

HALF YEARLY REPORT
December 31, 2004
(Un-audited)

JAHANGIR SIDDIQUI CAPITAL MARKETS LIMITED

JAHANGIR SIDDIQUI CAPITAL MARKETS LIMITED

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JAHANGIR SIDDIQUI CAPITAL MARKETS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Mazhar-ul-Haq Siddiqui
(Chairman)
Mr. Aftab Q. Munshi
(Chief Executive)
Syed Imran Ali
Mr. Adil Matcheswala
Mr. Aslam Khaliq
Mr. G.M. Malkani
Mr. Basir Shamsi

AUDIT COMMITTEE

Mr. Adil Matcheswala
(Chairman)
Mr. G.M. Malkani
Mr. Basir Shamsi
Mr. Faisal Hamid
(Secretary)

COMPANY SECRETARY

Mr. Faisal Hamid

AUDITORS

Taseer Hadi Khalid & Co.
Chartered Accountants

LEGAL ADVISORS

Bawaney & Partners

REGISTERED OFFICE

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

SHARES REGISTRAR

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

JAHANGIR SIDDIQUI CAPITAL MARKETS LIMITED

DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors, I am pleased to present to you the un-audited financial statements of Jahangir Siddiqui Capital Markets Limited (the "*Company*"), for the quarter and six months ended December 31, 2004 together with the comparative figures for the corresponding period(s) of last year.

CHANGE OF STATUS/STRUCTURE OF THE COMPANY

The Company started its business as a fully owned subsidiary of Jahangir Siddiqui & Company Limited. Subsequently the Company was converted in to a public un-quoted company on August 07, 2004 and in October 2004 the no. of directors were increased to seven. The Company also filed listing application with Karachi Stock Exchange (Guarantee) Limited and Islamabad Stock Exchange (Guarantee) Limited and the Holding Company offered 25% of it's shareholding to General Public and employees on December 30-31, 2004. Subsequently the Company has been listed at both the Stock Exchanges on February 07, 2005.

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company was public un-quoted company up to the last date of the half year ended December 31, 2004. However as the Company was subsequently listed with the Stock Exchanges on February 07, 2005, the financial statements have been prepared in accordance with the related regulations applicable to listed companies. Further the half yearly financial statements have been reviewed by auditors and presented for the first time.

THE OVERALL ECONOMY AND STOCK MARKET REVIEW

The much improved economic fundamentals in Pakistan contributed towards noticeable growth during the last six months. The KSE-100 index gained 939 points from June 30, 2004 to December 31, 2004, an improvement of 18 %.

Pakistan's interest rate scenario has undergone significant changes over the past year. The State Bank of Pakistan, taking note of the increase in inflation shifted from a loose monetary policy to a neutral stance and started tightening monetary policy with gradual increases in the cut-offs of Treasury Bills.

The inter-bank foreign exchange market has remained relatively stable over the past year with the USD/PKR parity showing a 360 day volatility of around 3%.

JAHANGIR SIDDIQUI CAPITAL MARKETS LIMITED

DIRECTORS' REPORT TO THE MEMBERS

OPERATING PERFORMANCE

The Company has reported a profit before tax of Rs.36.157 million and profit after tax of Rs.29.963 million for the six month as compared to profit before tax of Rs.16.747 million and profit after tax of Rs.10.444 million for the same period last year showing improvements of 115 % and 186 % respectively. Operating revenue for the six months period were Rs.67.776 million as compared to Rs. 35.929 million for the same period last year. Operating expenses for the six months period were Rs.42.697 million as compared to Rs.20.463 million for the same period last year. Earning per share for the six months period was Rs.3.21 per share as compared to Rs.1.74 per share for the same period last year.

FUTURE OUTLOOK

For the next half of the financial year, the fundamentals of our business remain strong. With unprecedented GDP growth, improvement in geopolitical situation, impetus on privatization and general improvement in the economy, it is expected that the Company will continue to achieve its targets in the brokerage and corporate advisory business.

ACKNOWLEDGEMENT

The directors are grateful to Companys' clients and business partners for their faith and support and employees for their dedication and hard work.

On behalf of the Board

Karachi: February 24, 2005

Mazhar-ul-Haq Siddiqui
Chairman

JAHANGIR SIDDIQUI CAPITAL MARKETS LIMITED

REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of Jahangir Siddiqui Capital Markets Limited (“the Company”) as at 31 December 2004, and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming parts thereof (here-in-after referred to as the “financial statements”) for the six months period then ended. These financial statements are the responsibility of the Company’s management. Our responsibility is to issue a report on these financial statements based on our review.

We conduct our review in accordance with the International Standard on Auditing applicable to review engagements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company’s personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

The comparative figures of the profit and loss account, cash flow statement, statement of changes in equity and the notes forming parts thereof have not been reviewed.

Based on our review, except for the matter referred in the preceding paragraph, nothing has come to our attention that cause us to believe that the annexed financial statements are not presented fairly, in all material respect, in accordance with approved accounting standards as applicable in Pakistan.

Karachi: February 24, 2005

Taseer Hadi Khalid & Co.
Chartered Accountants

JAHANGIR SIDDIQUI CAPITAL MARKETS LIMITED

BALANCE SHEET

AS AT DECEMBER 31, 2004 (UN-AUDITED)

	Note	31 December, 2004	30 June, 2004
Capital and reserves			
Share capital			
Authorised 25,000,000 (June 2004: 10,000,000) ordinary shares of Rs. 10 each		<u>250,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid up capital	4	100,000,000	60,000,000
Capital reserve			
Share Premium		32,000,000	-
Revenue reserve			
Unappropriated Profit		<u>69,969,684</u>	<u>40,006,665</u>
		<u>201,969,684</u>	<u>100,006,665</u>
Deferred tax liability		105,272	203,217
Current liabilities			
Short term running finance under markup arrangements-secured	5	<u>64,923,316</u>	<u>-</u>
Creditors, accrued expenses and other liabilities	6	<u>1,473,811,406</u>	<u>206,354,707</u>
Provision for taxation		<u>32,065,854</u>	<u>25,773,350</u>
		<u>1,570,800,576</u>	<u>232,128,057</u>
Contingencies & commitments	7	-	-
		<u>Rupees 1,772,875,532</u>	<u>332,337,939</u>

The annexed notes 1 to 16 form an integral part of these accounts.

Aftab. Q. Munshi
Chief Executive

Syed Imran Ali
Director

JAHANGIR SIDDIQUI CAPITAL MARKETS LIMITED

PROFIT & LOSS ACCOUNT

FOR THE SECOND QUARTER AND SIX MONTHS PERIOD
ENDED 31 DECEMBER, 2004 (UNAUDITED)

Note	Three months period ended 31 December 2004	Six months period ended 31 December 2004	Three months period ended 31 December 2003	Six months period ended 31 December 2003
Operating Revenue	40,663,807	67,776,727	20,550,222	35,929,206
Net Gain / income from transactions in marketable securities	<u>8,031,199</u>	<u>14,078,762</u>	<u>581,601</u>	<u>1,374,930</u>
	48,695,006	81,855,489	21,131,823	37,304,136
Operating expenses	<u>(23,775,576)</u>	<u>(42,697,693)</u>	<u>(16,741,555)</u>	<u>(20,463,645)</u>
Operating profit	24,919,430	39,157,796	4,390,268	16,840,491
Other income	<u>164,925</u>	<u>379,816</u>	-	-
	25,084,355	39,537,612	4,390,268	16,840,491
Financial charges	<u>(2,106,287)</u>	<u>(3,380,034)</u>	<u>(25,461)</u>	<u>(92,916)</u>
Profit before taxation	22,978,068	36,157,578	4,364,807	16,747,575
Taxation - current	<u>(2,959,744)</u>	<u>(6,292,504)</u>	<u>(4,068,068)</u>	<u>(6,302,784)</u>
- deferred	<u>97,945</u>	<u>97,945</u>	-	-
Profit after taxation	20,116,269	29,963,019	296,739	10,444,791
Unappropriated profit brought forward	49,853,415	40,006,665	9,883,259	(264,793)
Unappropriated profit carried forward	<u>Rupees 69,969,684</u>	<u>69,969,684</u>	<u>10,179,998</u>	<u>10,179,998</u>
Earning per share - Basic and diluted	13 Rupees <u>2.16</u>	<u>3.21</u>	<u>0.05</u>	<u>1.74</u>

The annexed notes 1 to 16 form an integral part of these accounts.

Aftab. Q. Munshi
Chief Executive

Syed Imran Ali
Director

JAHANGIR SIDDIQUI CAPITAL MARKETS LIMITED

CASH FLOW STATEMENT

FOR THE SECOND QUARTER AND SIX MONTHS PERIOD
ENDED 31 DECEMBER, 2004 (UNAUDITED)

	Note	Six months period ended 31 December 2004	Six months period ended 31 December 2003
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before taxation		36,157,578	16,747,575
Adjustments for:			
Depreciation		1,027,255	63,601
Gain on disposal of fixed assets		(40,832)	-
Preliminary Expenses		-	9,134
Financial charges		3,380,034	92,916
		4,366,457	165,651
Operating profit before working capital changes		40,524,035	16,913,226
(Increase)/ decrease in operating assets:			
Trade debtors		(502,680,459)	(21,435,453)
Advances, deposits, prepayments and other receivables		(5,452,538)	(1,412,853)
		(508,132,997)	(22,848,306)
Increase in current liabilities (Creditors, accrued expenses and other liabilities)		1,267,012,633	56,712,315
Cash generated from operations		799,403,671	50,777,235
Mark-up paid		(2,935,967)	(92,916)
Taxes paid		(26,173,744)	-
Long term deposits		-	(850,000)
Net cash inflow / (outflow) from operating activities		770,293,960	49,834,319
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditure incurred		(10,475,983)	(520,517)
Payment of membership card		-	(18,900,000)
Sale proceeds from sale of fixed assets		350,000	-
Securities purchase under resale obligation		(281,843,808)	3,449,481
Net cash flow from investing activities		(291,969,791)	(15,971,036)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Further issue of share capital		72,000,000	-
Net cash flow from financing activities		72,000,000	-
(Decrease) / increase in cash and cash equivalents		550,324,169	33,863,283
Cash and cash equivalents at beginning of the period		46,233,302	790,231
Cash and cash equivalents at end of the period	12 <i>Rupees</i>	596,557,471	34,653,514

The annexed notes 1 to 16 form an integral part of these accounts.

Aftab. Q. Munshi
Chief Executive

Syed Imran Ali
Director

JAHANGIR SIDDIQUI CAPITAL MARKETS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE SECOND QUARTER AND SIX MONTHS PERIOD
ENDED 31 DECEMBER, 2004 (UNAUDITED)

	Share Capital	Share premium	Unappro- priated profit	Total
Balance as at July 01, 2003	60,000,000	-	(264,793)	59,735,207
Profit for the period	-	-	10,444,791	10,444,791
Balance as at December 31, 2003	<u>60,000,000</u>	<u>-</u>	<u>10,179,998</u>	<u>70,179,998</u>
Balance as at July 01, 2004	60,000,000	-	40,006,665	100,006,665
Issue of right shares	40,000,000	32,000,000	-	72,000,000
Profit for the period	-	-	29,963,019	29,963,019
Balance as at December 31, 2004	<i>Rupees</i> <u>100,000,000</u>	<u>32,000,000</u>	<u>69,969,684</u>	<u>201,969,684</u>

The annexed notes 1 to 16 form an integral part of these accounts.

Aftab. Q. Munshi
Chief Executive

Syed Imran Ali
Director

JAHANGIR SIDDIQUI CAPITAL MARKETS LIMITED

NOTES TO THE ACCOUNTS

FOR THE SECOND QUARTER AND SIX MONTHS PERIOD
ENDED 31 DECEMBER, 2004 (UNAUDITED)

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with requirements of International Accounting Standard-34 (IAS-34) 'Interim Financial Reporting' and are being submitted to the shareholders as required by Section 245 of the Companies Ordinance 1984 and the listing regulations of the Karachi Stock Exchange and Islamabad Stock Exchange where the Company is listed.

These half yearly financial statements are being presented for the first time and accordingly the comparative information of Profit & Loss Account, Cash Flow Statement and Statement of Changes in Equity for the quarter and half year ended December 31, 2003 were not reviewed / audited.

2. 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 (Pvt) Limited. The company is a corporate member of Karachi Stock Exchange (Guarantee) Limited. The principal activities of the company are share brokerage, money market and foreign exchange brokerage, advisory and consultancy services.

During the current period on 7 August 2004, the Company has been converted into public un-quoted company. Further, the Company has also 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 offered its 25% share Holding with the Company to general public for subscription in December 2004. Subsequently, the Company has been listed on KSE / ISE on 7 February 2005.

3. ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these half yearly financial statements are same as those applied in the preparation of the annual audited financial statements for the year ended 30 June 2004.

During the year, the Securities and Exchange Commission of Pakistan substituted the Forth Schedule to the Ordinance which is effective from financial year ending on or after 5 July 2004. Accordingly, effective from current period the Company has decided not to recognize the dividend declared/proposed subsequent to the period/year end, as a liability to comply with the substituted Forth Schedule to the Companies Ordinance, 1984. Accordingly these financial statements do not reflect the interim dividend which has been disclosed by way of a note in note 15.1.

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

31 December 2004	30 June 2004		31 December 2004	30 June 2004
(Numbers)			(Rupees)	
10,000,000	6,000,000	Ordinary shares of Rs. 10 each	100,000,000	60,000,000
		fully paid in cash		
<u>10,000,000</u>	<u>6,000,000</u>		<i>Rupees</i> <u>100,000,000</u>	<u>60,000,000</u>

As at 31 December 2004, 9,997,501 shares (June 2004: 5,998,500) were held by Jahangir Siddiqui & Company Limited (JSCL) and the remaining shares were held by nominees of JSCL. However, 2,500,000 out of 9,997,501 shares held by Jahangir Siddiqui & Co. Limited have been offered to the general public as on 30 and 31 December 2004.

JAHANGIR SIDDIQUI CAPITAL MARKETS LIMITED

	31 December 2004	30 June 2004
5. SHORT TERM RUNNING FINANCES UNDER MARK-UP ARRANGEMENTS - SECURED		
- Muslim Commercial Bank Limited	5.1 743,599	-
- Metropolitan Bank Limited	5.2 64,179,717	-
- PICIC Commercial Bank Limited	5.3 -	-
	<i>Rupees</i> <u>64,923,316</u>	<u>-</u>
5.1 The facility aggregated to Rs.250 million (2004: Rs. NIL million) and carries mark up at the rate of 12 months KIBOR +0.5% per annum with a floor rate of 5%. The facility is secured by pledge of listed equity securities purchased under resale obligations. The facility is valid till 30 June 2005.		
5.2 The facility aggregated to Rs.100 million (30 June 2004: Rs 100 million) and carries mark up at the rate of 5.5% per annum (30 June 2004: 5.5% per annum, the facility was unavailed). The facility is secured by pledge of listed equity securities purchased under resale obligations. The facility is valid till 31 December 2004.		
5.3 The facility aggregated to Rs.250 million (2004: Rs. 250 million) and carries mark up at the rate of 6 months KIBOR + '2.59% per annum with a floor rate of 5.50% (2003: 5.50% per annum). The facility is secured by pledge of listed equity securities purchased under resale obligations. The facility is valid till 31 December 2004, however is unutilised.		
6. CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES		
	31 December 2004	30 June 2004
Creditors for sale of shares on behalf of clients	6.1 802,771,220	182,713,739
Payable to Jahangir Siddiqui & Co. Limited		
- subscription money of public offering	6.2 661,421,250	-
Tax deducted at source	684	29,642
Accrued expenses	7,754,812	5,159,410
Provision for staff bonus	-	18,000,000
Accrued mark-up on running finances	444,067	-
Others	6.3 1,419,373	421,916
	<i>Rupees</i> <u>1,473,811,406</u>	<u>206,354,707</u>
6.1 Includes Rs. 249.060 million relating to National Clearing Company Limited, Rs .150.5 million relating to Jahangir Siddiqui & Co. Limited (holding company), Rs. 54.346 million relating to JSS Services Limited (associate) and Rs. 18.078 million relating to Unit Trust of Pakistan. These have been settled subsequently.		
6.2 Represents subscription money received on account of 2,500,000 shares at a price of Rs 52.50 per share offered by Jahangir Siddqui & Co. Limited to the general public. The subscription money was paid by the company to the holding company subsequently and the over subscription amount was refunded by the Company to the applicants.		
6.3 Includes Rs. 370,700 and Nil (June 2004: Rs. 23,894 and Rs. 324,800) payable to Jahangir Siddiqui & Company Limited (holding company) and Jahangir Siddiqui Investment Bank Limited (associate).		

JAHANGIR SIDDIQUI CAPITAL MARKETS LIMITED

7. CONTINGENCIES AND COMMITMENTS	31 December 2004	30 June 2004
7.1 Commitments		
Commitments in respect of resale transactions of listed equity securities	<i>Rupees</i> 492,179,006	<u>211,102,357</u>
8. OPERATING FIXED ASSETS		
Following is the cost of operating assets that have been added / disposed off during the six months ended 31 December 2004.		
Additions		
Office equipments	1,780,500	
Motor vehicles	8,695,483	
	<i>Rupees</i> <u>10,475,983</u>	
Disposals - sale proceeds		
Motor vehicle	<i>Rupees</i> <u>350,000</u>	
9. TRADE DEBTORS - UNSECURED CONSIDERED GOOD	31 December 2004	30 June 2004
Debtors for purchase of shares on behalf of clients	9.1 538,319,419	33,399,905
Forex commission receivable	3,642,150	4,202,060
Fixed income commission receivable	2,152,808	3,006,953
Advisory fee receivable	-	825,000
	<i>Rupees</i> <u>544,114,377</u>	<u>41,433,918</u>
9.1 This includes Rs.190.773 million due from directors and associated companies/persons which is also the maximum amount during the period calculated with reference to month end balances.		
10. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES		
Includes amount Rs. 2.280 million paid on account of investment in F&B Company (Private) Limited and Rs.28.086 million on account of advance tax/tax paid with return. Further, it includes Rs. 1 million receivable from the holding company on account of share issue expenses.		
11. SECURITIES PURCHASED UNDER RESALE OBLIGATIONS		
Listed equity securities purchased under resale obligations	<i>Rupees</i> 491,479,079	<u>209,634,271</u>
11.1 The market value of Securities in respect of these aggregates to Rs. 507.636 million (June 2004: Rs. 217.858 million)		
12. CASH AND CASH EQUIVALENTS	31 December 2004	30 June 2004
Cash and bank balances	661,480,787	34,653,514
Short term finance under mark up arrangements - secured	(64,923,316)	-
	<i>Rupees</i> <u>596,557,471</u>	<u>34,653,514</u>

JAHANGIR SIDDIQUI CAPITAL MARKETS LIMITED

13. EARNING PER SHARE - BASIC AND DILUTED

	Three months period ended 31 December 2004	Six months period ended 31 December 2004	Three months period ended 31 December 2003	Six months period ended 31 December 2003
Profit after tax	<i>Rupees</i> <u>20,116,269</u>	<u>29,963,019</u>	<u>296,739</u>	<u>10,444,791</u>
Average ordinary shares in issue during the period	<i>No.</i> <u>9,333,334</u>	<u>9,333,334</u>	<u>6,000,000</u>	<u>6,000,000</u>
Earning per share	<i>Rupees</i> <u>2.16</u>	<u>3.21</u>	<u>0.05</u>	<u>1.74</u>

14. RELATED PARTY TRANSACTIONS

Related parties comprise of holding company, associated companies, directors and executives. Amount due to and due from these related parties are shown under note 6 and 9,10 respectively. Other significant transactions with these related parties are as follows:

	Six months period ended 31 December 2004	Six months period ended 31 December 2003
Purchases of marketable securities for and on behalf of Directors	<i>Rupees</i> <u>16,747,730</u>	<u>145,908,288</u>
Sale of marketable securities for and on behalf of Directors	<i>Rupees</i> <u>16,649,956</u>	<u>144,340,120</u>
Purchases of marketable securities for and on behalf of associates	<i>Rupees</i> <u>32,196,810,171</u>	<u>30,065,695,283</u>
Sale of marketable securities for and on behalf of associates	<i>Rupees</i> <u>32,196,839,194</u>	<u>29,943,386,605</u>
Brokerage on purchase / sale transactions with directors and associates	<i>Rupees</i> <u>4,697,884</u>	<u>8,537,334</u>

15. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 24, 2005 by the Board of the Directors of the Company.

15.1 Interim dividend

The board of Directors in their meeting held on 24 February, 2005 have declared an interim dividend at the rate of Rs.1.5 per share (i.e. 15 %) amounting to Rs.15 million.

16. GENERAL

Figures have been rounded off to the nearest rupee.

Aftab. Q. Munshi
Chief Executive

Syed Imran Ali
Director

BOOK POST
UNDER POSTAL CERTIFICATE

If undelivered please return to:-

JAHANGIR SIDDIQUI CAPITAL MARKETS LIMITED

Registered Office: 14th Floor,
Chapal Plaza, Hasrat Mohani Road,
Karachi-74000, Pakistan.

Tel: (92-21) 2431181-8 Fax: (92-21) 2431178, 2431151