANGEMENT - secured**

This represents aggregate running finance facilities from commercial banks for one year and are renewable. The rate of mark-up ranges between 4.25% to 9.75% per annum (2004: 5.50% per annum) on daily a product basis. These arrangements are secured by pledge of listed shares. The unavailed aggregate running finance facilities amounts to Rs.405.97 million (2004: Rs.400.00 million).

20. CONTINGENCY AND COMMITMENTS

20.1 Contingency

The company is a principal defendant in a suit filed in the Honourable High Court of Sindh 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.

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

	2005	2004
	(Rs. in '000s)	
20.2 Commitments		
Future purchase of listed equity securities	7,751	-
Future sale of listed equity securities	18,691	-
Forward purchase of government securities	185,100	-
Commitments in respect of sale under repurchase transactions against:		
- Government securities	652,867	410,655
- Term finance certificates	85,963	113,309
	738,830	523,964
Commitments in respect of purchase under resale transactions against:		
- Listed equity securities	941,943	415,554
- Government securities	-	12,766
- Term finance certificates	835,076	386,965
	1,777,019	815,285
Commitments in respect of purchase of investment property	181,244	-

	2005	2004
	(Rs. in '000s)	
21. RETURN ON INVESTMENTS		
Mark-up / interest income from:		
Held for trading		
- Government securities	14,668	9,284
- Term finance certificates	11,127	13,643
	25,795	22,927
Held-to-maturity		
- Defence saving certificates	430	365
	26,225	23,292
Dividend income on:		
- Held for trading	21.1 82,414	36,457
- Available-for-sale	44,050	10,413
	126,464	46,870
	152,689	70,162

21.1 Includes dividend received from various related parties of Rs.16.99 million (2004: Rs.6.26 million).

22. GAIN ON SALE OF INVESTMENTS

Investments in subsidiaries	22.1 80,758	-
Held for trading		
- Listed equity securities	860,081	132,154
- Government securities	11,966	13,193
- Term finance certificates	2,950	9,503
	874,997	154,850
Available-for-sale		
- Listed equity securities	70,212	80,934
	1,025,967	235,784

22.1 The above represents capital gain on public offering of 25 percent shares of Jahangir Siddiqui Capital Market Limited, which was previously a wholly owned subsidiary.

	2005 (Rs. in '000s)	2004
23. INCOME FROM LONG-TERM LOANS AND FUND PLACEMENTS		
Profit on loan to staff	37	111
Profit on long term loan - a subsidiary company	16,504	3,279
Return on bank deposit accounts	1,553	5,095
Return on reverse repurchase transactions of:		
- Listed equity securities	56,562	34,800
- Government securities	26,209	9,025
- Term finance certificates	1,911	2,430
	84,682	46,255
	102,776	54,740
24. FEE, COMMISSION AND BROKERAGE		
Consultancy and advisory fee	2,796	11,693
Underwriting commission	2,455	21,226
Commission income	1,782	-
Brokerage income	-	32,666
	7,033	65,585
25. OTHER INCOME		
Gain on sale of fixed assets	7,175	7,836
Rent income	8,251	8,035
Exchange gain	33	11
Other income	-	1,544
	15,459	17,426

	Note	2005 (Rs. in '000s)	2004
26. OPERATING AND ADMINISTRATIVE EXPENSES			
Salaries and benefits		17,404	30,292
Provident fund		762	549
Directors' remuneration		34,800	18,000
Provident fund in respect of director's remuneration		320	200
Amortisation of preliminary expenses for issuance of term finance certificates		920	-
Expenses incurred on disposal of investment in a subsidiary	22.1	4,147	-
Telephone, fax, telegram and postage		1,954	2,267
Vehicle running		1,872	2,123
Electricity, gas, etc.		1,752	2,696
Newspapers and periodicals		31	77
Conveyance and travelling		2,004	2,326
Repairs and maintenance		905	1,325
Computer expenses		1,157	2,728
Auditors' remuneration	26.1	883	350
Royalty fee	26.2	9,900	9,450
Consultancy fee	26.3	15,872	5,470
Legal and professional charges		2,571	1,716
Printing and stationery		736	321
Rent, rates and taxes		647	664
Insurance		1,644	2,804
Entertainment		169	569
Advertisement		3,802	2,558
Office supplies		301	877
Depreciation	5	5,481	7,975
Fees and subscription		7,274	4,064
Donations	26.4	24,060	10,176
Brokerage and commission expense		1,950	-
Clearing fees		4,304	6,735
Office security		1,847	2,194
Others		85	4,317
		149,554	122,823

26.1 Auditors' remuneration

Auditors' remuneration includes the following:

Annual audit fee	250	130
Certifications and other services	583	195
Out of pocket expenses	50	25
	883	350

26.2 This is being paid in accordance with the approval of the board of directors in their meeting held on October 31, 2002.

26.3 These expenses have been incurred in establishment of a wholly owned foreign subsidiary after obtaining permission from the State Bank of Pakistan for equity investment.

26.4 This represents donation to Siddiqui Foundation in which Mr. Ali Jahangir Siddiqui and Mr. Munaf Ibrahim are directors. No other directors or their spouses have any interest in any other donee's fund to which donation was made.

	Note	2005 (Rs. in '000s)	2004
27. FINANCIAL CHARGES			
Mark-up on short-term running finance		24,095	4,438
Mark-up on redeemable capital		92,743	39,706
Mark-up on repurchase transactions of			
- Listed equity securities		11,625	-
- Government securities		32,846	11,965
- Term finance certificates		7,489	3,721
		51,960	15,686
Bank charges		530	316
		169,328	60,146
28. BASIC EARNINGS PER SHARE			
Profit for the year		1,180,850	758,767
Weighted average number of ordinary shares outstanding during the year		35,000,000	32,385,349
Basic earnings per share (Rupees)		34.74	23.43

28.1 No figure for diluted earnings per share has been presented as the company has not issued any instruments which would have an impact on earnings per share when exercised subsequent to June 30, 2005.

29. CASH AND CASH EQUIVALENTS

Cash and bank balances	13	47,094	65,221
Short-term running finance utilised under mark-up arrangement		(869,032)	-
		(821,938)	65,221

30. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

30.1 Liquidity risk

Liquidity risk is the risk that an institution will be unable to meet its funding requirements. To guard against the risk, the company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

The table below summarises the maturity profile of the company's assets and liabilities. The contractual maturities of assets and liabilities at the year-end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. Assets and liabilities not having a contractual maturity are assumed to mature on the expected date on which the assets / liabilities will be realised / settled.

	June 30, 2005					
	Total	Up to one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years
----- (Rupees in '000) -----						
Assets						
Tangible fixed assets	23,504	-	-	-	-	23,504
Stock exchange membership cards and room	12,201	-	-	-	-	12,201
Long-term investments	2,823,265	-	-	-	2,817	2,820,448
Long-term loans and advances	146,019	46	91	66,885	78,997	-
Long-term security deposits	2,521	-	-	-	-	2,521
Short-term investments	2,706,675	-	1,463,773	1,242,902	-	-
Receivable against sale of shares	185,762	185,762	-	-	-	-
Advance taxation - net	6,467	-	-	6,467	-	-
Advances, prepayments and other receivables	230,531	28,198	3,543	198,790	-	-
Fund placements	1,767,783	1,625,783	142,000	-	-	-
Cash and bank balances	47,094	47,094	-	-	-	-
	7,951,822	1,886,883	1,609,407	1,515,044	81,814	2,858,674
Liabilities						
Redeemable capital	1,491,491	-	-	600	992,091	498,800
Creditors, accrued expenses and other liabilities	303,968	230,356	56,176	17,436	-	-
Securities sold under repurchase agreements	734,600	716,600	18,000	-	-	-
Short-term running finance	869,032	-	-	869,032	-	-
Financial liabilities - held for trading	195,313	195,313	-	-	-	-
Provision for taxation	-	-	-	-	-	-
	3,594,404	1,142,269	74,176	887,068	992,091	498,800
Net assets	4,357,418	744,614	1,535,231	627,976	(910,277)	2,359,874
Represented by:						
Issued, subscribed and paid-up capital	350,000					
Share premium reserve	475,505					
General reserve	1,500,000					
Unrealised gain on revaluation of available-for-sale investments - net	867,885					
Unappropriated profit	1,164,028					
	4,357,418					

June 30, 2004

Total	Over one					
	Up to one month	three months	Over three months to one year	Over one year to five years	Over five years	
----- (Rupees in '000) -----						
Assets						
Tangible fixed assets	31,583	-	-	-	-	31,583
Stock exchange membership cards and room	11,201	-	-	-	-	11,201
Long-term investments	2,057,335	-	-	969,840	2,386	1,085,109
Long-term loans and advances	203,501	71	143	61,225	142,062	-
Long-term security deposits	2,564	-	-	43	-	2,521
Short-term investments	1,633,576	-	502,825	1,130,751	-	-
Receivable against sale of shares	10,883	10,883	-	-	-	-
Advance taxation - net	-	-	-	-	-	-
Advances, prepayments and other receivables	162,244	66,540	6,435	89,269	-	-
Fund placements	812,113	669,513	142,600	-	-	-
Cash and bank balances	65,221	65,221	-	-	-	-
	4,990,221	812,228	652,003	2,251,128	144,448	1,130,414
Liabilities						
Redeemable capital	999,800	-	-	400	500,400	499,000
Creditors, accrued expenses and other liabilities	101,144	45,368	44,996	10,780	-	-
Securities sold under repurchase agreements	522,849	515,249	7,600	-	-	-
Short-term running finance	-	-	-	-	-	-
Financial liabilities - held for trading	-	-	-	-	-	-
Provision for taxation	509	-	-	509	-	-
	1,624,302	560,617	52,596	11,689	500,400	499,000
Net assets	3,365,919	251,611	599,407	2,239,439	(355,952)	631,414
Represented by:						
Issued, subscribed and paid-up capital	350,000					
Share premium reserve	475,505					
General reserve	500,000					
Unrealised gain on revaluation of available- for-sale investments - net	1,004,736					
Unappropriated profit	1,035,678					
	3,365,919					

30.2 Yield / Interest rate risk exposure

Yield / Interest rate risk is the risk of decline in earnings due to adverse movement of the yield / interest rate curve. Yield / interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments.

The company has financial instruments with both fixed and floating interest rates as specifically disclosed in the respective notes. The company while dealing in financial instruments negotiates attractive fixed interest rates, which reduce the interest rate price risk.

The effective yield / interest rates are disclosed in the respective notes to the financial statements.

June 30, 2005

	Exposed to yield / interest rate risk							Total
	Effective yield / interest rate %	Up to one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	Non interest bearing	
	(Rupees in '000)							
Financial assets								
Long-term investments	18.03	-	-	-	2,817	-	2,820,448	2,823,265
Long-term loans and advances	8.00 - 10.00	46	91	66,886	73,030	-	5,966	146,019
Long-term security deposits	-	-	-	-	-	-	2,521	2,521
Short-term investments	6.00 - 15.00	-	-	96,344	-	-	2,610,331	2,706,675
Receivable against sale of shares	-	-	-	-	-	-	185,762	185,762
Advances and other receivables	8.00	-	-	50,000	-	-	180,220	230,220
Fund placements	6.10 - 17.73	1,625,783	142,000	-	-	-	-	1,767,783
Cash and bank balances	1.00 - 3.00	3,416	-	-	-	-	43,678	47,094
		<u>1,629,245</u>	<u>142,091</u>	<u>213,230</u>	<u>75,847</u>	<u>-</u>	<u>5,848,926</u>	<u>7,909,339</u>
Financial liabilities								
Redeemable capital	7.50 - 13.00	-	-	600	992,091	498,800	-	1,491,491
Creditors, accrued expenses and other liabilities	-	-	-	-	-	-	303,968	303,968
Securities sold under repurchase agreements	6.00 - 9.25	716,600	18,000	-	-	-	-	734,600
Short-term running finance	4.25 - 9.75	-	-	869,032	-	-	-	869,032
Financial liabilities - held for trading	8.00	195,313	-	-	-	-	-	195,313
		<u>911,913</u>	<u>18,000</u>	<u>869,632</u>	<u>992,091</u>	<u>498,800</u>	<u>303,968</u>	<u>3,594,404</u>
On-balance sheet gap		<u>717,332</u>	<u>124,091</u>	<u>(656,402)</u>	<u>(916,244)</u>	<u>(498,800)</u>	<u>5,544,958</u>	<u>4,314,935</u>
Off-balance sheet items								
Financial assets								
Commitments in respect of future purchase of listed equity securities		-	-	-	-	-	7,751	7,751
Commitments in respect of forward purchase of government securities		-	-	-	-	-	185,100	185,100
Commitments in respects of repurchase transactions		-	-	-	-	-	-	-
- Listed equity securities		-	-	-	-	-	-	-
- Other securities	6.00 - 9.25	720,422	18,408	-	-	-	-	738,830

June 30, 2005

	Exposed to yield / interest rate risk						Non interest bearing	Total
	Effective yield / interest rate %	Up to one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years		
Financial liabilities								
Commitments in respect of future sale of listed equity securities		-	-	-	-	-	18,691	18,691
Commitments in respects of resale transactions								
- Listed equity securities	6.63 - 17.73	941,943	-	-	-	-	-	941,943
- Other securities	6.10 - 8.90	144,813	690,263	-	-	-	-	835,076
Off-balance sheet gap		(366,334)	(671,855)	-	-	-	174,160	(864,029)
Total yield / interest rate sensitivity gap		350,998	(547,764)	(656,402)	(916,244)	(498,800)		
Cumulative yield / interest rate sensitivity gap		350,998	(196,766)	(853,168)	(1,769,412)	(2,268,212)		

June 30, 2004 (Restated)

Financial assets								
Long-term investments	18.03	-	-	-	-	2,386	2,054,949	2,057,335
Long-term loans and advances	8.00 - 10.00	71	143	61,225	139,962	-	2,100	203,501
Long-term security deposits	-	-	-	-	-	-	2,564	2,564
Short-term investments	6.00 - 17.00	185,565	-	-	-	-	1,448,011	1,633,576
Receivable against sale of shares	-	-	-	-	-	-	10,883	10,883
Advances and other receivables	-	-	-	-	-	-	160,275	160,275
Fund placements	2.90 - 12.27	669,513	142,600	-	-	-	-	812,113
Cash and bank balances	1.00 - 2.00	65,221	-	-	-	-	-	65,221
		920,370	142,743	61,225	139,962	2,386	3,678,782	4,945,468
Financial liabilities								
Redeemable capital	7.50 - 13.00	-	-	400	250,600	748,800	-	999,800
Creditors, accrued expenses and other liabilities	-	-	-	-	-	-	101,144	101,144
Securities sold under repurchase agreements	2.40 - 6.00	515,249	7,600	-	-	-	-	522,849
Short-term running finance	-	-	-	-	-	-	-	-
Financial liabilities - held for trading	-	-	-	-	-	-	-	-
		515,249	7,600	400	250,600	748,800	101,144	1,623,793
On-balance sheet gap		405,121	135,143	60,825	(110,638)	(746,414)	3,577,638	3,321,675

June 30, 2004 (Restated)

	Exposed to yield / interest rate risk							Total
	Effective yield / interest rate %	Up to one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	Non interest bearing	
Off-balance sheet items								
Financial assets								
Commitments in respect of repurchase transactions								
- Listed equity securities	-	-	-	-	-	-	-	-
- Other securities	2.40 - 6.00	516,292	7,672					523,964
Financial liabilities								
Commitments in respect of resale transactions								
- Listed equity securities	8.12 - 12.27	415,554	-	-	-	-	-	415,554
- Other securities	2.90 - 5.25	255,614	144,118	-	-	-	-	399,732
Off-balance sheet gap		(154,876)	(136,446)	-	-	-	-	(291,322)
Total yield / interest rate sensitivity gap		250,245	(1,303)	60,825	(110,638)	(746,414)		
Cumulative yield / interest rate sensitivity gap		250,245	248,942	309,767	199,129	(547,285)		

30.3 Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The carrying values of all the financial assets and liabilities reflected in the financial statements approximate their fair values.

30.4 Concentration of credit risk and credit exposure of the financial instruments

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the credit worthiness of the same.

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicate the relative sensitivity of a company's performance to developments affecting a particular industry.

The company is exposed to credit risk on loans, funds placements and certain advances. The company seeks to minimise its credit risk exposure through having exposures only to customers considered creditworthy by obtaining adequate collateral.

30.5 Details of the industry sector analysis is given below:

June 30, 2005				
	Loans and fund placements	Others	Total	Percentage
	----- (Rupees in '000) -----			
Government	-	-	-	-
Financial institutions	1,735,874	255	1,736,129	80.17%
Leasing companies	178,724	-	178,724	8.25%
Mutual funds	-	-	-	-
Stock exchanges	-	2,500	2,500	0.12%
Brokerage house	185,789	-	185,789	8.58%
Oil and gas	-	11,781	11,781	0.54%
Property and real estate	-	50,000	50,000	2.31%
Engineering	-	-	-	-
Individuals	636	108	744	0.03%
	<u>2,101,023</u>	<u>64,644</u>	<u>2,165,667</u>	<u>100.00%</u>
	<u><u>2,101,023</u></u>	<u><u>64,644</u></u>	<u><u>2,165,667</u></u>	<u><u>100.00%</u></u>
June 30, 2004				
	Loans and fund placements	Others	Total	Percentage
	----- (Rupees in '000) -----			
Government securities	-	137	137	0.01%
Financial institutions	313,285	637	313,922	30.56%
Leasing companies	162,600	403	163,003	15.88%
Mutual funds	125,000	291	125,291	12.20%
Stock exchanges	2,100	-	2,100	0.20%
Brokerage house	414,513	-	414,513	40.35%
Oil and gass	-	-	-	-
Property and real estate	-	-	-	-
Engearing	1,633	-	1,633	0.16%
Individuals	-	6,588	6,588	0.64%
	<u>1,019,131</u>	<u>8,056</u>	<u>1,027,187</u>	<u>100.00%</u>
	<u><u>1,019,131</u></u>	<u><u>8,056</u></u>	<u><u>1,027,187</u></u>	<u><u>100.00%</u></u>

31. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over other party in making financial and operating decisions. Related parties comprise of subsidiaries, associated companies, directors and key management personnel. The company in the normal course of business carries out transactions with various related parties. Amount due from and to these associated companies are shown under receivables and payables, reverse repos are shown under fund placements and the remuneration of Chairman, Chief Executive and Executives are disclosed in note 32. The name and relationship with subsidiaries, associates, jointly controlled entities and others are given below:

Jahangir Siddiqui Investment Bank limited - quoted - (a subsidiary) *

Jahangir Siddiqui Capital Markets Limited - quoted - (a subsidiary) *

ABAMCO Limited - unquoted - (a subsidiary) *

JS Infocom Limited (Formerly Spell Telecommunications Limited) - unquoted - (a subsidiary) *

Network Microfinance Bank Limited - quoted - (an associate) *

EFU Services (Private) Limited - unquoted - (an associate) *

DCD - JS Factors (Private) Limited - unquoted - (a joint venture) *

Eye Television Network Limited - quoted - (an associate) *
(Formerly Eye TV Limited)

Bank Islami Pakistan Limited - unquoted - (an associate) *

DCD JS Factors Inc. - unquoted - (an associate) *

* The transactions with the above mentioned subsidiaries, associates and jointly controlled entity have not been disclosed in these financial statements in accordance with the exemption in International Accounting Standard - 24 "Related Party Disclosures" as these will be disclosed in the published consolidated financial statements.

	2005	2004
	(Rs. in '000s)	
The transactions with other related parties are given below:		
Siddiqui Foundation - (common directorship and key management personnel)		
Donation paid	24,300	10,176
Transactions on behalf of directors		
Purchase of marketable securities	-	701,998
Sale of marketable securities	-	405,965

Balances due to / from related parties, if any, are disclosed in respective notes to the financial statements.

The Company continues to have a policy whereby all transactions with related parties are entered into at arm's length prices using admissible valuation method.

32. REMUNERATION OF DIRECTORS CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount charged in the accounts for remuneration, including certain benefits to the directors, chief executive and executives of the Company is as follows:

	Directors		Chief Executive		Executives	
	2005	2004	2005	2004	2005	*2004
	----- (Rupees in '000) -----					
Managerial remuneration	-	-	3,200	2,000	3,785	2,807
House rent allowance	-	-	1,280	800	1,514	1,123
Utilities allowance	-	-	320	200	379	281
Meeting fee	480	160	-	-	-	-
Sub-brokerage, commission and performance bonus	-	-	37,500**	15,000	1,419	3,510
Contribution to provident fund	-	-	320	200	255	192
Medical	-	-	29	9	41	21
Reimbursable expenses	-	-	231	45	431	247
	480	160	42,880	18,254	7,824	8,181
Number of persons	2	2	1	1	5	4

* Comparative figures have been restated to comply with the revised threshold of an executive under the revised Fourth Schedule to the Companies Ordinance, 1984.

* This includes Rs. 7.50 million which has been charged to the profit and loss account of the previous years.

32.1 The Company also provides the chief executive and certain executives with Company maintained cars.

33. SEGMENT INFORMATION

A business segment is a distinguishable component within the company that is engaged in providing individual products or services or a group of related products or services and which are subject to risks and returns that are different from those of other business segments.

For management purposes the company is organised into following 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.
Others	Other operations of the company comprise of underwriting and consultancy services.

	Capital market operations	Fixed income operations	Others	Total
	------(Rupees in '000)-----			
Segment information for the year ended June 30, 2005				
Operating revenue	1,113,319	87,318	7,033	1,207,670
Loss on revaluation of held for trading financial instruments - net	(67,125)	(7,504)	-	(74,629)
Unallocated revenue	-	-	-	96,254
	<u>1,046,194</u>	<u>79,814</u>	<u>7,033</u>	<u>1,229,295</u>
Segment results	1,017,860	62,188	7,033	1,087,081
Unallocated expenditure - (net of unallocated revenue)				(7,340)
Operating profit				<u>1,079,741</u>
Unallocated financial charges				(169,328)
Share of profit from subsidiaries, associated undertakings and joint venture				<u>277,332</u>
Profit before tax				1,187,745
Taxation				(6,895)
Net profit for the year				<u><u>1,180,850</u></u>
Other information				
Segment assets	4,994,381	976,929	-	5,971,310
Unallocated assets				1,980,512
Total assets				<u><u>7,951,822</u></u>
Segment liabilities	203,416	932,604	-	1,136,020
Unallocated liabilities				2,458,384
Total liabilities				<u><u>3,594,404</u></u>
Capital expenditure				<u><u>4,315</u></u>
Unallocated depreciation				<u><u>5,481</u></u>

	Capital market operations	Fixed income operations	Others	Total
	------(Rupees in '000)-----			
Segment information for the year ended June 30, 2004				
Operating revenue	294,758	65,817	65,585	426,160
Gain on revaluation of held for trading financial instruments - net	30,474	-	-	30,474
Unallocated revenue	-	-	-	17,537
	<u>325,232</u>	<u>65,817</u>	<u>65,585</u>	<u>474,171</u>
Segment results	298,505	43,505	61,559	403,569
Unallocated expenditure				(52,221)
Operating profit				<u>351,348</u>
Unallocated financial charges				(60,146)
Share of profit from subsidiaries, associated undertakings and joint venture				<u>470,307</u>
Profit before tax				761,509
Taxation				(2,742)
Net profit for the year				<u><u>758,767</u></u>
Other information				
Segment assets	3,018,461	631,227	-	3,649,688
Unallocated assets				1,340,533
Total assets				<u><u>4,990,221</u></u>
Segment liabilities	18,727	523,487	-	542,214
Unallocated liabilities				1,082,088
Total liabilities				<u><u>1,624,302</u></u>
Capital expenditure				<u>7,044</u>
Unallocated depreciation				<u><u>7,975</u></u>

34. TAXATION

34.1 The charge for current taxation in the accounts is on the basis of Section 113 of the Income Tax Ordinance, 2001.

34.2 The income tax assessments of the company have been finalised up to and including the tax year 2004. Further the company has assessed and un-assessed carry forward tax losses amounting to Rs.237.20 million (2004: Rs.153.82 million). However, the company has not recorded deferred tax assets in view of uncertainty about the availability of taxable profits in the future against which such losses can be utilised as the profit for the year mainly comprises of capital gains on listed equity securities that are exempt for tax purposes under clause 110 of second schedule to the Income tax Ordinance, 2001.

	2005	2004
	(Rs. in '000s)	
34.3 Relationship between accounting profit and tax expense		
Accounting profit for the year before tax	1,187,745	761,509
Tax charge @ 35% (2004: 35%)	415,711	266,528
Tax effect of permanent differences	(474,045)	(269,589)
Tax effect of inadmissible expenses	58,334	3,060
Effect of tax on income for separate consideration	6,323	2,344
Minimum tax under section 113 of Income Tax Ordinance, 2001	683	538
Prior years' tax reversal	(111)	(140)
Net charge for the year	6,895	2,742

35. NUMBER OF EMPLOYEES

The number of employees as at June 30, 2005 was 40 (2004: 34).

36. CORRESPONDING FIGURES

Previous year's figures have been rearranged, wherever necessary, for the purpose of comparison for better presentation.

From	To	(Rupees in '000)	Nature
Advances, prepayments and other receivables	Long-term loans and advances	2,100	Long-term advances has been reclassified to long-term loans and advances.
Advances, prepayments and other receivables	Provision for taxation - net	2,473	Advance tax has been netted off with provision for taxation.
Operating revenue	Financial charges	15,686	Mark-up on repurchase transactions of government securities and term finance certificates has been reclassified to financial charges.

37. APPROPRIATIONS

The Board of Directors of the company proposed the following appropriation during their meeting on September 17, 2005.

	2005	2004	2005	2004
	(Rupees per share)		(Rupees in '000)	
Cash dividend	2.50	1.50	87,500	52,500
Transfer to general reserve	-	-	-	1,000,000
			87,500	1,052,500

38. DATE OF AUTHORISATION

These financial statements were authorized for issue on September 17, 2005 by the Board of Directors of the company.

38. GENERAL

Figures have been rounded off to nearest thousand rupee.

MAZHARUL HAQ SIDDIQUI
CHAIRMAN

MUNAF IBRAHIM
CHIEF EXECUTIVE

Jahangir Siddiqui & Company Limited
Consolidated Accounts
for the year ended June 30, 2005

DIRECTORS REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

The Directors are pleased to present the consolidated financial statements of Jahangir Siddiqui & Co. Ltd. and its subsidiaries for the year ended June 30, 2005.

As at June 30, 2005 the subsidiaries of Jahangir Siddiqui & Co. Ltd. were JS Infocom Limited (formerly Spell Telecommunications Limited), Jahangir Siddiqui Capital Markets Limited ("JSCM"), Jahangir Siddiqui Investment Bank Limited ("JSIBL") and ABAMCO Limited.

JS Infocom Limited (formerly Spell Telecommunications Limited)

Telecommunications Sector (an over view)

The successful privatization of Pakistan Telecommunication Company Limited ('PTCL') has made the FY 05 a historic year in the history of Pakistan's telecommunication sector. Government of Pakistan has received overwhelming response from domestic and foreign entrepreneurs which fueled the unprecedented growth in the sector.

During the year Pakistan Telecommunication Authority ("PTA") issued 12 national licenses for Long Distance and International ('LDI') segment, 73 Fixed Local Loop regional licenses on 17 licenses to establish Wireless Local Loop ("WLL") network. The auction of frequency spectrum for establishing WLL network fetched USD 234.26 million to national exchequer.

Initially JS Infocom Limited had the plan to pursue the LDI and WLL licenses independently but after evaluating the changing dynamics of the telecommunications sector and emerging competitive landscape it was decided to enter into aforesaid segment along with a strong partner.

The Company therefore invested in DV Com Limited which has won the licenses to operate a nation-wide LDI network and WLL services in all 14 telecommunication regions of Pakistan.

For the year 2004-2005, JS Infocom Limited recorded loss after tax of Rs.31.43 million as compared to a loss after tax of Rs.18.95 million for the corresponding period last year. The increase in loss is mainly attributable to financial charges paid during the year which amounted to Rs.19.5 million.

It is important to mention that JS Infocom Limited is operating like a telecommunication investment vehicle therefore its profitability will be derived from the dividend proceeds that it will receive from its investments.

Based on loss after tax for the year, the diluted earnings per share are negative Rs.0.59 per share as against negative Rs.0.29 per share for the previous year.

Jahangir Siddiqui Capital Markets Limited ("JSCM")

With an aim to compete in the market with enhanced capability, JSCM listed its shares on Karachi Stock Exchange (Guarantee) Limited and Islamabad Stock Exchange (Guarantee) Limited respectively on February 07, 2005.

For the year 2004-2005, JSCM reported a post tax profit of Rs.102.29 million as compared to Rs.40.27 million for the corresponding period. The operating revenue including income from transactions in marketable securities was Rs.252.30 million as compared to Rs.143.26 million for the corresponding period. The operating expenses were Rs.122.58 million as compared to Rs.77.22 million during the corresponding period.

Earnings per share for the year are Rs.10.58 per share as against Rs.6.71 per share for the previous year.

Jahangir Siddiqui Investment Bank Limited (“JSIBL”)

For the year 2004-2005, JSIBL posted an after tax profit of Rs.368.04 million as compared to Rs.440.70 million during the preceding year. Return on investments and placements combined with capital gains from investments aggregated to Rs.586.88 million as compared to Rs.532.32 million earned last year. Income on Term Finance Certificates (“TFCs”) was Rs.47.30 million for the year as compared to Rs.60.09 million for the corresponding period. JSIBL’s TFC portfolio aggregated to Rs.553.01 million as compared to Rs.554.71 million for the corresponding period.

Earnings per share for the year are Rs.4.31 per share as against Rs.5.17 per share for the previous year.

ABAMCO Limited

For the year 2004-2005, ABAMCO Limited posted a net profit after tax amounting to Rs.144.46 million as compared to Rs.158.62 million for the corresponding year. During the year, the Company has also made a capitalization issue of 127% to bring its paid up capital to Rs.500 million as at June 30, 2005.

During the year, cash dividends aggregating to Rs.1.02 billion were distributed by the closed end funds under the management of ABAMCO Limited. In addition, stock dividend of 20% from Unit Trust of Pakistan, 10.25% from UTP – Income Fund (highest for the year in the fixed income fund category in the country) and 10% from UTP Islamic Fund were declared from the open end funds during the year.

In the year under review, the Company changed its accounting policy relating to recognition of gains or losses arising on revaluation of available for sale investments in the equity which was previously recognized in the profit & loss account. This change was made to bring the Company’s accounting policy in line with the requirements of the revised International Accounting Standard 39: Financial Instruments: Recognition and Measurement.

Furthermore, the Company has launched one more open ended fund under its UTP flagship namely UTP – Aggressive Asset Allocation Fund. The units were offered to the general public on 28th and 29th June 2005. The Company expects to launch few more open ended funds to provide a diverse range of investment platform to the investors in the forthcoming financial year.

Earnings per share for the year are Rs.2.89 per share as against Rs.3.54 per share for the previous year.

For and on behalf of the
Board of Directors

Mazahrul Haq Siddiqui
Chairman

Karachi: September 17, 2005

CONSOLIDATED BALANCE SHEET

As at June 30, 2005

ASSETS	Note	2005 (Rs. in '000s)	2004 (Restated)
NON-CURRENT ASSETS			
Fixed assets	6	373,899	264,581
Stock exchange membership cards and room	7	44,302	43,302
Long-term investments	8	2,249,229	1,331,160
Long-term loans, advances and other receivables	9	157,742	57,349
Long-term security deposits	10	4,671	6,095
Deferred taxation - asset	22	-	1,825
		2,829,843	1,704,312
CURRENT ASSETS			
Current maturity of long-term loans, advances and other receivables	9	19,407	11,653
Advance taxation - net		15,413	-
Short-term investments	11	4,952,777	3,860,394
Trade debts - unsecured	12	383,515	30,959
Short-term loans	13	490,315	91,395
Fund placements	14	4,646,917	2,485,311
Advances, deposits, prepayments and other receivables	15	460,704	347,411
Cash and bank balances	16	157,094	370,453
		11,126,142	7,197,576
		13,955,985	8,901,888
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 150,000,000 (2004: 50,000,000) ordinary shares of Rs. 10 each		1,500,000	500,000
Issued, subscribed and paid-up capital	17	350,000	350,000
Capital reserve			
Share premium reserve	18	475,505	475,505
Revenue reserves			
General reserve		1,500,000	500,000
Unrealised gain on revaluation of available-for-sale investments - net		867,851	1,009,512
Unappropriated profit		1,153,105	1,130,552
		3,520,956	2,640,064
		4,346,461	3,465,569
Minority interest		845,058	629,247
NON-CURRENT LIABILITIES			
Redeemable capital	19	1,490,891	999,400
Long-term loans	20	379,999	416,145
Certificates of deposit	21	155,440	-
Deferred taxation - liability	22	23,453	-
		2,049,783	1,415,545
CURRENT LIABILITIES			
Creditors, accrued expenses and other liabilities	23	970,057	618,000
Borrowing from banks / NBFCs	24	835,000	300,000
Securities sold under repurchase agreements	25	906,669	1,413,630
Short-term running finance under mark-up arrangement - secured	26	1,305,100	-
Financial liabilities - held for trading		195,313	-
Current portion of redeemable capital	19	302,332	400
Current portion of long-term loans	20	275,001	25,000
Current portion of certificates of deposit	21	1,925,211	996,064
Provision for taxation - net		-	38,433
		6,714,683	3,391,527
CONTINGENCY AND COMMITMENTS			
	27		
		13,955,985	8,901,888

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

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

	Note	2005 (Rs. in '000)	2004 (Restated)
INCOME			
Return on investments	28	368,907	207,445
Gain on sale of investments	29	1,328,636	691,883
Income from long-term loans and fund placements	30	374,311	115,489
Fee, commission and brokerage	31	524,293	427,878
Other income	32	14,921	14,883
(Loss) / gain on revaluation of held for trading financial instruments - net		(74,629)	30,474
		2,536,439	1,488,052
Share of (loss) / profit from:			
- associates		(76,720)	41
- a joint venture		(3,499)	-
		(80,219)	41
		2,456,220	1,488,093
EXPENDITURE			
Operating and administrative expenses	33	575,327	342,619
Financial charges	34	407,381	130,623
		982,708	473,242
Profit before taxation		1,473,512	1,014,851
TAXATION			
- Current		77,454	86,397
- Prior		(14,723)	541
- Deferred		23,042	(44)
	35	85,773	86,894
Profit after taxation		1,387,739	927,957
Profit attributable to minority interest		(296,448)	(238,824)
		1,091,291	689,133
Basic earnings per share	36	31.18	21.28

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

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

CONSOLIDATED CASH FLOW STATEMENT

For the year ended June 30, 2005

	Note	June 30, 2005	June 30, 2004
		(Rs. in '000s)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,473,512	1,014,851
Adjustment for:			
Depreciation		38,583	19,624
Amortisation of intangible assets		19,433	17,554
Amortisation of preliminary expenses for issuance of term finance certificates		1,572	-
Profit on sale of fixed assets		(7,376)	(7,879)
Gain on sale and lease back transaction		(624)	-
Gain on sale of investment in subsidiary		(80,758)	-
Interest income from defence saving certificates		(430)	(365)
Share of loss of associated companies and a joint venture		80,219	(41)
(Loss) / gain on revaluation of held for trading investments		74,629	(30,474)
Financial charges		407,381	130,623
		532,629	129,042
Operating profit before working capital changes		2,006,141	1,143,893
(Increase) / decrease in operating assets:			
Short-term investments		(1,501,019)	(264,106)
Trade debtors		(352,556)	855,035
Short-term loans		(398,920)	105,065
Advances, prepayments and other receivables		(109,575)	(161,553)
		(2,362,070)	534,441
Increase in current liabilities			
Creditors, accrued expenses and other liabilities		303,178	60,295
Cash (used) in / generated from operations		(52,751)	1,738,629
Mark-up paid		(362,879)	(98,446)
Taxes paid		(116,407)	(33,335)
Dividend paid		(56,107)	(38,559)
Changes in long-term loans		(108,147)	(4,246)
Changes in long-term deposits		1,424	(2,524)
Net cash (used) in / generated from operating activities		(694,867)	1,561,519
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(180,147)	(100,076)
Intangible asset acquired		(2,566)	(49,702)
Proceeds from sale of fixed assets		26,613	20,022
Fund placements - net		(2,161,606)	(911,322)
Investments acquired - net		(926,356)	(810,555)
Net cash (used) in investing activities		(3,244,062)	(1,851,633)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares at premium		122,900	400,000
Proceeds from issue of TFC - net		791,851	500,000
Long-term loans		213,855	291,145
Certificates of deposit issued		1,084,587	652,208
Payment of lease obligation		-	(45)
Securities sold under repurchase agreements		(506,961)	401,697
Short sale of government securities - held for trading		179,238	-
Net cash generated from financing activities		1,885,470	2,245,005
Net (decrease) / increase in cash and cash equivalents		(2,053,459)	1,954,891
Cash and cash equivalents at the beginning of the year		70,453	(1,884,438)
Cash and cash equivalents at the end of the year	37	(1,983,006)	70,453

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

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2005

Note	Issued, subscribed and paid-up capital	Capital reserve		Revenue reserves			Total
		Share premium reserve	Capital reserve	General reserve (Rupees in '000)	Unrealised gain on evaluation of available-for-sale investments - net	Unapp- ropriated profit	
Balance 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							
Appropriations declared subsequent to the year-end - added back							
- Transfer from general reserve	-	-	-	(300,000)	-	300,000	-
- Proposed dividend @ 15%	-	-	-	-	-	37,500	37,500
Balance as at July 1, 2003 - restated	250,000	175,505	2,857	200,000	522,924	856,033	2,007,319
Appropriations declared subsequent to the year-end							
- Transfer from general reserve	-	-	-	300,000	-	(300,000)	-
- Proposed dividend @ 15%	-	-	-	-	-	(37,500)	(37,500)
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	5.2	-	-	-	78,070	(78,070)	-
Net effect of revaluation of available-for-sale investments to fair value held as at the year-end		-	-	-	408,518	-	408,518
Share of capital reserve		-	-	(1,901)	-	-	(1,901)
Reversal of share capital reserve		-	-	(956)	-	956	-
Profit for the year		-	-	-	-	689,133	689,133
Issue of share capital		100,000	300,000	-	-	-	400,000
Balance as at June 30, 2004 - restated	350,000	475,505	-	500,000	1,009,512	1,130,552	3,465,569
Balance as at July 1, 2004 - as previously reported	350,000	475,505	-	1,500,000	924,078	147,248	3,396,831
Effect of change in accounting policy							
Appropriations declared subsequent to the year-end - added back	5.1						
- Transfer to general reserve		-	-	-	(1,000,000)	1,000,000	-
- Proposed dividend @ 15%		-	-	-	-	52,500	52,500
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	5.2	-	-	-	78,070	(78,070)	-
Transfer from minority interest due to merger of ABAMCO Limited with a sub-subsidiary	5.3.1	-	-	-	-	16,238	16,238
Effect on profit and loss account for recognition of unrealised gain / loss on held for trading securities of JSIBL previously reported directly in statement of changes in equity		-	-	-	7,364	(7,364)	-
Balance as at July 1, 2004 - restated		350,000	475,505	-	500,000	1,009,512	1,130,552
Appropriations declared subsequent to the year-end							
- Transfer to general reserve		-	-	-	1,000,000	(1,000,000)	-
- Dividend		-	-	-	-	(52,500)	(52,500)
Net effect of revaluation of available-for-sale investments to fair value held as at the year-end		-	-	-	(141,661)	-	(141,661)
Effect of reduction in holding on profit due to merger of ABAMCO Limited reducing from 53.73% to 52.02%		-	-	-	-	(16,238)	(16,238)
Profit for the year		-	-	-	-	1,091,291	1,091,291
Balance as at June 30, 2005		350,000	475,505	-	1,500,000	867,851	1,153,105

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

Mazharul Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive
Jahangir Siddiqui & Company Limited

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2005

1.. THE HOLDING COMPANY AND ITS OPERATIONS

- 1.1** Jahangir Siddiqui & Company Limited (the holding company) was incorporated under the Companies Ordinance, 1984 on May 4, 1991 as a public unquoted company. The holding company is presently listed on Karachi Stock Exchange (Guarantee) Limited. The holding company is also a corporate member of Karachi Stock Exchange (Guarantee) Limited and Islamabad Stock Exchange (Guarantee) Limited. The registered office of the holding company is situated at 14th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi. The principal activities of the holding company are equity trading, money market transactions, investment advisory and consultancy services, underwriting etc.
- 1.2** The group comprises of the holding company and the following subsidiary companies that have been consolidated in these financial statements:

Subsidiary Company	Note	Date of Acquisition	Holding (including indirect holding)		Total assets	Total liabilities
			2 0 0 5 %	2 0 0 4 %	2 0 0 5 (Rupees in '000s)	
Jahangir Siddiqui Investment Bank Limited	1.2.1	18-09-1999	62.41	62.41	4,816,490	3,614,247
ABAMCO Limited	1.2.2	31-07-2000	52.02	53.73	1,422,600	856,314
Jahangir Siddiqui Capital Markets Limited	1.2.3	22-05-2003	75.00	100.00	1,062,461	820,528
JS Infocom Limited (formerly Spell Telecommunication Limited)	1.2.4	25-08-2003	90.50	-	1,005,814	318,825

1.2.1 Jahangir Siddiqui Investment Bank Limited (JSIBL)

JSIBL is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 on October 6, 1992 and is quoted on the Karachi Stock Exchange (Guarantee) Limited and a corporate member of Islamabad Stock Exchange (Guarantee) Limited. The registered office of JSIBL is situated at 13th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi. The company 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 (SEC).

1.2.2 ABAMCO Limited

ABAMCO Limited was incorporated under the Companies Ordinance, 1984, on February 22, 1995 as an unlisted public limited company and is registered in Karachi as an "Investment Advisor" and "Asset Management Company" under Rule 5 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. During the year, ABAMCO Limited has also obtained licences from SEC to undertake Housing Finance, Venture Capital Investment and Leasing business.

ABAMCO Limited is an investment advisor and asset management company of the following companies:

Investment advisor of:

- BSJS Balanced Fund Limited (BBF)
- ABAMCO Capital Fund
- ABAMCO Stock Market Fund
- ABAMCO Composite Fund
- ABAMCO Growth Fund (formerly 4th ICP Mutual Fund)

Asset management company of:

- Unit Trust of Pakistan (UTP)
- UTP - Income Fund
- UTP - Islamic Fund
- UTP - Aggressive Asset Allocation Fund

During the year, ABAMCO Limited floated a new open-end fund namely UTP - Aggressive Asset Allocation Fund. The units of the fund were offered to the public on June 28, 2005 and June 29, 2005.

During the year, the assets and liabilities of Confidence Financial Services Limited (CFSL) a subsidiary of ABAMCO Limited, were merged with ABAMCO Limited using the uniting of interests method with effect from July 1, 2004 under a scheme of amalgamation, approved by the SEC vide order No. NBFC-II/ABAMCO-AMC/122 dated February 11, 2005.

Under the scheme of amalgamation, ABAMCO Limited issued 700,000 fully paid-up ordinary shares of Rs.10/- each to the registered shareholders (other than ABAMCO Limited) of CFSL on the basis of a swap ratio of 1.4:1 i.e. 140 shares of ABAMCO Limited for every 100 shares held in CFSL. The amalgamation has been accounted for in the books of account of ABAMCO Limited by recording all the assets and liabilities of CFSL at their carrying values.

The carrying values of the assets and liabilities of CFSL as at the date of amalgamation were as follows:

	(Rupees in '000)
Assets	
Long-term investments	109,825
Advances and other receivables	298
Cash and bank balances	6,281
	116,404
Liabilities	
Short-term borrowings	20,285
Accrued expenses and other liabilities	74
Provision for taxation	502
	20,861
Net assets	95,543

1.2.3 Jahangir Siddiqui Capital Markets Limited (JSCML)

JSCML was incorporated as a private limited company under the Companies Ordinance, 1984, on June 28, 2000. The registered office of JSCML is situated at 14th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi. The principal activities of the JSCML are share brokerage money market transactions, advisory consultancy services and underwriting etc. JSCML was converted into a public unquoted company with effect from August 7, 2004. Furthermore, it has been listed on Karachi Stock Exchange and Islamabad Stock Exchange from February 7, 2005.

1.2.4 JS Infocom Limited (formerly Spell Telecommunications Limited)

JS Infocom Limited (formerly Spell Telecommunications Limited) was incorporated on August 25, 2003 as a public limited unlisted company under the Companies Ordinance, 1984. The registered office of JS Infocom Limited (formerly Spell Telecommunications Limited) is situated at 14th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi. JS Infocom Limited (formerly Spell Telecommunications Limited) was established to undertake telecommunication business or invest in companies engaged in providing telecommunication services.

On October 18, 2004, JS Infocom Limited (formerly Spell Telecommunications Limited) made an equity investment of Rs.1 billion in DV COM Limited (holding 49.9875%), which is separately licensed by the Pakistan Telecommunication Authority to provide nationwide long distance and international services and wireless local loop services in all 14 telecommunication regions. DV COM has commenced providing long distance and international services.

2. BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the holding company and its subsidiaries (the Group). The financial statements of the holding company and subsidiary companies were prepared upto the same reporting date using consistent accounting policies and have been consolidated on a line-by-line basis.

Subsidiaries are consolidated from the date on which control is transferred to the group and cease to be consolidated from the date on which control is transferred out of the group.

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

Minority interests represent the interest in Jahangir Siddiqui Investment Bank Limited, Jahangir Siddiqui Capital Markets Limited, ABAMCO Limited and JS Infocom Limited, not held by the holding company.

3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 and the applicable regulations and directives of SEC. Approved accounting standards comprise of such International Accounting Standards (IAs) as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984, or regulations / directives issued by the SEC differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

4. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for certain investments which are stated on a mark to market basis as described in notes 5.10, 5.11 and 5.12 and derivative financial instruments which are stated at fair value.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Change in accounting policy

During the year, the SEC substituted the Fourth Schedule to the Companies Ordinance, 1984 vide SRO 589(1)/2004 dated July 5, 2004, which is effective from the financial year ending on or after July 5, 2004. This has resulted in a change in the accounting policy pertaining to the recognition of dividends and other appropriations declared subsequent to the year end. Dividends and other appropriations to revenue reserves are now recognised in the period in which these are made. Upto the previous year, dividends declared and appropriations made after the balance sheet date but before the financial statements were authorised for issue, were recognised 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" (IAS - 8).

Had there been no change in the accounting policy, the effect on the financial statements would have been as follows:

	2 0 0 5	2 0 0 4
	(Rupees in '000)	
Decrease in unappropriated profit	(87,500)	(1,052,500)
Increase in general reserve	-	1,000,000
	(87,500)	(52,500)
Increase in proposed dividend	(87,500)	52,500

The effect of change in accounting policy has been reflected in the comparative balance sheet and the statement of changes in equity. The change in accounting policy has not resulted in any change in the net profit for the current year.

5.2 Change in accounting policy in a subsidiary company

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

ABAMCO Limited's accounting policy for accounting the same is now in line with the holding company's accounting policy, which is in line with International Accounting Standard - 27 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries" (IAS - 27) which requires that adjustments to the subsidiary's 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.

Had there been no change in the accounting policy, the investments in subsidiary would have been higher by Rs.78.070 million and shareholders' equity would have been higher by Rs.78.070 million.

5.3 Adjustment in subsidiaries financial statements for consistency in accounting policies in accordance with International Accounting Standard - 27 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries"

5.3.1 In JSIBL, investments in quoted securities are initially recorded at cost and are subsequently marked to market in accordance with BSD Circular No.20 dated August 4, 2000 issued by the State Bank of Pakistan. The circular requires that the difference between the carrying value (adjusted for amortisation of discount or premium) and the revalued amount shall not be taken to profit and loss account except when actually realised and instead be kept in a separate account called "Surplus / deficit on revaluation of securities" which is being shown below equity. However, the holding company accounts for its quoted investments as stated in note 5.12 to these financial statements.

Therefore, appropriate adjustments have been made in the current year financial statements of JSIBL in line with International Accounting Standard - 27 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries" which requires that adjustments to the subsidiary's 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". This has resulted in decrease in profit and increase in unrealised gain on revaluation of available-for-sale investments - net by Rs.7.364 million in the comparative figures as reflected in the statement of changes in equity.

5.3.2 The group companies state all their fixed assets as mentioned in note 5.6 to these financial statements except for ABAMCO Limited where commencing from the current year the office premises are carried at revalued amounts as allowed under IAS - 16 "Property, Plant and Equipment". Therefore, to be consistent with the group accounting policy, appropriate adjustments have been made in the financial statements of ABAMCO Limited as required by International Accounting Standard "Consolidated Financial Statements and Accounting for Investments in Subsidiaries" (IAS - 27) which requires that adjustments to the subsidiary's financial statements should be made when uniform accounting policies for like transactions are not used before using the equity method.

5.3.3 JS Infocom Limited accounts for its investments in associates under the cost method, whereas, the holding company accounts for investments in associates under equity method as stated in note 5.10 to these financial statements. Therefore, appropriate adjustments in JS Infocom Limited's financial statements have been made to comply with the requirements of International Accounting Standard "Consolidated Financial Statements and Accounting for Investments in Subsidiaries" (IAS - 27) and the investment of JS Infocom Limited (formerly Spell Telecommunications Limited) in its associate has been accounted for under equity method in these financial statements.

5.4 Difference in opening balance

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

This difference has been accounted for in accordance with the allowed alternative treatment given under IAS - 8 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.

5.5 Staff retirement benefits

The group (except for JSIBL) operate approved funded contributory provident fund scheme for the employees eligible to the scheme. Equal monthly contributions are made by the companies and employees to the fund at the rate of 10 percent of basic pay. JSIBL operates an unrecognised provident fund for its permanent employees. Equal monthly contribution to the fund are made both by the group and its employees in accordance with fund rules. JSIBL is in the process of obtaining approval from the relevant authorities in respect of provident fund scheme.

5.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation or impairment, if any. Depreciation is charged to income applying the straight-line method whereby the cost of an asset is written off over its estimated useful life. In respect of additions and deletions of assets during the year, depreciation is charged from the month of acquisition and upto the month preceding the deletion.

Normal repairs and maintenance are charged to income currently. However, major repairs and renewals are capitalised.

Gains or losses on sale of assets are included in income currently.

5.7 Intangible assets

Intangible assets are stated at cost less provision for impairment, if any. Amortisation is charged to income applying straight line method whereby cost of the intangible assets is written-off over its estimated useful life.

5.8 Stock exchange membership cards and room

These are stated at cost less impairment, if any. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying value exceeds estimated recoverable amount, these are written down to their estimated recoverable amount.

5.9 Loans, term finance and advances

Loans, term finance and advances originated by the group are stated at cost less any amount written-off and provision for impairment, if any, in accordance with the Prudential Regulations issued by the SEC vide its Circular No. 2 dated January 21, 2004, where applicable.

5.10 Investments in associates

Associates are the entities in which the company directly or indirectly holds or controls shares carrying not less than twenty percent to fifty percent of the voting power or over which it exercises significant influence.

- Investments in associates that are not held exclusively with a view to its disposal in near future are accounted for under the equity method, less impairment losses, if any. Such investments are carried in the balance sheet at cost, plus post-acquisition changes in the company's share of net assets of the associate, less any impairment in value. The profit and loss account reflects the company's share of the results of its associates.
- Other investments in associates that are held exclusively with a view to its subsequent disposal in the near future are classified as held for trading or available-for-sale investments and are stated at fair value, with any resultant gains or losses being recognised directly in profit and loss account or equity, respectively. When available-for-sale investments are sold or when the carrying amount of the available-for sale investments is impaired, the cumulative gain or loss recognised in equity is transferred to the profit and loss account.

5.11 Interest in joint ventures

A joint venture is a contractual arrangement in which a venturer has joint control in the economic activities undertaken with the other venturers. Interest in joint ventures are accounted for under the equity method, less impairment losses, if any. Such investments are carried in the balance sheet at cost, plus post-acquisition changes in the company's share of net assets of the joint ventures, less any impairment in value. The profit and loss account reflects the company's share of the results of its joint ventures.

5.12 Investments - (other than investments in associates and joint ventures)

The management of the respective subsidiary determines the appropriate classification of its investments (other than investments in associates and joint ventures) at the time of purchase and classifies its investments as held for trading, held-to-maturity and available-for-sale.

All investments are initially recognised at cost, being the fair value of the consideration given including acquisition charges associated with the investment.

Held for trading

Investments which are acquired principally for the purposes of generating a profit from short term fluctuations in price or dealer's margins are classified as held for trading. These are stated at their fair values with any resulting gains or losses recognised directly in the profit and loss account.

Available-for-sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale. After initial recognition, these are stated at fair values (except for unquoted investments where active market does not exist) with any resulting gains or losses being taken directly to equity until the investment is disposed or impaired. At the time of disposal, the respective surplus or deficit is transferred to income currently.

Held-to-maturity

Investments with fixed or determinable payments and fixed maturity where management has both the positive intent and ability to hold to maturity are classified as held-to-maturity and are stated at amortised cost. Provision for impairment in value, if any, is taken to income currently.

For investments in government securities, fair value is determined by reference to quotations obtained from PKRV Reuters page. In respect of investments in quoted marketable securities, fair value is determined by reference to stock exchange quoted market prices at the close of business and in respect of unquoted investments, where active market exists, fair value is determined by reference to broker quotes.

Premiums and discounts on investments are amortised using the effective interest rate method and taken to income from investments.

5.13 Derivatives

Derivative instruments held by the group generally comprise of future and forward contracts in the capital and money markets. These are stated at fair value at the balance sheet date. The fair value of the derivative is equivalent to the unrealised gain or loss from marking to market the derivative using prevailing market rates. Derivatives with positive market values (unrealised gains) are included in other assets and derivatives with negative market values (unrealised losses) are included in other liabilities in the balance sheet. The resultant gains and losses are recognised in the profit and loss account.

The fair value of unquoted derivatives, if any, is determined by discounted cash flows using appropriate interest rates applicable to the underlying asset.

5.14 Securities sold under repurchase / purchased under resale agreements

Investments sold with a simultaneous commitment to repurchase at a specified future date (Repo) continue to be recognised in the balance sheet and are measured in accordance with the accounting policies for investments. Amounts received under these agreements are recorded as securities sold under repurchase agreements. The difference between sale and repurchase price is treated as mark-up / interest expense using the effective yield method.

Investments purchased with a corresponding commitment to resell at a specified future date (Reverse repo) are not recognised in the balance sheet. Amounts paid under these obligations are included in fund placements. The difference between purchase and resale price is treated as mark-up / interest income using the effective yield method.

5.15 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the group loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently (for regular way purchases and sales of financial instruments refer to note 5.17).

5.16 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is only offset and the net amount is reported in the balance sheet, when there is a legal enforceable right to set off the recognised amount and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also accordingly offset.

5.17 Trade date accounting

All "regular way" purchases and sales of financial assets are recognised on the trade date, i.e. the date on which the company commits to purchase or sell an asset. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market.

5.18 Certificates of deposit

Return on certificates of deposit of the group, is recognised on a time proportionate basis taking into account the relevant issue date and maturity date.

5.19 Foreign currency transactions

Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the balance sheet date. Gains and losses on translation are taken to income currently.

5.20 Trade debtors

These are stated net of provision for doubtful debts. Full provision is made against the debts considered doubtful.

5.21 Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

5.22 Financial liabilities - held for trading

Financial liabilities - held for trading include the obligation to deliver securities borrowed by a short seller (i.e. securities sold that are not yet owned).

All financial liabilities - held for trading are initially measured at cost, which is the fair value of the consideration received for the same including transaction costs associated with the liability. Subsequently, these are remeasured to fair value with any resulting gains or losses recognised directly in the profit and loss account.

5.23 Revenue recognition

- (a) Income / return on government securities, term finance certificates (TFCs), loans and advances, bank deposits and reverse repurchase transactions is recognised on an accrual basis.
- (b) Return on defence saving certificates (DSCs) have been accounted for using the effective interest rate method.
- (c) Dividend income on equity investments is recognised, when the right to receive the same is established i.e. at the time of the closure of share transfer books of the company declaring the dividend.
- (d) Capital gains or losses on sale of investments are recognised in the period in which they arise.
- (e) Consultancy and advisory fee, commission on foreign exchange dealings and government securities, etc. and brokerage income are recognised as and when earned.
- (f) Commission from open end funds under management is recognised at the time of sale of units.
- (g) Underwriting commission is recognised when the agreement is executed. Take-up commission is recognised at the time commitment is fulfilled.
- (h) Remuneration for investment advisory and asset management services are recognised on an accrual basis.

5.24 Taxation

Current

Provision for current taxation is based on taxable income at current rates of taxation after taking into account tax credits and tax rebates available, if any or one half of one percent of income under Section 113 of Income Tax Ordinance, 2001 whichever is higher.

Deferred

Deferred tax is provided using liability method, for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax asset / liability on deficit / surplus on revaluation of investments, if any, is charged or credited directly to the same account.

Deferred income tax liability are recognised for all taxable temporary differences in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint venture, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in foreseeable future.

5.25 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, cheques in hand, bank balances and balance with SBP, net of bank overdrafts repayable on demand, if any.

5.26 Segment reporting

A segment is a distinguishable component within a company that is engaged in providing products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

5.27 Transactions with related parties / associated undertakings

Transactions between the holding company and its related parties / associated undertakings are carried out on an arm's length basis. These prices are determined in accordance with the methods prescribed in the Companies Ordinance, 1984.

5.28 Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets and accordingly are not included in these financial statements.

	Note	2005 (Rs. in '000s)	2004
6. FIXED ASSETS			
Tangible	6.1	247,532	124,581
Intangible	6.2	126,367	140,000
		373,899	264,581

6.1 TANGIBLE

	C O S T				D E P R E C I A T I O N			W R I T T E N
	As at	As at	Rate	As at	For the	As at	DOWN VALUE	
	July 1, 2 0 0 4	June 30, 2 0 0 5		July 1, 2 0 0 4	year/ (disposals)	June 30, 2 0 0 5	As at June 30, 2 0 0 5	
----- (Rs. in '000s)-----				----- (Rs. in '000s)-----				
Office premises - freehold	109,014	62,745 (4,862)	166,897	5 - 20	21,903	9,113 (2,614)	28,402	138,495
Office equipment	55,850	53,694 (2,470)	107,074	25 - 33	44,536	15,183 (727)	58,992	48,082
Office furniture and fixtures	11,159	23,673 (310)	34,522	10	8,988	2,802 (44)	11,746	22,776
Motor vehicles	45,978	40,035 (23,491)	62,522	20	21,993	11,485 (9,135)	24,343	38,179
June 30, 2005	222,001	180,147 (31,133)	371,015		97,420	38,583 (12,520)	123,483	247,532
June 30, 2004	151,167	100,076 (29,242)	222,001		94,895	19,624 (17,099)	97,420	124,581

6.1.1 Details of disposal of fixed assets having written down value exceeding Rs.50,000 each

Particulars	Acquisition cost	Accumulated depreciation	Written down value	Sale proceeds	Profit	Mode of disposal	(Rs. in '000s)
							Buyer's Particulars
Office premises							
Room No. 813, Chapal Plaza, Hasrat Mohani Road, Karachi	2,431	1,307	1,124	2,500	1,376	Negotiation	Rafi Enterprises, 8th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi
Room No. 811 and 812, Chapal Plaza, Hasrat Mohani Road, Karachi	2,431	1,307	1,124	2,640	1,516	Negotiation	Naseer Ahmed Burkhurdas, 8th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi
Office equipment							
Diesel Generator	795	199	596	750	154	Sale and lease back	Modaraba Al Mali
Toshiba Television	317	79	238	530	292	Sale and lease back	Modaraba Al Mali
Toshiba home theatre	525	131	394	320	(74)	Sale and lease back	Modaraba Al Mali
Computers	157	56	101	316	215	Negotiation	Punjab Agri Marketing Company
Others	473	202	272	849	577	Negotiation	Punjab Agri Marketing Company

Particulars	Acquisition cost	Accumulated depreciation	Written down value	Sale proceeds	Profit	Mode of disposal	Buyer's Particulars
(Rs. in '000s)							
Motor vehicles							
Toyota Corolla	1,029	755	274	725	451	Negotiation	Mr. Mehboob Ali, House No. Z-A / 45 - A, Chanesar Goth Mehmoodabad, Karachi.
Honda Civic	939	157	782	920	138	Negotiation	Bank Islami Pakistan Limited,* 10th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi
Honda City	885	708	177	650	473	Negotiation	Pervaiz Alam House No. 43 Street 22, 38-B Landhi 5, Karachi. NIC - 42201-2159726
Honda Civic	1,155	693	462	795	333	Negotiation	Bank Islami Pakistan Limited,* 10th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi
Suzuki Cultus	563	338	225	400	175	Negotiation	Syed Owais Wasti (Ex-employee)
Honda Civic	1,279	256	1,023	1,245	222	Sale and lease back	Modaraba Al Mali
Mercedes Benz	5,125	-	5,125	5,155	30	Sale and lease back	Modaraba Al Mali
Suzuki Khyber	350	41	309	350	41	Negotiation	Mr. Fawad Kazmi, 1-49/1-A 10th Gizri Street, DHA, Karachi.
Honda City	600	60	540	540	-	Negotiation	Mr. Aftab Qutubuddin Munnchi - Employee B-42, Block H, North Nazimabad, Karachi

* An associated company.

	Note	2005 (Rs. in '000s)	2004
6.2 Intangible			
Computer software	6.2.1	3,867	-
Management rights of ICP Mutual Funds	6.2.2	122,500	140,000
		<u>126,367</u>	<u>140,000</u>
6.2.1 Amount paid for computer software		5,800	-
Amortisation at the rate of 33.33% per annum			
As at the beginning of year		-	-
During the year		(1,933)	-
		<u>(1,933)</u>	<u>-</u>
		<u>3,867</u>	<u>-</u>
6.2.2 Amount paid for management rights of ICP Mutual Funds	6.2.2.1	175,000	175,000
Amortisation at the rate of 10.00% per annum			
As at the beginning of year		(35,000)	(17,500)
During the year		(17,500)	(17,500)
		<u>(52,500)</u>	<u>(35,000)</u>
		<u>122,500</u>	<u>140,000</u>

6.2.2.1 This represents the amount paid to the Privatisation Commission, Government of Pakistan for the acquisition of the management rights of 12 ICP Mutual Funds (since then consolidated into ABAMCO Stock Market Fund, ABAMCO Growth Fund and ABAMCO Capital Fund).

7. STOCK EXCHANGE MEMBERSHIP CARDS AND ROOM

Membership cards - Karachi Stock Exchange		21,100	21,100
Membership cards - Islamabad Stock Exchange		22,202	22,202
Room - Islamabad Stock Exchange		1,000	-
	7.1	<u>44,302</u>	<u>43,302</u>

7.1 This represents carrying value of membership cards of the Karachi Stock Exchange (Guarantee) Limited held by the holding company and JSCML. Further, membership cards of the Islamabad Stock Exchange (Guarantee) Limited are held by the holding company and JSIBL.

8. LONG-TERM INVESTMENTS

Related parties			
- Investments in associates	8.1	986,576	7,500
- Interest in a joint venture	8.2	14,568	-
Other investments	8.3	1,248,085	1,323,660
		<u>2,249,229</u>	<u>1,331,160</u>

8.1 Investments in associates - stated under equity method accounting

Number of shares		Activity	Holding		2005 (Rupees in '000)	2004
2004	2005		2005 %	2004 %		
-	3,000,000	Network Microfinance Bank Limited - quoted	30.00	-	30,000	-
		Impairment during the year	(Microfinancing)		(1,694)	-
		Share of loss for the year - net of tax			(4,306)	-
					24,000	-
750,000	750,000	EFU Services (Private) Limited - unquoted	37.50	37.50	7,500	7,459
		Opening balance			16	41
		Share of profit for the year - net of tax			7,516	7,500
-	100,000,000	DV Com Limited	49.98	-	1,000,000	-
		Investment during the year			(44,940)	-
		Share of loss during the year			955,060	-
					986,576	7,500

2005
(Rs. in '000s) 2004

8.2 Interest in a joint venture - stated under equity method accounting

Allotment during the year against advance	5,750	-
Investment during the year	12,317	-
Share of loss for the year	(3,499)	-
	14,568	-

The holding company has entered into a joint venture agreement on March 3, 2004 with DCD Capital, L.L.C., a company incorporated in United States of America and a third party, to form a new company "DCD - JS Factors (Private) Limited". The primary objective of the venture is to provide export credit protection and export bill discounting facilities to Pakistani exporters and for providing credit information relating to importers in the United States of America, United Kingdom and other European and Asian Countries to Pakistani exporters in accordance with the business plan. The holding company's interest in the joint venture is 49.99% (2004: Nil).

8.3 Other investments *

Available-for-sale

Equity securities		
- quoted	8.3.1	1,204,694
- unquoted (at cost)		40,574
	8.3.2	1,245,268
		1,321,274

Held-to-maturity

Defence saving certificates (at amortised cost)	2,817	2,386
	1,248,085	1,323,660

* Investments are carried at market value except where mentioned specifically.

8.3.1 Includes equity securities pledged with banks having market value as at June 30, 2005 of Rs.840.47 million (2004: Rs.359.00 million) costing Rs.241.58 million (2004: Rs.153.43 million).

8.3.2 The cost of equity securities is Rs.507.89 million (2004: Rs.426.26 million).

	Note	2005 (Rs. in '000s)	2004
9. LONG-TERM LOANS, ADVANCES AND OTHER RECEIVABLES			
- considered good			
Long-term loans - secured			
Loan to:			
- Executives *	9.1 & 9.2	21,292	1,462
- Other employees *	9.3	2,778	2,888
		24,070	4,350
Long-term finances	9.3	104,690	23,038
		128,760	27,388
Long-term advances - unsecured			
Advance against investment property		3,466	-
Advance against equity	9.4	3,072	-
Advance against capital expenditure		17,851	11,614
		24,389	11,614
Receivable from a related fund - unsecured	9.5	24,000	30,000
		177,149	69,002
Current maturity of long-term loans, term finance and other receivables shown under current assets		(19,407)	(11,653)
		157,742	57,349

* Comparative figures have been restated to comply with the revised threshold of an executive under the revised Fourth Schedule to the Companies Ordinance, 1984.

9.1 This includes a loan given to the Chief Executive Officer (CEO) of ABAMCO Limited with prior approval of the Securities and Exchange Commission of Pakistan under section 195 of the Companies Ordinance, 1984 for the construction of a dwelling house. The loan is secured by way of second equitable mortgage over the said property and is repayable by June 30, 2007. The loan carries mark-up equivalent to the average cost of funds to ABAMCO Limited determined on the basis of six month's average funded liabilities, which is 8.60% per annum for the period from January to June 2005 based on average funded liabilities for the period from June to December 2004.

The maximum aggregate amount due from the Chief Executive Officer of ABAMCO Limited at the end of any month during the year was Rs.20.00 million (2004: Nil).

- 9.2** This represents loans to executives and employees given for housing, purchase of vehicle, home appliances and other purposes at rates ranging from Nil to 12.00% (2004: Nil to 10.00%) per annum in accordance with employee loan policy. These loans are secured against provident fund balances and salaries of the employees, title documents of vehicles and personal guarantees and are repayable over a period of two to five years. The maximum aggregate amount due from executives at the end of any month during the year was Rs.1.934 million (2004: Rs.2.621 million).
- 9.3** These represent finances with maturities ranging from 1 to 6 years, at mark-up rates ranging from 8.00% to 12.50% (2004: 7.00% to 11.00%) per annum repayable in monthly and quarterly instalments. These loans are secured as follows:

		Note	2005 (Rs. in '000s)	2004
Borrower	Collateral			
Khunja Textile Mills Limited (Consortium loan)	First pari passu charge on BMR expansion related fixed assets and personal guarantees of the sponsors.		14,286	15,000
Individuals	Personal guarantees and promissory notes from borrowers, pledge of shares of listed companies / units of open-end schemes DSCs, mortgage of a property, hypothecation of fixed / movable assets, home appliances and jewellery.		90,404	8,038
			104,690	23,038

- 9.4** On October 2, 2004, the Board of Directors of JSCML resolved to acquire 19% of the shareholding in F&B Company (Private) Limited (F&B Company). The authorised capital of the F&B Company would be Rs. 50 million. The principal activity of F&B Company is to established, operate and manage various hospitality business including hotels, restaurants, franchises and resorts. The above amount contributed represents advance for the acquisition of shares of the F&B Company.
- 9.5** The represents expenditure incurred on the incorporation and floatation of ABAMCO Composite Fund. These expenses are recoverable from the fund over a period of five years in equal annual installments of Rs. 6.00 million and do not carry any mark-up.

10. LONG-TERM SECURITY DEPOSITS

These represents security deposits with Karachi Stock Exchange (Guarantee) Limited, National Clearing Company of Pakistan, Central Depository Company of Pakistan Limited and utility companies.

	Note	2005 (Rs. in '000s)	2004
11. SHORT-TERM INVESTMENTS *			
By classification:			
Held for trading			
Equity securities - quoted		1,894,945	611,206
Term finance certificates - quoted		96,344	160,177
Government securities		-	379,302
		1,991,289	1,150,685
Available-for-sale			
Equity securities			
- quoted	11.1	1,966,787	1,772,055
- unquoted (at cost)		3,480	3,480
Open-end mutual fund units (at redemption price)		445,354	268,848
Term finance certificates			
- quoted		414,424	480,744
- unquoted		131,443	98,232
Government securities		-	86,350
		2,961,488	2,709,709
		4,952,777	3,860,394
By type*			
Equity securities	11.2		
- quoted	11.3	3,861,732	2,383,261
- unquoted (at cost)		3,480	3,480
		3,865,212	2,386,741
Open-end mutual fund units		445,354	268,848
Term finance certificates		642,211	739,153
Government securities		-	465,652
	11.4	4,952,777	3,860,394

* Investments are carried at market value except where mentioned specifically. The cost of the above investments amounts to Rs.4,799.60 million (2004: Rs.3,074.21 million).

11.1 During the year, ABAMCO Limited has reclassified all the investments in funds under its management from long-term to short-term available-for-sale investments as the management believes that these investments may be disposed of in response to changes in the market price.

11.2 This includes investments in equity securities of related parties having market value of Rs.536.56 million (2004: Rs.273.15 million).

11.3 This includes fully paid quoted preference shares of Rs.10 each held by JSCML, carrying dividend at the rate of 10.00% per annum on the issue price and having a tenor of seven years from the date of issue.

11.4 This includes investments of holding company pledged with banks having market value of Rs.2,376.90 million (2004: Rs.794.92 million) costing Rs.2,163.94 million (2004: Rs.557.44 million).

	Note	2005 (Rs. in '000s)	2004
12. TRADE DEBTS - unsecured, considered good			
Receivable against purchase of shares on behalf of clients	12.1	314,505	12,168
Receivable against sale of shares		60,735	10,885
Commission receivable		8,275	7,081
Advisory fee receivable		-	825
		<u>383,515</u>	<u>30,959</u>

12.1 Includes receivable from related parties amounting to Rs.8.37 million (2004: Nil).

12.2 Maximum amount due from directors and related parties calculated with reference to month end balance was Rs.6.27 million (2004: Rs.37.65 million).

13. SHORT-TERM LOANS

Term loans - secured			
- considered good	13.1	490,315	81,590
- considered doubtful		24	12
		<u>490,339</u>	<u>81,602</u>
Provision for non-performing loans	13.2	(24)	(12)
		<u>490,315</u>	<u>81,590</u>
Discounted promissory notes - considered good		-	9,805
		<u>490,315</u>	<u>91,395</u>

13.1 These represent loans provided by JSIBL for working capital finances, which carry mark-up ranging from 9.00% to 13.66% (2004: 7.75% to 13.00%) per annum and are secured by pledge of shares of listed companies, personal guaranties of the directors, property of the borrowers and hypothecation of assets. These carry conversion option into ordinary shares amounting to Rs.158.00 million to a customer details of which are as follows:

Nature	Amount in Rs.	Mark-up	Tenor
Short-term finance facility (Loan A) *	100 million	3 months KIBOR plus 5% per annum payable monthly	6 months maturing on October 11, 2005
Short-term syndicate bridge financing facility (Loan B) *	58 million	6 months KIBOR plus 5% per annum payable monthly	5 months maturing on October 4, 2005

* These are secured against ranking charge (Loan A) / floating charge (Loan B) over old present and future assets and properties of the borrower.

	Note	2005 (Rs. in '000s)	2004
13.2 Particulars of provision for non-performing loan			
Opening balance		12	182
Charge for the year		24	-
Reversal on recoveries of a non-performing loan		(12)	(170)
Closing balance		24	12

14. FUND PLACEMENTS - considered good

Securities purchased under resale agreement

Secured			
- Listed equity securities	14.1	3,303,130	1,248,045
- Government securities	14.2 & 14.3	1,183,287	1,052,166
- Term finance certificates		63,000	12,600
		4,549,417	2,312,811
Unsecured			
- Clean placements	14.4	97,500	172,500
		4,646,917	2,485,311

14.1 The market value of securities held in respect of these aggregates to Rs1,377.93 million (2004: Rs.589.32 million)

14.2 The market value of securities held in respect of these aggregates to Rs.863.70 million (2004: Rs.403.12 million).

14.3 As at June 30, 2005 securities having a market value of Rs.192.60 million have been short sold by the holding company in the normal course of business. Furthermore, securities having market value of Rs.671.10 million have been further given as collateral under repurchase transactions.

14.4 This represents placements by JSIBL carrying mark-up rates ranging from 10.00% to 11.25% (2004: 5.00% to 8.25%) per annum.

	Note	2005 (Rs. in '000s)	2004
15. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - unsecured and considered good			
Advance to:			
- Directors	15.1	45	-
- Executives	15.2	133	-
- Staff		144	93
- Associated company		-	3,500
		322	3,593
Advance against shares subscription of a subsidiary and associates	15.3	148,265	149,700
Advance against subscription of term finance certificates	15.4	50,000	10,000
Others		94	202
		198,359	159,902
Deposits		2,471	983
Prepayments		5,427	6,837
Other receivables			
Accrued profit / mark-up on:			
- Long-term loans and term finance		1,788	45
- Short-term loans and advances		9,242	911
- Reverse repurchase transactions		13,367	9,159
- Bank deposit accounts		333	1,212
- Government securities		-	6,490
- Term finance certificates		16,908	16,237
Dividend receivable		28,474	1,618
Fair value of derivative financial instruments		7,916	2,763
Remuneration from related parties	15.5	157,469	128,443
Commission from related parties	15.6	775	3,896
Other receivables		17,853	5,322
		254,125	176,096
		460,704	347,411

15.1 The maximum aggregate amount of advances due from directors of any of the group companies at the end of any month during the year was Rs.0.045 million (2004: Nil).

15.2 The maximum aggregate amount of advances due from executives of any of the group companies at the end of any month during the year was Rs.0.183 million (2004: Nil).

	Note	2005 (Rs. in '000s)	2004
15.3 Advance against shares subscriptions of a subsidiary and associates			
These are fully paid ordinary shares of Rs.10 each unless stated otherwise:			
Eye Television Network Limited - quoted (Formerly Eye TV Limited)			
Interest 17.86% (2004: 17.86%) representing 6.250 million shares (2004: 6.250 million shares)		62,500	-
Investment during the year		-	62,500
Share of expenses		(25,418)	-
		37,082	62,500
Bank Islami Pakistan Limited - unquoted			
Interest 18.75% (2004: Nil) representing 11.007 million shares (2004: Nil)	15.3.1	-	-
Investment during the year		-	-
		110,070	-
		110,070	-
DCD JS Factors Inc. - unquoted			
Interest 49.99% (2004: Nil)		-	-
Investment during the year		1,491	-
Share of expenses		(378)	-
		1,113	-
JS Infocom Limited (Formerly Spell Telecommunications Limited) - unquoted			
Interest Nil (2004: 81.37%) representing Nil (2004: 5.145 million shares)		-	51,450
Network Microfinance Bank Limited - quoted			
Interest Nil (2004: 30%) representing Nil (2004: 3.000 million shares)		-	30,000
DCD - JS Factors (Private) Limited - unquoted			
Interest Nil (2004: 49.99%)		-	5,750
		148,265	149,700

15.3.1 The company has not as yet commenced commercial operation.

15.4 This represents advance against subscription of 10,000 unquoted secured term finance certificates of Real Estate Management (Private) Limited, having face value of Rs.5,000 each, amounting to Rs.50.00 million. The mark-up and principal on these term finance certificates is payable on maturity after three years, based on a fixed rate of 8.00% per annum with the option to extend the tenor of the facility.

15.5 Remuneration from related parties

This includes remuneration for services rendered as an investment advisor by ABAMCO Limited for BSJS Balanced Fund Limited, ABAMCO Growth Fund (formerly 4th ICP Mutual Fund), ABAMCO Stock Market Fund, ABAMCO Capital Fund and ABAMCO Composite Fund. Remuneration for the current year has been calculated at 2.00% (2004: 2.00% to 3.00%) of the average annual net assets of the funds determined on a monthly basis in accordance with the provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

This also includes remuneration for service rendered as an asset management company by ABAMCO Limited. Remuneration for the Unit Trust of Pakistan (UTP), UTP - Income Fund, UTP - Islamic Fund and UTP - Aggressive Asset Allocation Fund has been calculated at 2.00% (2004: 2.00%), 1.00% (2004: Nil), 3.00% (2004: 3.00%) and 3.00% (2004: Nil) respectively of the average annual net assets of the scheme determined on a weekly basis as per the provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

15.6 Commission from related parties

This represents commission receivable from open-end funds on sale of units by ABAMCO Limited.

	Note	2005 (Rs. in '000s)	2004
16. CASH AND BANK BALANCES			
Cash in hand		51	125
Balances with banks on:			
- Current accounts			
- local currency	16.1	77,795	12,455
- foreign currency		669	673
		78,464	13,128
- Deposit accounts			
- local currency		76,925	356,074
- foreign currency		1,654	1,126
		78,579	357,200
		157,094	370,453

16.1 This includes an amount of Rs.2.37 million (2004: Rs.2.37 million) deposited by JSIBL with the State Bank of Pakistan as required under the relevant provisions of the State Bank of Pakistan's Prudential Regulations to meet the additional reserve requirement of 1.00% of certain specified liabilities.

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2005	2004			
Number of shares				
23,387,500	23,387,500	Ordinary shares of Rs.10/- each fully paid in cash	233,875	233,875
11,612,500	11,612,500	Ordinary shares of Rs.10/- each issued as fully paid bonus shares	116,125	116,125
35,000,000	35,000,000		350,000	350,000

Note	2005 (Rs. in '000s)	2004
18. SHARE PREMIUM RESERVE		
Balance at the beginning of the year	475,505	175,505
Share premium received on issue of right shares	-	300,000
Balance at the end of the year	<u>475,505</u>	<u>475,505</u>
19. REDEEMABLE CAPITAL - Non-participatory		
Term finance certificates (TFCs)		
Holding company:		
- Unsecured - first issue	19.1 499,600	499,800
- Secured - second issue	19.2 499,800	500,000
- Unsecured - third issue	19.3 492,091	-
JS Infocom Limited:		
- Secured	19.4 301,732	-
	1,793,223	999,800
Less: Current portion shown under current liabilities	302,332	400
	<u>1,490,891</u>	<u>999,400</u>

19.1 The profit on these TFCs is payable semi-annually, based on the cut-off yield of the last successful auction of five year Pakistan Investment Bonds (PIBs) held during the six month period plus 1.50% per annum with a floor and cap of 7.50% and 13.00% per annum. The TFCs have a tenor of five years i.e. 2003-2008 with a call option exercisable by the company at any time during the tenor of the TFCs after the first 6 months by giving a 3 months notice at a premium of 1% of outstanding face value. Mark-up not yet due amounts to Rs.76.79 million.

19.2 The profit on these TFCs is payable semi-annually, based on the 6 month KIBOR average rate plus 1.50% per annum for first 5 years, and thereafter, an increase of 0.10% a year for next 3 years and a further 0.10% a year for the last 2 years. The TFCs have a tenor of ten years i.e. 2004-2014 with a call option exercisable by the company at any time during the tenor of the TFCs after the first 2 years by giving a 3 months notice. These TFCs are secured against lien over a designated account with the Central Depository Company. The account will contain marketable securities having market value Rs.685.33 million (2004: Rs.751.1 million) equal to the issue size with the regulatory margin as prescribed by the State Bank of Pakistan's Prudential Regulations. In the event of any sale and repurchase of marketable securities, the lead arranger will have a hypothecation charge on the ensuing receivable and a lien over subsequent cash which is to be maintained in a specified bank account. Mark-up not yet due amounts to Rs.482.64 million.

19.3 The profit on these TFCs is payable semi-annually at a fixed rate of 8.29% per annum. These TFCs have a tenor of five years i.e. 2004-2009 with a call option exercisable at the coupon dates only by the Company at any time from the 30th month to the 54th month by giving 30 days advance notice. The call price will include a call premium of 1.00% of then principal outstanding. Mark-up not yet due amounts to Rs.174.98 million.

19.4 JS Infocom Limited issued secured unlisted term finance certificates of Rs.302.00 million having a tenor of one year carrying mark-up rates ranging from 7.50% to 14.50% per annum. Mark-up on these term finance certificates is payable quarterly / at maturity. These TFCs are secured by the floating charge upto the maximum amount of Rs.406.25 million over all present and future assets of the issuer. Further 96.50 million shares of DV Com Limited have been pledged in favour of a trustee (Faysal Bank Limited).

	Note	2005 (Rs. in '000s)	2004
20. LONG-TERM LOANS			
Secured from:			
Financial institutions		550,000	-
Related parties			
- Financial institution		100,000	125,000
- Others		-	316,145
		100,000	441,145
		650,000	441,145
Unsecured from:			
Related party - others		5,000	-
	20.1	655,000	441,145
Current maturity of long-term loans shown under current liabilities		(275,001)	(25,000)
		379,999	416,145

20.1 These carry mark-up rates ranging from 5.00% to 12.5% (2004: 5.00%) per annum and are repayable till June 2008. These are secured against pledge of shares of closed-end funds managed by ABAMCO Limited, personal guarantee of a director of the holding company, second charge on all the current assets and first equitable mortgage / charge over ABAMCO Limited's office premises and investment property.

21. CERTIFICATES OF DEPOSIT

Local currency		2,080,651	996,064
Current maturity of certificates of deposit shown under current liabilities		(1,925,211)	(996,064)
		155,440	-

21.1 The represents deposits received by JSIBL from customers under registered certificates of deposit in local currency. The maturity period ranges between one month to five years. The expected rate of return payable on the certificates ranges from 4.50% to 10.50% (2004: 3.00% to 4.50%) per annum .

	Note	2005 (Rs. in '000s)	2004
22. DEFERRED TAXATION			
Taxable temporary differences			
Unrealised gain on government securities		-	2,261
Differences in accounting and tax bases of owned assets		(23,995)	(444)
Differences in accounting and tax bases of dividend receivable		-	(79)
Deductible temporary differences			
Provision for non-performing loan		417	4
Provision for compensated absences		120	83
Difference in accounting and tax base of deferred cost		5	-
		<u>(23,453)</u>	<u>1,825</u>
Net deferred income tax - asset		<u>-</u>	<u>1,825</u>
Net deferred income tax - liability		<u>(23,453)</u>	<u>-</u>
23. CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES			
Payable against purchase of shares		458,528	1,245
Creditors for sale of shares on behalf of clients		193,448	178,964
Accrued expenses		161,231	122,719
Accrued return / mark-up on:			
- Redeemable capital		21,683	9,729
- Long-term finances		11,541	-
- Short-term running finance		820	237
- Repurchase transactions		2,691	638
- Certificates of deposit		24,122	6,333
- Borrowings from banks and NBFCs		5,677	5,095
Other liabilities			
- Payable to a director		148	148
- Advance from customers	23.1	6,018	8,781
- Software acquisition		4,234	-
- Security deposits		-	1,551
- Subscription received as banker to the issue of customers	23.2	21,305	213,657
- Liability in respect of fiduciary activities	23.3	-	9,386
- Unclaimed dividend		2,431	2,284
- Disputed tax liability	23.4	49,293	49,293
- Others		6,887	7,940
		<u>970,057</u>	<u>618,000</u>

23.1 This represents amount payable against sale of shares under Portfolio Trading Services (PTS) by JSIBL.

23.2 This represents subscription funds received by JSIBL in respect of the offer for sales of shares and TFCs. JSIBL is entitled to receive commission at the rate of 0.25% of the amount of shares settled.

23.3 Liability in respect of fiduciary activities

At June 30, 2005, the details of assets held on behalf of clients in fiduciary capacity by ABAMCO Limited as at June 30, 2005 amounted to Rs.7.00 million.

	2005	2004
	(Rs. in '000s)	
Amount received from the clients	-	32,000
Amount invested in carry over transactions		
- Sui Southern Gas Company Limited	-	(6,843)
- Sui Northern Gas Pipelines Limited	-	(10,923)
- Dera Ghazi Khan Cement Limited	-	(5,220)
- Return earned on bank deposit / capital gain	-	372
Balance as on June 30, 2005	-	9,386

23.4 Liability for purchase consideration of JSIBL

Citibank Overseas Investment Corporation (COIC) had on February 1, 1999 entered into an agreement to sell 6.00 million shares of Jahangir Siddiqui Investment Bank Limited (JSIBL) (formerly Citicorp Investment Bank Limited) to the holding company and in that agreement it was agreed by the parties to the agreement that the purchase consideration of Rs.123.90 million (representing 6.00 million shares at the rate of Rs.20.65 per share) would be adjusted to the extent of 70.00% 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 JSIBL, the holding company would pay to the COIC the above amount to the extent of 70.00% which would be adjusted against the purchase consideration for the investment in JSIBL. It should be noted that even if the matter is decided in favour of JSIBL, the matter is most likely to be referred to a higher forum.

24. BORROWINGS FROM BANKS / NBFCs

Short-term borrowings - unsecured	24.1	700,000	300,000
Demand finance - secured	24.2	135,000	-
		835,000	300,000

24.1 Represents amount borrowed by JSIBL from banks / NBFCs and carry mark-up at rates ranging from 7.00% to 8.15% (2004: 3.25% to 4.00%) per annum.

24.2 JSIBL has demand finance facilities under mark-up arrangement in aggregate of Rs.500 million (2004: Nil) from commercial banks having mark-up of 8.97% (2004: Nil) per annum. The principal amount is payable at maturity. The arrangements are secured against quoted / unquoted TFCs having an aggregate fair value of Rs.197.61 million (2004: Nil).

		2005	2004
		(Rs. in '000s)	
25. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS			
Secured against:			
Government securities	25.1	822,069	1,090,781
Term finance certificates	25.2	84,600	322,849
		906,669	1,413,630

25.1 The market value of securities given as collateral aggregates to Rs.863.29 million (2004: Rs.1,423.67 million).

25.2 The market value of securities given as collateral aggregates to Rs.83.31 million (2004: Rs.118.65 million).

26. SHORT-TERM RUNNING FINANCE - under mark-up arrangements

The holding company has aggregate facilities of running finance amounting to Rs.1,275.00 million (2004: Rs.400.00 million) from commercial banks for one year and are renewable. The rate of mark-up ranges between 4.25% to 9.75% (2004: 5.50%) per annum on daily product basis. These arrangements are secured by pledge of listed shares.

JSIBL has short-term running finance facilities under mark-up arrangements in aggregate of Rs.2,400.00 million (2004: Rs.100.00 million) from commercial banks having mark-up ranging from 7.58% to 9.19% (2004: 5.50%) per annum calculated on a daily product basis payable quarterly. The facility utilised against these arrangements are secured against shares of listed companies having an aggregate fair value of Rs.302.09 million (2004: Rs.236.78 million).

JSCML has running finance facilities under mark-up arrangements in aggregate to Rs.750.00 million (2004: Rs.350.00 million) at mark-up rates ranging from KIBOR plus 1.00% to KIBOR plus 2.00% per annum, with a floor from 9.00% to 10.00% per annum. These arrangements are valid for varying periods upto December 31, 2005. These facilities are secured by pledge of listed equity securities purchased under resale obligations and listed equity securities of various companies owned by the holding company.

27. CONTINGENCY AND COMMITMENTS

27.1 Contingency

The holding company is a principal defendant in a suit filed in the Honourable High Court of Sindh 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.40.00 per share, a decree for specific performance of Letter of Rights and direction to the holding company to allot the shares to the renounee 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 advisors, in the unlikely event of an adverse outcome of the suit, the status of the holding 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.

	2005 (Rs. in '000s)	2004
27.2 Commitments		
Future purchase of listed equity securities	7,751	-
Future sale of listed equity securities	18,691	-
Forward sale commitments	232,476	63,908
Forward purchase of government securities	273,975	-
Commitments in respect of sale under repurchase transactions against:		
- Government securities	652,867	410,655
- Term finance certificates	85,963	113,309
	738,830	523,964
Commitments in respect of purchase under resale transactions against:		
- Listed equity securities	1,366,894	626,656
- Government securities	-	12,766
- Term finance certificates	835,076	386,965
	2,201,970	1,026,387
Sub-underwriting agreement with Dawood Capital Management Limited (Formerly Pakistan Venture Capital Limited) by ABAMCO Limited to underwrite upto one million unsubscribed shares of Eye Television Network Limited (Formerly Eye TV Limited).	10,000	-
Underwriting commitments	148,000	523,000
Asset acquired under operating lease	1,060	-
Commitments in respect of Pre-Initial Public Offer (Pre-IPO)	-	65,000
Commitments in respect of purchase of investment property	181,244	-

During the year ended June 30, 2003, ABAMCO Limited had entered into an agreement with Crosby Asset Management International Limited (CAMIL) whereby ABAMCO Limited is required to acquire membership of National Commodity Exchange Limited (NCEL) held by Crosby Asset Management Limited (CAML), a subsidiary of CAMIL and a former subsidiary of ABAMCO Limited, for Rs.1.00 million within a period of three years from March 22, 2003. However, after the expiry of three years, if ABAMCO Limited is not legally allowed to acquire the membership of NCEL, then ABAMCO Limited will have to pay Rs.1.00 million to CAML. In such a case CAML will hold the membership in trust for ABAMCO Limited until such time irrespective of the non-transferability of the membership that the membership becomes legally transferable to ABAMCO Limited.

Note	2005 (Rs. in '000s)	2004
28 RETURN ON INVESTMENTS		
Mark-up / interest income from:		
Held for trading		
- Government securities	35,934	36,634
- Term finance certificates	11,127	13,643
	47,061	50,277
Available-for-sale		
- Government securities	-	831
- Term finance certificates	47,309	60,091
	47,309	60,922
Held-to-maturity		
- Defence saving certificates	430	365
Dividend income on:		
- Held for trading securities	28.1 88,834	47,612
- Available-for-sale securities	185,273	48,269
	274,107	95,881
	368,907	207,445

28.1 Includes dividend received by the holding company from various related parties of Rs.16.99 million (2004: Rs.6.26 million).

29 GAIN ON SALE OF INVESTMENTS

Gain on sale of investment in a subsidiary	29.1	80,758	-
Held for trading			
- Equity securities - quoted		1,101,840	504,547
- Open-end mutual fund units		53,369	3,870
- Government securities		9,996	5,564
- Term finance certificates - quoted		10,148	14,331
		1,175,353	528,312
Available-for-sale			
- Equity securities - quoted		72,525	163,571
		1,328,636	691,883

29.1 This represents capital gain on public offering of 25 percent of JSCM, which was previously a wholly owned subsidiary of the holding company.

	Note	2005 (Rs. in '000s)	2004
30. INCOME FROM LONG-TERM LOANS AND FUND PLACEMENTS			
Profit / return on:			
- Loans to staff		37	111
- Long-term loans		6,127	1,290
- Short-term loans		34,738	7,014
- Bank deposit accounts		3,634	7,676
Return on reverse repurchase transactions			
- Government securities		41,479	14,668
- Term finance certificates		2,556	2,751
- Listed equity securities		276,818	76,583
- Others		8,922	5,396
		329,775	99,398
		374,311	115,489
31 FEE, COMMISSION AND BROKERAGE			
Consultancy and advisory fee		27,515	50,798
Underwriting commission		2,590	24,076
Commission income	31.1	27,472	43,639
Remuneration from funds under management	31.2	299,544	192,048
Brokerage income		167,172	117,317
		524,293	427,878
31.1 Commission income			
This includes commission amounting to Rs.9.59 million (2004: Rs.35.57 million) from open-end funds under management of ABAMCO Limited.			
31.2 Remuneration from funds under management			
Closed-end funds			
- BSJS Balanced Fund Limited		32,760	23,570
- ABAMCO Stock Market Fund		26,697	21,373
- ABAMCO Growth Fund (formerly 4th ICP Mutual Fund)		14,475	11,312
- ABAMCO Capital Fund		55,063	45,510
- ABAMCO Composite Fund		65,489	11,225
		194,484	112,990

	2005	2004
	(Rs. in '000s)	
Open-end funds		
- Unit Trust of Pakistan	66,231	57,834
- UTP - Income Fund	14,074	-
- UTP - Islamic Fund	24,645	21,224
- UTP - Aggressive Asset Allocation Fund	110	-
	105,060	79,058
	299,544	192,048
32. OTHER INCOME		
Gain on sale of fixed assets	7,376	7,879
Gain on sale and lease back transactions	624	-
Rent income	1,271	823
Exchange gain	31	11
Other income	5,619	6,170
	14,921	14,883
33. OPERATING AND ADMINISTRATIVE EXPENSES		
Salaries and benefits	161,130	128,858
Provident fund	3,915	2,576
Directors' remuneration	39,712	22,718
Provident fund in respect of director's remuneration	590	320
Amortisation of preliminary expenses for issuance of term finance certificates	1,572	-
Expenses incurred on disposal of investment in JSCML	4,147	-
Telephone, fax, telegram and postage	12,464	10,611
Vehicle running	5,820	4,166
Electricity, gas, etc.	4,317	4,102
Newspapers and periodicals	601	194
Conveyance and travelling	15,932	8,174
Repairs and maintenance	4,717	2,997
Computer expenses	9,779	6,808
Auditors' remuneration	2,488	2,522
Royalty fee	19,900	9,658
Consultancy fee	30,862	6,693
Legal and professional charges	16,622	6,668
Printing and stationery	7,308	8,180
Rent, rates and taxes	10,437	5,229
Insurance	8,487	6,438
Entertainment	2,824	2,111
Advertisement	28,242	13,532
Office supplies	3,261	2,248
Depreciation	38,583	19,624
Amortisation of intangible assets	19,433	17,554
Fees and subscription	37,393	7,738
Donations	34,981	22,734
Brokerage and commission expense	13,760	5,846
Clearing fees	31,607	6,869
Office security	3,268	2,997
Others	1,175	4,454
	575,327	342,619

33.1 Auditors' remuneration

Auditors' remuneration includes the following:

	Auditors of holding company	Auditors of subsidiary companies	2 0 0 5	2 0 0 4
	----- (Rupees in '000) -----			
Annual audit fee	250	664	914	648
Certifications and other services	583	831	1,414	1,775
Out of pocket expenses	50	110	160	99
	<u>883</u>	<u>1,605</u>	<u>2,488</u>	<u>2,522</u>

33.2 This represents royalty payable under agreements approved by the Board of Directors of the respective company.

33.3 This includes expenses amounting to Rs.15.87 million (2004: Rs.5.47 million) that have been incurred in establishment of a wholly owned foreign subsidiary of the holding company after obtaining permission from the State Bank of Pakistan for equity investment.

33.4 This includes donation by the holding company, JSIBL and JSCML of Rs.24.06 million, Rs.6.50 million and Rs.2.41 million (2004: Rs.10.18 million, Nil and Rs.0.79 million) respectively, to Siddiqui Foundation in which Mr. Ali Jahangir Siddiqui, Mr. Munawar Alam Siddiqui and Mr. Munaf Ibrahim are directors. No other directors or their spouses have any interest in any other donee's fund to which donation was made.

	2005	2004
	(Rs. in '000s)	
34. FINANCIAL CHARGES		
Mark-up / return on:		
- Short-term running finance	63,781	5,544
- Redeemable capital	112,073	39,706
- Certificates of deposit	87,908	24,106
- Borrowings from banks / NBFCs	77,558	34,154
Mark-up on repurchase transactions of:		
- Government securities	44,598	22,883
- Term finance certificates	7,489	3,721
- Listed equity securities	11,625	-
	63,712	26,604
Others	2,349	509
	<u>407,381</u>	<u>130,623</u>

35. ADVANCE TAXATION - net

35.1 The income tax assessments of the holding company have been finalised upto and including the tax year 2004.

35.2 In respect of JSIBL the income tax assessments upto assessment year 2002-2003 corresponding to accounting year ended June 30, 2002 have been finalised. Income tax returns for the tax years 2003 and 2004 have been filed on self-assessment basis and are deemed to be assessed under Section 120 of the Income Tax Ordinance, 2001.

35.3 In respect of ABAMCO Limited, the income tax assessments have been finalised upto and including the assessment year 2001-2002 (financial year ended June 30, 2001). The income tax assessments for the tax years 2003 and tax year 2004 have been filed under the self assessment scheme and are deemed to be finalised under Section 120 of the Income Tax Ordinance, 2001.

35.4 In respect of JSCML the Income tax assessment have been finalised upto and including tax year 2004 under Section 120 of the Income Tax Ordinance, 2001.

2005
(Rs. in '000s) 2004

35.5 Relationship between accounting profit and tax expense

Group accounting profit for the year before tax	1,473,512	1,014,851
Holding Company @ 35% (2004: 35%)	423,461	269,106
JSIBL @ 35% (2004: 35%)	129,251	156,678
ABAMCO Limited @ 39% (2004: 41%)	79,665	86,035
JSCML @ 35% (2004: 41%)	42,360	27,161
	674,737	538,980
Tax effect of permanent differences	(581,747)	(456,228)
Tax effect of inadmissible expenses	57,721	23,612
Effect of tax on income for separate consideration	(61,625)	(20,303)
Minimum tax under Section 113 of Income Tax Ordinance, 2001	683	539
Prior years' tax reversal / charge	(14,723)	541
Net effect of deferred tax liability arising due to deductible temporary difference	10,727	(247)
Net charge for the year	85,773	86,894

36. BASIC EARNINGS PER SHARE

Profit for the year	1,091,291	689,133
Weighted average number of ordinary shares outstanding during the year	35,000,000	32,385,349
Basic earnings per share (Rupees)	31.18	21.28

36.1 No figure for diluted earnings per share has been presented as the company has not issued any instruments which would have an impact on earnings per share when exercised subsequent to June 30, 2005.

37. CASH AND CASH EQUIVALENTS

Cash and bank balances	157,094	370,453
Borrowings from banks / NBFCs	(835,000)	(300,000)
Short-term running finance utilised under mark-up arrangements	(1,305,100)	-
	(1,983,006)	70,453

38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

38.1 Liquidity risk

Liquidity risk is the risk that an institution will be unable to meet its funding requirements. To guard against the risk, the group has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

The table below summarises the maturity profile of the company's assets and liabilities. The contractual maturities of assets and liabilities at the year-end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. Assets and liabilities not having a contractual maturity are assumed to mature on the expected date on which the assets / liabilities will be realised / settled.

June 30, 2005

	Total	Over one month to				Over five years
		Up to one month	three months	Over three months to one year	Over one year to five years	
----- (Rupees in '000) -----						
Assets						
Fixed assets	373,899	-	-	-	-	373,899
Stock exchange membership cards and room	44,302	-	-	-	-	44,302
Long-term investments	2,249,229	-	-	-	173,220	2,076,009
Long-term loans, advances and other receivables	177,149	46	91	19,270	150,561	7,181
Long-term security deposits	4,671	-	-	-	-	4,671
Deferred taxation - asset	-	-	-	-	-	-
Advance taxation - net	15,413	-	6,942	8,471	-	-
Short-term investments	4,952,777	-	1,476,847	3,007,430	369,626	98,874
Trade debts - unsecured	383,515	39,853	29,157	314,505	-	-
Short-term loans	490,315	-	490,315	-	-	-
Fund placements	4,646,917	2,049,394	2,510,581	86,942	-	-
Advances, deposits, prepayments and other receivables	460,704	25,708	224,995	207,530	2,471	-
Cash and bank balances	157,094	157,094	-	-	-	-
	<u>13,955,985</u>	<u>2,272,095</u>	<u>4,738,928</u>	<u>3,644,148</u>	<u>695,878</u>	<u>2,604,936</u>

Liabilities

Redeemable capital	1,793,223	-	-	302,332	992,091	498,800
Long-term loans	655,000	-	-	275,001	374,999	5,000
Certificates of deposit	2,080,651	-	966,665	958,546	155,440	-
Deferred taxation - liability	23,453	-	(650)	-	24,103	-
Creditors, accrued expenses and other liabilities	970,057	589,283	280,700	50,781	-	49,293
Borrowing from banks / NBFCs	835,000	-	700,000	135,000	-	-
Securities sold under repurchase agreements	906,669	716,600	190,069	-	-	-
Short-term running finance under mark-up arrangement	1,305,100	-	179,660	1,125,440	-	-
Financial liabilities - held for trading	195,313	195,313	-	-	-	-
Provision for taxation - net	-	-	-	-	-	-
	<u>8,764,466</u>	<u>1,501,196</u>	<u>2,316,444</u>	<u>2,847,100</u>	<u>1,546,633</u>	<u>553,093</u>
Net assets	<u>5,191,519</u>	<u>770,899</u>	<u>2,422,484</u>	<u>797,048</u>	<u>(850,755)</u>	<u>2,051,843</u>

Represented by:

Issued, subscribed and paid-up capital	350,000
Share premium reserve	475,505
General reserve	1,500,000
Unrealised gain on revaluation of available-for-sale investments - net	867,851
Unappropriated profit	1,153,105
Minority interest	845,058
	<u>5,191,519</u>

June 30, 2004

Total	Up to one month	Over one	Over three	Over one	Over five years
		month to three months	months to one year	year to five years	
----- (Rupees in '000) -----					
Assets					
Fixed assets	264,581	-	-	-	264,581
Stock exchange membership cards and room	43,302	-	-	-	43,302
Long-term investments	1,331,160	-	-	969,840	7,500
Long-term loans, advances and other receivables	69,002	71	143	11,439	500
Long-term security deposits	6,095	-	-	43	6,052
Deferred taxation - asset	1,825	-	1,825	-	-
Advance taxation - net	-	-	-	-	-
Short-term investments	3,860,394	-	1,116,609	2,315,530	378,294
Trade debts - unsecured	30,959	10,883	7,908	12,168	-
Short-term loans	91,395	-	91,395	-	-
Fund placements	2,485,311	2,335,211	150,100	-	-
Advances, deposits, prepayments and other receivables	347,411	63,261	183,843	99,324	983
Cash and bank balances	370,453	370,453	-	-	-
	8,901,888	2,779,879	1,551,823	3,408,344	461,613
					700,229
Liabilities					
Redeemable capital	999,800	-	-	400	500,400
Long-term loans	441,145	-	-	25,000	416,145
Certificates of deposit	996,064	-	967,500	28,564	-
Deferred taxation - liability	-	-	-	-	-
Creditors, accrued expenses and other liabilities	618,000	206,156	327,110	35,441	49,293
Borrowing from banks / NBFCs	300,000	-	215,000	85,000	-
Securities sold under repurchase agreements	1,413,630	546,030	867,600	-	-
Short-term running finance under mark-up arrangement	-	-	-	-	-
Financial liabilities - held for trading	-	-	-	-	-
Provision for taxation - net	38,433	-	(5,918)	44,351	-
	4,807,072	752,186	2,371,292	218,756	916,545
					548,293
Net assets	4,094,816	2,027,693	(819,469)	3,189,588	(454,932)
					151,936
Represented by:					
Issued, subscribed and paid-up capital	350,000				
Share premium reserve	475,505				
General reserve	500,000				
Unrealised gain on revaluation of available-for-sale investments - net	1,009,512				
Unappropriated profit	1,130,552				
Minority interest	629,247				
	4,094,816				

38.2 Yield / Interest rate risk exposure

Yield / Interest rate risk is the risk of decline in earnings due to adverse movement of the yield / interest rate curve. Yield / interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments. The company has financial instruments with both fixed and floating interest rates as specifically disclosed in the respective notes. The company while dealing in financial instruments negotiates attractive fixed interest rates, which reduce the interest rate price risk.

The effective yield / interest rates are disclosed in the respective notes to the financial statements.

June 30, 2005

	Exposed to yield / interest rate risk							Total
	Effective yield / interest rate %	Up to one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	Non interest bearing	
	(Rupees in '000)							
Financial assets								
Long-term investments	18.03	-	-	-	2,817	-	2,246,412	2,249,229
Long-term loans, advances and other receivables	0.00 - 12.50	46	91	13,271	115,013	-	48,728	177,149
Long-term security deposits	-	-	-	-	-	-	4,671	4,671
Short-term investments	5.00 - 18.00	-	13,074	215,636	413,501	-	4,310,566	4,952,777
Trade debts - unsecured	-	-	-	-	-	-	383,515	383,515
Short-term loans	9.00 - 13.66	-	-	490,315	-	-	-	490,315
Fund placements	6.10 - 17.73	2,049,394	2,510,581	86,942	-	-	-	4,646,917
Advances, deposits and other receivables	8.00	-	-	50,000	-	-	405,277	455,277
Cash and bank balances	0.50 - 11.00	78,579	-	-	-	-	78,515	157,094
		<u>2,128,019</u>	<u>2,523,746</u>	<u>856,164</u>	<u>531,331</u>	<u>-</u>	<u>7,477,684</u>	<u>13,516,944</u>
Financial liabilities								
Redeemable capital	7.50 - 14.50	-	-	302,332	992,091	498,800	-	1,793,223
Long-term loans	5.00 - 12.50	-	-	275,001	379,999	-	-	655,000
Certificates of deposit	4.50 - 10.50	-	966,665	958,546	155,440	-	-	2,080,651
Creditors, accrued expenses and other liabilities	-	-	-	-	-	-	920,764	920,764
Borrowing from banks / NBFCs	7.00 - 8.97	-	700,000	135,000	-	-	-	835,000
Securities sold under repurchase agreements	6.00 - 9.25	716,600	190,069	-	-	-	-	906,669
Short-term running finance under mark-up arrangement	4.25 - 9.75	256,408	179,660	869,032	-	-	-	1,305,100
Financial liabilities - held for trading	8.00	195,313	-	-	-	-	-	195,313
		<u>1,168,321</u>	<u>2,036,394</u>	<u>2,539,911</u>	<u>1,527,530</u>	<u>498,800</u>	<u>920,764</u>	<u>8,691,720</u>
On-balance sheet gap		959,698	487,352	(1,683,747)	(996,199)	(498,800)	6,556,920	4,825,224
Off-balance sheet items								
Commitments in respect of future purchase of listed equity securities		-	-	-	-	-	7,751	7,751
Commitments in respect of forward purchase of government securities		-	-	-	-	-	273,975	273,975
Commitments in respects of sale under repurchase transactions of government securities and TFCs	6.00 - 9.25	720,422	18,408	-	-	-	-	738,830
Commitments in respect of future sale of listed equity securities		-	-	-	-	-	(18,691)	(18,691)
Commitments in respect of forward sale		-	-	-	-	-	(232,476)	(232,476)
Commitments in respect of purchase under resale transactions								
- Listed equity securities	6.63 - 17.73	(1,366,894)	-	-	-	-	-	(1,366,894)
- Government securities and TFCs	6.10 - 8.90	(144,813)	(690,263)	-	-	-	-	(835,076)
Off-balance sheet gap		(791,285)	(671,855)	-	-	-	30,559	(1,432,581)
Total yield / interest rate sensitivity gap		<u>168,413</u>	<u>(184,503)</u>	<u>(1,683,747)</u>	<u>(996,199)</u>	<u>(498,800)</u>		
Cumulative yield / interest rate sensitivity gap		<u>168,413</u>	<u>(16,090)</u>	<u>(1,699,837)</u>	<u>(2,696,036)</u>	<u>(3,194,836)</u>		

June 30, 2004 (Restated)

	Exposed to yield / interest rate risk							Total
	Effective yield / interest rate %	Up to one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	Non interest bearing	
	(Rupees in '000)							
Financial assets								
Long-term investments	5.18 - 18.03	-	-	-	-	2,386	1,328,774	1,331,160
Long-term loans, advances and other receivables	0.00 - 13.00	71	143	5,439	21,341	-	42,008	69,002
Long-term security deposits	-	-	-	-	-	-	6,095	6,095
Short-term investments	5.18 - 17.00	185,565	505,403	75,370	428,255	-	2,665,801	3,860,394
Trade debts - unsecured	-	-	-	-	-	-	30,959	30,959
Short-term loans	5.04 - 13.00	-	91,395	-	-	-	-	91,395
Fund placements	2.90 - 12.27	879,147	1,560,334	7,500	-	-	38,330	2,485,311
Advances, deposits and other receivables	4.47	-	10,000	-	-	-	330,574	340,574
Cash and bank balances	0.50 - 4.00	357,200	-	-	-	-	13,253	370,453
		<u>1,421,983</u>	<u>2,167,275</u>	<u>88,309</u>	<u>449,596</u>	<u>2,386</u>	<u>4,455,794</u>	<u>8,585,343</u>
Financial liabilities								
Redeemable capital	7.50 - 13.00	-	-	400	250,600	748,800	-	999,800
Long-term loans	5	-	-	25,000	416,145	-	-	441,145
Certificates of deposit	3.00 - 4.50	-	967,500	28,564	-	-	-	996,064
Creditors, accrued expenses and other liabilities	-	-	-	-	-	-	568,707	568,707
Borrowing from banks / NBFCs	3.25 - 4.00	-	300,000	-	-	-	-	300,000
Securities sold under repurchase agreements	1.80 - 6.00	515,249	867,600	-	-	-	30,781	1,413,630
Short-term running finance under mark-up arrangement	-	-	-	-	-	-	-	-
Financial liabilities - held for trading	-	-	-	-	-	-	-	-
		<u>515,249</u>	<u>2,135,100</u>	<u>53,964</u>	<u>666,745</u>	<u>748,800</u>	<u>599,488</u>	<u>4,719,346</u>
On-balance sheet gap		<u>906,734</u>	<u>32,175</u>	<u>34,345</u>	<u>(217,149)</u>	<u>(746,414)</u>	<u>3,856,306</u>	<u>3,865,997</u>
Off-balance sheet items								
Commitments in respect of sale under repurchase transactions of government securities and TFCs	2.40 - 6.00	516,292	7,672	-	-	-	-	523,964
Commitments in respect of forward sale	-	-	-	-	-	-	(63,908)	(63,908)
Commitments in respect of purchase under resale transactions								
- Listed equity securities	8.12 - 12.20	(626,656)	-	-	-	-	-	(626,656)
- Government securities and TFCs	2.90 - 5.25	(255,613)	(144,118)	-	-	-	-	(399,731)
Off-balance sheet gap		<u>(365,977)</u>	<u>(136,446)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(63,908)</u>	<u>(566,331)</u>
Total yield / interest rate sensitivity gap		<u>540,757</u>	<u>(104,271)</u>	<u>34,345</u>	<u>(217,149)</u>	<u>(746,414)</u>		
Cumulative yield / interest rate sensitivity gap		<u>540,757</u>	<u>436,486</u>	<u>470,831</u>	<u>253,682</u>	<u>(492,732)</u>		

38.3 Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The carrying values of all the financial assets and liabilities reflected in the financial statements approximate their fair values.

38.4 Concentration of credit risk and credit exposure of the financial instruments

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the credit worthiness of the same.

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicate the relative sensitivity of a company's performance to developments affecting a particular industry.

The company is exposed to credit risk on loans, funds placements and certain advances. The company seeks to minimise its credit risk exposure through having exposures only to customers considered creditworthy by obtaining adequate collateral.

38.5 Details of the industry sector analysis is given below:

	June 30, 2005			
	Loans and fund placements	Others	Total	Percentage
	------(Rupees in '000)-----			
Government	-	-	-	-
Financial institutions	2,017,860	255	2,018,115	36.73%
Leasing companies	178,724	-	178,724	3.25%
Mutual funds	182,246	-	182,246	3.32%
Stock exchanges	-	3,467	3,467	0.06%
Brokerage house	375,286	-	375,286	6.83%
Oil and gas	-	11,781	11,781	0.21%
Technology and communications	-	-	-	-
Property and real estate	-	50,000	50,000	0.91%
Individuals	24,070	852	24,922	0.45%
Miscellaneous	2,584,682	65,861	2,650,543	48.24%
	<u>5,362,868</u>	<u>132,216</u>	<u>5,495,084</u>	<u>100.00%</u>

June 30, 2004

	Loans and fund placements			
	Others	Total	Percentage	
	------(Rupees in '000)-----			
Government	-	137	137	-
Financial institutions	357,964	637	358,601	12.43%
Leasing companies	162,600	403	163,003	5.65%
Mutual funds	287,339	291	287,630	9.97%
Stock exchanges	2,100	850	2,950	0.10%
Brokerage house	426,683	-	426,683	14.79%
Oil and gas	-	-	-	-
Technology and communications	-	36,400	36,400	1.26%
Property and real estate	-	-	-	-
Individuals	3,676	2,769	6,445	0.22%
Miscellaneous	1,563,906	39,415	1,603,321	55.58%
	<u>2,804,268</u>	<u>80,902</u>	<u>2,885,170</u>	<u>100.00%</u>

39. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over other party in making financial and operating decisions. Related parties comprise of subsidiaries, associated companies, directors and key management personnel. The company in the normal course of business carries out transactions with various related parties. Amount due from and to these associated companies are shown under receivables and payables, reverse repos are shown under fund placements and the remuneration of chief executive and executives are disclosed in note 40. The name, relationship and transactions with associates, jointly controlled entities and other related parties are given below:

Particulars	Relationship	2005	2004
		(Rupees in '000)	
Associates and a joint venture			
Eye Television Network Limited	The group has an interest of 17.86% (2004: nil) in the equity shares of the company .		
Underwriting commission income		90	-
Loan disbursed and repaid		15,000	-
Mark-up on short term loan		112	-
Modaraba Al-Mali	The group has common directorship with the modaraba management company.		
Amount received on sale and lease back of assets		8,000	-
Muslim Commercial Bank Limited	The group has common directorship with the bank.		
Repayments against long term financing		30,810	31,762
Mark-up expense on long term financing		5,810	6,762
Bonus shares issued		11,156	-

Particulars	Relationship	2 0 0 5	2 0 0 4
		(Rupees in '000)	
Bank Islami Pakistan Limited (2004: nil) in the equity shares of the company.	The group has an interest of 18.75%		
Unsecured borrowing obtained		110,070	-
Expenses paid on behalf of the bank		3	-
Sale of fixed assets		795	-
Investment in DV Com Limited (2004: nil) in the equity shares of the company.	The group has an interest of 49.99%	1,000,000	-
EFU Services (Private) Limited (2004: 37.50%) in the equity shares of the company.	The group has an interest of 37.50%		
Certificate of investment purchased		1,385	-
Amount due from JS Air (Private) Limited with the company.	The group has common directorship with the company.	166	151
Mustang Securities Services (Private) Ltd.	Common directorship and key management personnel.		
Security services		159	213
Siddiqui Foundation	Common directorship and key management personnel.		
Donation paid		24,300	10,176
Amount due from JS Energy Limited	Common directorship and key management personnel.	3,965	-
DCD JS Factor (Private) Limited	The group has a interest of 49.99% (2004: nil) in the joint venture.		
Advisory and consultancy fee		278	98
Out of pocket expense		76	-
Other related parties			
Transactions with BSJS Balanced Fund Limited	Investment Advisor		
Remuneration income		32,760	23,570
Dividend income		21,514	7,500
Bonus certificates / shares received (2,381,333 shares)		-	-
Transactions with ABAMCO Growth Fund	Investment Advisor		
Remuneration income		14,475	11,312
Dividend income		6,286	2,100
Right shares subscribed		25,474	-
Bonus certificates / shares received (311,157 shares)		-	-

Particulars	Relationship	2 0 0 5	2 0 0 4
		(Rupees in '000)	
Transactions with ABAMCO Stock Market Fund	Investment Advisor		
Remuneration income		26,697	21,373
Dividend income		9,390	2,295
Right shares subscribed		62,589	-
Bonus certificates / shares received (463,814 shares)		-	-
Transactions with ABAMCO Capital Fund	Investment Advisor		
Remuneration income		55,062	45,510
Dividend income		24,842	8,444
Right shares subscribed		101,663	-
Bonus certificates / shares received (2,396,189 shares)		-	-
Transactions with ABAMCO Composite Fund	Investment Advisor		
Remuneration income		65,489	11,225
Dividend income		49,844	-
Receipt against long term receivable		6,000	-
Transactions with Unit Trust of Pakistan	Asset Manager		
Remuneration income		66,231	57,835
Commission income		6,996	22,268
Transactions with UTP - Islamic Fund	Asset Manager		
Remuneration income		24,645	21,224
Commission income		1,826	6,188
Amount due to UTP Islamic Fund		110,516	-
Transactions with UTP - Income Fund	Asset Manager		
Remuneration income		14,074	-
Commission income		772	7,116
Transactions with UTP - Aggressive Asset Allocation Fund	Asset Manager		
Remuneration income		110	-
Preliminary expenses incurred on behalf of the fund		1,000	-
Transaction with UTP - Fund of Funds	Asset Manager		
Preliminary expenses incurred on behalf of the fund		50	-

Particulars	Relationship	2 0 0 5	2 0 0 4
		(Rupees in '000)	
Transactions with Mr. Ali Jahangir Siddiqui	Director		
Bonus shares issued		75,486	-
Consultancy fees paid		2,100	-
Right shares issued		-	36,153
Shares issued on amalgamation		7,000	-
Transactions with Mr. Najam Ali	Chief Executive Officer - ABAMCO Limited		
Loan disbursed		20,000	-
Mark-up income on loan		490	-
Transactions with Mr. William H. Kleh	Director		
Bonus shares issued		13,429	-
Right shares issued		-	4,327
Transaction with Staff Provident Fund	Executives of the holding company are the trustees.		
Contributions during the year		1,977	897
Proceeds from sale of fixed assets to former CEO	Ex-employee	-	574
Consulting service from directors	Directors	-	1,200
Transactions on behalf of directors	Directors		
Purchase of marketable securities		-	701,998
Sale of marketable securities		-	405,965

Balances due to / from related parties, if any, are disclosed in respective notes to the financial statements.

40. REMUNERATION OF CHAIRMAN, CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount charged in the accounts for remuneration, including certain benefits to the chairman, chief executive and executives of the Company is as follows:

	Directors		Chief Executive		Executives	
	2005	2004	2005	2004	2005	*2004
	----- (Rupees in '000) -----					
Managerial remuneration	6,494	1,997	3,200	2,000	25,625	18,992
Meeting fee	1,314	168	-	-	-	-
Perquisites and allowances	2,526	1,313	1,600	1,000	10,967	9,115
Sub-brokerage, commission and performance bonus	-	400	37,500**	15,000	10,488	25,308
Reimbursable expenses	630	7	260	54	1,499	1,226
Contribution to provident fund	208	212	320	200	1,787	1,305
	*** 11,172	4,097	42,880	18,254	50,366	55,946
Number of persons	7	6	1	1	26	37

* Comparative figures have been restated to comply with the revised threshold of an executive under the revised Fourth Schedule to the Companies Ordinance, 1984.

** This includes Rs. 7.50 million which has been charged to the profit and loss account of the previous years.

*** Comparative figures have been restated due to errors in previous years.

40.1 The chief executives, directors and certain executives are provided with company owned and maintained vehicles. Some directors, executives and a chief executive are also provided with free use of residential telephones and certain household appliances.

ABAMCO Limited has also provided rent free accommodation to its chief executive.

41. SEGMENT INFORMATION

A business segment is a distinguishable component within the group that is engaged in providing individual products or services or a group of related products or services and which are subject to risks and returns that are different from those of other business segments.

For management purposes the group is organised into following 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 group's funding operations by use of government securities and placements.
Investment advisory / asset management	Principally providing investment advisory and asset management services to different mutual funds and unit trusts.
Agency, telecommunication and other business	Principally engaged in providing telecommunication underwriting, consultancy services, currency brokerage, research and corporate finance.

	Capital market operations	Fixed income operations	Investment advisor / asset management	Agency, telecom- munication and other business	Total
	(Rupees in '000)				
Segment information for the year ended June 30, 2005					
Operating revenue	1,875,844	178,561	309,019	173,015	2,536,439
Allocable expenses	(190,422)	(76,254)	(127,701)	(159,368)	(553,745)
Segment result	1,685,422	102,307	181,318	13,647	1,982,694
Unallocable expenses					(21,582)
Operating profit					1,961,112
Unallocated financial charges					(407,381)
Share of loss from associated undertakings and joint venture					(80,219)
Profit before taxation					1,473,512
Taxation					(85,773)
Net profit after tax before minority interest					1,387,739
Other information					
Segment assets	7,653,467	2,130,424	320,456	3,604,106	13,708,453
Unallocated corporate assets	-	-	-	-	247,532
Total assets					13,955,985
Depreciation / amortisation					58,016
Capital expenditure					182,713
Segment information for the year ended June 30, 2004					
Operating revenue	962,991	60,813	427,878	36,370	1,488,052
Allocable expenses	(179,764)	(25,209)	(49,074)	(53,182)	(307,229)
Segment result	783,227	35,604	378,804	(16,812)	1,180,823
Unallocable expenses					(35,390)
Operating profit					1,145,433
Unallocated financial charges					(130,623)
Share of loss from associated undertakings and joint venture					41
Profit before taxation					1,014,851
Taxation					(86,894)
Net profit after tax before minority interest					927,957
Other information					
Segment assets	5,517,612	2,514,016	278,175	467,504	8,777,307
Unallocated corporate assets	-	-	-	-	124,581
Total assets					8,901,888
Depreciation / amortisation					37,178
Capital expenditure					149,778

42. PORTFOLIO TRADING SERVICES (PTS)

JSIBL holds an amount of Rs.174.99 million as at June 30, 2005 (2004: Rs.274.97 million) as security in the form of shares of listed companies under its portfolio trading services offered to its customers. Under the scheme, the company offers a trading limit against those security deposits deposited, enabling customers to trade on the stock exchange facilitated by JSIBL.

43. CORRESPONDING FIGURES

Previous year's figures have been rearranged, wherever necessary, for the purpose of comparison and better presentation.

From	To	(Rupees in '000)	Nature
Advances, prepayments and other receivables	Long-term loans and advances	2,100	Long-term advances has been reclassified to long-term loans and advances.
Advances, prepayments and other receivables	Provision for taxation - net	2,473	Advance tax has been netted off with provision for taxation.
Operating revenue	Financial charges	15,686	Mark-up on repurchase transactions of government securities and term finance certificates has been reclassified to financial charges.
Negative goodwill	Creditors, accrued expenses goodwill now being reclassified in accordance with its nature. (refer to note 23.4)	49,293	Liability previously classified as negative and other liabilities
Unappropriated profit	Unrealised gain on revaluation of available-for-sale investments - net	78,070	Reclassified due to change in accounting policy in a subsidiary company as stated in note 5.2
Unrealised loss on remeasurement of available-for-sale investments - net (equity)	Loss on revaluation of held for trading financial instruments - net (profit and loss account)	7,364	Reclassified due to inconsistency in accounting policy for remeasurement of investments as stated in note 5.3.1.
Minority interest	Unappropriated profit	16,238	Minority interest transferred to unappropriated profit due to merger of ABAMCO Limited with its subsidiary
Fund placements	Securities sold under repurchase agreements	10,000	Fund placements and securities sold under on repurchase agreements now disclosed a gross basis, shown on a net basis in the previous year.

44. APPROPRIATIONS

The Board of Directors of the company proposed the following appropriation during their meeting on September 17, 2005.

	2005	2004	2005	2004
	(Rupees per share)		(Rupees in '000)	
Cash dividend	2.50	1.50	87,500	52,500
Transfer to general reserve	-	-	-	1,000,000
			<hr/> 87,500 <hr/>	<hr/> 1,052,500 <hr/>

44. DATE OF AUTHORISATION

These financial statements were authorized for issue on September 17, 2005 by the Board of Directors of the company.

45. GENERAL

Figures have been rounded off to nearest thousand rupee.

MAZHARUL HAQ SIDDIQUI
CHAIRMAN

MUNAF IBRAHIM
CHIEF EXECUTIVE

**PATTERN OF SHARE HOLDING
FORM "34"
SHAREHOLDER'S STATISTICS**

AS AT JUNE 30, 2005

No. of Shareholders	Share Holding		Total Shares Held
	From	To	
317	1	100	14,025
283	101	500	80,966
185	501	1000	137,756
156	1001	5000	322,871
36	5001	10000	254,120
14	10001	15000	170,884
7	15001	20000	124,537
6	20001	25000	134,050
1	25001	30000	29,268
3	30001	35000	96,636
2	35001	40000	72,413
1	40001	45000	45,000
1	45001	50000	49,889
2	50001	55000	105,061
2	60001	65000	124,987
1	90001	95000	92,636
1	125001	130000	128,675
1	140001	145000	144,600
1	195001	200000	200,000
1	205001	210000	210,000
1	235001	240000	238,000
1	255001	260000	260,000
1	300001	305000	304,000
1	325001	330000	329,705
1	475001	480000	477,432
1	515001	520000	517,300
1	525001	530000	529,418
1	670001	675000	674,341
1	690001	695000	694,318
1	845001	850000	850,000
1	875001	880000	879,754
1	1045001	1050000	1,048,983
1	2085001	2090000	2,085,484
1	2485001	2490000	2,486,598
1	2505001	2510000	2,508,698
1	4210001	4215000	4,211,299
1	14365001	14370000	14,366,296
1038			35,000,000

S.No	Categories of Shareholders	No. of Shareholders	Total Shares Held	Percentage
1	INDIVIDUALS	991	22,342,705	63.84
2	INVESTMENT COMPANIES	26	432,501	1.23
3	INSURANCE COMPANIES	6	1,312,473	3.75
4	JOINT STOCK COMPANIES	3	13,198	0.04
5	FINANCIAL INSTITUTIONS	1	1,048,983	3.00
6	MODARABA COMPANIES	1	554	0.00
7	FOREIGN INVESTORS	7	8,419,907	24.06
8	OTHERS	3	1,429,679	4.08
		1038	35,000,000	100

* INCLUDES 558 CDC BENEFICIAL OWNER AS PER LIST APPEAR ON CDS.

1. Associated Companies, Undertakings and Related Parties:		
	Trustee - Siddiqui Foundation	529,418
		<hr/> <hr/>
2. NIT and ICP:		
	M/S. Investment Corp. of Pakistan	16,849
	National Bank of Pakistan, Trustee Deptt.	1,048,983
		<hr/>
	Total	1,068,532
		<hr/> <hr/>
3. List Of Directors, CEO and their Spouses and Minor Children:		
	Mr. Mazharul Haq Siddiqui	1,286
	Mr. Munaf Ibrahim	882,505
	Mr. Ali Jehangir Siddiqui	14,366,296
	Syed Nizam Ahmed Shah	61,763
	Chief Justice (R) Mahboob Ahmed	9,648
	Mr. Khalid Bhaimia	1
	Mr. Nauzer A. Dinshaw	1
	Mr. Ali Raza Siddiqui	700
	Mr. Siraj Ahmed Dadabhoy	1,000
	Mrs. Akhtar Jabeen Siddiqui	20,642
		<hr/>
	Total	15,343,842
		<hr/> <hr/>
4. List of Executives		NIL
5. Public Sector Companies and Corporations:		NIL
6. Banks, Development Finance Institutions, Non-banking Finance Institutions, Insurance Companies, Modarabas and Mutual Funds:		
	Total	11,062,045
		<hr/> <hr/>
7. Shareholders holding shares 10% or more:		
	Mr. Ali Jehangir Siddiqui	14,366,296
	Al-Baraka Investment Company Limited	4,211,299
		<hr/>
	Total	18,577,595
		<hr/> <hr/>

Details of transactions carried out by Directors, Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary and their spouses and minor children during the period from July 1, 2004 to June 30, 2005.

	Date	Holding	Purchase	Sale	Rate	Holding
Mrs. Akhtar Jabeen Siddiqui (Wife of Director)	July 01, 2004	59,242	-	-	-	-
	October 14, 2005	-	-	10,000	89.50	-
	October 14, 2005	-	-	10,000	90.50	-
	January 05, 2005	-	-	20,000	98.00	-
	April 13, 2005	-	1,400	-	80.31	-
	June 30, 2005	-	-	-	-	20,642
Mr. Siraj Ahmed Dadabhoy (Director)	July 01, 2004	Nil	-	-	-	-
	November 04, 2005	-	1,000	-	83.50	-
	June 30, 2005	-	-	-	-	1,000

Form of Proxy

14th Annual General Meeting

The Company Secretary
Jahangir Siddiqui & Co. Ltd.
14th Floor, Chapal Plaza, Hasrat Mohani Road,
Karachi-74000

I/We _____
of _____
being member(s) of Jahangir Siddiqui & Co. Ltd. holding _____ ordinary shares as per Registered Folio _____
No. / CDC A/c No. (for members who have shares in CDS) _____
hereby appoint Mr. / Mrs. / Miss _____
of (full address) _____ or failing him/her
Mr. / Mrs. / Miss _____
of (full address) _____ being member of the Company, as my / our proxy to attend, act and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on October 22, 2005 and / or any Adjournment thereof.

As witness my / our hand / seal this _____ day of 2005.

Signed by _____

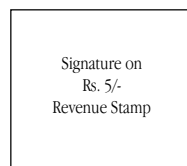
in the presence of _____

Witness:

1. Name _____
Signature _____
Address _____

NIC or _____
Passport No. _____
2. Name _____
Signature _____
Address _____

NIC or _____
Passport No. _____



The signature should agree with the specimen registered with the Company

Important:

1. This proxy form, duly completed and signed, must be received at the Office of the Company situated at 14th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi-74000, not less than 48 hours before the time of holding meeting.
2. No person shall act as proxy unless he / she himself / herself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If member appoints more than one proxies and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
4. Any individual Beneficial Owner of the Central Depository Company, entitled to vote at this meeting must bring his / her National Identity Card with him / her to prove his / her identity, and in case of proxy, must enclose an attested copy of his / her National Identity Card. Representatives of Corporate members should bring the usual documents required for such purpose.

AFFIX
CORRECT
POSTAGE

The Company Secretary
Jahangir Siddiqui & Co. Ltd.
14th Floor, Chapal Plaza,
Hasrat Mohani Road,
Karachi-74000