

C o n t e n t s

Company Information	4
Management Review	7
Notice of Meeting	11
Financial Highlights	12
Directors' Report	15
Statement of Compliance with the Code of Corporate Governance	19
Review Report on Statement of Compliance	21
Financial Statements	23
Auditors' Report to the Members	25
Balance Sheet	26
Profit and Loss Account	28
Cash Flow Statement	29
Statement of Changes in Equity	30
Notes to the Accounts	31
Pattern of Shareholding	45
Form of Proxy	



Mission Statement

To Grow our various Financial services by creating new product service in Financial Market Sector.



Vision Statement

To be the leader in the Financial Service Sector.

Company Information

	Board of Directors	Chairman	Mr. Mazhar ul Haq Siddiqui
		Chief Executive	Mr. G.M. Malkani
		Director	Mr. Aslam Khaliq
		Director	Mr. Tariq Usman Bhatti
		Director	Mr. Adil Matcheswala
		Director	Mr. Basir Shamsie
		Director	Mr. Zulfiqar Hyder Khan
	Audit Committee	Chairman	Mr. Adil Matcheswala
		Member	Mr. Basir Shamsie
		Member	Mr. Zulfiqar Hyder Khan
		Secretary	Mr. Faisal Hamid
	Company Secretary		Mr. Faisal Hamid
	Auditors		Taseer Hadi Khalid & Co.
	Legal Advisors		Bawany & Partners
	Share Registrar		Technology Trade (Pvt.) Limited 241-C, Block-2, P.E.C.H.S., Karachi
	Registered Office		14th Floor, Chapal Plaza Hasrat Mohani Road, Karachi-74000

Board of Director



Standing (L-R) : Zulfiqar Hyder Khan, Adil Matcheswala, Tariq Usman Bhatti, Aslam Khaliq, Basir Shamsie
Sitting (L-R) : Mazhar ul Haq Siddiqui, G.M. Malkani

Senior Management



Sitting: *G.M. Malkani, C.E.O*
Standing (L-R): *Muhammad Sohail (Head of Equity Broking and Research), Ghulam Hussain (Head of Equity Operation), Tariq Usman Bhatti, (Head of Money Markets)*

Management Review

JS Capital Markets was incorporated as a private limited company in Pakistan under the Companies Ordinance on 28 June, 2000 under the name of JSCL Direct (Pvt) Limited. However, the operations of the company started in May 2003 under the name of Jahangir Siddiqui Capital Markets (Pvt.) Limited, subsequently, it became a public limited company on February 7, 2005.

Presently, it holds a long term credit rating of AA- ("Double A minus") and a short term rating of A1+ ("A one plus") by Pakistan Credit Rating Agency (Pvt.) Ltd.

JS Capital Markets Limited (JSCM) is a JS Group company. JS Group is one of the largest and most diversified financial services groups in Pakistan, involved in investment banking, fixed income and equity securities sales & trading, asset management, insurance and Sharia finance. The Group is also a private equity investor in the country's Sugar, Media, Textile, Telecom, IT, building materials and Oil & Gas sectors through significant holdings in industry leading companies in these sectors.

Our Services

The principal activities of Jahangir Siddiqui Capital Markets are share brokerage, money market and foreign exchange

brokerage, equity research, advisory and consultancy services.

Equity Sales & Investment Advisory

Our Equity Sales team provides the clients with service in all aspects of Equity Markets. This ranges from the timely analysis and processing of information through our Research Department, speedy execution of client orders and prompt settlement of all trades. We have retained our unique ability of being able to understand and provide information from a perspective that can be understood by domestic and foreign clients alike. For our outstanding quality of services, we are the proud recipients of Asia Money's Excellence award for being the "Best Domestic Equity House".

Fixed Income & Money Market Sales

We have one of the largest Fixed Income Sales teams in the industry that serves over 100 institutions. Clients include commercial banks, investment banks, leasing companies, mutual funds and gratuity funds/pension funds and provident funds. The Company is intending to introduce advanced means of resources to not only improve the quality of service but also to maintain its edge in the business.





Corporate Finance

Our corporate finance team is among the largest in Pakistan. We assist public and private sector entities, financial institutions, multinational corporations and domestic as well as international institutional investors in raising finances through the domestic and international capital markets either in the form of equity or debt through public offerings, private placements, advising on underwritings, merger and acquisitions, privatization, divestment besides rendering various other advisory services.

Research

JS is one of the pioneers in the introduction of economic and equity research in Pakistan and set up a full-fledged Research Department in 1993.

Our Research department is equipped with advanced human and capital resources providing analysis to various prestigious organizations for their decision making and support. Ours is of the largest and most experienced research teams in the country with six analysts; one of them being the recipient of the 'Best Analyst' award from the CFA association for the two consecutive years; 2003 & 2004

Human Resource Development:

The Human Resource function at JS Capital Markets is intended to serve as a specialized service provider charged with the responsibility of managing the human resource

of the organization in an efficient and effective manner. The company follows a philosophy of competing with the best organizations in the financial sector for quality manpower and ensuring that it has the capability to attract and retain the desired high quality professionals and staff.

The overall long-term objectives which the human resource function at JS Capital Markets aims to achieve are summarized below:

- Induct and develop the highest caliber people in the right number.
- Ensure Corporate culture fostering strong working relationships, positive attitude and competitiveness amongst the employees of JS Capital Markets.
- Provide a working environment conducive to professional development of employees and providing them with opportunities to build a long term career in the organization.
- Assure an adequate compensation package for employees that ensures full recognition of the individual contribution and competence of every employee.

Internship Program:

Following our HR philosophy, we at JS Capital Markets run an exclusive Internship Program every year catering to the academic need of the students of premier



Institutions/Universities of Pakistan and abroad and the growing number of interns has reached to 30 plus in a year. The induction of Interns is made strictly on merit. The interns are provided with a deep insight of the department/function, they are associated with. Further, in view of the requirement of academia/concentration of the Intern and the department he/she is associated with, a mixed blend of needs/requirements meeting both ends, is developed and interns are also provided with rotation facility not only amongst the different departments of JS Capital Markets but also amongst the other companies of the group. The Intern's progress and achievements are checked, monitored and recorded through assigning him/her a supervisor on individual basis. The supervisor evaluates an intern on completion of the Internship and provides the HR department with a comprehensive report.

In-house Training Facilities:

JS Capital Markets has an In-House Training Facility for its Equity Sales Staff, research analysts, equity operations personnel and other employees and executives. Renowned consultants are asked to come and Lecture JS Capital Markets staff on various aspects of equities, fixed income & money markets on a periodic basis. Besides JS Capital Markets, the Group HR Department has also been providing assistance for the development of such activities.

External Training:

JS Capital markets main concern has always been focused on consistent development of its employees and

considerable efforts are being made to achieve this aim.

Our executives have been attending training workshops, seminars, conferences etc. organized by well reputed institutions such as PIM, LUMS, ICAP, NUTSHELL, etc; not only in Pakistan but also in Foreign Countries. However, recommendation for external training is made and considered on the merits of each case.

Employees may also identify any appropriate training programs which would help them in improving their skills.

Retirement Benefits:

JS Capital Markets, being a responsible and professional Corporate entity, completely fulfils its social and corporate responsibility and has introduced a recognized Provident fund scheme which is managed by Trustees. Monthly contribution to the Provident Fund is deducted from the salary of an employee as per terms and conditions of the scheme and a matching contribution is made by the employer to the fund. The accumulated balance in the Provident Fund account, along with the profit thereon, is payable to the retiring/outgoing employee.

The Company also provides group life insurance cover to all its employees. The sum insured varies according to the position of the employee in each Job Level. The HR Department is responsible for coordinating settlement proceeding and providing assistance to an employee or his/her heirs in cases where any claim is filed under the scheme.



Corporate Social Responsibility

The scope of corporate citizenship doesn't stop at creating value for shareholders, it also includes a commitment to give back to the society, to share the company's good fortune with everyone in Pakistan; at JS Capital Markets this is believed to be a golden rule.

JS Capital Markets is a major contributor to The Siddiqui Foundation, JS Group's charitable trust, which is a committed donor to the cause of providing quality education and health facilities to the underprivileged. JS Academy for the Deaf (JSAD) is a proof of this commitment. This academy not only provides primary education but also vocationally trains deaf children so that they can grow up to become independent citizens.

Organizations that JS Capital markets continues to support are; Fakh e Imdad English Medium School, The Kidney Centre, Marie Adelaide Leprosy Centre and Layton Rehmat ullah Benevolent Trust.



Notice of Meeting

Notice is hereby given that the Fifth Annual General Meeting of the Jahangir Siddiqui Capital Markets Limited will be held at Beach Luxury Hotel, Karachi on Saturday, October 22, 2005, at 11.00 a.m. to transact the following business:

Ordinary Business

1. To confirm the minutes of the Annual General Meeting held on October 14, 2004.
2. To receive and consider the audited financial statements of the Company for the year ended June 30, 2005 together with Directors and Auditors' report thereon.
3. To declare and approve issue of fully paid Bonus Shares in the proportion of Three (03) shares for every Twenty (20) shares held i.e. 15%, as recommended by the Board of Directors, for the year ended June 30, 2005 in addition to 15% Interim Cash Dividend declared by the Board of Directors in their meeting held on February 24, 2005.
4. To appoint the auditors for the ensuing year and fix their remuneration. Messrs. Taseer Hadi Khalid & Co., Chartered Accountants, retire and offer themselves for reappointment.
5. Any other business with the permission of the Chair.

By order of the Board

Faisal Hamid
Company Secretary

Karachi: September 28, 2005

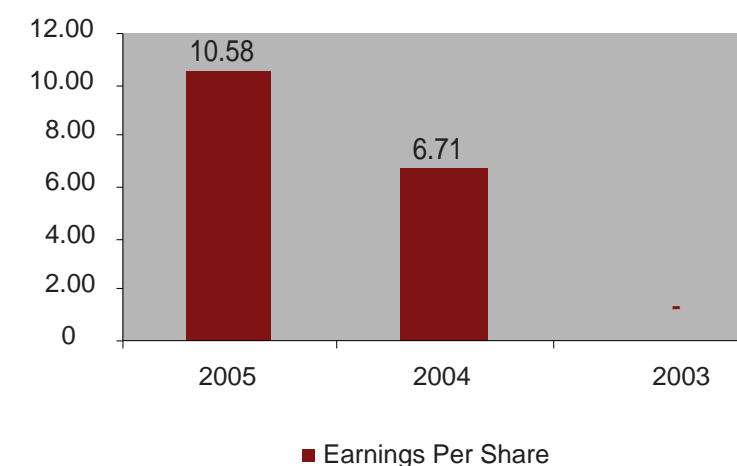
Notes:

- (i) Share transfer books of the Company will remain closed from October 15, 2005 to October 22, 2005 (both days inclusive). Transfer received in order at the office of Share Registrar by close of business on October 14, 2005 will be treated in time to determine the entitlement of 15% Bonus Shares recommended by the Board of Directors.
- (ii) A member of the Company entitled to attend and vote may appoint another member as his / her proxy to attend and vote instead of him / her.
- (iii) Proxies must be received at the Head Office of the Company not less than 48 hours before the time of the meeting. Form of proxy is enclosed.
- (iv) Beneficial owners of the shares registered in the name of Central Depository Company of Pakistan (CDC) and / or their proxies are required to produce their original National Identity Card (NIC) or Passport for identification purpose at the time of attending the meeting. The form of proxy must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, addresses and NIC numbers must be mentioned on the form, along with attested copies of NIC or the passport of the beneficial owner and the proxy. In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier along with proxy form to the Company).
- (v) Shareholders are requested to notify immediately of any change in their address.

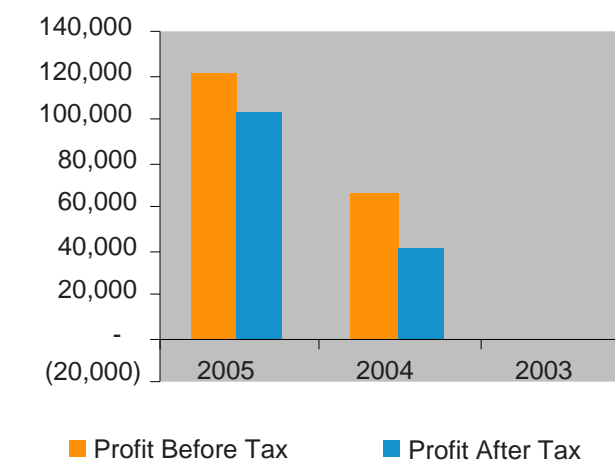
Financial Highlights

		2005	2004	2003
		(000)'		
Operating results	Revenue	252,301	143,260	485
	Operating Expenses	122,585	77,222	757
	Financial Expenses	9,318	704	-
	Other Income	631	915	25
	Profit Before Tax	121,029	66,248	(247)
	Profit After Tax	102,300	40,271	(247)
Per ordinary share (rupees)	Earnings Per Share	10.58	6.71	-
	Breakup Value Per Share	24.19	16.67	-
Dividends (Percent of Face Value)	Cash	15.00	-	-
	Bonus Shares (proposed)	15.00	-	-
Assets & Liabilities	Total Assets	1,062,461	332,337	60,389
	Current Assets	1,008,485	307,046	58,234
	Current Liabilities	819,931	232,128	654
Financial Position	Shareholders Equity	241,933	100,007	59,735
	Share Capital	100,000	60,000	60,000
	Reserves	141,933	-	-
	Share Outstanding (.000)	10,000	6,000	6,000
	Return on Capital Employed	42.28	40.27	(0.41)
	Return On Total Assets (%)	9.63	12.12	(0.41)
	Current Ratio	1.23	1.32	89.04
	Interest Cover ratio	10.98	57.20	-

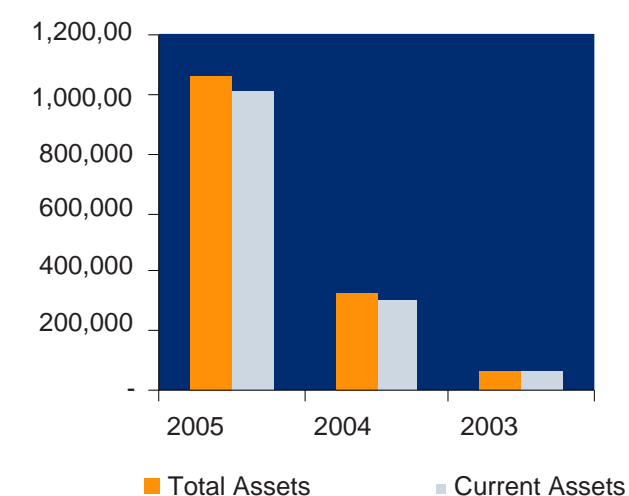
Earning per share and Breakup value per share



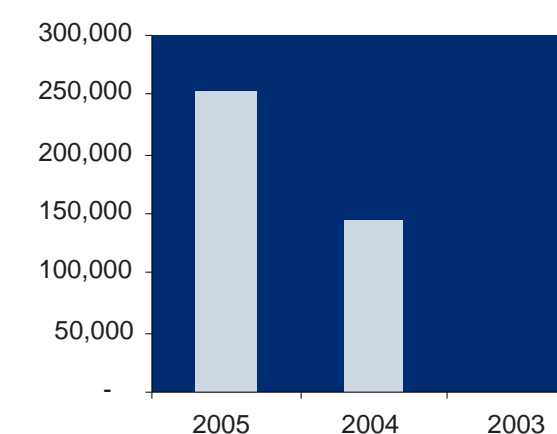
Profit Before Tax and Profit After Tax



Total Assets and Current Assets



Revenue





Directors' Report

The directors are pleased to present the audited financial statements of Jahangir Siddiqui Capital Markets Limited for the year ended June 30, 2005.

The Economy

Pakistan's economic performance during the fiscal year 2004-05 has been sanguine and boosted by the improved performance of its sub-sectors. Economic variables and the economic direction continue to be encouraging with stability on the fiscal and external front. The country's economic environment is also emphatically punctuated by indicators such as the higher than targeted exports, the sharp rise in imports of machinery and inputs, the continuing surge in capacity utilization, the strong growth in taxes, remittances, foreign exchange reserves and foreign direct investment. All this caused Pakistan's real GDP to grow by 8.35% in FY05, after a span of 20 years. This also represents the fifth time in the history that country has achieved above 8% growth mark.

Besides manufacturing sector, the good thing was the excellent growth depicted by the agri sector that ultimately resulted in the acceleration of heavy weight services sector. This year the agri sector posted a significant growth of 7.5% mainly due to the occurrence of record cotton crop of 14.6mn bales along with likely achievement of wheat output of 21.4mn tons. Large-scale manufacturing during the fiscal year 2004-05 grew by 15% on the back of growth in auto, textile and cement sector. Services sector, the largest contributor to GDP having 52.4% share, portrayed an increase of 7.9%.

Capital Markets Review

During the year under review, bullish trend ruled the stock market with benchmark KSE-100 Index posted a significant growth of 41% to close at 7450 points on June 30, 2005 from 5279, a year earlier. In this way, the market gained 2171 points during the year. The market capitalization ended the fiscal FY05 with an impressive 45% upsurge and reached Rs2,068bn (US\$35bn) during as against Rs1,422bn (US\$24bn) at the end of FY04.

Yet another history was written as market for the first time entered into the 10,000 points level. New highs were recorded in terms of both levels and average volume traded. During the outgoing fiscal year, the equity market remained highly volatile and went through one of worst ever fall in March 2005.

Average daily volume of ready and future markets was recorded at 448mn shares. However after the March fall, the turnover has declined substantially. During the last quarter (Apr-Jun), average daily turnover was 309mn shares (in the ready and futures market). Volumes further trimmed in the first month of this year and remained 208mn shares a day in July amid liquidity crunch due to the phase out of badla financing.

The increase in size and liquidity of the equity markets paved the way for increased number of floatation. In specific terms, record 17 IPOs worth Rs17.9bn were made at KSE, the highest number of IPOs since FY96. This year we saw mega offerings of PPL, KAPCO and UBL whose shares were offered through the Privatization Commission.

Positive investor sentiment last year was in the wake of the strong corporate sector profitability. Policies on privatization, liberalization and deregulation encouraged private investments and have had a profound effect on the stock market. During the period PC invited EOIs for PPL and PSO privatization, where as NRL and PTCL were successfully privatized. Better economic indicators, sustained easing of Indo-Pak stringencies, tranquility on the domestic political front, and improvements in Pakistan's credit rating by one notch to 'B+' for foreign currency and 'BB' for local currency by Standard & Poor's Rating Services were also the reasons for this growth in the market.

Money and Bond Market:

The fiscal year 2004-05 began with the SBP pledging to tighten its monetary policy in order to combat rising inflation. Subsequently the three, six and twelve month T-Bill cut-offs were raised between 530-570bps to 7.51%, 7.98% and 8.44% respectively. In the month of April 2005, the SBP raised the discount rate from 7.5% to 9%. Three PIB Auctions were held during the fiscal year in the months of August, November and March and all of which were scrapped as the secondary market yields were above the coupons offered. Due to that activity of government bonds in the secondary market was fairly low during the period under review.

Forex Market:

The fiscal year 2004-05 started with the US Dollar ready rate at Rs.58.11 and closed at Rs.59.63. The highest trade at the ready counter was at Rs.61.38 in the month of October and the lowest trade at Rs.58.10 in July 2004. The average US Dollar rate for the fiscal year was Rs.59.35 in the Interbank market. The swap market remained volatile through out the year with the 6-month swap points trading between -0.04 to + 185. The swap points shot up considerably, especially for the longer tenors after the hike in the SBP Discount Rate.

Forex Reserves in July 2004 stood at US\$12.218bn and ended the fiscal year at US\$12.627bn.

Performance Review

During the year the Company produced outstanding operating and financial results by earning an after tax profit of Rs.102,299 million as compared to Rs.40,271 million during the preceding year mainly because of the increase in share brokerage and net gain/income from transactions in marketable securities. Overall revenues increased by 75.43 % to Rs.252,931 million in current year as compared to Rs. 144,175 million during the preceding year. Current year operating expenses also increased to Rs.122,584 million as compared to Rs.77,222 million during FY 2004.

Results of Operations

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

	(Rupees. in ' 000)
Profit after taxation	102,299
Un-appropriated profits brought forward	40,006
Profit available for appropriation	142,305
Appropriation:	
Interim dividend @ Rs.1.5 per share	15,000
Un-appropriated profit carried forward	127,306
The earning per share works to be Rs.	10.58

Dividend

Based on the financial performance of the Company, the Board of Directors has proposed Bonus Shares in the proportion of three shares for every twenty shares i.e. 15%, to its shareholders. An Interim cash Dividend has already been paid at Rs.1.5 per share i.e. 15%, out of the profits for the year ended June 30, 2005.

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 and the Companies Ordinance, 1984 as stated in the notes attached with the accounts, 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 The company is financially sound and is a going concern; and
- 1 There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

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

The statement of key operating and financial data of preceding years appears on Page 12 and 13.

The Company operates an approved contributory provident fund for all its employees eligible to the scheme. Value of investments as per un-audited financial statements for the year ended June 30, 2005 amounts to Rs.6.161 million. The audit of accounts of Provident Fund for the year ended June 30, 2004 and year ended June 30, 2005 is in process.

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

Name of Director	Appointed on	Resigned*/Retired on	Eligible to attend	Meeting attended
Mr. Mazharul Haq Siddiqui, Chairman	Oct.14,2004	-	Three	Three
Mr.Aftab.Q.Munshi, Director/CEO	July 10,2000	-	Eight	Eight
Mr.G.M.Malkani, Director	Oct.14,2004	-	Three	Three
Mr.Asam Khaliq, Director	Oct.14,2004	-	Three	Two
Mr.Tariq Usman Bhatti, Director	June 01,2005	-	One	One
Mr.Adil Matcheswala, Director	June 28,2000	-	Eight	Eight
Mr.Basir Shamsie, Director	Oct.14,2004	-	Three	Three
Syed Imran Ali, Director	Aug.22,2001	June 01,2005*	Seven	Seven

Management Discussion of Financial Responsibility

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

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

Future Outlook

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



The fundamentals of our market remain strong. We anticipate continued growth in our operating businesses during the ensuing year.

Pakistan's standing is improving internationally and paving the way for increased foreign investment in the country. The continuity of 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.) Limited (PACRA) has assigned a long term rating of AA- (Double A minus) and a short term rating of A1+ (A one plus) to Jahangir Siddiqui Capital Markets Limited. These ratings, applicable to senior unsecured creditors of the Company, denote a very low expectation of credit risk emanating from very strong capacity for timely payment of financial commitments.

Auditors

The retiring auditors, Messrs Taseer Hadi Khalid & Co. Chartered Accountants, retire and offer themselves for reappointment provided they are eligible to be reappointed.

A resolution to appoint the auditors of the Company and authorize to fix their remuneration will be proposed at the Annual General Meeting.

Pattern of Shareholding

The Statement of Pattern of Shareholding as on June 30, 2005 appears on Page 45 including the transactions carried out by Directors, Chief Executive Officer, Chief Financial Officer, the Company Secretary and their spouses and minor children.

Acknowledgement

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

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

For and on behalf of the
Board of Directors

Mazharul Haq Siddiqui
Chairman

Karachi: September 10, 2005

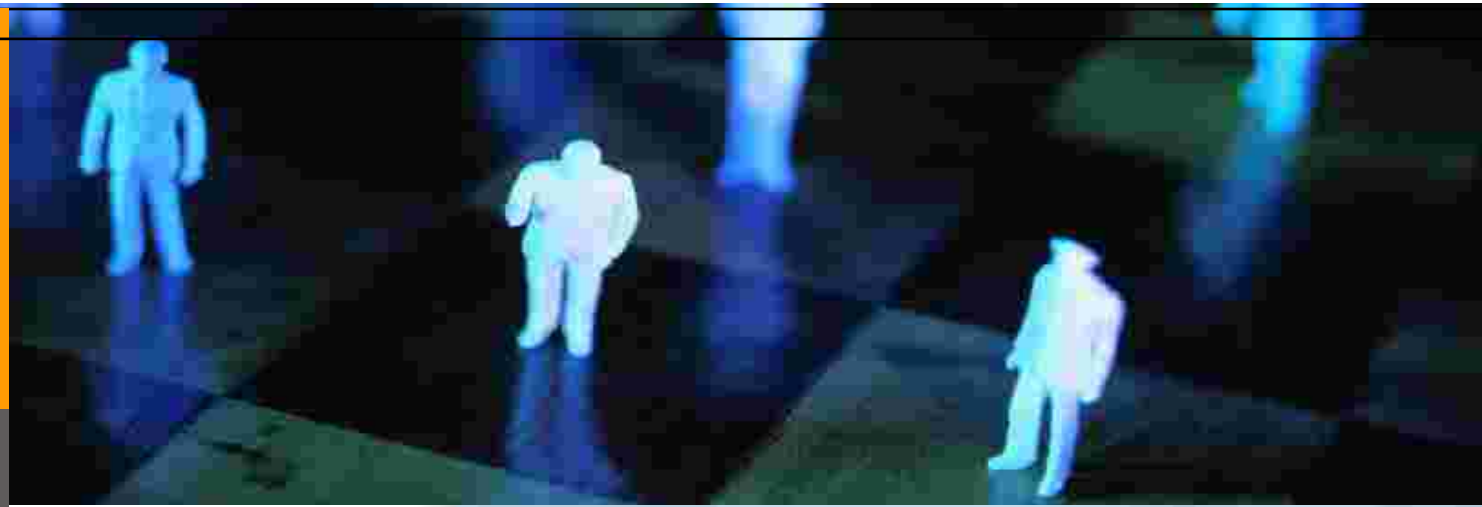
Statement of Compliance with the Code of Corporate Governance and Listing Regulations

Year ended June 30, 2005

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation Karachi and Islamabad Stock Exchanges (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive directors. At present the Board includes six independent non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancy occurring in the Board on June 01, 2005 was filled up by the directors on June 01, 2005.
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. These documents have been formally approved in the board of directors meeting held on September 10, 2005.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board meet at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The management of the Company has submitted a paper to the Board of Directors on July 25, 2005 to consider it as an orientation course for its directors and to appraise them of their duties and responsibilities.
10. The appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO has been approved in the board of directors meeting held on September 10, 2005.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.



Review Report to the members on Statement of Compliance with Best Practices of Code of Corporate Governance

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

For and on behalf of the Board

Mazharul Haq Siddiqui
Chairman

Karachi: September 10, 2005

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 Capital Markets Limited to comply with the Listing Regulations of Karachi and Islamabad Stock Exchanges, where the Company is listed.

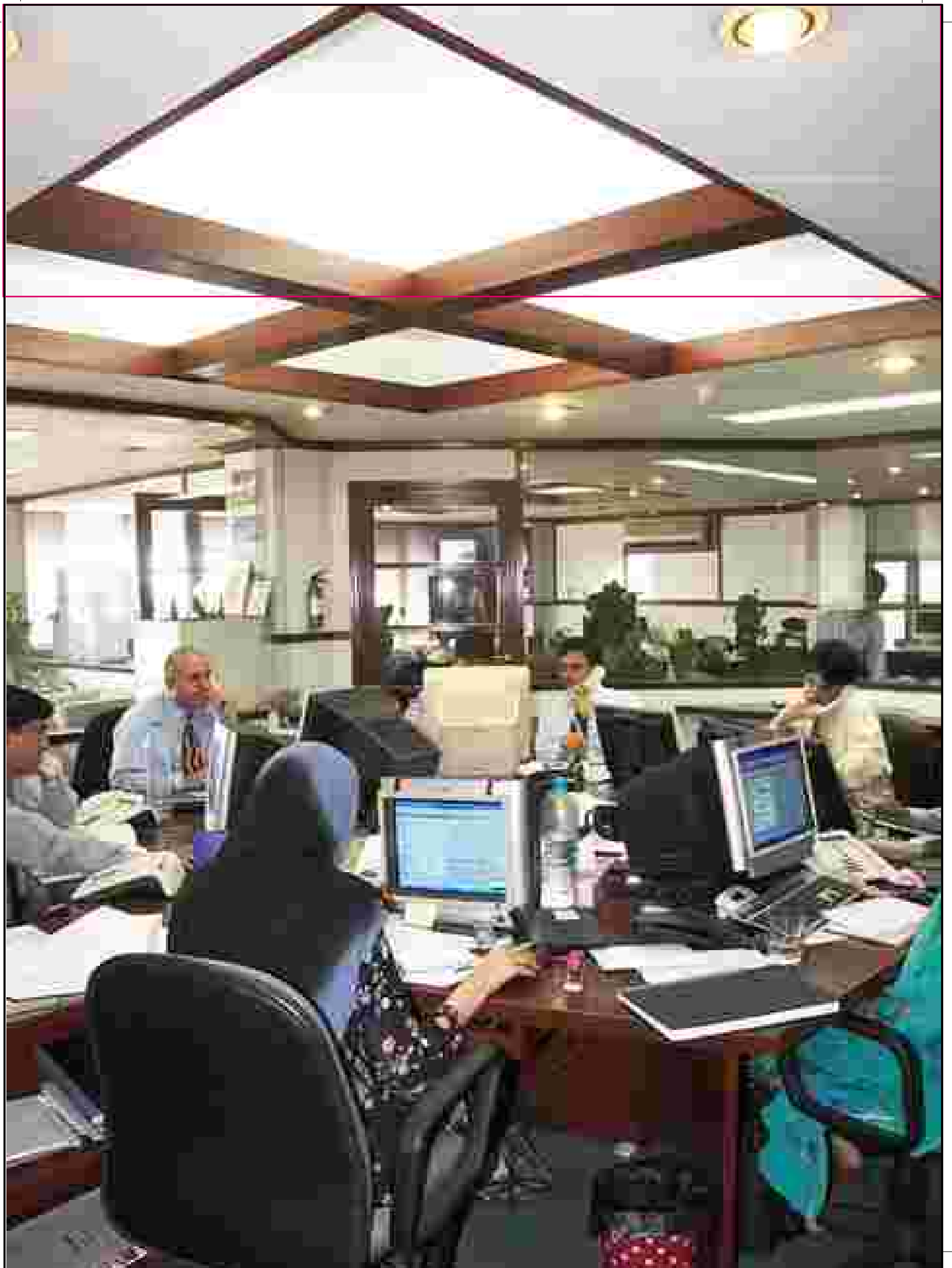
The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

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

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 status of the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance.

Karachi:
September 10, 2005

Taseer Hadi Khalid & Co.
Chartered Accountants





Financial Statement



Auditors' Report to the Members

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

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides 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 account and are further in accordance with accounting policies consistently applied except for the change as stated in note 2.2.2 and 28 to the financial statements with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- 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, statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2005 and of the profit, its cash flows and changes in equity for the year then ended; and
- 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.

Taseer Hadi Khalid & Co.
Chartered Accountants

Dated: September 10, 2005
Karachi:

BALANCE SHEET

As at June 30, 2005

	Note	2005 Rupees	2004 Rupees
Capital and reserves			
Share capital Authorised 25,000,000 (June 2004: 10,000,000) ordinary shares of Rs. 10 each		250,000,000	100,000,000
Issued, subscribed and paid up capital	3	100,000,000	60,000,000
Share premium		32,000,000	-
Unappropriated profit		127,306,180	40,006,665
Unrealised loss on remeasurement of available-for-sale investment at fair value	12.1	(17,373,300)	-
		241,932,880	100,006,665
Deferred taxation	4	597,452	203,217
Current liabilities			
Short term running finance under mark up arrangement-secured	5	256,408,309	-
Creditors, accrued expenses and other liabilities	6	519,413,760	206,354,707
Provision for taxation	22	44,108,943	25,773,350
		819,931,012	232,128,057
Commitments	7		
		1,062,461,344	332,337,939

The annexed notes 1 to 30 form an integral part of these financial statements.

G. M. Malkani
Chief Executive

Tariq Usman Bhatti
Director

	Note	2005 Rupees	2004 Rupees
Fixed assets			
Property, plant and equipment	8	20,158,989	2,883,847
Intangible assets	9	24,866,667	21,000,000
Long term loans, advances and deposits	10	5,879,057	1,407,934
Long term investment - advance against equity	11	3,071,667	-
Current Assets			
Short term investment	12	52,119,900	-
Trade debts - unsecured, considered good	13	477,033,287	41,433,918
Loans, advances, prepayments and other receivable	14	10,156,482	6,061,613
Advance tax		43,741,784	3,683,054
Securities purchased under resale obligations	15	423,610,751	209,634,271
Cash and bank balances	16	1,822,760	46,233,302
		1,008,484,964	307,046,158
		1,062,461,344	332,337,939

G. M. Malkani
Chief Executive

Tariq Usman Bhatti
Director

PROFIT AND LOSS ACCOUNT

For the year ended June 30, 2005

	Note	2005 Rupees	2004 Rupees
Operating revenue	17	206,322,207	136,927,399
Net gain / income from reverse repurchase transactions in marketable securities	18	45,978,693	6,332,810
		252,300,900	143,260,209
Operating expenses	19	122,584,522	77,222,823
		129,716,378	66,037,386
Other operating income	20	630,668	915,017
		130,347,046	66,952,403
Financial charges	21	9,317,703	704,378
Profit before taxation		121,029,343	66,248,025
Provision for taxation - current		18,335,593	25,773,350
- deferred	4	394,235	203,217
	22	18,729,828	25,976,567
Profit after taxation		102,299,515	40,271,458
Earnings per share - basic and diluted	23	10.58	6.71

The annexed notes 1 to 30 form an integral part of these financial statements.

G. M. Malkani
Chief Executive

Tariq Usman Bhatti
Director

CASH FLOW STATEMENT

For the year ended June 30, 2005

	Note	2005 Rupees	2004 Rupees
Cash flows from operating activities			
Profit/ (loss) before tax		121,029,343	66,248,025
Adjustments for:			
Depreciation		2,355,119	209,970
Gain on sale of fixed assets		(40,833)	-
Amortisation		1,933,333	54,802
Financial charges		8,938,068	704,378
		13,185,687	969,150
Operating profit before working capital changes		134,215,030	67,217,175
(Increase) / decrease in operating assets:			
Trade debtors		(435,599,369)	(41,433,918)
Short term investment		(69,493,200)	-
Advances, pre-payments and other receivables		(4,094,869)	(10,219,604)
		(509,187,438)	(51,653,522)
Increase in current liabilities (creditors, accrued expenses and other liabilities)		308,191,950	205,700,765
Cash generated from operations		(66,780,458)	221,264,418
Mark-up paid		(8,724,302)	(704,378)
Changes in long term loans and deposits		(4,471,123)	(907,934)
Net cash flow from operating activities		(79,975,883)	219,652,106
Cash flows from investing activities			
Capital expenditure incurred		(20,479,428)	(3,093,817)
Sale of fixed assets		890,000	-
Payment of membership card		-	(18,900,000)
Payment for software		(1,566,000)	-
Advance against equity investment		(3,071,667)	-
Fund placements		(213,976,480)	(152,215,218)
Net cash flow from investing activities		(238,203,575)	(174,209,035)
Interim dividend paid		(14,683,202)	-
Income tax paid		(39,956,191)	-
Cash flows from financing activities			
Further issue of share capital		40,000,000	-
Share premium		32,000,000	-
Net cash flow from financing activities		72,000,000	-
Net (decrease) / increase in cash and cash equivalents		(300,818,851)	45,443,071
Cash and cash equivalents at the beginning of the year		46,233,302	790,231
Cash and cash equivalents at the end of the year	24	(254,585,549)	46,233,302

The annexed notes 1 to 30 form an integral part of these accounts.

G. M. Malkani
Chief Executive

Tariq Usman Bhatti
Director

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2005

	Issued, subscribed and paid up capital	Capital reserve Share premium	Revenue reserve		Total
			Unrealized loss on remeasurement of available for sale investment at fair value	Unappropriated profit/ (accumulated loss)	
----- (Rupees) -----					
Balance as at 1 July 2003	60,000,000	-	-	(264,793)	59,735,207
Profit for the year	-	-	-	40,271,458	40,271,458
Balance as at 30 June 2004	60,000,000	-	-	40,006,665	100,006,665
Profit for the year	-	-	-	102,299,515	102,299,515
Interim dividend	-	-	-	(15,000,000)	(15,000,000)
Effect of measurement of available for sale investments at fair value	12.1	-	-	(17,373,300)	(17,373,300)
Issue of share capital	40,000,000	-	-	-	40,000,000
Share premium	-	32,000,000	-	-	32,000,000
Balance as at 30 June 2005	100,000,000	32,000,000	(17,373,300)	127,306,180	241,932,880

The annexed notes 1 to 30 form an integral part of these financial statements.

G. M. Malkani
Chief Executive

Tariq Usman Bhatti
Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2005

1. STATUS AND NATURE OF BUSINESS

The company was incorporated under the Companies Ordinance, 1984 on 28 June 2000 as a private limited company by the name of JSCL Direct (Private) Limited. However, the operations of the company started in May 2003 under the name of Jahangir Siddiqui Capital Markets (Private) Limited, subsequently on 1 September 2003 balances relating to brokerage business including research activities from Jahangir Siddiqui & Company Limited (holding company) were transferred to Jahangir Siddiqui Capital Markets (Private) Limited. The company is a corporate member of Karachi Stock Exchange (Guarantee) Limited.

During the year, on 7 August 2004, the Company has been converted into public unquoted company. Further, the Company had filed listing application with Karachi Stock Exchange (Guarantee) Limited (KSE) and Islamabad Stock Exchange (Guarantee) Limited (ISE) and the holding Company Jahangir Siddiqui Company Limited had offered its 25% share holding in the Company to general public for subscription in December 2004, and as a result on 7 February 2005, the Company was listed on KSE and ISE.

The principal activities of the company are share brokerage, money market and foreign exchange brokerage, advisory and consultancy services.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These accounts have been prepared under the historical cost convention, except for the measurement at fair value of Available-for-Sale investment.

2.2 Statement of compliance

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

2.2.2 During the year, the SECP substituted Fourth Schedule to the Companies Ordinance, 1984 which is effective from financial year ending on or after 5 July 2004. This has resulted in the change in accounting policies pertaining to recognition of dividends proposed subsequent to the year end (Note 28).

2.3 Staff retirement benefits

The company operates an approved funded contributory provident fund scheme for all eligible employees of the Company. Equal monthly contributions are made by the company and employees to the fund @ 10% per annum of basic salary.

2.4 Fixed assets - tangible

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation on fixed assets is charged to income by applying straight line method over the useful life of asset.

Depreciation is charged on proportionate basis on the assets acquired during the year taking into account the usage of the asset during the year. Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets ,if any, are included in the profit and loss account.

2.5 Intangible assets

Membership card

These are stated at cost less impairment losses, if any.

Software

Software is stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization on software is charged to income by applying straight line method over period of 3 years.

Full year's amortization is charged on software acquired during the year, whereas no amortization is charged in the year of disposal. Normal maintenance is charged to income as and when incurred.

Gains and losses on disposal of software, if any, are included in the profit and loss account.

2.6 Investments

Investments which are acquired principally for the purpose of generating a profit from short term fluctuations in price or dealer's margin are classified as held for trading. Investments which are intended to be held for an indefinite period but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale. Investments with fixed maturity where management has both the intent and ability to hold to maturity, are classified as held-to-maturity.

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

After initial recognition, investments which are classified as held for trading and available-for-sale are remeasured at fair value. Gains or losses on investments held for trading are recognised in income. Gains or losses on available-for-sale investments are recognised in equity until the investment is sold, collected or otherwise disposed off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income. Investments classified as held-to-maturity are stated at amortised cost.

For investments in quoted marketable securities, fair value is determined by reference to Stock Exchange quoted market prices at the close of business on balance sheet date.

2.7 Securities purchased/sold under resale/repurchase agreements

Transactions of purchase under resale (reverse-repo) of marketable securities are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resale at a specified future date (reverse-repos) are not recognised in the balance sheet. Amounts paid under these agreements in respect of reverse repurchase transactions are included in assets. The difference between purchase and resale price is treated as income from reverse repurchase transactions in marketable transactions.

Transactions of sale under repurchase (repo) of marketable securities are entered into at contracted rates for specified periods of time. Securities 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 investment. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as borrowing charges.

2.8 Trade debts and other receivables

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

2.9 Revenue recognition

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

Dividend income is recorded when the right to receive the dividend is established i.e. at the time of closure of share transfer books of the company declaring the dividend.

Brokerage, consultancy and advisory fee, commission on foreign exchange dealings and government securities etc. are recognised as and when such services are provided.

2.10 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 income under Section 113 of Income Tax Ordinance 2001, whichever ever is higher.

Deferred

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

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

2.11 Cash and cash equivalents

Cash and cash equivalents comprise of cash, bank balances and short term running finance repayable on demand.

2.12 Provisions

Provisions are recognized when the Company has the legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

2.13 Financial instruments

All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instruments. Any gain or loss on the recognition and derecognition of the financial assets and liabilities is included in the net profit and loss for the period in which it arises.

2.14 Offsetting of financial assets and liabilities

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

3. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2005	2004		2005	2004
Number of shares			Rupees	Rupees
<u>10,000,000</u>	<u>6,000,000</u>	Ordinary shares of Rs.10/- each fully paid in cash	<u>100,000,000</u>	<u>60,000,000</u>

As at 30 June 2005, 7,499,993 shares (June 2004: 5,998,500) were held by Jahangir Siddiqui & Company Limited, holding company (JSCL) and 7 shares (June 2004: 1500) were held by Directors / nominees of JSCL. During the year (as at 30 and 31 December 2004), 2,500,000 shares held by the Jahangir Siddiqui Company Limited have been offered to the general public.

4. DEFERRED TAXATION

Taxable temporary differences

Accelerated depreciation for tax purposes	602,101	225,687
---	---------	---------

Deductible temporary differences

Difference in accounting and tax base of deferred cost	(4,649)	(22,470)
	<u>597,452</u>	<u>203,217</u>

5. SHORT TERM RUNNING FINANCE UNDER MARK UP ARRANGEMENT - secured

- Muslim Commercial Bank Limited	207,087,414	-
- Metropolitan Bank Limited	49,320,895	-
- PICIC Commercial Bank	-	-
- Soneri Bank Limited	-	-
	<u>256,408,309</u>	<u>-</u>

5.1 The company has running finance facilities under mark-up arrangements in aggregates to Rs. 750 million (2004: Rs. 350 million) and a mark-up rates ranging from KIBOR plus 1% to KIBOR plus 2% per annum, with a floor from 9% to 10% per annum. These arrangements are valid for varying periods upto 31 December 2005. These facilities are secured by pledge of listed equity securities purchased under resale obligations and listed equity securities of various companies owned by Jahangir Siddiqui & Company Limited, (holding company).

6. CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES

Creditors for sale of shares on behalf of clients	6.1	493,610,728	182,713,739
Payable against purchase of software		4,234,000	-
Tax deducted at source		505,016	59,642
Accrued expenses		12,494,401	5,159,410
Provision for staff bonus		7,466,041	18,000,000
Accrued mark up on running finance		213,766	-
Unclaimed dividend		316,798	-
Others		573,010	421,916
		<u>519,413,760</u>	<u>206,354,707</u>

6.1 Includes Rs. 146,317 million relating to Jahangir Siddiqui & Co. Limited (holding company), Rs. 110,516 million relating to UTP Islamic Fund and Rs. 29,039 million relating to National Clearing Company Limited. These have been settled subsequently.

	Note	2005 Rupees	2004 Rupees
7. COMMITMENTS			
Commitments in respect of resale transactions of listed equity securities		<u>424,950,589</u>	<u>211,102,357</u>

8. PROPERTY, PLANT AND EQUIPMENTS

	Cost			Rate %	Depreciation			Written down value as at June 30 2005
	As at July 1 2004	Additions / (Disposal) /	As at June 30 2005		As at July 1 2004	For the year / (Disposal)	As at June 30 2005	
Office equipments	1,282,117	10,196,245	11,478,362	25	136,216	750,611	886,827	10,591,535
Office Furniture	72,200	647,500	719,700	10	1,162	16,741	17,903	701,797
Motor vehicles	1,739,500	9,635,683 (950,000)	10,425,183	20	72,592	1,587,767 (100,833)	1,559,526	8,865,657
June 30, 2005 (Rupees)	3,093,817	20,479,428 (950,000)	22,623,245		209,970	2,355,119 (100,833)	2,464,256	20,158,989
June 30, 2004 (Rupees)	-	3,093,817	3,093,817		-	209,970	209,970	2,883,847

8.1 Disposal of fixed assets

Particulars	Acquisition cost	Accumulated depreciation	Written down value	Sale proceeds	Profit / (loss)	Buyer's of particular	Mode of disposal
Motor Vehicle - Suzuki Khyber	350,000	40,833	309,167	350,000	40,833	Mr. Fawad Kazmi, Employee 1-49/1-A 10th Gizri Street, DHA, Karachi.	Negotiation
Motor Vehicle - Honda Citi	600,000	60,000	540,000	540,000	-	Aftab Qutbuddin Munshi, Employee B-42 Block - H, North Nazimabad, Karachi.	Negotiation
Total	Rupees 950,000	100,833	849,167	890,000	40,833		

	Note	2005 Rupees	2004 Rupees
9. INTANGIBLE ASSETS			
- Membership Card	9.1	21,000,000	21,000,000
- Software	9.2	3,866,667	-
		<u>24,866,667</u>	<u>21,000,000</u>

9.1 This represents cost of membership card of the Karachi Stock Exchange (Guarantee) Limited.

9.2 During the year the Company purchased software which provides an integrated equities broking solution.

Opening Balance		-	-
Additions during the year		5,800,000	-
		<u>5,800,000</u>	<u>-</u>
Accumulated amortization at the beginning of the year		-	-
Less: Amortization for the year	19	(1,933,333)	-
		<u>(1,933,333)</u>	<u>-</u>
		<u>3,866,667</u>	<u>-</u>

10. LONG TERM LOANS, ADVANCES AND DEPOSITS
- Considered good

Long term loans - secured, considered good

To executives	10.1, 10.2 & 10.3	712,322	187,617
To employees	10.2	645,655	102,409
		<u>1,357,977</u>	<u>290,026</u>
Current maturity	14	(554,470)	(232,092)
		<u>803,507</u>	<u>57,934</u>
Advances to suppliers for vehicles		4,108,550	500,000
Security deposits	10.4	967,000	850,000
		<u>5,879,057</u>	<u>1,407,934</u>

	Note	2005 Rupees	2004 Rupees
10.1	Reconciliation of carrying amount of loans to executives:		
		187,617	-
		754,790	250,000
		230,085	62,383
		712,322	187,617
10.2	Loan to executives and employees are given for purchase of home appliances at an interest rate of 8% to 10% per annum in accordance with the Company's policy and term of employment. The loan is repayable over a period of two to five years and is secured against provident fund balance of the executives / employees.		
10.3	Maximum amount due from executives calculated with reference to the month-end balance was Rs. 0.724 million (2004: 0.297 million)		
10.4	This represents amounts deposited with Karachi Stock Exchange (Guarantee) Limited, National Clearing Company of Pakistan and Central Depository Company of Pakistan Limited.		

11. LONG TERM INVESTMENT - ADVANCE AGAINST EQUITY

During the year on 2 October 2004, the Board of Directors of the Company has resolved to acquire 19% of the shareholding in the F & B Company (Private) Limited ("F & B Company"). The authorised capital of F & B Company would be Rs. 50 million. The above amount contributed represents advance for the acquisition of shares of the F & B Company. The objective of the F & B Company will be to establish, operate and manage various hospitality businesses in Pakistan including hotels, restaurants, franchises and resorts.

12. SHORT TERM INVESTMENTS - (Available-for-sale)

Pakistan International Container Terminal Limited
- (PICTL)

12.1	52,119,900	-
------	-------------------	---

12.1 Quoted - preference shares

Number of shares		Name of company	2005		2004
2005	2004		Average cost	Fair value	Fair value
6,949,320	-	Pakistan International Containers Terminal Limited	69,493,200	52,119,900	-
		Unrealised loss on remeasurement at fair value		17,373,300	
6,949,320	-		69,493,200	69,493,200	-

12.2 These are fully paid preference shares of Rs.10 each, carrying dividend @ 10% per annum on the issue price. These shares are issued for the term of seven years from issue date. The company has underwritten the 50% issue of these shares. The total issue was 18,000,000 shares of Rs. 10 each (par value). These shares were undersubscribed, and accordingly, as per terms of underwriting agreement the Company has subscribed the 50% of unsubscribed shares.

	Note	2005 Rupees	2004 Rupees
13. TRADE DEBTS - unsecured			
Considered good			
Debtors for purchase of shares on behalf of clients	13.1	468,758,871	33,399,905
Forex commission receivable		5,215,867	4,202,060
Fixed income commission receivable		3,058,549	3,006,953
Advisory fee receivable		-	825,000
		477,033,287	41,433,918
13.1 Amount due from related parties at the year end was as follows:			
Jahangir Siddiqui Investment Bank Limited		154,253,771	-
Jahangir Siddiqui & Company Limited		-	21,231,732
14. LOANS, ADVANCES, PRE-PAYMENTS AND OTHER RECEIVABLES			
Current maturity of long term loans	10	554,470	232,092
Advances:			
- staff		87,307	41,886
- JS Air (Private) Limited, associated company		-	1,000,000
		87,307	1,041,886
Pre-payments		212,752	3,121,156
Other receivables:			
- out of pocket expenses recoverable from clients	14.1	8,936,302	1,008,656
- profit receivable on bank deposits		78,473	610,573
- dividend receivable		-	47,250
- other receivable	14.2	287,178	-
		9,301,953	1,666,479
		10,156,482	6,061,613
14.1 Amount due on account of out of pocket expenses under advisory and consultancy services contracts from related parties at the year end was as follows:			
ABAMCO Limited		298,714	655
Jahangir Siddiqui & Company Limited		168,870	11,100
DCD JS Factors (Private) Limited		98,260	98,260
JS Air (Private) Limited		166,187	151,163
JS Energy Limited		3,964,982	-
Jahangir Siddiqui Investment Bank Limited		17,777	-
14.2 This includes Rs. 210,000, Rs. 4,185, Rs. 6,846 and Rs. 66,147 receivable from Jahangir Siddiqui & Company Limited (Holding Company), Jahangir Siddiqui Investment Bank Limited, DCD JS Factors (Private) Limited and ABAMCO Limited (Associated Companies) respectively.			

	Note	2005 Rupees	2004 Rupees
15. SECURITIES PURCHASED UNDER RESALE OBLIGATIONS			
Listed equity securities purchased under resale obligations	15.1	<u>423,610,751</u>	<u>209,634,271</u>
15.1 The market value of securities held in respect of these aggregates to Rs. 438.337 million (June 2004: Rs. 217.858 million). These have rates of return ranging from 12% to 15 % per annum (2004: 10% to 12% per annum) with maturities ranging from overnight to 14 days.			
16. CASH AND BANK BALANCES			
Cash with banks			
- current accounts		1,802,378	215,545
- PLS / deposit accounts		15,174	46,006,426
Cash in hand		5,208	11,331
		<u>1,822,760</u>	<u>46,233,302</u>
16.1 PLS / deposits accounts carry profit rate of 1% (2004: 1.5%)			
17. OPERATING REVENUE			
Brokerage and other operating revenue		183,657,070	96,055,351
Advisory and consultancy fee		22,665,137	40,872,048
		<u>206,322,207</u>	<u>136,927,399</u>
18. NET GAIN / INCOME FROM REVERSE REPURCHASE TRANSACTIONS IN MARKETABLE SECURITIES			
Income from reverse repo transactions in listed equity securities		38,011,993	5,589,560
Dividend income		7,966,700	743,250
		<u>45,978,693</u>	<u>6,332,810</u>

	Note	2005 Rupees	2004 Rupees
19. OPERATING EXPENSES			
Salaries and benefits		50,886,830	45,849,330
Contribution to provident fund		569,832	491,992
Directors' remuneration	27	4,077,679	4,710,363
Provident fund in respect of director's remuneration	27	269,667	120,000
Fee for Directors / Committee meetings	27	830,000	-
Printing and stationery		1,719,573	980,541
Telephone, fax, telegram and postage		2,917,983	1,599,354
Contract Charges		-	23,200
Amortization of intangible assets	9.2	1,933,333	-
Amortization of deferred cost		-	54,802
Rent, rates and taxes		4,040,000	4,000,000
Vehicle running expenses		1,882,659	1,029,937
Electricity, gas, etc.		1,545,730	621,391
Legal and professional charges		444,129	382,121
Insurance		3,647,585	2,036,004
Newspapers and periodicals		459,902	87,081
Entertainment		309,296	511,276
Business promotion		3,185,315	1,017,151
Office supplies		528,735	91,925
Depreciation	8	2,355,119	209,970
Auditors' remuneration	19.1	200,275	147,890
Fees and subscription		5,077,741	1,394,543
Conveyance and traveling		1,357,855	736,696
Repairs and maintenance		1,664,021	666,642
Computer expenses		3,668,894	818,941
KSE clearing house and CDC charges		24,101,464	8,634,770
Royalty	19.2	2,500,000	208,334
Donation	19.3	2,410,905	798,569
		122,584,522	77,222,823

19.1 Auditors' remuneration

Audit fee	100,000	100,000
Certifications including half year review	90,000	40,000
Out of pocket expenses	10,275	7,890
	200,275	147,890

19.2 This represents the royalty payable to Mr. Jahangir Siddiqui under an agreement dated 29 June 2004.

19.3 This represents donation to Siddiqui Foundation in which Holding Company's directors Mr. Ali Jahangir Siddiqui and Mr. Munaf Ibrahim are directors.

20. OTHER OPERATING INCOME

Profit on PLS / deposit account	234,024	915,017
Profit on sale of fixed assets	40,833	-
Other income	355,811	-
	630,668	915,017

	Note	2005 Rupees	2004 Rupees
21. FINANCIAL CHARGES			
Mark up on running finance		8,938,068	452,438
Bank and other charges		379,635	251,940
		<u>9,317,703</u>	<u>704,378</u>
22. TAXATION			
22.1	Income tax assessment of the company have been finalized up to and including tax year 2004, under section 120 of the Income Tax Ordinance, 2001.		
22.2 Reconciliation of tax charge for the year			
Profit before taxation		121,029,343	66,248,025
Tax at the applicable tax rate of 35% (2004: 41%)		42,360,270	27,161,690
Tax effect of expenses that are deductible in determining taxable profit		(3,075,927)	-
Tax effect of expenses that are not deductible in determining taxable profit		1,238,052	1,337,005
Effect of income taxed at reduced rate of tax		(21,792,567)	(230,408)
Tax effect of exempt income		-	(2,291,720)
Current year tax charge		<u>18,729,828</u>	<u>25,976,567</u>
23. EARNINGS PER SHARE - Basic & diluted			
Profit for the year after tax		102,299,515	40,271,458
		Number of shares	
Weighted average ordinary shares in issue during the year		9,666,667	6,000,000
		(Rupees)	
Earnings per share - Basic diluted		10.58	6.71
24. CASH AND CASH EQUIVALENTS			
Cash and bank balances	16	1,822,760	46,233,302
Short term running finance under mark-up arrangement	5	(256,408,309)	-
		<u>(254,585,549)</u>	<u>46,233,302</u>

25. Financial instruments and related disclosures

25.1 Interest rate risk exposure

The company's exposure to interest rate risk and the effective rates on its financial assets and liabilities are summarised as follows:

	June 30 2005						Total
	Less than one month	One month to three months	Three months to one year	One year to three years	More than three years	Non Interest bearing	
Financial assets							
Long term loans, advances and deposits	-	-	554,470	-	803,507	5,075,550	6,433,527
Short term investment	-	-	-	-	-	52,119,900	52,119,900
Trade debts	-	-	-	-	-	477,033,287	477,033,287
Loans, advances and other receivables	-	-	-	-	-	12,460,927	12,460,927
Securities purchased under resale obligations	423,610,751	-	-	-	-	-	423,610,751
Cash and bank balances	15,174	-	-	-	-	1,807,586	1,822,760
	423,625,925	-	554,470	-	803,507	548,497,250	973,481,152
Financial liabilities							
Short term running finance	256,408,309	-	-	-	-	-	256,408,309
Creditors, accrued expenses and other liabilities	-	-	-	-	-	519,413,760	519,413,760
	256,408,309	-	-	-	-	519,413,760	775,822,069
<i>On-balance sheet gap</i>	167,217,616	-	554,470	-	803,507	29,083,490	197,659,083
Off Balance Sheet							
Commitments in respects of reverse repo transactions	(424,950,589)	-	-	-	-	-	(424,950,589)
Cumulative gap	(257,732,973)	-	554,470	-	803,507	29,083,490	(227,291,506)
30 June 2004							
Cumulative gap	44,538,340	-	232,092	-	57,934	(161,135,548)	(116,307,182)

The effective interest/mark-up rates as at 30 June for financial instruments are as follows:

	2005	2004
Securities purchased under resale obligations	14%	8%
Cash and bank balances	1%	1.5%
Short term running finance	9%	5.5%

25.2 Fair value of financial instruments

The carrying value of all financial instruments reflected in the financial statements approximates their fair values.

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

The Company attempts to control credit risk by applying and monitoring approved limits of credit exposure to any one counter party, limiting transactions with specific counter parties and continually assessing the credit worthiness of counter parties.

- 25.4** Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

26. RELATED PARTY TRANSACTIONS

Related parties comprise of holding company, associated companies, other companies with common directors, retirement benefit fund, directors, executives and key management personnel.

Details of transactions and balances with related parties during the year and at year end, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2005 Rupees	2004 Rupees
Brokerage and advisory income earned from directors and associated companies	23,471,214	14,037,335
Payment to holding company on account of expenses	3,900,000	7,010,000

27. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Director		Executive	
	2005	2004	2005	2004	2005	2004
Number of persons	1	1	3	2	3	10
Managerial remuneration	2,000,000	800,000	696,667	400,000	1,906,828	4,817,008
House rent allowance	800,000	320,000	278,667	160,000	762,731	1,926,804
Utilities allowance	200,000	80,000	69,667	40,000	190,683	481,701
Performance bonus	-	2,500,000	-	400,000	2,750,000	8,420,000
Contribution to provident fund	200,000	80,000	69,667	40,000	35,000	248,379
Medical	25,478	3,163	7,200	7,200	5,971	47,886
Fee for Directors / Committee meetings	-	-	830,000	-	-	-
Rupees	3,225,478	3,783,163	1,951,868	1,047,200	5,651,213	15,941,778

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

27.2 As per revised fourth schedule of the Companies Ordinance, 1984, the executives includes those persons whose annual basic salary is Rs 500,000 or more whereas previously annual basic salary for consideration of executives was Rs 100,000 or more. Accordingly, only those employees whose annual basic salary is Rs 500,000 or more are included in the number of executives for the year 2005.

28. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on September 10, 2005 has proposed 15% bonus shares i.e. 03 Ordinary shares for every 20 Ordinary shares held (2004: Nil). The proposed bonus will be approved in the forthcoming Annual General Meeting. The financial statements for the year ended June 30, 2005 do not include the effect of the proposed bonus shares, which will be accounted for in the financial statements for the year ending June 30, 2006.

29. DATE OF AUTHORISATION

These financial statements were authorised for issue in the Board of Directors meeting held on September 10, 2005.

30. GENERAL

30.1 The number of employees as at 30 June 2005 was 79 (2004: 79).

30.2 Figures have been rounded off to nearest rupee.

G. M. Malkani
Chief Executive

Tariq Usman Bhatti
Director

**PATTERN OF SHARE HOLDING
FORM “34”
SHAREHOLDER’S STATISTICS**

AS AT JUNE 30, 2005

No. of Shareholders	Share Holding		Total Shares Held
	From	To	
7	1	100	7
978	101	500	488,800
188	501	1000	187,700
204	1001	5000	503,500
28	5001	10000	210,000
8	10001	15000	105,000
4	15001	20000	72,500
5	20001	25000	118,500
2	30001	35000	66,000
1	45001	50000	48,000
2	55001	60000	113,000
2	60001	65000	121,000
1	75001	80000	76,000
1	110001	115000	110,500
1	115001	120000	116,000
1	160001	165000	163,500
1	7495001	7500000	7,499,993
1,434			10,000,000

S.No	Categories of Shareholders	No. of Shareholders	Total Shares Held	Percentage
1	INDIVIDUALS	1,393	2,092,507	20.93
2	INVESTMENT COMPANIE(S)	31	7,653,993	76.53
3	INSURANCE COMPANIE(S)	4	136,000	1.36
4	JOINT STOCK COMPANIE(S)	3	30,500	0.31
5	OTHER(S)			
	KAYMO TRADING (FZE)	5,000		
	TRUSTEE-JSCL STAFF PROVIDENT FUND	25,000		
	TRUSTEE-SIDDIQI FOUNDATION	57,000		
		3	87,000	0.87
		1,434	10,000,000	100.00

* INCLUDES 1194 CDC BENEFICIAL OWNER AS PER LIST APPEARING ON CDS.

DISCLOSURE TO PATTERN OF SHAREHOLDING

As at June 30, 2005

Serial No.	Description	No. of Share Holders	No. of Shares Held
1.	Associated Companies, Undertakings and Related Parties: M/s Jahangir Siddiqui & Co. Ltd.	1	7,499,993
2.	NIT and ICP:	Nil	Nil
3.	List of Directors, CEO and their spouses and minor children: Mr. Aftab Q. Munshi Mr. Adil Matcheswala Mr. Mazharul Haq Mr. Bashir Shamsi Mr. G. M. Malkani Mr. Aslam Khaliq Mr. Tariq Usman Bhatti Mrs. Hafsa Shamsi Mrs. Rubina Malkani Mrs. Alaifya Matcheswala	1 1 1 1 1 1 1 1 1 1	501 5,001 3,501 1 1 3,001 2,501 2,500 48,000 5,000
		10	70,007
4.	List of Executives: Mr. Imran Qureshi Mr. M. Sajid Farooqui Mr. Mohammad Aamir Syed Imran Ali	Nil Nil Nil 1	Nil Nil Nil 500
5.	Public Sector Companies and Corporations:	Nil	NIL
6.	Banks, Development Finance Institutions, Non-banking Finance Institutions, Insurance Companies, Modarabas and Mutual Funds:	4	136,000
7.	Joint Stock Companies & others:	36	271,500
8.	Individuals:	1,393	2,092,507

DETAIL OF SHARE HOLDING 10% MORE

Jahangir Siddiqui & Co. Limited	1	7,499,993
---------------------------------	---	-----------

Details of trades carried out by Directors, CEO, CFO, Company Secretary and their spouses and minor children during the period from July 01, 2004 to June 30, 2005.

S.No	Name	Designation	Shares Bought	Shares Sold
1.	Mr. Mazharul Haq Siddiqui	Chairman	3,501	-
2.	Mr. Aftab.Q.Munshi	Director/CEO	833	832
3.	Mr. G.M.Malkani	Director	5,501	5,500
4.	Mr. Aslam Khaliq	Director	3,001	-
5.	Mr. Tariq Usman Bhatti	Director	8,600	6,000
6.	Mr. Adil Matcheswala	Director	5,329	-
7.	Mr. Basir Shamsie	Director	2,501	-
8.	Syed Imran Ali	Director	833	833
9.	Mr. M.Hussain	CFO	1,000	-
10.	Mr. Faisal Hamid	Company Secretary	-	-
11.	Minor Family members/spouse		77,000	24,000

Form of Proxy

5th Annual General Meeting

The Company Secretary

Jahangir Siddiqui Capital Markets Ltd.

14th Floor, Chapal Plaza, Hasrat Mohani Road,

Karachi-74000

I/We _____

of _____

being member(s) of Jahangir Siddiqui Capital Markets Ltd. holding _____ ordinary shares as per Registered FolioNo. / CDC A/c No. (for members who have shares in CDS) _____

hereby appoint Mr. / Mrs. / Miss _____

of (full address) _____

Mr. / Mrs. / Miss _____

being member of the Company, as my / our proxy to attend, act and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on October 22, 2005 and / or any Adjournment thereof.

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

Signed by _____

in the presence of _____

Witness:

1. Name _____

Signature _____

Address _____

NIC or _____

Passport No. _____

2. Name _____

Signature _____

Address _____

NIC or _____

Passport No. _____

Signature on
Rs. 5/-
Revenue Stamp

The signature should
agree with the
specimen registered
with the Company.

Important:

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

AFFIX
CORRECT
POSTAGE

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