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# Company Information

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## Board of Directors

Mr. Mazharul Haq Siddiqui  
(Chairman)

Mr. Maqbool Ahmed Soomro  
(Vice Chairman)

Mr. Muhammad Yousuf Amanullah  
(Chief Executive Officer)

Mr. Munawar Alam Siddiqui

Mr. Salman Rashid

Mr. Saad Saeed Faruqui

Mr. Firasat Ali

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## Company Secretary

Mr. Muhammad Yousuf Amanullah

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## Auditors

Messrs Ford Rhodes Sidat Hyder & Co.  
Chartered Accountants

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## Bankers

Bank AL-Falah Limited

Bank AL Habib Limited

Citibank N.A.

Metropolitan Bank Limited

Muslim Commercial Bank Limited

PICIC Commercial Bank Limited

KASB Bank Limited

Saudi Pak Commercial Bank Limited

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## Share Registrar

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

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## Registered Office

1301-1303, 13th Floor, Chapal Plaza  
Hasrat Mohani Road, Karachi.

# Product Information

Jahangir Siddiqui Investment Bank Limited ("JSIBL") offers a wide range of products to cater to the varied needs of its clients:

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## Certificates of Deposit (COD)

JSIBL offers attractive returns on its registered COD scheme. Investors can invest in COD for period(s) suitable to their requirements ranging from one month to five years.

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## Lending

JSIBL provides short-term margin finance and term finance at competitive mark-up rates.

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## Corporate Finance

JSIBL assists clients in raising capital through securities underwriting, private placements and loan syndications. We also provide financial advisory services such as acquisitions, financial restructuring, etc.

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## Portfolio Trading

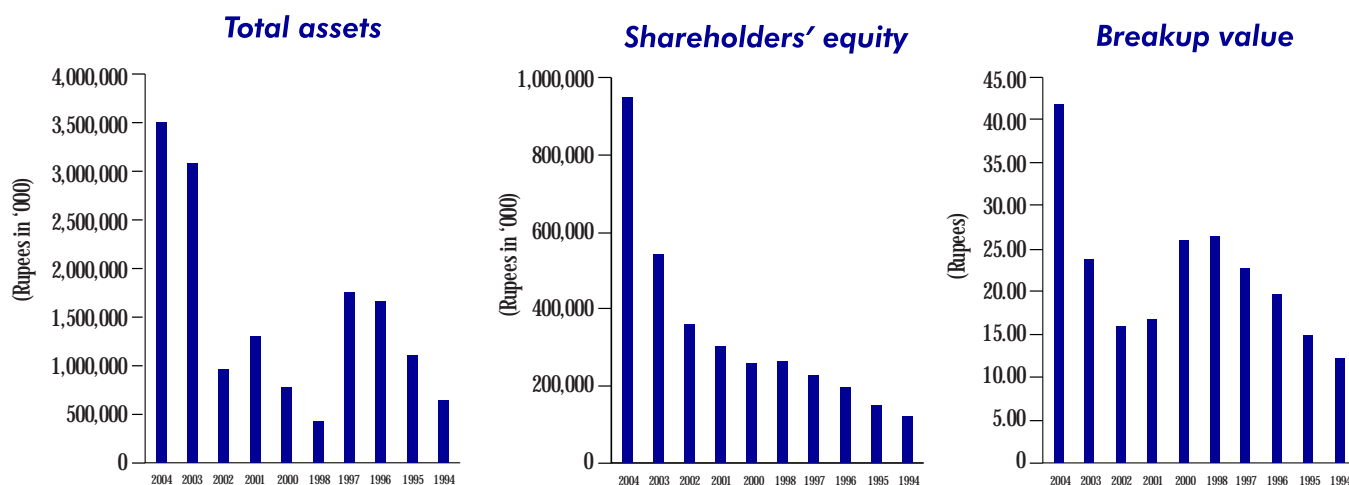
Investors who wish to invest in stocks to earn higher returns can benefit from our Portfolio Trading Services (PTS). Our sales team assists retail investors in timely execution of their trades at the Stock Exchange.

# Financial Highlights

(Rupees in '000)  
Except as indicated

		2004	2003	2002	2001
<b>Operating results</b>	Revenue	559,358	347,315	135,890	166,385
	Profit before tax	447,652	229,061	13,642	48,945
	Profit after tax	440,700	209,534	10,592	44,945
<b>Per ordinary share (Rupees)</b>	Earnings per share	19.37	9.21	0.56	2.52
	Breakup value	41.65	23.78	15.82	16.69
<b>Dividends (%)</b>	Cash	15	12.5	-	-
	Bonus	100	-	-	30
<b>Financial position</b>	Total Assets	3,501,739	3,076,375	964,334	1,307,559
	Certificates of Deposit	996,064	343,856	358,512	292,417
	Shareholders' equity	947,577	541,002	359,906	303,814
	Shares outstanding (000)	22,750	22,750	22,750	18,200
<b>Financial ratio</b>	Return on equity	46.51	38.73	2.94	14.79
	Current Ratio	1.29:1	1.25:1	1.48:1	1.22:1

\* Accounts were prepared for 18 months ended June 30, 2000 due to change in accounting year from December to June.

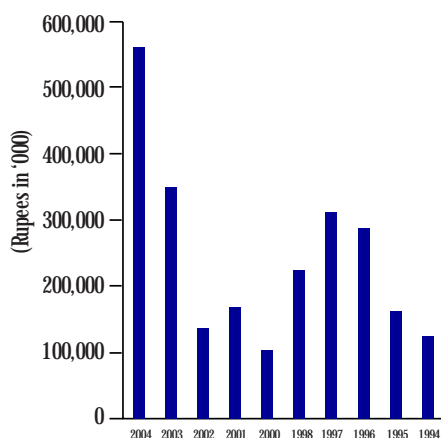


# Financial Highlights

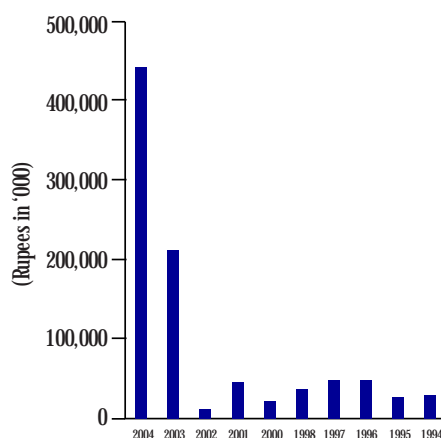
(Rupees in '000)  
Except as indicated

	2000*	1998	1997	1996	1995	1994
	102,357	223,404	311,947	286,969	162,498	124,426
	21,042	52,267	63,639	76,439	40,943	45,217
	20,042	35,890	46,907	47,559	25,937	28,217
	2.00	3.59	4.69	4.76	2.59	2.82
	25.89	26.38	22.79	19.60	14.85	12.25
	25	-	15	-	-	-
	40	-	-	-	-	-
	772,029	426,439	1,756,542	1,656,187	1,102,265	645,005
	184,588	109,677	1,322,505	1,375,562	892,512	499,996
	258,869	263,827	227,937	196,030	148,471	122,534
	10,000	10,000	10,000	10,000	10,000	10,000
	7.74	13.60	20.58	24.26	17.47	23.03
	1.30:1	4.19:1	1.15:1	1.06:1	1.06:1	1.18:1

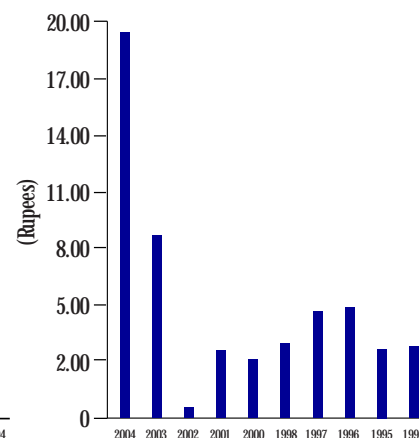
**Revenue**



**Profit after Tax**



**Earnings per share**



# Notice of Eleventh Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting of Jahangir Siddiqui Investment Bank Limited will be held at Beach Luxury Hotel, Karachi on October 30, 2004 at 10:00 am to transact the following business:

## Ordinary Business

1. To confirm the minutes of the Extraordinary General Meeting held on August 28, 2004.
2. To receive and consider the Audited Financial Statements of the Company for the year ended June 30, 2004 together with the Directors' and Auditors' Reports thereon.
3. To approve 100% stock dividend (this is in addition to the interim cash dividend of 15% already paid) to those shareholders whose names appear as members on the Register of Members of the Company on the close of business on October 22, 2004, as recommended by the Board of Directors of the Company.
4. To appoint the auditors and fix their remuneration for the ensuing year.

## Special Business

To consider & if thought fit to pass with or without modification following resolution as Special Resolution:

1. "RESOLVED, as Special Resolution, that within the parameters of the Non Banking Finance Companies (Establishment and Regulation) Rules 2003 (NBFC Rules), the Prudential Regulations for NBFC's and the Companies Ordinance, 1984 and subject to the approval from Securities & Exchange Commission of Pakistan (if required), an aggregate amount of up to Rs. 1,000,000,000 (Rupees one billion only) be and is hereby approved for investments in ABAMCO Limited, an associated undertaking, by way of granting secured / unsecured loans and / or purchase of shares / subscription of Right Shares, Preference Shares, Redeemable Preference Shares, Convertible Preference Shares, Secured / Unsecured / Sub-ordinated Term Finance Certificates; subject to an overall limit of Rs. 1,000,000,000 (Rupees One Billion only) for the above debt and equity based investments.
2. RESOLVED FURTHER as Special Resolution, that within the parameters of the Non Banking Finance Companies (Establishment and Regulation) Rules 2003 (NBFC Rules), the Prudential Regulations for NBFC's, the Companies Ordinance, 1984 and subject to the approval from Securities & Exchange Commission of Pakistan (if required), an aggregate amount of up to Rs. 125,000,000 (Rupees one hundred and twenty five million only) be and is hereby approved for investments in EYE TV Limited, an associated undertaking, by way of subscriptions of ordinary shares of EYE TV Limited and for granting secured/unsecured loans; subject to an overall limit of Rs. 125,000,000 (Rupees one hundred and twenty five million only) for the above equity and debt based investments.
3. "RESOLVED that pursuant to the Securities & Exchange Commission of Pakistan's (SECP) Circular No. 19 of 2004 dated April 14, 2004 (The Circular), and the Karachi Stock Exchange's Notice dated April 23, 2004 to Listed Companies, (as amended from time to time), the Directors of the Company be and are hereby authorized to place the Quarterly Accounts of the Company on the Company's Website and/or on the Website of Jahangir Siddiqui Group Companies, as and how the Directors may deem appropriate, instead of sending the same by post to the Members, subject to the fulfillment of all the requisite conditions and obtention of prior permission of the SECP.

RESOLVED FURTHER that all procedural formalities for the placement of the Quarterly Accounts on the Company's Website and/or the Website of Jahangir Siddiqui Group Companies, be fulfilled with the assistance of the Company's IT personnel."

5. To consider any other business with the permission of the Chair.

Karachi: September 27, 2004

By order of the Board  
Muhammad Yousuf Amanullah  
Company Secretary

# Notice of Eleventh Annual General Meeting

Notes:

- (i) Share Transfer Books of the Company will remain closed from October 23, 2004 to October 29, 2004 (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 Office of the Company not less than 48 hours before the time of the meeting.
- (iv) In pursuance of Circular No. 1 of 2000 of Securities & Exchange Commission of Pakistan dated January 28, 2000 the beneficial owners of the shares registered in the name of Central Depository Company (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 the 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, alongwith attested copies of the NIC or the passport of the beneficial owner and the proxy.
- (v) Shareholders are requested to notify immediately of any change in their address.

## STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984

This statement sets out the material facts concerning the Special Business to be transacted at the Annual General Meeting to be held on October 30, 2004.

1. ABAMCO Limited (ABAMCO) is our associated and group company. ABAMCO is pioneer Asset Management Company and Investment Advisory Company for open-ended and close-ended funds. ABAMCO offers a range of asset management products adhering to several investment strategies with multiple risk / return. ABAMCO Limited is the asset management company of the Unit Trust of Pakistan, the country's first open-end mutual fund in private sector, UTP-Islamic Fund, Pakistan's first Shariah Compliant mutual fund and UTP-Income Fund. ABAMCO is also managing closed end mutual funds including BSJS Balanced Fund, ABAMCO Stock Market Fund, ABAMCO Capital Fund, ABAMCO Composite Fund and 4TH ICP mutual fund. It is anticipated that with the expansion of business, ABAMCO Limited would require funds through equity and debt.
2. EYE TV Limited is also an associated undertaking of the Company and has been formed to set up Pakistan based satellite channel having core focus on the entertainment programs; its constituency being Pakistan and Middle East in the beginning with potentials of expanding in other territories. There is a great potential for making equity and debt based investments in EYE TV Limited.

The Company has sufficient funds, generated out of its earnings and reserves, which can best be mobilized by investing in ABAMCO Limited and EYE TV Limited. Since ABAMCO Limited, as well as EYE TV Limited are associated companies, the Company can monitor the performance of ABAMCO Limited and EYE TV Limited closely, which will not be possible if investments are made in other companies. Hence, it is in the best interest of the Company that the surplus funds be mobilized by making investments in ABAMCO Limited and EYE TV Limited, by way of equity and/or loans.

No prejudice will be caused to any shareholders of the Company.

# Notice of Eleventh Annual General Meeting

S. No.	DESCRIPTION	INFORMATION REQUIRED
1.	Name of Investee Company	ABAMCO Limited
2.	Nature, amount and extent of investment	Long-term up to Rs. 1,000 million by way of purchase of shares, subscription of right shares, preference shares, redeemable preference shares, convertible preference shares, secured / unsecured / subordinated term finance certificates which may be issued by ABAMCO Limited
3.	Average market price of the shares intended to be purchased of last three years	Not applicable
4.	Break up value of shares as at June 30, 2004	Rs. 30.30
5.	Price at which shares will be purchased	Price at which right / preference shares will be issued
6.	Earning per share of investee company in last three years	June 30, 2004   Rs. 18.02 June 30, 2003   Rs. 2.39 June 30, 2002   Rs. 0.87 June 30, 2001   Rs. 2.41
7.	Source of funds from where shares will be purchased	Internal generation
8.	Period for which investment will be made	Long Term
9.	Purpose of investment	Strategic Investment
10.	Benefits likely to accrue to the Company and the Shareholders from the proposed investment	Business Expansion
11.	Interest of Directors	No Director or Chief Executive have any interest in the proposed investments, except in their capacities as Directors / Chief Executive / shareholders.



# Notice of Eleventh Annual General Meeting

S. No.	DESCRIPTION	INFORMATION REQUIRED
1.	Name of Investee	ABAMCO Limited
2.	Nature and Amount	An amount of up to Rs. 1,000 million by way of long term advance.
3.	Purpose of Loan	To facilitate the acquisition of equity interest by ABAMCO in companies and project offered for privatization.
4.	In case any loan had already been provided or loan has been written off to the said investee company, the complete details of the said loan	Not applicable.
5.	A brief about the financial position of the investee company	As at June 30, 2004 Equity Rs. 643,848,908 Revenue Rs. 403,722,648 profit after tax Rs. 288,319,681 Earnings per share Rs. 18.02 Currunt Ratio 1:1.34 Debt Equity Ratio 46:54
6.	Rate of mark up to be charged	Not less than the borrowing cost of the Company.
7.	Particulars of collateral security to be obtained from borrower and if not needed justification thereof	Security as per Prudential Regulations for NBFC.
8.	Source of funds where loan or advance will be given	Available cash resouces and the future internal cash generation from the operations of the Company.
9.	Repayment schedule	Primarily up to a maximum period of one to five years, subject to the approval by Board of Directors of the Company.
10.	Benefits likely to accrue to the Company and the Shareholders from loans and advances	The Company will receive mark up on the actual amounts advanced.
11.	Interest of directors	No Director or Chief Executive have any interest in the proposed investments, except in their capacities as Directors / Chief Executive / shareholders.

# Notice of Eleventh Annual General Meeting

S. No.	DESCRIPTION	INFORMATION REQUIRED
1.	Name of Investee Company	EYE TV Limited
2.	Nature, amount and extent of investment	Long-term / medium term up to Rs. 25.0 million by way of subscription of shares which may be issued by EYE TV Limited
3.	Average market price of the shares intended to be purchased of last three years	Not applicable
4.	Break up value of shares as at June 30, 2004	Rs. 10/=
5.	Price at which shares will be purchased	Price at which the shares will be issued, i.e. Rs. 10 per share.
6.	Earning per share of investee company in last three years	Not Applicable (Incorporated on February 21, 2004)
7.	Source of funds from where shares will be purchased	Internal generation
8.	Period for which investment will be made	Long Term / Medium Term
9.	Purpose of investment	Strategic / Portfolio Investment.
10.	Benefits likely to accrue to the Company and the Shareholders from the proposed investment	Capital Gain and dividend income.
11.	Interest of Directors	No Director or Chief Executive have any interest in the proposed investments, except in their capacities as Directors / Chief Executive / shareholders.

# Notice of Eleventh Annual General Meeting

S. No.	DESCRIPTION	INFORMATION REQUIRED
1.	Name of Investee	EYE TV Limited
2.	Nature and Amount	An amount of up to Rs. 100 million by way of long term advance
3.	Purpose of Loan	To purchase equipment, set up of production facilities, purchase and production of programs and initial working capital requirements.
4.	In case any loan had already been provided or loan has been written off to the said investee company, the complete details of the said loan	Not applicable
5.	A brief about the financial position of the investee company	As at June 30, 2004 Equity Rs. 51,432,000 Revenue Has not yet profit after tax commenced Earnings per share Commercial Operations Currunt Ratio 7.40:1 Debt Equity Ratio Zero
6.	Rate of mark up to be charged	Not less than the borrowing cost of the company
7.	Particulars of collateral security to be obtained from borrower and if not needed justification thereof	Security as per Prudential Regulations for NBFC.
8.	Source of funds where loan or advance will be given	Available cash resources and the future internal cash generation from the operations of the company
9.	Repayment schedule	Primarily up to a maximum period of one to five years, subject to the approval by Board of Directors of the Company
10.	Benefits likely to accrue to the Company and the Shareholders from loans and advances	The Company will receive mark up on the actual amounts advanced
11.	Interest of directors	No Director or Chief Executive have any interest in the proposed investments, except in their capacities as Directors / Chief Executive / shareholders.

3. SECP via a Circular #19 dated April 14, 2004 has allowed listed companies to place their quarterly accounts on their and/or their group companies' website. The Company intends to place its Quarterly Accounts on the website as this will benefit the Company by saving the printing cost and the Members will also have an easy access to the quarterly accounts through internet.

# Directors' report to the Shareholders

We are pleased to present the Annual Report of Jahangir Siddiqui Investment Bank Limited ("JSIBL") along with the audited accounts and Auditors' report thereon for the year ended June 30, 2004.

## The Economy

Pakistan's economic performance during the fiscal year 2003-04 has been sanguine and boosted by a strong manufacturing sector along with the foundations built over the last few years. Growth has also been fuelled by the consistency in the budgetary targets. The country's economic environment is also emphatically punctuated by record high exports, the sharp rise in imports of machinery and inputs, the continuing surge in capacity utilization of various industries, the strong growth in taxes, remittances, foreign exchange reserves and foreign direct investment. Economic variables and the economic direction continue to be encouraging with stability on the fiscal and external front. It is due to this that Pakistan succeeded in attaining a higher than targeted growth in real GDP at 6.4% during FY04.

Large-scale manufacturing growth during the fiscal year FY03-04 soared massively on the back of increase in demand for consumer durables (mainly automobiles) ensuring from attractive credit facilities. Inflation depicted a notable increase mainly due to the firming up of food prices, massive surge in petroleum prices and increase in home rents. Despite the slowdown in remittances and earlier than scheduled retirement of foreign debt, Pakistan's foreign exchange reserves surpassed the US\$12bn mark. Fiscal deficit during FY04 stood at 3.9% of GDP compared to the original target of 4%. The lower deficit mainly ensues from an 11% increase in budgeted tax revenues to Rs. 510bn and 6% increase in current expenditures to Rs. 714bn.

The stock market during the fiscal year 2003-04 depicted a positive trend with the KSE-100 index soaring by 55% to 5,279.18 points as against 3,402.48 points at the end of the previous year. Record after record was created during the year with the index surpassing the 5,600 points level during April and market capitalization soaring above Rs. 1,500bn.

## Performance Review

During the year, your Company produced outstanding operating and financial results by earning an after tax profit of Rs. 440.70 million as compared to Rs. 209.534 million during the preceding year. The tempo of growth in all areas of business accelerated. The Company was able to achieve remarkably high return on equity investment by way of dividends and capital gains. We devoted special attention to our equity portfolio particularly in view of the bullish conditions prevailing in the stock market in the year under review.

New avenues were identified in response to the market developments and investments were made in debt, equity and balanced mutual funds. The bullish trend in the money market was also capitalized through trading in Pakistan Investment Bonds, where investments of relatively higher magnitude were made in view of medium to long term trading potential. While a regular income is being received through coupons, an income spread is also generated through efficient utilization of these securities in the money market.

Income from capital gains rose to Rs. 392.386 million which is 220 percent higher than the corresponding figure of Rs. 122.397 million.

## Earnings per Share

Earnings per share for the year is Rs. 19.37 as against Rs. 9.21 per share for the previous year.

## Results of Operations

The financial results for the year ended June 30, 2004 are presented below:

	(Rs in '000)
Profit after taxation	440,700
Unappropriated profit brought forward	219,300
Profit available for appropriation	660,000
Appropriations :	
Transfer to special reserve	88,140
Interim dividend @ Rs. 1.50 per share	34,125
Transfer to reserve for issue of bonus shares	227,500
	349,765
Unappropriated profit carried forward	310,235

# Directors' report to the Shareholders

## Corporate and financial reporting framework

The Directors confirm compliance with the Corporate and financial reporting framework of the Securities and Exchange Commission of Pakistan (SECP) Code of Corporate Governance for the following:

- 1 The financial statements prepared by the Management present fairly the state of affairs of the Company, the results of its operations, Cash Flows Statement and Statement of Changes in Equity.
- 1 Proper books of accounts of the company have been maintained.
- 1 Accounting policies as stated in the notes to the accounts have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- 1 International Accounting Standards as applicable in Pakistan have been followed in preparation of the financial statements.
- 1 The system of internal control is sound in design and has been effectively implemented and monitored.
- 1 There are no doubts about the company's ability to continue as a going concern.
- 1 There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.

Statement of Key operating and financial data of last ten years in summarized form is included in this report.

During the year, provident fund was recognized with effect from January 1, 2004. Uptill December 31, 2003 the company operates an unrecognized provident fund for its permanent employees effective from July 01, 2001. The value of investments based on audited accounts as at June 30, 2003 was Rs 0.859 million. The audit of accounts of Provident fund for the year ended June 30, 2004 is in process.

Five meetings of the Board of Directors were held during the Year 2003-2004. The attendance of directors at Board Meetings are as follows:

Name of Directors	Appointed on	Resigned* / Retired on	Eligible to attend	Meetings attended
Mr. Mazharul Haq Siddiqui, Chairman	July 8, 2000	-	Five	Five
Mr. Maqbool Ahmed Soomro, Vice Chairman	Sept. 26, 2002	-	Five	Four
Mr. Sarfraz Ahmed Khanani, Director / CEO	May 22, 2003	May 17, 2004*	Four	Four
Mr. Habib Ur Rehman, Director	Jan. 26, 2002	Dec. 03, 2003*	Two	One
Mr. Firasat Ali, Director	Dec. 23, 2002	-	Five	Three
Mr. Salman Rashid, Director	May 22, 2003	-	Five	Four
Mr. Saad Saeed Faruqi, Director	May 22, 2003	-	Five	Four
Mr. Munawar Alam Siddiqui, Director	Dec. 03, 2003	-	Three	Three
Mr. Muhammad Yousuf Amanullah, Director / CEO	May 17, 2004	-	One	One

## Future Outlook

It will be imperative to consolidate our achievements and maintain the momentum of growth in the coming years. We endeavour to achieve sustainable growth delivered through outstanding teamwork and flawless execution of strategy.

Our focus will be on aligning people and the organization to the company's growth agenda. Key initiatives in this direction will be in the areas of team building, connecting people with one another and bringing them together as one community, setting the tone for open communication across the business and learning initiatives.

Pakistan's standing is improving internationally and paving the way for increased foreign investment in the country. The continuity of

# Directors' report to the Shareholders

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

## Auditors

The present auditors, Messrs Ford Rhodes Sidat Hyder & Co. Chartered Accountants, retire and offer themselves for reappointment provided they are eligible to be reappointed.

## Pattern of Shareholding

Statement of Pattern of Shareholding as on June 30, 2004 appears on Page # 49 including the transactions carried out by directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children.

## Acknowledgement

The Board places on record its appreciation for the dedicated services and hard work of the JSIBL team. We also thank our valued clients and the financial institutions for their support and confidence. The Board also expresses its gratitude to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, the Central Board of Revenue and the Stock Exchanges for their continued cooperation and guidance.

Karachi: August 9, 2004

**Mazharul Haq Siddiqui**  
Chairman

**Muhammad Yousuf Amanullah**  
Chief Executive Officer

# Corporate Governance

The Directors and Management are committed to integrity and accountability in the stewardship of Company affairs and recognize the importance of effective Corporate Governance.

## The Board of Directors

The Board of Directors consists of one executive and six non-executive directors. The board meets regularly throughout the year. Directors and all employees are bound by code of conduct.

The Board is aware of the risks inherent in the business, understand the importance of identifying and evaluating these risks, and has adopted procedures and controls that enable it to manage these risks.

## Board Committees

The Board delegates the specific responsibilities to the following:

### Executive Committee and Assets and Liabilities Committee

This Committee meets regularly and as required, to plan future strategy, capital and general expenditures, staff budgets, income estimates and to review divisional performance, approve credit decisions, dealing limits, consider major business and market developments. The Executive Committee consists of Mr. Salman Rashid, Mr. Muhammad Yousuf Amanullah and Mr. Saad Saeed Faruqi.

### Audit Committee

The Audit Committee of the Board of Directors is responsible for monitoring the integrity of the company's financial statements, the company's system of internal controls and the independence and performance of its internal and independent auditors, including the nature and amount of non-audit work supplied by the auditors. This committee has direct access to the auditors. The committee has written terms of reference and consists of Mr. Mazharul Haq Siddiqui, Mr. Munawar Alam Siddiqui, Mr. Maqbool Ahmed Soomro as members and Mr. Ashraf Shahzad as a secretary.

# Statement of Compliance

with Code of Corporate Governance  
Year ended June 30, 2004

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 and directors representing minority interests on its Board of Directors. At present the Board includes at least six independent non-executive directors and there are no directors representing minority shareholders.
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 development financial institution (DFI) or an Non Bank Finance Company (NBFC) or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancies occurring in the Board on December 3, 2003 and May 17, 2004 were filled up by the directors on December 3, 2003 and May 17, 2004 respectively.
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 Chief Executive Officer (CEO) and other executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met atleast once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated atleast seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board members participated in orientation course to apprise them of their duties and responsibilities.
10. The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and an Internal Auditor, including their remuneration and terms and conditions of employment, as determined by the CEO.
11. The director's 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 that 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, of whom all are non-executive directors including the Chairman of the committee.
16. The meetings of the audit committee were held in 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 programme 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 the 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 other material principles contained in the code have been complied with.

For and on behalf of the Board

**Mazharul Haq Siddiqui**  
Chairman

Karachi: August 9, 2004



# Auditors' 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 Investment Bank Limited to comply with the Listing Regulation No. 37 (Chapter XI) of the Karachi Stock Exchange (Guarantee) Limited 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 systems 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, 2004.

Ford Rhodes Sidat Hyder & Co.  
Chartered Accountants

Karachi: August 9, 2004

# Auditors' Report to the Members

We have audited the annexed balance sheet of Jahangir Siddiqui Investment Bank Limited as at June 30, 2004 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) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) 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 accounts and are further in accordance with accounting policies consistently applied;
  - (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;
- (c) 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 and 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, 2004 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) 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

Karachi: August 9, 2004

# Balance Sheet

AS AT JUNE 30, 2004

	Note	2004 (Rs. in '000)	2003
<b>ASSETS</b>			
Non-current assets			
Fixed assets - tangible	5	11,453	6,408
Stock exchange membership card	6	11,101	-
Long term deposits		2,681	1,332
Long term loans and term finances	7	20,431	9,557
Long term investments	8	351,434	416,267
Deferred taxation	19	2,028	-
		399,128	433,564
Current assets			
Short term investments	9	1,309,003	1,627,398
Short term advances	10	10,000	78,600
Short term loans	11	95,755	207,416
Fund placements	12	1,425,234	610,082
Receivable for sale of marketable securities	13	2	21,700
Prepayments, accruals and other receivables	14	39,549	35,199
Taxation - net	15	28,008	56,435
Cash and bank balances	16	195,060	5,981
		3,102,611	2,642,811
		<u>3,501,739</u>	<u>3,076,375</u>
<b>EQUITY AND LIABILITIES</b>			
Share capital and reserves			
Authorised capital		500,000	500,000
50,000,000 [2003: 50,000,000] ordinary shares of Rs.10 each			
Issued, subscribed and paid-up capital		227,500	227,500
22,750,000 [2003: 22,750,000] ordinary shares of Rs.10 each	17		
Reserves		720,077	313,502
Shareholders' equity		947,577	541,002
Surplus on revaluation of investments	18	143,328	390,244
<b>Non-current liabilities</b>			
Deferred taxation	19	-	8,922
<b>Current liabilities</b>			
Certificates of deposit	20	996,064	343,856
Running finance utilised under mark-up arrangements	21	-	203,154
Borrowings from banks / NBFCs	22	1,160,000	1,501,000
Payable for purchase of marketable securities	23	3,750	20,317
Advances, accrued expenses and other liabilities	24	251,020	39,442
Proposed dividend		-	28,438
		2,410,834	2,136,207
Commitments	25		
		<u>3,501,739</u>	<u>3,076,375</u>

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

**Mazharul Haq Siddiqui**  
Chairman

**Muhammad Yousuf Amanullah**  
Chief Executive Officer

# Profit and Loss Account

FOR THE YEAR ENDED JUNE 30, 2004

	Note	2004 (Rs. in '000)	2003
<b>INCOME</b>			
Income from investments / reverse repurchase transactions	26	126,627	125,682
Return on fund placements with financial institutions	27	12,242	12,281
Capital gains on disposal of investments / reverse repurchase transactions	28	393,455	169,533
Mark-up on loans and term finances	29	8,304	29,830
Consulting and corporate advisory fees	30	6,062	1,392
Commission and fees		8,067	3,123
Other income		4,601	5,474
		559,358	347,315
<b>OPERATING EXPENSES</b>			
Return on certificates of deposit		24,106	25,632
Mark-up on short term running finances		654	1,789
Mark-up on borrowings from banks / NBFCs	31	27,505	53,591
Provision for non-performing loans	11.3	(170)	-
Administrative and operating expenses	32	59,611	37,242
		(111,706)	(118,254)
Profit before taxation		447,652	229,061
Taxation	33	(6,952)	(19,527)
Profit after taxation		440,700	209,534
Unappropriated profit brought forward		219,300	80,111
Profit available for appropriation		660,000	289,645
<b>APPROPRIATIONS</b>			
Transfer to special reserve	34	(88,140)	(41,907)
Transfer to reserve for issue of bonus shares		(227,500)	-
Interim dividend @ Rs.1.50 (2003: Nil) per share		(34,125)	-
Final dividend @ Nil (2003: Rs. 1.25) per share		-	(28,438)
		(349,765)	(70,345)
Unappropriated profit carried forward		310,235	219,300
		Rupees	Rupees
Basic earnings per share	35	19.37	9.21

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

Mazharul Haq Siddiqui  
Chairman

Muhammad Yousuf Amanullah  
Chief Executive Officer

# Cash Flow Statement

FOR THE YEAR ENDED JUNE 30, 2004

	Note	2004 (Rs. in '000)	2003
<b>Cash flows from operating activities :</b>			
Profit for the year before taxation		447,652	229,061
<b>Adjustments for :</b>			
Provision for staff bonus		5,500	8,000
Reversal of provision on non performing loans		(170)	-
Provision for compensated absences		(12)	270
Amortisation of premium on Government securities and Term finance certificates		1,255	749
Depreciation on fixed assets		4,281	2,580
Lease finance charges		3	18
		<u>10,857</u>	<u>11,617</u>
		458,509	240,678
<b>(Increase) / decrease in operating assets :</b>			
Long term loans and term finance		(10,874)	(19,110)
Short term investments			
Available-for-sale		60,076	(559,333)
Held for trading		119,534	(590,672)
Short term loans and advances		111,831	(11,689)
Fund placements		(815,152)	(425,500)
Receivable for sale of marketable securities		21,698	(21,100)
Prepayments, accruals and other receivables		(1,588)	(18,361)
		<u>(514,475)</u>	<u>(1,645,765)</u>
<b>Increase / (decrease) in operating liabilities :</b>			
Borrowings from banks / NBFCs		(341,000)	1,371,000
Payable for purchase of marketable securities		(16,567)	20,027
Advances, accrued expenses and other liabilities		208,947	13,040
		<u>(148,620)</u>	<u>1,404,067</u>
Net cash (used in) operating activities before income tax		<u>(204,586)</u>	<u>(1,020)</u>
Income tax refund / (paid)		21,228	(18,368)
<b>Net cash (used in) operating activities</b>		<u>(183,358)</u>	<u>(19,388)</u>
<b>Cash flows from investing activities :</b>			
Acquisition of fixed assets		(9,935)	(6,332)
Sale proceeds from disposal of fixed assets		609	560
Net cash (outflow) / inflow from long term investments			
Net investment in associated undertaking		-	307
Available-for-sale		(61,507)	(48,518)
Dividend paid		(61,886)	-
Advance for subscription of term finance certificates		5,000	27,305
Advance for subscription of unquoted shares		63,600	(63,600)
Net cash (used in) investing activities		<u>(64,119)</u>	<u>(90,278)</u>
<b>Cash flows from financing activities :</b>			
Long term deposits		(1,349)	100
Stock Exchange membership card		(11,101)	-
Payment of lease rentals		(48)	(214)
Issuance / (Redemption) of certificates of deposit		652,208	(14,656)
Net cash generated from / (used in) financing activities		<u>639,710</u>	<u>(14,770)</u>
Net increase / (decrease) in cash and cash equivalents		<u>392,233</u>	<u>(124,436)</u>
Cash and cash equivalents at beginning of the year		(197,173)	(72,737)
Cash and cash equivalents at end of the year	36	<u>195,060</u>	<u>(197,173)</u>

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

Mazharul Haq Siddiqui  
Chairman

Muhammad Yousuf Amanullah  
Chief Executive Officer

# Statement of Changes in Equity

FOR THE YEAR ENDED JUNE 30, 2004

	Issued, subscribed and paid-up capital	R e s e r v e s				Total	Total
		Capital		Revenue			
		Special reserve (note 34)	Reserve for issue of bonus shares	Unappropriated profit			
(Rs. in '000s)							
Balance as at July 1, 2002	227,500	52,295	-	80,111	132,406	359,906	
Net profit for the year	-	-	-	209,534	209,534	209,534	
Transferred during the year	-	41,907	-	(41,907)	-	-	
Proposed final dividend	-	-	-	(28,438)	(28,438)	(28,438)	
<b>Balance as at June 30, 2003</b>	<b>227,500</b>	<b>94,202</b>	<b>-</b>	<b>219,300</b>	<b>313,502</b>	<b>541,002</b>	
Balance as at July 1, 2003	227,500	94,202	-	219,300	313,502	541,002	
Net profit for the year	-	-	-	440,700	440,700	440,700	
Transferred during the year	-	88,140	227,500	(315,640)	-	-	
Interim dividend	-	-	-	(34,125)	(34,125)	(34,125)	
<b>Balance as at June 30, 2004</b>	<b>227,500</b>	<b>182,342</b>	<b>227,500</b>	<b>310,235</b>	<b>720,077</b>	<b>947,577</b>	

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

**Mazharul Haq Siddiqui**  
Chairman

**Muhammad Yousuf Amanullah**  
Chief Executive Officer

# Notes to the Financial Statements

## For The Year Ended June 30, 2004

### 1. Legal status and operation

Jahangir Siddiqui Investment Bank Limited (JSIBL) is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 and is quoted on the Karachi Stock Exchange. The registered office of the company is situated at Room # 1301-1303, 13th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi, Pakistan. JSIBL is licensed to carry out business of investment finance services as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 issued by the Securities and Exchange Commission of Pakistan (SECP) (previously this was covered under SRO 585(1)/87 dated July 13, 1987, issued by the Ministry of Finance). The company is a subsidiary of Jahangir Siddiqui & Company Limited.

### 2. Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. 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 directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of 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 the measurement at fair value of derivatives and quoted investments.

### 4. Summary of significant accounting policies

#### 4.1 Fixed assets and depreciation

##### Tangible

##### Owned

Fixed assets are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to income applying the straight line method at the rates stated in note 5 to the financial statements. Year to date depreciation is charged on the assets acquired during the year, whereas no depreciation is charged on assets in the year of disposal. Gains and losses on disposal of fixed assets are taken to income currently.

Normal repairs and maintenance are charged to profit and loss account as and when incurred.

##### Leased

Assets subject to finance lease are stated at lower of present value of minimum lease payments under the lease agreement and the fair value of leased assets. The related obligations under the lease are accounted for as liabilities. Depreciation is charged to income applying the straight line method at the rates stated in note 5 to the financial statements. The financial charges are calculated at the rate implicit in the lease.

##### Intangible

##### Owned

Software development costs are only capitalised when it is probable that future economic benefits attributable to the software will flow to the enterprise.

#### 4.2 Stock exchange membership card

This is carried at cost less impairment, if any.

#### 4.3 Staff retirement benefits

##### Defined contribution plan

The company operates a recognised provident fund for its permanent employees. Equal monthly contributions to the fund are made both by the company and its employees in accordance with the fund rules.

#### 4.4 Compensated absences

The company makes an annual provision for its liability towards non-vesting compensating absences on the basis of last

# Notes to the Financial Statements

*Continued*

drawn salary of the employee.

## 4.5 Loans, term finance and advances

Loans, term finance and advances originated by the company are stated at cost less any amount written off and provision for impairment, if any, in accordance with the Prudential Regulations issued by Securities and Exchange Commission of Pakistan vide its circular 2 dated January 21, 2004.

## 4.6 Investments

### Held-to-maturity

Investments with fixed or determinable payments and fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as held-to-maturity.

### 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.

### Held for trading

Investments which are acquired principally for the purposes of generating a profit from short term fluctuations in price or dealer's margin are classified as held for trading.

Investments in 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, which requires that the difference between the carrying value (adjusted for amortisation of discount or premium) and the revalued amount be recognised in the "surplus / deficit on revaluation of investments account", until actually realised on disposal.

For investments in Government securities, fair value is determined based on discounted cash flows using interest rates quoted on Reuters. In respect of investments in quoted equity securities, fair value is determined by reference to stock exchange quoted market prices at the close of business on balance sheet date. For term finance certificates fair value is determined by reference to brokers' quotes as these are not actively traded on the stock exchanges.

Investments in unquoted securities are recorded at cost in accordance with the above-mentioned circular. Provision for impairment in value is taken to income currently.

## 4.7 Derivatives

Derivative instruments held by the company generally comprise of forward contracts in the capital and money markets. Derivatives are stated at fair value at the balance sheet date, if any. The fair value of a derivative is the equivalent of 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 included in the "surplus / deficit on revaluation of investment account" in accordance with BSD Circular No. 20 dated August 4, 2000 issued by the State Bank of Pakistan until the derivatives are settled.

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

## 4.8 Securities under repurchase / reverse repurchase agreements

Transactions of repurchase / reverse repurchase of investment securities are entered into at contracted rates for specified periods of time and are accounted for as follows :

### Repurchase agreements

Investments sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognised in the balance sheet and are measured in accordance with accounting policies for investments. The counterparty liability for amounts received under these agreements is included in borrowings from banks / NBFCs. The difference between sale and repurchase price is treated as mark-up on borrowings from banks / NBFCs and accrued over the life of the repo agreement.



# Notes to the Financial Statements

*Continued*

## Reverse repurchase agreements

Investments purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the balance sheet. Amounts paid under these agreements are recorded as fund placements. The difference between purchase and resale price is treated as return from fund placements with financial institutions or income from reverse repurchase transactions of listed shares, as the case may be, and accrued over the life of the reverse repo agreement.

## 4.9 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and the company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

## 4.10 Trade date accounting

All "regular way" purchases and sales of listed shares are recognised on the trade date, i.e. the date that the company commits to purchase / sell the asset. Regular way purchases or sales of listed shares require delivery on T + 3 basis as per stock exchange regulations.

## 4.11 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 0.5% of the turnover, whichever is higher.

### Deferred

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or subsequently enacted at the balance sheet date.

Deferred tax on surplus on revaluation of investment is charged or credited directly to the same account.

## 4.12 Certificates of deposit

Return on certificates of deposit (CODs) is recognised on a time proportionate basis taking into account the relevant CODs issue date and final maturity date.

## 4.13 Foreign currency translations

Foreign currency transactions, if any during the period are recorded at the exchange rates approximating those ruling on the date of transactions. Assets and liabilities, if any held in foreign currencies at the balance sheet date are translated at the rates prevailing on that date.

Exchange gains and losses are included in income currently.

## 4.14 Revenue recognition

Income from reverse repurchase transactions is recognised on a time proportion basis.

Return on Government securities and term finance certificates is recognised on an accrual basis.

Capital gains or losses on sale of investments are taken to income in the period in which they arise.

Dividend income is recognised at the time of book closure of the company declaring the dividend.

# Notes to the Financial Statements

*Continued*

Return on loans and term finance is recognised on an accrual basis.

Consultancy and corporate advisory fees are recognised as and when services are provided.

Commission on portfolio trading services is recognised on an accrual basis.

Trusteeship fees is recognised on an accrual basis in proportion to the provision of service.

## 4.15 Cash and cash equivalents

Cash in hand and in banks and short term bank deposits are carried at cost.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash in hand, bank balances and balance with the State Bank of Pakistan, net of bank overdrafts repayable on demand, if any.

## 4.16 Fiduciary assets

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

## 4.17 Related party transactions and transfer pricing

The company enters into transactions with the related parties at arm's length prices in accordance with allowed valuation methods.

## 5. Fixed assets - tangible

	C O S T			D E P R E C I A T I O N		W R I T T E N D O W N V A L U E		Rate of depreciation per annum %
	As at July 1, 2 0 0 3	Additions/transfers (disposals)	As at June 30, 2 0 0 4	As at July 1, 2 0 0 3 (Rs. in '000s)	For the year (disposals)	As at June 30, 2 0 0 4	As at June 30, 2 0 0 4	
<b>Owned</b>								
Office equipment	1,274	699	1,973	1,046	370	1,416	557	25
Computer equipment	1,572	2,345 190	4,107	1,383	874 189	2,446	1,661	33
Furniture	94	-	94	24	9	33	61	10
Vehicles	8,710	6,891 (609)	14,992	2,819	3,080 (81)	5,818	9,174	20
	11,650	9,516	21,166	5,272	4,441	9,713	11,453	
<b>Leased</b>								
Computer equipment	190	(190)	-	160	29 (189)	-	-	33
June 30, 2004	11,840	9,326	21,166	5,432	4,281	9,713	11,453	
June 30, 2003	6,068	6,332 (560)	11,840	2,852	2,580	5,432	6,408	

### 5.1 Particulars of disposal of fixed assets having book value above Rs. 5,000.

Particulars	Original cost	Accumulated depreciation	Book value	Sale proceeds	Profit / (loss) on disposal	Mode of disposal	Particulars
Vehicle	609	-	609	609	-	Insurance claim	EFU General Insurance Limited

# Notes to the Financial Statements

*Continued*

## 6. Stock exchange membership card

This represents membership card of Islamabad Stock Exchange acquired by the company during the year.

	Note	June 30, 2004	June 30, 2003
		(Rs. in '000s)	
<b>7. Long term loans and term finances - secured and considered good</b>			
Due from executives	7.1	1,681	1,649
Term finances	7.2	23,038	18,852
Others		72	12
		<u>24,791</u>	<u>20,513</u>
Current maturity of long term loans and term finances	11	(4,360)	(10,956)
		<u>20,431</u>	<u>9,557</u>
Outstanding for periods exceeding three years		-	-
Others		20,431	9,557
		<u>20,431</u>	<u>9,557</u>

7.1 This represents finance provided to executives for purchase of vehicles, purchase of property and for other purposes having maturities ranging from 1 to 3 years at mark-up rates ranging from nil to 10.00% [June 2003: nil to 12.00%] per annum. Repayment is made on a monthly basis. The maximum aggregate amount due at the end of any month during the year from executives was Rs.1,686(000) [June 2003: Rs.1,649(000)]. These loans are secured against title documents of vehicles, equitable mortgage on property, employees' provident fund and personal guarantees.

7.2 This represents finances with maturities ranging from 1 to 3 years, at mark-up rates ranging from 7.00% to 11.00% [June 2003: 8.00% to 11.50%] per annum repayable in monthly and quarterly installments. These loans are secured against

Borrower	Collateral		
Kunjah Textile Mills Limited (Consortium loan)	First pari passu charge on BMR expansion related fixed assets and personal guarantee of the sponsors.	15,000	-
Pakcom Limited	First pari passu hypothecation charge over fixed assets with a 25% margin and an equitable charge over present and future receivables from Pakistan Telecommunication Corporation Limited to Pakcom Limited.	-	14,400
Individuals	Personal guarantees and promissory notes from borrowers, pledge of shares of listed companies, units of open-ended schemes, Government securities, mortgage of a property, hypothecation of fixed / moveable assets, home appliances and jewellery.	8,038	4,452
		<u>23,038</u>	<u>18,852</u>

## 8. Long term investments

Available-for-sale

Listed shares / units / rights entitlement	8.1	351,434	414,681
Unlisted shares	8.2	-	1,586
		<u>351,434</u>	<u>416,267</u>

# Notes to the Financial Statements

*Continued*

## 8.1 Listed shares / units / rights entitlement

June 30, 2003	June 30, 2004	No. of ordinary shares / units / rights entitlement of Rs.10 each	Name of the company / fund	June 30, 2004		June 30, 2003	
				Average Cost	Market value (Rs. in '000s)	Average Cost	Market value
<b>Mutual fund</b>							
3,665,500	-		BSJS Balanced Fund Limited [Equity held Nil (June 2003: 10.78%)]	-	-	24,012	74,410
130,500	-		First ICP Mutual Fund	-	-	1,166	2,186
439,500	-		Third ICP Mutual Fund	-	-	5,319	8,790
20,000	-		Eighth ICP Mutual Fund	-	-	439	505
570,000	-		Eleventh ICP Mutual Fund [Equity held Nil (June 2003: 11.40%)]	-	-	8,100	10,944
540,000	-		Twelfth ICP Mutual Fund [Equity held Nil (June 2003: 10.80%)]	-	-	6,352	8,370
420,000	-		Fifteenth ICP Mutual Fund	-	-	3,994	6,552
30,000	-		Nineteenth ICP Mutual Fund	-	-	411	555
27,500	-		Twentieth ICP Mutual Fund	-	-	324	498
58,000	-		Twenty first ICP Mutual Fund	-	-	204	421
844,000	-		Twenty third ICP Mutual Fund	-	-	2,094	5,655
809,500	-		Twenty fifth ICP Mutual Fund	-	-	4,269	11,373
-	8,358,790		ABAMCO Composite Fund	83,588	78,572	-	-
<b>Rights entitlement</b>							
176,175	-		First ICP Mutual Fund	-	-	-	643
593,325	-		Third ICP Mutual Fund	-	-	-	3,412
27,000	-		Eighth ICP Mutual Fund	-	-	-	182
769,500	-		Eleventh ICP Mutual Fund	-	-	-	2,347
729,000	-		Twelfth ICP Mutual Fund	-	-	-	1,786
567,000	-		Fifteenth ICP Mutual Fund	-	-	-	1,758
40,500	-		Nineteenth ICP Mutual Fund	-	-	-	107
37,125	-		Twentieth ICP Mutual Fund	-	-	-	102
<b>Insurance</b>							
1,869,838	-		E.F.U. General Insurance Company Limited	-	-	50,560	116,771
729,000	-		E.F.U. Life Assurance Limited	-	-	13,386	69,984
<b>Transport</b>							
-	6,360,000		Pakistan International Container Terminal Limited	63,600	146,280	-	-
<b>Others</b>							
1,083,500	1,526,000		Tri Pack Films Limited	85,978	126,582	49,443	87,330
				<u>233,166</u>	<u>351,434</u>	<u>170,073</u>	<u>414,681</u>

# Notes to the Financial Statements

*Continued*

## 8.2 Unlisted shares

June 30, 2003	June 30, 2004	No. of ordinary shares of Rs.10 each	Name of the company	Note	June 30 2004 (Rs. in '000s)	June 30 2003
125,000	-		Security General Insurance Company Limited Chief executive : Mr. Jawad Gilani		-	1,586
					-	1,586

## 9. Short term investments

### Available-for-sale

#### Listed securities

Open ended mutual fund units	9.1	191,594	115,199
Term finance certificates	9.2	480,744	492,897

#### Unlisted securities

Term finance certificates	9.3	98,232	-
WAPDA bonds	9.4	50,750	38,105

#### Government securities

Pakistan Investment Bonds	9.5	-	275,464
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### Held for trading

#### Government securities

Pakistan Investment Bonds	9.5	379,302	216,639
Listed shares	9.6	108,381	489,094

1,309,003      1,627,398

## 9.1 Open ended mutual fund units

June 30, 2003	June 30, 2004	No. of ordinary shares of Rs.10 each	Name of the mutual fund	Face value Rupees	June 30, 2004		June 30, 2003	
					Average Cost	Market value (Rs. in '000s)	Average Cost	Market value
-	750,000		Crosby Dragon Fund	100	75,000	75,263	-	-
246,831	249,546		Dawood Money Market Fund	100	25,000	26,775	25,000	25,119
160,000	160,000		Unit Trust of Pakistan - Income Fund	500	81,502	86,120	81,504	87,160
5,000	5,000		Unit Trust of Pakistan - Islamic Fund	500	2,500	3,436	2,500	2,920
					<u>184,002</u>	<u>191,594</u>	<u>109,004</u>	<u>115,199</u>

# Notes to the Financial Statements

*Continued*

## 9.2 Term finance certificates - Listed\*\*

June 30, 2 0 0 3	June 30, 2 0 0 4	Name of the company	Repayment frequency
No. of certificates			
1,075	2,500	Atlas Investment Bank Limited	Semi-annually
1,100	3,000	First Dawood Investment Bank Limited - 1st issue	Semi-annually
50	-	Engro Asahi Polymer and Chemical Limited	Semi-annually
5,400	1,220	Gulistan Textile Mills Limited	Semi-annually
350	350	NDFC-IFIC Bank Limited	Semi-annually
634	634	Network Leasing Corporation Limited	Semi-annually
334	334	Nishat Mills Limited	Semi-annually
30	-	Pakistan Industrial Leasing Corporation Limited - 2nd issue	Semi-annually
503	10,035	Pakistan PTA Limited	Semi-annually
50	-	Paramount Leasing Limited - 1st issue	Semi-annually
1,500	1,500	Reliance Weaving Mills Limited	Semi-annually
2,000	-	Security Leasing Corporation Limited - 1st issue	Semi-annually
1,211	1,268	Sui Southern Gas Company Limited - 1st issue	Semi-annually
3,000	3,000	Union Leasing Limited	Semi-annually
8,117	8,117	Bank Alfalah Limited	Semi-annually
541	541	Crescent Leasing Corporation Limited	Semi-annually
2,527	2,527	First Dawood Investment Bank Limited - 2nd issue	Semi-annually
1,100	1,100	Engro Chemical Pakistan Limited	Semi-annually
1,818	1,818	KASB Bank Limited	Semi-annually
292	292	Maple Leaf Cement Factory Limited	Semi-annually
3,400	3,400	Muslim Commercial Bank Limited	Semi-annually
4,000	1,100	Orix Leasing Pakistan Limited	Semi-annually
6,000	4,000	Pakistan International Airlines Corporation	Semi-annually
			Total carried forward

Profit Rate per annum	Cumulative face value (Rs. in '000s)	Maturity date	June 30, 2004		June 30, 2003	
			Cost *	Market value (Rs. in '000s)	Cost *	Market value
15.00%	12,500	September 27, 2005	6,245	6,620	10,408	11,562
1.75% over SBP's discount rate with 13.50% as floor and 17.50% as ceiling	15,000	September 12, 2006	14,950	16,900	14,950	17,676
1.50% over last three cut-off rates of the five year PIBs with 13.00% as floor and 17.00% as ceiling	-	June 15, 2006	-	-	4,996	5,833
2.00% over SBP's discount rate with 14.00% as floor and 17.50% as ceiling	27,000	September 5, 2006	22,482	24,506	26,983	30,513
17.00%	35,000	December 1, 2004	11,650	12,233	23,308	25,909
16.25%	7,920	October 4, 2005	3,746	4,008	7,912	8,682
1.50% over SBP's discount rate with 13.00% as floor and 17.00% as ceiling	33,325	September 19, 2005	24,974	26,972	33,305	35,680
15.60%	-	March 2, 2004	-	-	1,000	1,045
3.00% above cut-off yield of last successful SBP auction of five year PIBs.	50,175	August 2, 2006	41,779	43,032	50,145	50,020
16.25%	-	June 28, 2004	-	-	3,650	3,878
2.5% above SBP's discount rate with 15.25% as floor and 17.50% as ceiling	7,500	February 7, 2007	6,429	7,136	7,500	8,693
2.25% above SBP's discount rate with 14.75% as floor and 17.50% as ceiling for the first two years and thereafter a floor of 14.00% and a ceiling of 17.50%.	-	December 29, 2005	-	-	9,997	11,267
1.10% above SBP's discount rate with 14.15% as floor and 18.00% as ceiling for the first two years and thereafter a floor of 13.00% and a ceiling of 18.00%.	6,340	June 1, 2006	4,223	4,603	6,335	7,025
2.25% above SBP's discount rate with 14.50% as floor and 16.75% as ceiling.	15,000	April 19, 2005	14,988	15,588	14,994	15,775
1.35% above the cut-off yield of the last successful SBP auction of five year PIBs with 10.00% as floor and 15% as ceiling	40,585	December 19, 2008	43,589	45,834	44,977	46,319
2.00% above the cut-off yield of the last successful SBP auction of five year PIBs with 12.00% as floor and 15.75% as ceiling	2,705	September 5, 2007	2,705	2,813	2,705	2,769
1.75% above SBP's discount rate with 12.25% as floor and 16.25% as ceiling.	12,635	July 27, 2007	12,635	14,278	12,635	15,158
1.00% above the average of cut-off of the last three SBP auctions of five year PIBs with 11.00% as floor and 15.00% as ceiling.	5,500	July 5, 2007	5,496	5,935	5,498	6,381
2.25% above last three cut-off rates of five year PIBs with 11.50% as floor and 14.50% as ceiling.	9,090	January 15, 2008	9,086	9,359	9,090	9,608
2.50% above the five year PIB rate with 15.25% as floor and 17.75% as ceiling.	1,460	July 19, 2007	1,216	1,338	1,460	1,466
1.50% above the cut-off yield of the last successful SBP auction of five year PIBs with 11.75% as floor and 15.75% as ceiling.	17,000	August 10, 2007	16,990	19,368	16,996	20,214
2.00% above SBP's discount rate with 10.00% as floor and 13.00% as ceiling.	5,500	July 31, 2007	5,500	5,940	20,000	22,316
0.50% above SBP's discount rate with 7.40% as floor and 12.50% as ceiling	20,000	February 20, 2011	19,997	20,800	30,000	32,400
			<u>268,680</u>	<u>287,263</u>	<u>358,844</u>	<u>390,189</u>

# Notes to the Financial Statements

*Continued*

June 30, 2003	June 30, 2004	No. of certificates	Name of the company	Repayment frequency
			Total brought forward	
1,310	1,310		Paramount Leasing Company Limited - 2nd issue	Semi-annually
2,000	2,000		Securitel S.P.V. Limited	Quarterly
854	-		Security Leasing Corporation Limited - 2nd issue	Semi-annually
461	461		Sitara Chemical Industries Limited	Semi-annually
4,000	1,500		Sui Southern Gas Company Limited - 2nd issue	Semi-annually
2,000	2,000		Trust Leasing Corporation Limited	Semi-annually
3,213	6,213		Union Bank Limited	Semi-annually
5,000	9,000		WorldCALL Communications Limited	Semi-annually
-	1,000		Crescent Standard Investment Bank Limited	Semi-annually
-	2,000		Ittehad Chemicals Limited	Semi-annually
-	540		First Oil & Gas Securitisation Company Limited	Monthly
-	1,494		Pakistan Services Limited	Semi-annually
-	5,000		Al Zamin Leasing Mudaraba	Semi-annually
-	5,000		Union Bank Limited - 2nd issue (unsecured)	Semi-annually

(\*) Represents unredeemed average cost.

(\*\*) Secured, unless specified otherwise.

## 9.3 Term finance certificates - Unlisted\*\*

June 30, 2003	June 30, 2004	No. of certificates	Name of the company	Repayment frequency
-	10,000		Al Abbas Sugar Mills Limited	Semi-annually
-	5,700		Pakistan Mobile Communication	Semi-annually
-	5,000		Trust Commercial Bank Limited	Semi-annually

(\*) Represents unredeemed average cost.

(\*\*) Secured, unless specified otherwise.

## 9.4 WAPDA bonds - unlisted

June 30, 2003	June 30, 2004	No. of certificates	Name of the company	Repayment frequency
7,600	10,000		Water and Power Development Authority - 10th issue	Semi-annually



Profit Rate per annum	Cumulative face value (Rs. in '000s)	Maturity date	June 30, 2004		June 30, 2003	
			Cost *	Market value (Rs. in '000s)	Cost *	Market value
			268,680	287,263	358,844	390,189
2.50% above SBP's discount rate with 11.50% as floor and 14.50% as ceiling.	6,550	February 7, 2007	6,547	6,678	6,550	6,844
2.00% above SBP's discount rate with 12.00% as floor and 16.00% as ceiling for the first year and thereafter 11.50% as floor and 16.00% as ceiling.	10,000	March 27, 2006	5,833	6,125	9,167	9,900
2.25% above SBP's discount rate with 11.50% as floor and 15.50% as ceiling for the first year and thereafter 11.00% as floor and 15.50% as ceiling.	-	January 9, 2007	-	-	4,270	4,400
12.00%	2,305	June 20, 2007	2,305	2,443	2,305	2,425
1.10% above SBP's discount rate with 11.50% as floor and 16.00% as ceiling.	7,500	June 4, 2007	7,495	8,168	19,992	22,187
2.00% above SBP's discount rate with 9.00% as floor and 14.00% as ceiling.	10,000	June 3, 2008	9,876	10,171	10,000	10,000
2.25% above the cut-off yield of the latest successful SBP auction of five year PIBs with 11.00% as floor and 15.50% as ceiling.	31,065	June 21, 2008	33,660	34,772	16,062	18,498
1.75% above SBP's discount rate with 12.25% as floor and 16.25% as ceiling.	45,000	September 30, 2007	47,304	49,470	24,995	28,454
2.00% above SBP's discount rate with 10.50% as floor and 13.50% as ceiling.	5,000	July 8, 2007	4,999	5,149	-	-
2.50% above SBP's discount rate with 7.00% as floor and 12.00% as ceiling.	10,000	June 27, 2008	9,997	10,396	-	-
2.50% above SBP's discount rate with 10.50% as floor and 14.50% as ceiling.	2,700	December 4, 2006	2,310	2,390	-	-
2.25% above SBP's discount rate with 9.75% as floor and 13.75% as ceiling.	7,470	November 12, 2008	7,469	7,469	-	-
8%	25,000	December 24, 2008	25,000	25,250	-	-
0.75% above the cut off yield of the latest successful auction of five year PIBs with 5% as floor and 10.75% as ceiling.	25,000	January 20, 2011	25,000	25,000	-	-
			<u>456,475</u>	<u>480,744</u>	<u>452,185</u>	<u>492,897</u>

Profit Rate per annum	Cumulative face value (Rs. in '000s)	Maturity date	June 30, 2004		June 30, 2003	
			Cost *	(Rs. in '000s)	Cost *	(Rs. in '000s)
3.25% above the cut-off yield of the last successful SBP auction of three-month Treasury Bills with 6.00% as floor and 13.00% as ceiling.	50,000	July 4, 2008	44,737		-	
2.25% above the average of the last three six-month Treasury Bill cut-off yields with 6.00% as floor and 12.00% as ceiling.	28,500	September 16, 2008	28,500		-	
3% + 6 months KIBOR Ask rate with 6.00% as floor and 10% as ceiling	25,000	October 23, 2003	24,995		-	
			<u>98,232</u>		<u>-</u>	

Profit Rate %	face value (Rs. in '000s)	Maturity date	June 30, 2004		June 30, 2003	
			Cost *	(Rs. in '000s)	Cost *	(Rs. in '000s)
7.25	50,000	April 29, 2008	50,750		38,105	

# Notes to the Financial Statements

*Continued*

## 9.5 Pakistan Investment Bonds

	June 30, 2004			June 30, 2003		
	Face value	Cost (Rs. in '000s)	Market value	Face value	Cost (Rs. in '000s)	Market value
Available-for-sale	-	-	-	200,000	251,495	275,464
Held for trading	350,000	388,452	379,302	150,000	212,928	216,639
	<u>350,000</u>	<u>388,452</u>	<u>379,302</u>	<u>350,000</u>	<u>464,423</u>	<u>492,103</u>

The above represent Pakistan Investment Bonds with income receivable semi-annually at interest rates ranging from 8.00% to 12.00% [June 2003: 9.00% to 11.00%] per annum with a remaining term of 7 to 10 years.

## 9.6 Listed shares

June 30, 2003	June 30, 2004	No. of ordinary shares of Rs. 10 each	Name of the company	June 30, 2004		June 30, 2003	
				Average Cost	Market value	Average Cost	Market value
				(Rs. in '000s)			
			<b>Banks</b>				
3,895,325	-	-	Muslim Commercial Bank Limited	-	-	96,926	146,269
25,850	-	-	National Bank of Pakistan Limited	-	-	609	705
-	261,500	-	Union Bank Limited	6,849	7,191	-	-
			<b>Cement</b>				
1,498,042	1,498,042	-	D.G. Khan Cement Limited (Preference shares)	15,317	15,954	15,317	14,980
			<b>Chemicals and Pharmaceuticals</b>				
800,000	317,000	-	Engro Chemical (Pakistan) Limited	32,473	30,908	70,040	69,480
200,000	-	-	Fauji Fertilizer Company Limited	-	-	17,260	17,410
			<b>Communication</b>				
1,800,000	1,250,000	-	Pakistan Telecommunication Company Limited	54,622	52,688	49,777	51,210
			<b>Food and Allied</b>				
9,520	-	-	* Unilever Pakistan Limited	-	-	8,634	12,615
			<b>Fuel and Energy</b>				
200,000	-	-	Attock Refinery Limited	-	-	18,710	19,110
100,000	-	-	Pak Oil Field Limited	-	-	22,010	22,520
1,823,500	-	-	The Hub Power Company Limited	-	-	68,141	69,111
-	50,000	-	Sui Southern Gas Company Limited	1,770	1,640	-	-
			<b>Textile Composite</b>				
1,874,000	-	-	Nishat Mills Limited	-	-	38,665	65,684
				<u>111,031</u>	<u>108,381</u>	<u>406,089</u>	<u>489,094</u>

(\*) Face value of ordinary shares of Unilever Pakistan Limited is of Rs. 50 each.

# Notes to the Financial Statements

*Continued*

	Note	June 30, 2004	June 30, 2003
		(Rs. in '000s)	
<b>10. Short term advances</b>			
Advance for subscription of term finance certificates - considered good	10.1	10,000	15,000
Advance for subscription of unquoted shares - considered good		-	63,600
		<u>10,000</u>	<u>78,600</u>
10.1 Advance for subscription of term finance certificates			
Secured			
Itehad Chemical Limited		-	10,000
Pacific Leasing Limited		-	5,000
		-	15,000
Unsecured			
Bank AL-Habib Limited	10.1.1	10,000	-
		<u>10,000</u>	<u>15,000</u>
10.1.1 This represents advance for subscription of 2,000 TFCs having a face value of Rs.5,000 each and carries a rate of return of base rate plus 1.50% per annum subject to a floor of 3.50% per annum and a ceiling of 10.00% per annum. The base rate is defined as the 6 months Karachi interbank offering rate. These TFCs will be listed on Karachi stock exchange. Furthermore, these will be unsecured, sub-ordinated as to the payment of principal and profit to all other indebtedness of the bank including deposits and is not redeemable before maturity without prior approval of the State Bank of Pakistan.			
<b>11. Short term loans</b>			
Term loan - considered good	11.1	81,590	196,460
- considered doubtful		12	182
Discounted promissory notes - considered good	11.2	9,805	-
		91,407	196,642
Less: Provision for non-performing loan	11.3	12	182
		91,395	196,460
Current maturity of long term loans and term finances	7	4,360	10,956
		<u>95,755</u>	<u>207,416</u>
11.1 These carry mark-up ranging from 7.75% to 13% [June 2003: 9.00% to 13.00%] per annum and are secured by pledge of shares of listed companies, personal guarantees of the directors, property of the borrowers and hypothecation of assets.			
11.2 This represents discounting of 10 promissory notes issued by a financial institution with a denomination of Rs. 1 million each. These have a tenor of 9 months with effective yield of 5.04% per annum.			
11.3 Particulars of provision for non-performing loan			
Opening balance		182	182
Charge for the year		-	-
Reversal on recovery of a non performing loan		(170)	-
Closing balance		<u>12</u>	<u>182</u>
<b>12. Fund placements</b>			
with financial institutions			
- unsecured considered good	12.1	172,500	50,000
- secured under reverse repurchase agreements of securities	12.2, 12.3 & 12.4	1,252,734	560,082
		<u>1,425,234</u>	<u>610,082</u>
12.1 These placements carry mark-up rates ranging from 5.00% to 8.25% [June 2003: 4.50%] per annum.			
12.2 These placements carry mark-up rates ranging from 3.50% to 11.80% [June 2003: 3.20% to 10.60%] per annum.			

# Notes to the Financial Statements

*Continued*

	June 30, 2004			June 30, 2003		
	Held by the company	Further given as collateral	Total	Held by the company	Further given as collateral	Total
	(Rs. in '000s)					
12.3 Securities held as collateral against fund placements with financial institutions						
Pakistan Investment Bonds	-	628,836	628,836	-	368,042	368,042
Unit Trust of Pakistan	-	-	-	15,000	-	15,000
WAPDA bonds	-	-	-	114,539	-	114,539
Listed company shares	623,898	-	623,898	55,001	-	55,001
Term finance certificates	-	-	-	7,500	-	7,500
	<u>623,898</u>	<u>628,836</u>	<u>1,252,734</u>	<u>192,040</u>	<u>368,042</u>	<u>560,082</u>

12.4 This is stated net of Rs. 300,000(000) in accordance with the company's accounting policy given in note 4.9.

	June 30, 2004	June 30, 2003
	(Rs. in '000s)	
13. Receivable for sale of marketable securities	<u>2</u>	<u>21,700</u>

This represents amount receivable from an associated undertaking. The maximum aggregate amount receivable from the associated undertaking at the end of any month during the year was Rs.82,319(000) [June 2003: Rs.26,630(000)].

## 14. Prepayments, accruals and other receivables

Prepayments		964	327
Accrued mark-up / profit on			
Available-for-sale investments			
Term finance certificates		12,702	12,944
Government securities		-	3,027
WAPDA bonds		624	482
Held for trading investments			
Government securities		5,542	2,895
Long term loans		39	29
Short term loans		911	2,473
Fund placements	14.1	<u>8,429</u>	<u>4,908</u>
		28,247	26,758
Other receivables			
Dividend		1,571	6,443
Positive fair value of derivative financial instruments		2,763	-
Others	14.2	<u>6,004</u>	<u>1,671</u>
		10,338	8,114
		<u>39,549</u>	<u>35,199</u>

14.1 This is stated net of Rs. 294(000) in accordance with the company's accounting policy given in note 4.9.

14.2 This includes Rs. 3,575(000) (June 30 2003: Rs. Nil) receivable from an associated undertaking in respect of portfolio trading services. The maximum aggregate amount due at the end of any month during the year from an associated undertaking was Rs.5,754(000) [2003:1,166(000)].

## 15. Taxation - net

### Current

The income tax assessments upto assessment year 2002-2003 corresponding to accounting year ended June 30, 2002 have been finalised. Income tax return for the tax year 2003 have been filed and is deemed to be assessed under section 120 of the Income Tax Ordinance, 2001.

# Notes to the Financial Statements

*Continued*

	Note	June 30, 2004 (Rs. in '000s)	June 30, 2003
<b>16. Cash and bank balances</b>			
Cash with banks in			
Current accounts with State Bank of Pakistan	16.1	4,354	4,965
Others		1,817	743
PLS savings accounts	16.2	188,885	268
		195,056	5,976
Cash in hand		4	5
		<u>195,060</u>	<u>5,981</u>
16.1 This includes an amount of Rs. 2,369(000) [2003: Rs. 2,369(000)] deposited with the State Bank of Pakistan as required under the relevant provision of (now superseded) the State Bank of Pakistan's Prudential Regulations for Non-Banking Finance Companies (NBFCs) to meet the additional reserve of 1% of certain specified liabilities.			
16.2 These carry mark-up rates ranging from 0.50% to 4.00% [June 2003: 0.80% to 2.50%] per annum.			
<b>17. Issued, subscribed and paid-up capital</b>			
14,550,000 [June 2003: 14,550,000] ordinary shares of Rs.10 each fully paid in cash		145,500	145,500
8,200,000 [June 2003: 8,200,000] ordinary shares of Rs.10 each issued as fully paid bonus shares		82,000	82,000
		<u>227,500</u>	<u>227,500</u>
Jahangir Siddiqui & Company Limited, the holding company, held 14,199,274 [June 2003: 14,199,274] ordinary shares as at June 30, 2004.			
<b>18. Surplus on revaluation of investments</b>			
Available-for-sale investments			
Listed securities			
Open ended mutual funds units		7,592	6,195
Term finance certificates		24,269	40,712
Shares		118,268	244,608
Government securities			
Pakistan Investment Bonds		-	23,969
		150,129	315,484
Held for trading investments			
Listed securities			
Shares		(2,650)	83,005
Government securities			
Pakistan Investment Bonds		(9,150)	3,711
Positive / (negative) fair value of a derivative financial instruments		2,763	(3,489)
		(9,037)	83,227
		141,092	398,711
Add / (Less): Related deferred tax asset / (liability)		2,236	(8,467)
		<u>143,328</u>	<u>390,244</u>

# Notes to the Financial Statements

*Continued*

	Note	June 30, 2004 (Rs. in '000s)	June 30, 2003
<b>19. Deferred taxation</b>			
Taxable temporary differences			
Unrealised gain on government securities		-	(8,467)
Difference in accounting and tax base of leased asset		-	(12)
Differences in accounting and tax bases of owned assets		(216)	(523)
Differences in accounting and tax bases of dividend receivable		(79)	-
Deductible temporary differences			
Unrealised loss on government securities		2,236	-
Provision for non-performing loan		4	64
Provision for compensated absences		83	-
Difference in accounting and tax base of obligation under finance lease		-	16
		<u>2,028</u>	<u>(8,922)</u>
<b>20. Certificates of deposit</b>			
Local currency	20.1	<u>996,064</u>	<u>343,856</u>
20.1 Represents deposits received from customers under registered certificates of deposit in local currency. The maturity period ranges between one month to one year. The expected rate of return payable on these certificates ranges from 3.00% to 4.50% [June 2003: 3.00% to 13.25%] per annum.			
<b>21. Running finance utilised under mark-up arrangements</b>			
	21.1	<u>-</u>	<u>203,154</u>
21.1 The company has short term running finance facility under mark-up arrangements in aggregate of Rs.100,000(000) [June 2003: Rs.425,000(000)] from a commercial bank having a mark-up rate of 5.50% [June 2003: 5.50% to 8.00%] per annum calculated on a daily product basis payable quarterly. The arrangements are secured against shares of listed companies having an aggregate fair value of Rs.236,778(000) [June 2003: Rs.591,317(000)].			
<b>22. Borrowings from banks / NBFCs</b>			
Secured under repurchase agreements	22.1 & 22.2	860,000	750,000
Unsecured	22.3	300,000	751,000
		<u>1,160,000</u>	<u>1,501,000</u>
22.1 Represents amounts borrowed from banks / NBFCs and carry mark-up rates ranging from 1.80% to 3.75% [June 2003: 2.25% to 7.40%] per annum. These are secured against Pakistan investment bonds and term finance certificates sold under repurchase agreements having an aggregate fair value of Rs.991,681(000) [June 2003: Rs.1,048,161(000)].			
22.2 Refer to note 12.4.			
22.3 Represents amounts borrowed from banks / NBFCs and carry mark-up rates ranging from 3.25% to 4.00% [June 2003: 3.05% to 12.00%] per annum.			

# Notes to the Financial Statements

*Continued*

	Note	June 30, 2004 (Rs. in '000s)	June 30, 2003
23. Payable for purchase of marketable securities		3,750	20,317
This represents payable to an associated undertaking.			
24. Advances, accrued expenses and other liabilities			
Advances from customers	24.1	8,781	9,719
Accrued expenses		14,929	13,663
Accrued return on certificates of deposit		6,333	3,231
Accrued mark-up on			
Running finance under mark-up arrangements		22	74
Borrowings from banks / NBFCS	24.2	5,095	3,588
Dividend payable			
Unclaimed		1,395	718
Current maturity of liabilities against assets subject to finance lease		-	45
Negative fair value of derivative financial instruments		-	3,489
Subscription received as banker to the issue of customers	24.3	213,657	-
Other liabilities		808	4,905
		<u>251,020</u>	<u>39,442</u>

24.1 Represents amount payable against sale of shares under Portfolio Trading Services [PTS] (refer to note 45).

24.2 Refer to note 14.1.

24.3 Represents subscription funds received in respect of the offer for sale of shares by the Government of Pakistan and a shareholder (the offerers) of their shareholding in the two companies. The company is entitled to receive commission at the rate of 0.25% of the amount of shares allotted.

## 25. Commitments

Forward sale commitments		63,908	689,443
Underwriting commitments		523,000	135,000
Guarantee commitment		-	50,000
Pre-IPO commitments		65,000	160,000

## 26. Income from investments / reverse repurchase transactions

Dividend	26.1	38,355	57,023
Mark-up on available-for-sale investments			
Term finance certificates		60,091	42,801
WAPDA bonds		831	3,119
Government securities		-	15,154
Mark-up on held for trading investments			
Government securities		27,350	7,585
		<u>126,627</u>	<u>125,682</u>

26.1 Includes Rs.14,583(000) [2003: Rs.2,273(000)] in respect of reverse repurchase transactions and the balance represents dividend from investments in shares.

## 27. Return on fund placements with financial institutions

This is stated net of Rs. 294(000) in accordance with the company's policy as given in note 4.9.

# Notes to the Financial Statements

*Continued*

	Note	June 30, 2004	June 30, 2003
		(Rs. in '000s)	
<b>28. Capital gains / (loss) on disposal of investments / reverse repurchase transactions</b>			
Listed shares	28.1	392,386	122,397
Unit Trust of Pakistan units		3,870	6,809
Term finance certificates		4,828	1,511
Treasury bills		987	-
WAPDA bonds		2,100	6,630
Government securities		(10,716)	32,186
		<u>393,455</u>	<u>169,533</u>
28.1 Includes capital gain on disposal of listed shares amounting to Rs.19,993(000) [2003: Rs.3,789(000)] in respect of reverse repurchase transactions. Also includes accrued price differential on unsettled reverse repurchase transactions.			
<b>29. Mark-up on loans and term finances</b>			
Long term loans and term finances		1,290	8,115
Short term loans		7,014	21,715
		<u>8,304</u>	<u>29,830</u>
<b>30. Consulting and corporate advisory fees</b>			
Includes trusteeship fee of Rs.2,687(000) [2003: Rs.1,042(000)] received by the company as trustees on behalf of an asset management company and term finance certificate holders of various companies.			
<b>31 Mark-up on borrowings from banks / NBFCs</b>			
Refer to note 27.			
<b>32. Administrative and operating expenses</b>			
Salaries and benefits		12,314	9,407
Staff retirement benefits		639	423
Staff bonus		5,500	8,000
Printing and stationery		606	652
Telephone, fax and postage		621	388
Brokerage expenses		3,033	1,687
Rent, rates and taxes		2,529	2,015
Vehicle running and maintenance		1,013	322
Electricity		785	428
Legal and professional charges		3,865	375
Consultancy fees	38	6,700	-
Auditors' remuneration	32.1	1,546	477
Insurance		949	638
Entertainment		291	186
Advertising and business promotion		410	591
Depreciation	5	4,281	2,580
Fees and subscription		1,280	877
Conveyance and travelling		730	53
Repairs and maintenance		1,005	809
Computer expenses		1,444	1,765
Donation		8,813	4,196
CDC charges		1,112	768
Expenses on meetings		38	20
Custody / bank charges		92	61
Lease finance charges		3	18
Zakat		-	403
Miscellaneous charges		12	103
		<u>59,611</u>	<u>37,242</u>



# Notes to the Financial Statements

*Continued*

	Note	June 30, 2004	June 30, 2003
		(Rs. in '000s)	
32.1 Auditors' remuneration			
Audit fee		190	175
Taxation services		1,075	120
Special reports and sundry services		235	130
Out-of-pocket expenses		46	52
		<u>1,546</u>	<u>477</u>
<b>33. Taxation</b>			
For the period		7,199	19,072
Deferred		(247)	455
	33.1	<u>6,952</u>	<u>19,527</u>
33.1 Relationship between the tax expense and the accounting profit			
Profit before tax		447,652	229,061
Tax at the applicable tax rate of 35% [2003: 35%]		156,678	80,172
Tax effect of expenses that are not deductible in determining taxable income		5,490	2,121
Tax effect of exempt income and expenses that are deductible from but are not included in accounting profit		(142,438)	(46,114)
Tax effect of income charged at lower tax rate and rebates		(12,531)	(17,107)
Net effect of deferred tax liability arising due to deductible temporary differences		(247)	455
Adjusted income tax charge		<u>6,952</u>	<u>19,527</u>
Higher of adjusted income tax charge as above and turnover tax under section 113 of Income Tax Ordinance, 2001 amounting to Rs.2,797(000) [2003: Rs.1,737(000)]		<u>6,952</u>	<u>19,527</u>
<b>34. Special reserve</b>			
Represents a statutory reserve created in compliance with the Securities and Exchange Commission of Pakistan's Prudential Regulations for Non Banking Finance Companies.			
<b>35. Basic earnings per share</b>			
Net profit for the period attributable to ordinary shareholders		<u>440,700</u>	<u>209,534</u>
		Numbers	
Weighted average number of ordinary shares outstanding during the year:		<u>22,750</u>	<u>22,750</u>
		Rupees	Rupees
Basic earnings per share		<u>19.37</u>	<u>9.21</u>
No figure for diluted earnings per share has been presented as the company has not as yet issued any instruments which would have an impact on earnings per share when exercised.			
<b>36. Cash and cash equivalents</b>			
Cash and bank balances	16	195,060	5,981
Running finance utilised under mark-up arrangements	21	-	(203,154)
		<u>195,060</u>	<u>(197,173)</u>

# Notes to the Financial Statements

*Continued*

## 37. Remuneration of directors and executives

	Chief Executive		Director		Executives		Total	
	June 30, 2004*	June 30, 2003	June 30, 2004	June 30, 2003	June 30, 2004	June 30, 2003	June 30, 2004	June 30, 2003
	(Rs. in '000s)							
Managerial remuneration	817	1,593	-	-	6,149	3,560	6,966	5,153
Perquisites and allowances	408	797	-	-	3,074	1,780	3,482	2,577
Staff retirement benefits	80	159	-	-	247	175	327	334
Commission and bonus	550	5,000	-	-	4,950	2,925	5,500	7,925
Reimbursable expenses	109	103	-	-	531	188	640	291
	<u>1,964</u>	<u>7,652</u>	<u>-</u>	<u>-</u>	<u>14,951</u>	<u>8,628</u>	<u>16,915</u>	<u>16,280</u>
Number of persons	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>18</u>	<u>12</u>	<u>19</u>	<u>13</u>

\* Includes remuneration of the previous chief executive from July 1, 2003 to May 17, 2004.

The chief executive, a director and certain executives are also provided with free use of company owned and maintained vehicles.

## 38. Transactions with associated undertakings / related parties / connected persons

These include Jahangir Siddiqui & Company Limited being the holding company, ABAMCO Limited and Jahangir Siddiqui Capital Market (Private) Limited being the subsidiaries of the holding company, director and the key management personnel.

The transactions with connected persons are in the normal course of business, at contracted rates and terms determined in accordance with market rates.

	with holding company		with associated undertakings		with directors	
	June 30, 2004	June 30, 2003	June 30, 2004	June 30, 2003	June 30, 2004	June 30, 2003
	(Rs. in '000s)					
Cumulative sum of money market instruments purchased	1,340,708	150,000	644,800	345,649	-	-
Cumulative sum of money market instruments sold	1,031,732	-	475,187	345,000	-	-
Certificates of deposit issued	-	300,000	-	17,500	-	-
Certificates of deposit matured	-	457,000	-	2,500	-	-
Cumulative sum of funds borrowed from financial institutions	-	-	-	-	-	-
Expense on funds borrowed from financial institutions	76	-	-	-	-	-
Sale of marketable securities (including resale under reverse repurchase agreements)	873,170	1,481,347	5,862,486	-	-	-
Purchase of marketable securities (including purchase under reverse repurchase agreements)	707,953	1,138,766	5,527,804	185,703	-	-
Dividend Received	-	-	-	6,861	-	-
Returns on certificates of deposit	-	842	-	286	-	-
Brokerage	408	377	356	-	-	-
Rent	1,873	1,700	-	-	-	-
Security services	-	-	213	-	-	-
Consulting service	-	-	5,500	-	1,200	-

## 39. Segmental information

Primary segment information

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

- Capital market operations - principally engaged in dealing in equity instruments of enterprises listed on the stock exchange.
- Money market operations - principally providing money market, trading and treasury services, as well as management of the company's funding operations by use of treasury bills, Government securities and placements and acceptances with other companies, through treasury and wholesale banking.

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

# Notes to the Financial Statements

*Continued*

	Capital market	Money market (Rs. in '000s)	Others	Total
<b>Segmental information for the year ended June 30, 2004</b>				
<b>Segment results for the year ended June 30, 2004</b>				
Gross operating income	434,611	97,713	27,034	559,358
Segment results	432,472	65,120	19,512	517,104
Unallocated costs				(69,452)
Profit before taxation				447,652
Income tax expense				(6,952)
Net profit for the period				440,700
<b>Segment assets and liabilities as at June 30, 2004</b>				
Segment assets	666,397	2,475,808	124,251	3,266,456
Unallocated assets				235,283
Total assets				3,501,739
Segment liabilities	3,879	1,165,626	222,704	1,392,209
Unallocated liabilities				1,018,625
Total liabilities				2,410,834
<b>Other segment information for the year ended June 30, 2004</b>				
Capital expenditure	54	616	4,075	4,745
Unallocated				5,190
				9,935
Segmented depreciation	18	130	933	1,081
Unallocated				3,195
				4,276
<b>Segmental information for the year ended June 30, 2003</b>				
<b>Segment results for the year ended June 30, 2003</b>				
Gross operating income	186,229	121,267	39,819	347,315
Segment results	183,770	64,990	35,159	283,919
Unallocated costs				(54,858)
Profit before taxation				229,061
Income tax expense				(19,527)
Net profit for the period				209,534
<b>Segment assets and liabilities as at June 30, 2003</b>				
Segment assets	1,112,625	1,672,454	220,890	3,005,969
Unallocated assets				70,406
Total assets				3,076,375
Segment liabilities	20,751	1,517,172	13,622	1,551,545
Unallocated liabilities				593,584
Total liabilities				2,145,129
<b>Other segment information for the year ended June 30, 2003</b>				
Capital expenditure	-	-	1,773	1,773
Unallocated				4,559
				6,332
Segmented depreciation	42	21	471	534
Unallocated				2,046
				2,580

# Notes to the Financial Statements

*Continued*

## 40. Credit risk and concentration of credit risk

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties.

The company follows a two pronged policy. Firstly, it has developed its own prudent operating policies duly approved by the Board of Directors. Secondly, it follows the regulations issued by the Securities & Exchange Commission of Pakistan. The internal policy prescribes the maximum limits of fund and non-fund based exposures with respect to a particular sector or a business group. Extra care is taken to ensure that per party and per sector exposures remain within limits prescribed by the internal policy and the Non-Banking Finance Companies (Establishment and Regulation) Rules 2003 and Prudential Regulations for Non Banking Finance Companies (NBFCs) issued by the Securities & Exchange Commission of Pakistan.

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in a similar manner.

JSIBL is exposed to credit risk on loans, term finance, fund placements with financial institutions, certain investments and receivable for sale of marketable securities. JSIBL seeks to minimise its credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. Details of the composition of loans and finance portfolios are given in note 41 below.

Credit risk in respect of derivative financial instruments is limited to those with positive fair values.

June 30, 2004			June 30, 2003		
Loans and term finance	Investments	Others	Loans and term finance	Investments	Others
(Rs. in '000s)					

## 41. Segment by class of business

Chemical and pharmaceuticals	-	92,714	1,590	-	145,168	12,490
Textile	15,000	58,614	2,346	-	146,951	2,922
Cement	-	17,292	84	-	16,446	100
Automobile and transportation equipment	58,000	173,205	1,077	-	-	609
Financial	10,000	613,071	1,653,094	-	654,689	660,312
Individuals	33,186	-	408	45,565	-	745
Sugar and allied industries	-	44,737	647	47,008	-	770
Services and consultancy	-	-	2,681	-	-	64,414
Food manufacturing	-	-	-	-	12,615	-
Fuel and energy	-	16,801	1,698	50,000	178,058	769
Insurance	-	-	-	-	188,341	91
Communication	-	130,650	1,563	14,400	121,964	1,589
Paper and board	-	-	-	60,000	-	962
Government securities	-	379,302	6,166	-	492,103	5,922
Others	-	134,051	1,168	-	87,330	1,194
	<u>116,186</u>	<u>1,660,437</u>	<u>1,672,522</u>	<u>216,973</u>	<u>2,043,665</u>	<u>752,889</u>

# Notes to the Financial Statements

*Continued*

## 42. 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 date to the contractual maturity date and do not take account of the effective maturities as indicated by the company's deposit retention history and the availability of liquid funds. 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, 2004				
	Total	Upto three months	Over three months to one year (Rs. in '000s)	Over one year to five years	Over five years
<b>Assets</b>					
Fixed assets - tangible	11,453	-	-	-	11,453
Stock Exchange membership card	11,101	-	-	-	11,101
Long term deposits	2,681	-	-	-	2,681
Loans and term finance	116,186	10,795	84,681	15,710	5,000
Investments	1,660,437	613,784	266,964	401,395	378,294
Deferred taxation	2,028	2,028	-	-	-
Short term advances	10,000	10,000	-	-	-
Fund placements	1,425,234	1,417,734	7,500	-	-
Receivable for sale of marketable securities	2	2	-	-	-
Prepayments, accruals and other receivables	39,549	35,919	3,630	-	-
Taxation - net	28,008	28,008	-	-	-
Cash and bank balances	195,060	195,060	-	-	-
	3,501,739	2,313,330	362,775	417,105	408,529
<b>Liabilities</b>					
Certificates of deposit	996,064	967,500	28,564	-	-
Running finance utilised under mark-up arrangements	-	-	-	-	-
Borrowings from banks / NBFCs	1,160,000	1,075,000	85,000	-	-
Deferred taxation	-	-	-	-	-
Payable for purchase of marketable securities	3,750	3,750	-	-	-
Advances, accrued expenses and other liabilities	251,020	250,000	1,020	-	-
Proposed dividend	-	-	-	-	-
	(2,410,834)	(2,296,250)	(114,584)	-	-
Net assets	1,090,905	17,080	248,191	417,105	408,529
<b>Represented by :</b>					
Issued, subscribed and paid-up capital	227,500				
Reserves	720,077				
Surplus on revaluation of investments	143,328				
	1,090,905				

# Notes to the Financial Statements

*Continued*

	June 30, 2003				
	Total	Upto three months	Over three months to one year (Rs. in '000s)	Over one year to five years	Over five years
<b>Assets</b>					
Fixed assets - tangible	6,408	-	-	-	6,408
Long term deposits	1,332	-	-	-	1,332
Loans and term finance	216,973	109,960	97,456	9,557	-
Investments	2,043,665	1,021,984	165,649	439,765	416,267
Short term advances	78,600	78,600	-	-	-
Fund placements	610,082	610,082	-	-	-
Receivable for sale of marketable securities	21,700	21,700	-	-	-
Prepayments, accruals and other receivables	35,199	28,914	6,285	-	-
Taxation - net	56,435	56,435	-	-	-
Cash and bank balances	5,981	5,981	-	-	-
	<u>3,076,375</u>	<u>1,933,656</u>	<u>269,390</u>	<u>449,322</u>	<u>424,007</u>
<b>Liabilities</b>					
Certificates of deposit	343,856	301,795	42,061	-	-
Running finance utilised under mark-up arrangements	203,154	203,154	-	-	-
Borrowings from banks / NBFCs	1,501,000	1,501,000	-	-	-
Deferred taxation	8,922	8,922	-	-	-
Payable for purchase of marketable securities	20,317	20,317	-	-	-
Advances, accrued expenses and other liabilities	39,442	36,818	1,489	1,135	-
Proposed dividend	28,438	28,438	-	-	-
	<u>(2,145,129)</u>	<u>(2,100,444)</u>	<u>(43,550)</u>	<u>(1,135)</u>	<u>-</u>
Net assets	<u>931,246</u>	<u>(166,788)</u>	<u>225,840</u>	<u>448,187</u>	<u>424,007</u>
<b>Represented by :</b>					
Issued, subscribed and paid-up capital	227,500				
Reserves	313,502				
Surplus on revaluation of investments	390,244				
	<u>931,246</u>				

# Notes to the Financial Statements

*Continued*

## 43. Yield / interest rate risk

Yield risk is the risk of decline in earnings due to adverse movement of the yield curve. Interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments. The company is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off balance sheet instruments that mature or reprice in a given period. The company manages this risk by matching the repricing of assets and liabilities through risk management strategies.

The position for financial instruments is based on the earlier of contractual repricing date or maturities.

	Effective yield / interest rate %	June 30, 2004				Not exposed to yield / interest risk
		Total	Exposed to yield / interest risk			
			Upto three months	Over three months to one year	Over one year to five years	
			(Rs. in '000s)			
<b>Financial assets</b>						
Long term deposits	-	2,681	-	-	-	2,681
Loans and term finance	0.00-13.00	116,186	10,787	84,656	20,349	394
Investments	5.18-17.00	1,660,437	505,403	75,370	428,255	651,409
Short term advances	4.47	10,000	10,000	-	-	-
Fund placements	3.50-11.8	1,425,234	1,417,734	7,500	-	-
Receivable for sale of marketable securities	-	2	-	-	-	2
Accruals and other receivables	-	38,585	-	-	-	38,585
Cash and bank balances	0.50-4.00	195,060	195,056	-	-	4
		3,448,185	2,138,980	167,526	448,604	693,075
<b>Financial liabilities</b>						
Certificates of deposit	3.00-4.50	996,064	967,500	28,564	-	-
Running finance utilised under mark-up arrangements	-	-	-	-	-	-
Borrowings from banks / NBFCs	1.80-4.0	1,160,000	1,075,000	85,000	-	-
Payable for purchase of marketable securities	-	3,750	-	-	-	3,750
Advances, accrued expenses and other liabilities	-	251,020	8,781 *	-	-	242,239
Proposed dividend	-	-	-	-	-	-
		(2,410,834)	(2,051,281)	(113,564)	-	(245,989)
Total yield / interest risk sensitivity gap		1,037,351	87,699	53,962	448,604	447,086
Cumulative yield / interest risk sensitivity gap			87,699	141,661	590,265	

\*This represents amount payable to PIS customers

# Notes to the Financial Statements

*Continued*

	Effective yield / interest rate %	June 30, 2003				Not exposed to yield / interest risk
		Total	Exposed to yield / interest risk		Over one year to five years	
			Upto three months	Over three months to one year		
<b>Financial assets</b>						
Long term deposits	-	1,332	-	-	-	1,332
Loans and term finance	8.00-13.00	216,973	109,912	97,311	9,135	615
Investments	5.25-17.00	2,043,665	532,890	50,450	439,765	1,020,560
Short term advances	10.00-10.50	78,600	15,000	-	-	63,600
Fund placements	3.20-10.60	610,082	610,082	-	-	-
Receivable for sale of marketable securities	-	21,700	-	-	-	21,700
Accruals and other receivables	-	33,838	-	-	-	33,838
Cash and bank balances	0.85-2.50	5,981	5,976	-	-	5
		<u>3,012,171</u>	<u>1,273,860</u>	<u>147,761</u>	<u>448,900</u>	<u>1,141,650</u>
<b>Financial liabilities</b>						
Certificates of deposit	3.00-13.25	343,856	301,795	42,061	-	-
Running finance utilised under mark-up arrangements	5.50-8.00	203,154	203,154	-	-	-
Borrowings from banks / NBFCs	2.25-12.00	1,501,000	1,501,000	-	-	-
Payable for purchase of marketable securities	-	20,317	-	-	-	20,317
Advances, accrued expenses and other liabilities	3.00 - 17.04	39,442	9,737	27	-	29,678
Proposed dividend	-	28,438	-	-	-	28,438
		<u>(2,136,207)</u>	<u>(2,015,686)</u>	<u>(42,088)</u>	<u>-</u>	<u>(78,433)</u>
Total yield / interest risk sensitivity gap		<u>875,964</u>	<u>(741,826)</u>	<u>105,673</u>	<u>448,900</u>	<u>1,063,217</u>
Cumulative yield / interest risk sensitivity gap			<u>(741,826)</u>	<u>(636,153)</u>	<u>(187,253)</u>	

#### 44. 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.

	June 30, 2004		June 30, 2003	
	Book value	Fair value	Book value	Fair value
	(Rs. in '000s)			
<b>Financial assets</b>				
Long term deposits	2,681	2,681	1,332	1,332
Loans and term finance	116,186	116,186	216,973	216,973
Investments	1,660,437	1,660,437	2,043,665	2,043,665
Short term advances	10,000	10,000	78,600	78,600
Fund placements	1,425,234	1,425,234	610,082	610,082
Receivable for sale of marketable securities	2	2	21,700	21,700
Accruals and other receivables	38,585	38,585	33,838	33,838
Cash and bank balances	195,060	195,060	5,981	5,981
	<u>3,448,185</u>	<u>3,448,185</u>	<u>3,012,171</u>	<u>3,012,171</u>
<b>Financial liabilities</b>				
Certificates of deposit	996,064	996,064	343,856	343,856
Running finance utilised under mark-up arrangements	-	-	203,154	203,154
Borrowings from banks / NBFCs	1,160,000	1,160,000	1,501,000	1,501,000
Payable for purchase of marketable securities	3,750	3,750	20,317	20,317
Advances, accrued expenses and other liabilities	251,020	251,020	39,442	39,442
Proposed dividend	-	-	28,438	28,438
	<u>2,410,834</u>	<u>2,410,834</u>	<u>2,136,207</u>	<u>2,136,207</u>



# Notes to the Financial Statements

*Continued*

As at June 30, 2004, the net fair value of all financial instruments has been based on the valuation methodology outlined below:

(a) Loans and certificates of deposits

For all advances and deposits, the fair values have been taken at book values as these are not considered materially different based on the current market rates of return and rate repricing profiles of similar advances and deposits portfolios.

(b) Investments

The fair value of quoted investments is based on quoted market prices or average of quotations received from the brokers.

(c) Other financial instruments

The fair value of all other financial instruments are considered to approximate their book values as they are short term in nature.

#### 45. Portfolio Trading Services (PTS)

JSIBL holds an amount of Rs.274,968(000) as at June 30, 2004 [2003: Rs.162,631(000)] 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 the company.

#### 46. Number of employees

The number of employees at the balance sheet date is 31 [June 2003: 24].

#### 47. Date of authorisation for issue

These financial statements were authorised for issue by the Board of Directors on August 9, 2004.

#### 48. General

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

**Mazharul Haq Siddiqui**  
Chairman

**Muhammad Yousuf Amanullah**  
Chief Executive Officer

# Pattern of Shareholding

Form "34"

## Shareholders Statistics As at June 30, 2004

Number of Shareholders	From	Shareholding	To	Total shares held
202	1	-	100	10,845
515	101	-	500	145,084
291	501	-	1000	253,120
228	1001	-	5000	570,198
19	5001	-	10000	135,447
11	10001	-	15000	122,065
4	15001	-	20000	69,170
3	20001	-	25000	66,600
2	25001	-	30000	57,210
1	30001	-	35000	35,000
1	35001	-	40000	38,237
3	40001	-	45000	133,180
1	45001	-	50000	49,500
2	50001	-	55000	108,000
1	70001	-	75000	73,800
1	75001	-	80000	80,000
1	80001	-	85000	84,001
1	145001	-	150000	145,500
1	195001	-	200000	196,000
1	280001	-	285000	281,200
1	545001	-	550000	550,000
1	645001	-	650000	646,000
1	670001	-	675000	671,204
1	705001	-	710000	706,900
1	1035001	-	1040000	1,037,000
1	2285001	-	2290000	2,285,465
1	2725001	-	2730000	2,730,000
1	11465001	-	11470000	11,469,274
* 1297				22,750,000

S.No.	Categories of Shareholders	Number of Shareholders	Total shares held	Percentage
1	Individuals	1231	3,857,816	16.96
2	Investment Companies	40	14,326,742	62.97
3	Insurance Companies	7	1,557,054	6.84
4	Joint Stock Companies	10	102,216	0.45
5	Financial Institutions	3	2,836,166	12.47
6	Modaraba Companies	2	13,486	0.06
7	Foreign Investors	2	1,820	0.01
8	Others:			
	i) Trustee - The Bhaimia Foundation	1,200		
	ii) CDC - Trustee Abamco Composite Fund	53,500	54,700	0.24
		1297	22,750,000	100.00

\* Includes 495 CDC beneficial owners as per list appearing on CDS.

# Disclosures of Pattern of Shareholding

as at June 30, 2004

Serial No.	Name of Shareholders / CDC Beneficial Owners	No. of shares held
<b>1. Associated Companies, Undertaking and Related Parties:</b>		
	M/S. Jahangir Siddiqui & Co.Limited	14,199,274
	Abamco Limited	967
	<b>Total:</b>	<b>14,200,241</b>
<b>2. NIT And ICP:</b>		
	M/S. Investment Corporation of Pakistan	687
	National Bank of Pakistan,Trustee Deptt. (on behalf of National Investment Trust)	2,285,465
	<b>Total:</b>	<b>2,286,152</b>
<b>3. List Of Directors,CEO and their spouse and minor children</b>		
	Mr. Mazharul Haq Siddiqui	84,001
	Mr. Maqbool Ahmed Soomro	1
	Mr. Saad Saeed Faruqi	1
	Mr. Muhammad Yousuf Amanullah	0
	Mr. Salman Rashid	0
	Mr. Munawar Alam Siddiqui	0
	Mr. Firasat Ali	0
	Mrs. Akhter Jabeen Siddiqui	18,500
	Mrs. Safia Munawar	7,000
	<b>Total:</b>	<b>109,503</b>
<b>4. List Of Executives:</b>		
		Nil
<b>5. Public Sector Companies and Corporations:</b>		
	Taurus Securities Limited	387
	Trust Securities & Brokerage Limited	175
	Askari Securities Limited	1,000
	<b>Total:</b>	<b>1,562</b>
<b>6. Banks,Development Finance Institutions, Non-Banking Finance Company Insurance Companies, Modarabas And Mutual Funds:</b>		
	M/S. First Interfund Modaraba	5,660
	M/S. Century Insurance Company Limited	15,470
	M/S. Adamjee Insurance Co.Ltd.	89,180
	M/S. State Life Insurance Corporation of Pakistan	1,378,104
	Gaurdian Modaraba	7,826
	Prime Commercial Bank Limited	701
	Islamic Investment Bank Limited	28,210
	EFU General Insurance Limited	73,800
	ICP-S.E.M.F	4,440
	Bolan Bank Limited	550,000
	CDC – Trustee Abamco Composite Fund	53,500
	<b>Total:</b>	<b>2,206,891</b>
<b>7. Shareholder / CDC Beneficial Owners Holding Shares 10% or More:</b>		
	M/S. Jahangir Siddiqui & Co.Limited	14,199,274
	National Bank Of Pakistan, Trustee Deptt (on behalf of National Investment Trust)	2,285,465
	<b>Total:</b>	<b>16,484,739</b>

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, 2003 to June 30, 2004.

No transactions were carried out by any of the Directors, CEO, CFO, Company Secretary and their spouses and minor children except for Ms. Safia Munawar w/o Mr. Munawar Alam Siddiqui has purchased 2,000 shares for Rs 99,000/- only.

**Form of Proxy**  
*11th Annual General Meeting*

The Company Secretary  
Jahangir Siddiqui Investment Bank Ltd.  
1301-1303, 13th Floor, Chapal Plaza  
Hasrat Mohani Road  
Karachi-74000

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being member(s) of Jahangir Siddiqui Investment Bank Ltd. holding \_\_\_\_\_ ordinary  
shares hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him/her  
\_\_\_\_\_ of \_\_\_\_\_ who is/are also member(s) of  
Jahangir Siddiqui Investment Bank Limited as my/our proxy in my/our absence to attend and vote for me/us  
and on my/our behalf at the 11th Annual General Meeting of the Company to be held on and/or any  
Adjournment thereof.

As witness my/our hand seal this \_\_\_\_\_ day of \_\_\_\_\_ 2004.

Signed by \_\_\_\_\_  
in the presence of \_\_\_\_\_

Folio No.

CDC Participant ID.

Sub Account No.

Signature on  
Rs. 5/-  
Revenue Stamp

The signature should  
agree with the  
specimen registered  
with the Company

**Witnesses**

\_\_\_\_\_  
\_\_\_\_\_

**Important:**

1. This proxy form, duly completed and signed, must be received at the Office of the Company situated at 1301-1303, 13th 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.

AFFIX  
CORRECT  
POSTAGE

The Company Secretary  
Jahangir Siddiqui Investment Bank Ltd.  
1301-1303, 13th Floor, Chapal Plaza  
Hasrat Mohani Road  
Karachi-74000

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