Jahangir Siddiqui & Co. Ltd.
Annual Report 2006

Contents

MISSION

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

VISION

We measure our performance not just by results but also by the quality of our work. Jahangir Siddiqui & Co. with its 36 year history, is Pakistan's only non-banking company to be a primary dealer in Pakistan government securities and was Pakistan's first securities firm with a Wall Street pedigree through its joint venture with Bear Stearns & Co.

Abbreviations

AEBL	American Express Bank Limited
CODs	Certificate of Deposits
COIC	Citibank Overseas Investment Corporation Limited
COIs	Certificate Of Investments
DSCS	Defence Saving Certificates
FRSH	Ford Rhodes Sidat Hyder & Co.
IFRS	International Financial Reporting Standards
IASs	International Accounting Standards
IPO	Initial Public Offering
JSCL	Jahangir Siddiqui & Company Limited
JSCML	Jahangir Siddiqui Capital Market (Private) Limited
JSIBL	Jahangir Siddiqui Investment Bank Limited
JSIL	JS International Limited
KIBOR	Karachi Inter-bank Offer Rate
NBFIs	Non Banking Financial Institutions
NBFC	Non Banking Finance Company
PACRA	The Pakistan Credit Rating Agency (Pvt.) Ltd.
PIBs	Pakistan Investment Bonds
PIPO	Pre-initial Public Offer
SBP	State Bank Of Pakistan
SECP	Securities And Exchange Commission Of Pakistan
TFCs	Term Finance Certificates
UTP	Unit Trust Of Pakistan

Company Information

Board Of Directors

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

Audit Committee

Syed Nizam Ahmed Shah	Chairman
Mr. Ali Jehangir Siddiqui	Member
Mr. Ali Raza Siddiqui*	Member
Mr. Wajahat Kazmi	Secretary

*Mr. Adil Matcheswalla and Mr. Ali Raza Siddiqui have been appointed as Director and Member Audit Committee respectively in place of Mr. Khalid M. Bhaimia who resigned during the year.

Company Secretary

Mr. Wajahat Kazmi

Auditors

Ford Rhodes Sidat Hyder & Co.

Legal Advisors

Bawaney & Partners

Share Registrar

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

Registered Office

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

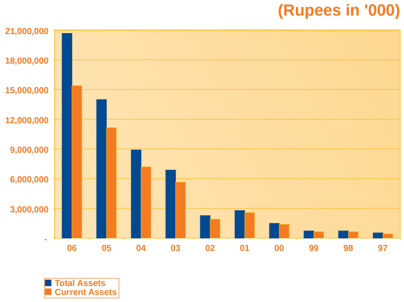
Financial Highlights

	2006*	2005*	2004*	2003*
Operating Results				
Total revenue	4,178,314	2,484,566	1,488,093	1,095,597
Operating & administrative expenses	901,645	576,305	342,619	283,182
Finance cost	956,090	408,953	130,623	107,266
Profit before taxation	2,320,579	1,499,308	1,014,851	705,149
Profit after taxation **	1,671,520	1,117,087	689,133	550,975
Per Ordinary Share (Rupees)				
Earnings per share**	47.76	31.92	21.28	20.32
Breakup value per share**	190.93	124.92	99.02	78.79
Pay outs (Percent of Face Value)				
- Cash	25	25	15	15
- Bonus %	-	-	-	-
Assets & Liabilities				
Total assets	20,660,473	13,981,781	8,901,888	6,872,430
Current assets	15,393,482	11,151,938	7,197,576	5,657,732
Current liabilities	10,630,715	6,714,683	3,391,527	3,858,721
Financial Position				
Equity attributable to equity holders' of the parent	6,682,562	4,372,257	3,465,569	1,969,819
Share capital	350,000	350,000	350,000	250,000
Reserves**	6,332,562	4,022,257	3,115,569	1,719,819
Shares outstanding ('000)	35,000	35,000	35,000	25,000
Ratios				
Return on Capital Employed %	25.01%	25.55%	19.89%	27.97%
Return on Total Assets %	8.09%	7.99%	7.74%	8.02%
Current Ratio	1.45	1.66	2.12	1.47
Interest Cover Ratio	2.75	3.73	6.28	6.14
Price Earning ratio	3.26	2.90	3.70	3.54

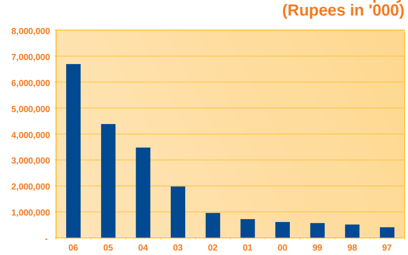
* numbers based on consolidated accounts .

** excluding minority interests.

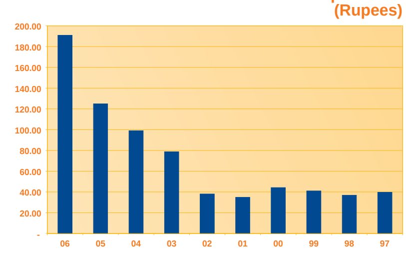
Total Assets and Current Assets (Rupees in '000)



Parent's Shareholders Equity (Rupees in '000)

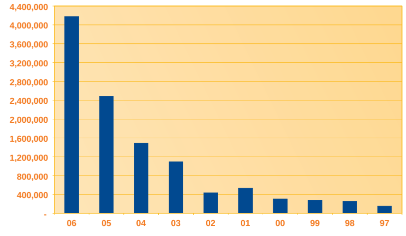


Breakup value per share (Rupees)

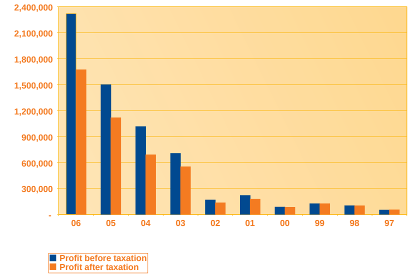


2002 *	2001 *	2000 *	1999	1998	1997
436,718	532,517	304,454	274,876	252,839	151,809
136,088	158,867	136,688	120,244	121,677	86,003
133,610	154,553	82,598	30,289	30,229	15,273
167,020	219,097	85,168	124,343	100,933	50,533
133,739	176,517	82,600	124,236	100,023	52,773
6.24	8.65	4.05	9.14	7.80	5.27
38.07	34.87	44.27	41.00	36.86	39.74
22	33	28	50	47.5	6
-	20	25	-	-	20
2,280,797	2,794,896	1,493,289	729,934	731,434	530,742
1,923,955	2,582,403	1,397,460	648,274	647,809	435,472
1,108,703	1,898,733	777,639	165,353	223,188	130,397
951,713	711,258	602,061	557,541	501,305	397,402
250,000	204,000	136,000	136,000	136,000	100,000
701,713	507,258	466,061	421,541	365,305	297,402
25,000	20,400	13,600	13,600	13,600	10,000
14.05%	24.82%	13.72%	22.28%	19.95%	13.28%
5.86%	6.32%	5.53%	17.02%	13.67%	9.94%
1.74	1.36	1.80	3.92	2.90	3.34
2.00	2.14	2.00	5.10	4.31	4.46
4.09	3.94	8.64	3.28	3.85	6.28

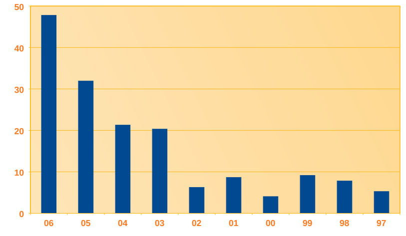
Total Revenue
(Rupees in '000)



Profit Before Taxation
and
Profit After Taxation
(Rupees in '000)



Earnings Per Share
(Rupees)



DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors are pleased to present the audited financial statements of Jahangir Siddiqui & Co. Ltd. (the "Company") and consolidated financial statements of Jahangir Siddiqui & Co. Ltd. and its subsidiaries (the "Holding Company") for the year ended June 30, 2006.

The Economy

The fiscal year (2005-2006) has been an extraordinary year for the economy of Pakistan. At the very onset of the year the economy faced headwinds from rising oil prices hovering around $70-$75 per barrel and putting strains on the country's trade balance and budget. The massive earthquake of October 8, 2005 also caused extensive damage to property, infrastructure, schools, hospitals etc. and a loss of over 70,000 human lives.

Growth however, has remained buoyant despite these factors with real GDP growing at 6.6% in 2005-2006 as against the revised estimates of 8.6% last year and a 7.0% target for the year. The key drivers of the year's growth have been the services sectors and industry. Large-scale manufacturing growth was weaker than expected increasing only by 9.0% as against 15.6% of last year and 14.5% target for the year. The services sector continued to perform strongly posting 8.8% growth for the year. During the fiscal year 2005-06, Real Per Capita GDP grew by 4.7% and per capita income in current dollar terms was up by 14.2%, reaching $ 847.

A significant abatement of price pressure indicated a steady deceleration in overall inflation. The overall inflation decelerated from 9.0% in July 2005 to 6.2% in July 2006. The exchange rate continued to remain stable despite an extra-ordinary increase in imports and further deterioration in the trade balance. Workers' remittances at around $4.5 billion continued to remain one of the largest sources of external finance for Pakistan. Privatization program achieved unprecedented success with the strategic sale of some difficult and complicated public sector units.

Market Review

Stock Market

During the year under review, the stock market kept its accelerated momentum. The benchmark KSE-100 Index showed a significant growth of 34% to close at 9989 points on June 30, 2006 as compared to 7450 points on June 30, 2005. The market thus made an overall gain of 2539 points during the year.

A new all time high was recorded on April 17, 2006 as the benchmark KSE-100 Index recorded 12274 points. The market capitalization ended the period at Rs2.8 trillion (US$46 billion), up by 34% as compared to Rs2.1 trillion (US$35 billion) on June 30, 2005. An average daily volume of ready and future market was recorded at 335mn shares or Rs32 billion.

Positive investor sentiments were developed in the wake of the strong corporate sector, profitability and hefty dividend payouts by companies, especially public sector entities. Policies on privatization, liberalization and deregulation encouraged private investments and have had a profound effect on the stock market.

The banking sector performed exceptionally well amidst their positive earnings growth following the reversal of the interest rate scenario and strong credit demand by the private sector. The Exploration and Production sector remained in the limelight on the back of sky-high international prices and regular inflow of news regarding new discoveries. Another sector that remained in the limelight was the cement sector which gained investors' attention on the back of strong profitability amid upbeat cement demand and continuous rise in the cement prices.

Government Bond Market

In FY2005-06 the Government remained a borrower in the short-term and financed the fiscal deficit via regular issuance of Treasury Bills (T-Bills). Pakistan Investment Bonds (PIBs) of three, five, and ten year maturities were issued on May 19, 2006 after a two-year hiatus. The quantum of the issuance was low compared to yearly issuance averages during the 2000 to 2004 period.

Owing to a dry-up in issuance during the July 2004 to April 2006 period, secondary market trading in PIBs fell to almost negligible levels. The May 2006 issuance owing to its small size did little to encourage secondary market trading and marginally altered the previously flat yield curve.

After the April 2005 hike in the discount rate, Treasury Bill cut-off yields were raised regularly until August 2005. From August 2005 onwards the increases in cut-off yields were marginal and benchmark rates have remained largely stagnant since then. The flattening of the short and long term yield curves have left little room for trading.

Keeping in view the flat nature of the short and long-term yield curve, marginal issuance and stagnation of benchmark interest rates, the low trading volumes of FY05-06 may dwindle further in FY06-07 unless there is regular issuance along with reasonable volumes in the coming year.

Corporate Debt Market

The corporate bond market was less vibrant in FY2006 than the preceding fiscal year. In FY06 a total of 8 listed Term Finance Certificates (TFC) were issued and subscribed as compared to 14 in the previous year. The nominal amount of issuance for the year was above PKR 10 billion as compared to PKR 16 billion in FY05. The fall-off in issuance may be related to the generally higher interest rate scenario in FY06 and tighter monetary policy being followed by the State Bank of Pakistan.

All of the issues during FY06 have been floating rate instruments keeping in view the rising interest rate scenario and the market demand for instruments which have periodic coupon re-setting linked to benchmark rates such as KIBOR.

The most active issuers in the corporate bond market over both FY05 and FY06 have been the commercial banks which floated 3 issues in FY06 and 7 issues in FY05. Listed bank TFCs are amongst the instruments which see regular trading in the secondary market.

Issuance is expected to remain buoyant during FY07 keeping in view resilience of aggregate demand and its impact on capacity additions in the large scale manufacturing sector. The banking sector is also expected to continue issuance based on the desire to add to its Tier 2 capital and increase its lending capacity.

Performance Review

The Company's after tax profit increased in the current year to Rs.1,071 million as compared to Rs.905 million (restated) for FY2005. Overall revenues amounted to Rs.1,942 million as compared to Rs.1,290 million (restated) for FY2005. Current year's operating and administrative expenses amounted to Rs.330 million as compared to Rs.158 million (restated) for FY 2005.

Results of Operations

The financial results for the year ended June 30, 2006 are summarized below.

	(Rupees in ‘ 000)
Profit before taxation	1,092,556
Less: Taxation	
Current	21,750
Prior	-
	21,750
Profit after taxation	1,070,806

The earning per share works to be Rs.30.59

Appropriations

The Directors are pleased to propose the following appropriations out of the un-appropriated profits of the Company:

	2006 (Rupees in ‘ 000)
Cash Dividend @ 25% i.e. Rs.2.50 per share	87,500
Transfer to General Reserve	1,000,000

Significant Plans and decisions

The Company and its subsidiary company, Jahangir Siddiqui Investment Bank Limited, entered into a Framework Agreement with American Express Bank Limited, New York (AEBL) on November 10, 2005 for taking over commercial banking business of American Express Bank (“AMEX”) in Pakistan. Accordingly, a new banking company, JS Bank Limited was incorporated on March 15, 2006. A restricted Banking License was issued to JS Bank Limited by the State Bank of Pakistan (SBP) on March 23, 2006.

On June 05, 2006, a subscription and shareholders’ agreement (Agreement) was executed between the Company, Global Investment House K.S.C.C. (“Global”) and Jahangir Siddiqui Capital Markets Limited (“JSCM”).

Under the said Agreement, Global has committed to make an equity investment in JSCM to the extent of up to 10,350,000 Ordinary Shares of JSCM (“the Subscription Shares”) at a Subscription Price of Rs.217/- per Share.

A larger capital base would enable JSCM to grow its brokerage business, open up sub-offices in different parts of the country/cities, to get retail customers and to compete effectively. Additional capital would enhance JSCM’s appetite to meet working capital requirements and there will be less reliance on borrowings from commercial banks and / or group companies.

Furthermore, with the enhanced capability, JSCM will be able to effectively undertake investment banking activities such as underwriting commitments on its own books.

Corporate and Financial Reporting Framework

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

- The financial statements present fairly the state of affairs of the Company, the results of its operations, Cash Flows Statement and Statement of Changes in Equity;
- Proper books of accounts of the company have been maintained;
- Accounting policies as stated in the notes to the accounts have been consistently applied except for the changes in accounting policies as stated in note 4.2 to the financial statements;
- International Accounting Standards as applicable in Pakistan and the Companies Ordinance, 1984 as stated in the notes attached with the accounts, have been followed in preparation of the financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- The company is financially sound and is a going concern; and
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

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

The statement of key operating and financial data of last ten years appears on Page 06.

The Company operates an approved contributory provident fund for all its employees eligible to the scheme. Value of investments as per audited financial statements for the year ended June 30, 2006 amounts to Rs.14.488 million

Board Meetings.

Five meetings of the Board of Directors were held during the year 2005-2006. The attendance of Directors at board meetings were as follows:

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

Changes in the Board of Directors and Audit Committee

During the year, Mr. Khalid M. Bhaimia resigned. In his place, Mr. Adil Matcheswalla has been appointed as Director and Mr. Ali Raza Siddiqui has been appointed as Member, Audit Committee.

Management Discussion of Financial Responsibility

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

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

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

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

Future Outlook

Based on our growth oriented strategy and the favorable macro economic outlook of the country the Company will inshallah achieve its targets for the upcoming year. The steps taken for diversification and efficiency should improve earning capabilities for the Company going forward.

With most indicators predicting relative political and economic stability, the management is fully equipped to take benefit of the growth opportunities ahead.

In an increasingly competitive business environment, there is a growing need for us to maintain our drive to operational excellence, innovation and diversification. We aim to further consolidate and improve our corporate identity and will endeavor to outperform the competition.

Credit Rating

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

Auditors

The present auditors, Messrs Ford Rhodes Sidat Hyder & Co. Chartered Accountants, retire and being eligible, offer themselves to be re-appointed as the Company's auditors for the ensuing year.

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

Pattern of Shareholding

The Statement of Pattern of Shareholding as on June 30, 2006 appears on Page 123 including the transactions (if any) 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 13, 2006

Notice of Meeting

Notice is hereby given that the Fifteenth Annual General Meeting of Jahangir Siddiqui & Co. Ltd. will be held at Beach Luxury Hotel on Tuesday, October 31, 2006 at 9:00 a.m. to transact the following business:

Ordinary Business

1. To confirm the minutes of the Annual General Meeting held on October 22, 2005.

2. To confirm the minutes of the Extraordinary General Meeting held on April 29, 2006.

3. To receive and consider the audited financial statements of the Company for the year ended June 30, 2006 together with the Directors' and Auditors' report thereon.

4. To appoint the auditors for the ensuing year and fix their remuneration.

5. To approve 25% cash dividend to those shareholders whose names appear as members on the register of members of the Company on the closing of October 19, 2006 as recommended by the Board of Directors of the Company.

Special Business

6. To consider and ratify the following Special Resolution passed by the members in the Extraordinary General Meeting held on April 29, 2006 now amended in accordance with the recommendation of the Securities and Exchange Commission of Pakistan.

   RESOLVED, as a Special Resolution and as already approved by the Securities and Exchange Commission of Pakistan (SECP), [with any further amendments or modifications to this Special Resolution as may be suggested by the SECP], 70,000,000 (Seventy Million) Class "A" Preference Shares of Rs.10/- each of the aggregate subscription amount of Rs.700,000,000/- (Rupees Seven Hundred Million only) be offered for subscription to the existing Shareholders of the Company in proportion to their respective shareholdings i.e. 2 (two) Class "A" Preference Shares be offered against 1(one) Ordinary Share held by each Shareholder, in accordance with the provisions of the Companies Share Capital (Variation in Rights and Privileges) Rules, 2000 and Section 86 of the Companies Ordinance, 1984, with the following rights, privileges and conditions attached thereto.

I. Rights, privileges and conditions attached to Class "A" Preference Shares

i. Class "A" Preference Shares shall carry an entitlement to a fixed cumulative preferential dividend out of the normal profits of the Company @7% (seven per cent) per annum. Class "A" Preference Shares shall not carry any entitlement to the ordinary dividends, right shares or bonus shares, as may be announced by the Company from time to time on the Ordinary Shares of the Company, or to any right to participate in the profits of the Company in any manner or any other rights whatsoever that are available to the Ordinary Shareholders.

ii. Class "A" Preference Shares shall be transferable, redeemable or convertible into Ordinary Shares only at the option of the Company on the terms mentioned hereafter on June 30 or December 31 of any calendar year prior to June 30, 2016.

iii. Class “A” Preferential Shareholders shall not have any voting power and shall not be entitled to receive notices of or right to attend general meetings of the Company and/or to vote at such meetings.

iv. Class “A” Preference Shares shall be non-participatory.

II. Offer of Class “A” Preference Shares and Payment of Subscription Money

i. For subscription of Class “A” Preference Shares, the existing Shareholders be issued a Circular under Section 86 of the Companies Ordinance with dates by which such offer may be accepted and date for payment of the subscription money for which purpose, the Company Secretary be and is hereby authorized to fulfill all requisite legal and corporate formalities.

III. Unsubscribed Class “A” Preference Shares and Fractions Shares

i. In case all or any of Class “A” Preference Shares offered pursuant to this Resolution are not subscribed by any existing Shareholder(s), the Directors may at their discretion offer such unsubscribed Class “A” Preference Shares on the same terms and conditions as specified above, to such persons or entities and in such manner as the Directors may deem appropriate.

ii. Fractions Class “A” Preference Shares shall not be offered and all fractions less than a share shall be consolidated and disposed off by the Directors as and how they may deem appropriate.

IV. Redemption of Class “A” Preference Shares

i. Class “A” Preference Shares may be redeemed at the option of the Company on June 30 or December 31 of any calendar year prior to June 30, 2016 at par (the Redemption Option).

ii. Upon the exercise of its Redemption Option, the Company shall issue a Redemption Notice to each Class “A” Preference Shareholder of at least (30) thirty days, calling upon the Class “A” Preference Shareholders to surrender Class “A” Preference Shares and notify any change in his/her/its address. Against such surrender, the Company shall pay the Redemption Price of Rs.10/- per Share in such manner as the Board of Directors may specify at the appropriate time, following the procedure as specified in sub-para (iii) below. The Redemption Notice shall also be issued in two newspapers circulating in Karachi.

iii. Upon issuance of such Redemption Notice, as mentioned in para (ii) above, Class “A” Preference Shares shall cease to be transferable and the Company shall pay the Redemption Price of Rs.10/- per share to each Class “A” Preference Shareholder in respect of Class “A” Preference Shares held by him/her/it by a crossed payees account cheque or a bank draft or a pay order within a further period of thirty (30) days from the date of the completion of the book closure period to be announced by the Company after the issuance of the Redemption Notice. Upon such payment, Class “A” Preference Shares shall stand fully redeemed.

iv. In case any Preference Shareholder fails to surrender his Class “A” Preference Shares pursuant to the Redemption Notice mentioned in para (ii) above, the Company shall dispatch the cheque/bank draft/pay order at his/her/its last known address recorded with the Company at his/her/its risk without any further obligation on part of the Company.

V. Conversion of Preference Shares

i. Notwithstanding the Company's right to redeem Class "A" Preference Shares, as mentioned in Para IV above, the Company shall also have a firm option to convert Class "A" Preference Shares into Ordinary Shares of Rs.10/- each of the Company on June 30 or December 31 of any calendar year prior to June 30, 2016 (the Conversion Option). The Conversion shall take place at a Conversion Premium of Rs.90/- per Class "A" Preference Share i.e. at a total conversion price of Rs.100/- per Class "A" Preference Share.

ii. Upon the exercise of its Conversion Option, the Company shall issue a Conversion Notice to each Class "A" Preference Shareholder with a book closure for such conversion. The Conversion Notice shall also be issued in two newspapers circulating in Karachi.

iii. Each holder of Class "A" Preference Shares whose name is registered in the books of the Company as Class "A" Preference Shareholder shall be issued 1 (one) fully paid up Ordinary Share of the Company for every 10 (ten) Class "A" Preference Shares held by him/her/it i.e. in the ratio of 10:1. Such Ordinary Shares shall be allotted and issued within a further period of thirty (30) days from the date of the completion of the book closure to be mentioned in the Conversion Notice. Such Ordinary Shares shall rank pari passu in all respects with the other Ordinary Shares of the Company then already issued by the Company.

iv. Fraction Ordinary Shares shall not be issued and all fractions less than one Ordinary Share shall be consolidated and disposed off by the Directors as and how they may deem appropriate and the proceeds thereof shall be paid proportionately to the concerned Class "A" Preference Shareholders.

Resolved Further that

1. Article 4 of the Articles of Association be and is hereby altered as follows:¯

"The Authorized Capital of the Company is Rs:1,500,000,000/- divided into 150,000,000 Shares of Rs:10/- each, out of which 50,000,000 Shares of Rs:10/- each shall be Ordinary Shares and 100,000,000 Shares shall be Preference Shares of different classes, as provided under these Articles of Association with the power to increase, reduce or consolidate the share capital in respect of Ordinary Shares and Preference Shares, including the power to redeem the Preference Shares of any class and/or to convert the Preference Shares of any class into Ordinary Shares on such terms and conditions as the directors may deem appropriate.

Without prejudice to the foregoing, the share capital may comprise one or more kinds of shares and different classes of Ordinary Shares and Preference Shares, as permitted under Section 90 of the Companies Ordinance 1984, and the Companies Share Capital (Variation in Rights and Privileges) Rules, 2000, as amended from time to time containing inter alia, such preferential, deferred, qualified or special rights, privileges and limitations attached thereto, including as to investments of the funds generated by issuance of such shares in strategic projects and distribution of whole or part of pre-tax profits earned from such investments to the shareholders of such class, as well as contributions of such losses by the shareholders of such class in the event such investments result in losses, as may be specified in the Articles of Association of the Company, including in relation to different or disproportionate entitlements of dividends, right shares or bonus shares, sharing of profits and losses, different or disproportionate voting rights and other special rights, privileges and entitlements for different or indefinite periods or for limited specified periods, with power to the Company from time to time to vary, modify or abrogate such rights, entitlements, privileges or conditions as approved by the Directors and/or to increase or reduce the capital as may be approved by the Members from time to time by Special Resolutions."

2. Article 4-A of the Articles of Association be and is hereby altered as follows:¯

(1) After sub-para d) under Class "A" Preference Share, a new sub-para e) be and is hereby incorporated as follows:¯

e) Class "A" Preference Shares may be convertible into Ordinary Shares of the Company at the option of the Company, on such terms and conditions as may be prescribed by the Board at the time of issuance of the Preference Shares.

(2) After sub-para e) under Class "B" Preference Share, a new sub-para f) be and is hereby incorporated as follows:¯

f) Class "B" Preference Shares may be convertible into Ordinary Shares of the Company at the option of the Company, on such terms and conditions as may be prescribed by the Board at the time of issuance of the Preference Shares.

RESOLVED FURTHER that the Company's Chief Executive and the Company Secretary be and are hereby jointly and severally authorized to sign and submit any further documents that may be required by the SECP for issuing Class "A" Preference Shares on the terms enunciated hereinabove, in this Special Resolution and to make any further written and personal representations before the SECP in connection with the issuance of Class 'A' Preference Shares and for effectuating this Special Resolution in its true letter and spirit with any further amendments or modifications as may be directed by the SECP.

RESOLVED FURTHER, that arrangements be made with Stock Exchange for the listing of the Class "A" Preference Shares for which purpose the Company Secretary be and is hereby authorized to fulfill all requisite formalities of the Exchange.

RESOLVED FURTHER that the Company Secretary be and is hereby authorized to fulfill all other legal, corporate and procedural formalities in connection with the above, including fulfillment of any further conditions that may be imposed by the SECP."

7. Any other business with the permission of the Chair.

Karachi: September 29, 2006

By order of the Board

Wajahat Kazmi
Company Secretary

(i) Share transfer books of the Company will remain closed from October 20, 2006 to October 26, 2006 (both days inclusive).

(i) 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.

(ii) Proxies must be received at the Head Office of the Company not less than 48 hours before the time of the meeting.

(iii) 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 Computerized National Identity Card (CNIC) 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 CNIC numbers must be mentioned on the form, along with attested copies of CNIC 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).

(iv) Shareholders are requested to notify immediately of any change in their address.

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

The Shareholders at an Extra Ordinary General Meeting (EOGM) of the Company held on April 29, 2006, have passed a Special Resolution approving the issue of 70,000,000 (Seventy Million) Class "A" Preference Shares of Rs:10/- each of the aggregate subscription amount of Rs.700,000,000/- (Rupees Seven Hundred Million).

Pursuant to the Application submitted by the Company, the Securities and Exchange Commission of Pakistan ("SECP") has granted its approval for the issuance of Class "A" Preference Shares. As a condition to the approval, the SECP has directed the Company to alter its Articles of Association for including specific provisions for conversion of Preference Shares into Ordinary Shares and to incorporate some amendments to the Special Resolution passed on April 29, 2006.

To meet the SECP's requirement, the Directors have recommended for members' approval at the Annual General Meeting of the Company the alteration of the Articles of Association and some amendments to the Special Resolution. The proposed Special Resolution therefore seeks to ratify the alterations to the Articles of Association already made and submitted to the SECP and to incorporate some formal changes in the Special Resolution.

No prejudice will be caused to any Shareholders as Special Resolution for Class "A" Preference Shares was passed on April 29, 2006 and the Articles are being altered and amendments made are only as a matter of formality.

The interest of the Directors, including the Chief Executive is only to the extent of their respective shareholdings and positions as Directors/Chief Executive of the Company.

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE AND BEST PRACTICES ON TRANSFER PRICING

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

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

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

1. The Company encourages representation of independent non-executive directors. At present the Board includes three independent non-executive directors.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. A casual vacancy occurred in the Board during the year which was filled in within thirty days of the vacancy occurring thereof.

5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The management of the Company has submitted a paper to the Board of Directors on August 26, 2006 to consider it as an orientation course for its directors and to apprise them of their duties and responsibilities.

10. The Board has the approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.

11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than those disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an Audit Committee. It comprises three members, of whom majority 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 effective internal audit function consisting of a full time internal auditor who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. We confirm that all material principles contained in the Code have been complied with.

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

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

For and on behalf of the Board

Mazharul Haq Siddiqui
Chairman

Karachi: September 13, 2006

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

We have reviewed the Statement of Compliance with the Best Practices contained in the Code of Corporate Governance prepared by the Board of Directors of Jahangir Siddiqui & Co Limited (the company) to comply with the Listing Regulations of the Karachi Stock Exchange respectively, where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the company 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 of Corporate Governance.

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the company's compliance, in all material respects, with the Best Practices contained in the Code of Corporate Governance, for the year ended June 30, 2006.

FORD RHODES SIDAT HYDER & CO.
CHARTERED ACCOUNTANTS

September 13, 2006
Karachi

FINANCIAL STATEMENTS

AUDITORS' REPORT

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of JAHANGIR SIDDIQUI & COMPANY LIMITED as at June 30, 2006 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

(a) in our opinion, proper books of account 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 changes as stated in note 4.2 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 and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2006 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.

Dated: September 13, 2006.
Karachi

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

Balance Sheet As at June 30, 2006

	Note	2006	2005 (Restated)
		(Rupees in '000)	
ASSETS			
Non-Current Assets			
Property and equipment	5	22,664	17,893
Investment properties	6	4,972	5,611
Stock exchange membership cards and room	7	12,201	12,201
Long term investments	8	5,325,048	2,104,326
Long term loans and advances	9	2,550	78,997
Long term deposits		2,521	2,521
		5,369,956	2,221,549
Current Assets			
Loans and advances	10	118,178	291,191
Short term investments	11	5,683,207	2,706,675
Trade debts	12	-	185,762
Prepayments, accrued mark-up and other receivables	13	39,715	32,158
Fund placements	14	242,048	1,767,783
Taxation – net		8,263	6,467
Cash and bank balances	15	47,535	47,094
		6,138,946	5,037,130
		11,508,902	7,258,679
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share Capital	16	350,000	350,000
Reserves	17	5,031,702	3,314,275
		5,381,702	3,664,275
Non-Current Liability			
Long term financing	18	1,740,628	1,490,891
Current Liabilities			
Trade and other payables	19	211,566	286,591
Accrued interest / mark-up on borrowings	20	41,905	17,377
Short term borrowings	21	3,882,801	1,603,632
Current portion of long term financing		250,300	600
Financial liabilities - held for trading		-	195,313
		4,386,572	2,103,513
Contingency and Commitments	22		
		11,508,902	7,258,679

The annexed notes from 1 to 41 form an integral part of these financial statements.

Mazhar-ul-Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

Profit and Loss Account For the year ended June 30, 2006

	Note	2006	2005 (Restated)
		(Rupees in '000)	
INCOME			
Return on investments	23	555,138	163,935
Gain on sale of investments	24	1,089,880	1,051,946
Income from long term loans and fund placements	25	60,239	101,223
Fee and commission	26	30,332	7,033
Other income	27	18,862	17,012
Gain / (loss) on revaluation of investments carried at fair value through profit and loss account - net		187,583	(50,721)
		1,942,034	1,290,428
EXPENDITURE			
Operating and administrative expenses	28	330,210	157,697
Finance cost	29	434,447	170,248
Provision for impairment against investments in subsidiaries, associates and joint ventures		84,821	50,496
		849,478	378,441
Profit before taxation		1,092,556	911,987
TAXATION	30		
- Current		21,750	7,006
- Prior		-	(111)
		21,750	6,895
Profit after taxation		1,070,806	905,092
Basic earnings per share	31	30.59	25.86

The annexed notes from 1 to 41 form an integral part of these financial statements.

Mazhar-ul-Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

Cash Flow Statement For the year ended June 30, 2006

	Note	2006	2005 (Restated)
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,092,556	911,987
Adjustments for:			
Depreciation		5,718	5,481
Gain on sale of property and equipment		(1,164)	(7,175)
Gain on sale of investment properties		(5,901)	-
Amortisation of finance cost		2,029	920
Interest income from defence saving certificates		(508)	(430)
(Gain) / loss on revaluation of investments carried at fair value through profit and loss account - net		(187,583)	50,721
Gain on sale of investments in a subsidiary		-	(98,250)
Dividend income		(493,648)	(137,710)
Provision for impairment against investments in subsidiaries, associates and joint ventures		84,821	50,496
Finance cost		432,418	169,328
		(163,818)	33,381
Operating profit before working capital changes		928,738	945,368
(Increase) / decrease in operating assets:			
Loans and advances		(1,048)	5,583
Short-term investments		(2,797,061)	(1,231,816)
Trade debts		185,762	(174,879)
Long-term loans and advances		76,447	63,065
Long-term deposits		-	43
Fund placements – net		1,525,735	(955,670)
Pre-payments, accrued mark-up and other receivables		(18,265)	31,627
		(1,028,430)	(2,262,047)
(Decrease) / increase in trade and other payables		(75,227)	196,004
Net cash used in operations		(174,919)	(1,120,675)
Mark-up paid		(407,890)	(162,645)
Taxes paid		(23,546)	(13,871)
Dividend paid		(87,298)	(52,363)
Net cash used in operating activities		(693,653)	(1,349,554)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(204,294)	(4,315)
Stock exchange membership cards and room acquired		-	(1,000)
Proceeds from sale of fixed assets		3,509	14,088
Proceeds from sale of investment properties		198,000	-
Dividend received		504,356	125,929
Investments acquired - net of sale		(2,388,741)	(685,317)
Proceeds from disposal of investments in a subsidiary		-	131,250
Net cash used in investing activities		(1,887,170)	(419,365)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of term finance certificates – net		497,408	490,771
Securities sold under repurchase agreements – net		165,496	211,751
Short sale of government securities - held for trading		(195,313)	179,238
Net cash generated from financing activities		467,591	881,760
Net decrease in cash and cash equivalents		(2,113,232)	(887,159)
Cash and cash equivalents at the beginning of the year		(821,938)	65,221
Cash and cash equivalents at the end of the year	32	(2,935,170)	(821,938)

The annexed notes from 1 to 41 form an integral part of these financial statements.

Mazhar-ul-Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

Statement of Changes in Equity For the year ended June 30, 2006

	Note	Issued, subscribed and paid-up capital	Reserves: Ordinary share premium	Reserves: General	Reserves: Unrealised gain on revaluation of available for sale investments - net	Reserves: Unappropriated profit	Total
		(Rupees in '000)					
Balance as at July 1, 2004 -as previously reported		350,000	475,505	500,000	1,004,736	1,035,678	3,365,919
Effect of change in accounting policy for investments in subsidiaries, associates and joint ventures	4.2.1	-	-	-	(175,874)	(519,162)	(695,036)
Revaluation of available for sale investments to fair value charged to profit and loss account in the year 2002 now reversed		-	-	-	9,103	(9,103)	-
Balance as at July 1, 2004–restated		350,000	475,505	500,000	837,965	507,413	2,670,883
Effect of change in accounting policy for investments in subsidiaries, associates and joint ventures	4.2.1	-	-	-	101,777	-	101,777
Net effect of revaluation of available for sale investments to fair value held as at the year end		-	-	-	39,023	-	39,023
Profit for the year		-	-	-	-	905,092	905,092
Transfer to general reserve		-	-	1,000,000	-	(1,000,000)	-
Dividend for the year ended June 30, 2004 @ Rs. 1.5 per share		-	-	-	-	(52,500)	(52,500)
Balance as at June 30, 2005 - restated		350,000	475,505	1,500,000	978,765	360,005	3,664,275
Balance as at July 1, 2005 - as previously reported		350,000	475,505	1,500,000	867,885	1,164,028	4,357,418
Effect of change in accounting policy for investments in subsidiaries, associates and joint ventures	4.2.1	-	-	-	101,777	(794,920)	(693,143)
Revaluation of available for sale investments to fair value charged to profit and loss account in the year 2002 now reversed		-	-	-	9,103	(9,103)	-
Balance as at July 1, 2005 - restated		350,000	475,505	1,500,000	978,765	360,005	3,664,275
Net effect of revaluation of available for sale investments to fair value held as at the year end		-	-	-	907,451	-	907,451
Effect of reclassification of available for sale investments to investments in associates - quoted		-	-	-	(173,330)	-	(173,330)
Profit for the year		-	-	-	-	1,070,806	1,070,806
Dividend for the year ended June 30, 2005 @ Rs. 2.5 per share		-	-	-	-	(87,500)	(87,500)
Balance as at June 30, 2006		350,000	475,505	1,500,000	1,712,886	1,343,311	5,381,702

The annexed notes from 1 to 41 form an integral part of these financial statements.

Mazhar-ul-Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

Notes To The Financial Statements For The Year Ended June 30, 2006

1. THE COMPANY AND ITS OPERATIONS

Jahangir Siddiqui & Company Limited (the Company) was incorporated under the Companies Ordinance, 1984 on May 4, 1991 as a public unquoted company. The Company is presently listed on Karachi Stock Exchange (Guarantee) Limited. The Company is also a corporate member of Karachi Stock Exchange (Guarantee) Limited and Islamabad Stock Exchange (Guarantee) Limited. The registered office of the Company is situated at 14th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi. The principal activities of the Company are equity trading, money market transactions, investment advisory and consultancy services, underwriting etc.

2. STATEMENT OF COMPLIANCE

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

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The matters involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in respective notes to the financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of preparation

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

4.2 Changes in accounting policies

During the year the Company has changed the following accounting policies:

4.2.1 Investment in subsidiaries, associates and joint ventures

During the year, the revised International Accounting Standard (IAS) 27 "Consolidated and Separate Financial Statements", IAS 28 "Investments in Associates" and IAS 31 "Interests in Joint Ventures" became applicable which are effective for the accounting periods beginning on or after January 01, 2005. Accordingly, the Company has changed its accounting policy (note 4.6.1) with respect to accounting treatment of investments in subsidiaries, associates and jointly controlled entities from equity accounting method to cost method in accordance with the requirements of the revised IASs. Previously, investments in subsidiaries, jointly controlled entities and associates were accounted for using the equity method.

Now such investments are stated at cost less impairment, if any.

The change in accounting policy has been accounted for retrospectively and comparative information has been restated in accordance with the benchmark treatment specified in IAS 8 "Accounting Policies, Changes in Accounting Estimate and Errors".

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

	2006	2005
	(Rupees in '000)	
Increase in unappropriated profit	1,241,633	794,920
Increase/(decrease) in gain on revaluation of available for sale investments	(185,547)	(101,777)
Increase in long term investments	1,056,086	693,143
Increase in profits	446,713	291,638

4.2.2 Held for trading investments

Consequent to revision in International Accounting Standard (IAS) 39; "Financial Instruments Recognition and Measurement" the Company has changed its accounting policy pertaining to transaction costs incurred on acquisition of investments. Now investments classified as held for trading which are measured at fair value through profit or loss, transaction costs are charged to the profit and loss account when incurred. Previously such charges incurred on acquisition of all class of investments were included in the cost. This change in the accounting policy has been accounted for retrospectively and comparative information has been restated in accordance with the treatment specified in IAS 8; "Accounting Policies, Changes in Accounting Estimates and Errors".

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

	2006	2005
	(Rupees in '000)	
Decrease in gain on sale of investments	10,100	8,487
Decrease in gain / (loss) on revaluation of investments carried at fair value through profit and loss account - net	686	576
Decrease in operating and administrative expenses	10,786	9,063

4.3 Property and equipment

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

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

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

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

The assets residual values, useful life and methods are reviewed and adjusted if appropriate, at each financial year end.

4.4 Investment properties

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

Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains and losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

4.5 Stock exchange membership cards and room

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

4.6 Investments

The management of the Company determines the appropriate classification of its investments at the time of purchase or increase in holding and classifies / reclassifies its investment as subsidiaries, associates and joint ventures, held for trading, held-to-maturity and available-for-sale.

All investments are initially recognised at cost, being the fair value of the consideration given including transaction costs associated with the investment except in the case of held-for-trading investments where transaction costs are charged to profit and loss account when incurred.

For investments in government securities, fair value is determined by reference to quotations obtained from PKRV Reuters page. In respect of investments in quoted equity securities, fair value is determined by reference to stock exchange quoted market prices at the close of business and in respect of unquoted equity securities, where active market exists, fair value is determined by reference to broker quotes. For term finance certificates, fair value is determined by reference to quotations obtained from PKRV Reuters page as these are not actively traded on stock exchanges.

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

4.6.1 Subsidiaries, associates and joint ventures

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

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

A joint venture is a contractual arrangement in which a venturer has joint control in the economic activities undertaken with the other venturers.

Investments in subsidiaries, associates and joint ventures that are not held exclusively with a view to its disposal in near future are accounted for under the cost method. Such investments are carried in the balance sheet at cost less any impairment in value. Impairment is charged to the profit and loss account.

4.6.2 Held for trading

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

4.6.3 Available for sale

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

4.6.4 Held to maturity

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

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

4.7 Derivatives

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

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

4.8 Securities sold under repurchase / purchased under resale agreements

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

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

4.9 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently (for regular way purchases and sales of financial instruments refer to note 4.11).

4.10 Offsetting of financial assets and financial liabilities

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

4.11 Trade date accounting

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

4.12 Foreign currency transactions

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

4.13 Provisions

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

4.14 Financial liabilities - held for trading

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

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

4.15 Taxation

Current

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

Deferred

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

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

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

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

4.16 Revenue recognition

(a) Return on Defence Saving Certificates (DSCs) have been accounted for using the effective interest rate method.
(b) Income / return on term finance certificates (TFCs), government securities, reverse repurchase transactions, loans and advances and bank deposits is recognised on an accrual basis.
(c) Dividend income on equity investments is recognised, when the right to receive the same is established.
(d) Capital gains or losses on sale of investments are recognised in the period in which they arise.
(e) Underwriting commission is recognised when the agreement is executed. Take-up commission is recognised at the time commitment is fulfilled.
(f) Consultancy and advisory fee, commission on foreign exchange dealings and government securities, etc. are recognised as and when earned.
(g) Rental income from investment properties is recognised on accrual basis.

4.17 Long term finances and loans

All long term finances and loans are initially recognised at cost being the fair value of consideration received together with the associated transaction costs. Subsequently, these are carried at amortised cost using effective interest rate method.

Transaction costs relating to long term finance are being amortised over the period of agreement using the effective interest rate method.

4.18 Trade debts and other receivables

These are stated net of provision for impairment, if any. Provision is made against the debts considered doubtful.

4.19 Trade and other payables

Trade and other payables are stated at their costs, which is fair value of consideration received.

4.20 Cash and cash equivalents

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

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

4.21 Segment reporting

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

4.22 Staff retirement benefits

Defined contribution plan

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

4.23 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

5. PROPERTY AND EQUIPMENT - owned

	COST			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
	As at July 1, 2005	Additions / (disposal)	As at June 30, 2006	As at July 1, 2005	For the year / (disposal)	As at June 30, 2006	As at June 30, 2006	Rate
	---- (Rupees in '000) ----			---- (Rupees in '000) ----				%
Office premises - freehold	17,977	- -	17,977	9,282	927 -	10,209	7,768	5
Office equipment	37,946	1,238 -	39,184	35,903	1,141 -	37,044	2,140	25
Office furniture and fixtures	7,726	- -	7,726	7,033	365 -	7,398	328	10
Motor vehicles	16,709	10,957 (5,772)	21,894	10,247	2,646 (3,427)	9,466	12,428	20
June 30, 2006	80,358	12,195 (5,772)	86,781	62,465	5,079 (3,427)	64,117	22,664	
June 30, 2005	91,728	4,315 (15,685)	80,358	66,395	4,842 (8,772)	62,465	17,893	

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

Particulars	Acquisition cost	Accumulated depreciation	Written down value	Sale proceeds	Profit	Mode of disposal	Buyer's particulars
	---- (Rupees in '000) ----						
Motor vehicles:							
Mercedez Benz	3,653	2,253	1,400	1,800	400	Negotiation	Mr. Sarfaraz Ahmed 127/1, Main Khayaban-e-Sehar 27 Street Phase 6, D.H.A Karachi
Toyota Corolla XLI	849	198	651	830	179	Negotiation	Jahangir Siddiqui Investment Bank Limited* 1301-1303, 13th Floor Chapal Plaza Hasrat Mohani Road, Karachi

Particulars	Acquisition cost	Accumulated depreciation	Written down value	Sale proceeds	Profit	Mode of disposal	Buyer's particulars
	(Rupees in '000)						
Toyota Jeep	350	87	263	263	-	Negotiation	Modern Trading (Private) Ltd. 735, Zaibunnissa Street, Sadar Karachi

*A subsidiary company.

6. INVESTMENT PROPERTIES

	COST			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
	As at July 1, 2005	Additions / (disposal)	As at June 30, 2006	As at July 1, 2005	For the year / (disposal)	As at June 30, 2006	As at June 30, 2006	Rate
	(Rupees in '000)			(Rupees in '000)				%
Land - leasehold	-	192,099 (192,099) -	-	-	-	-	-	
Office premises - freehold	12,599	-	12,599	6,988	639	7,627	4,972	5
June 30, 2006	12,599	192,099 (192,099)	12,599	6,988	639 -	7,627	4,972	
June 30, 2005	12,599	-	12,599	6,349	639	6,988	5,611	

6.1 The fair value of the investment properties aggregates to Rs. 74.66 million which has been arrived at on the basis of a valuation carried out by M/s. Consulting Support and Services, independent valuer. The valuation was arrived at by reference to market values and realizable values, which are determined on the basis of market intelligence, indexation of the original cost, year of construction and present physical condition and location.

6.2 Details of disposal of investment property

Particulars	Acquisition cost	Accumulated depreciation	Written down value	Sale proceeds	Profit	Mode of disposal	Buyer's particulars
	(Rupees in '000)						
Land - leasehold	192,099	-	192,099	198,000	5,901	Negotiation	Mr. Muhammed Hanif 28/A, Adamjee Nagar, Karachi

7. STOCK EXCHANGE MEMBERSHIP CARDS AND ROOM

	2006	2005
	(Rupees in '000)	
Membership cards:		
- Karachi Stock Exchange (Guarantee) Limited	100	100
- Islamabad Stock Exchange (Guarantee) Limited	11,101	11,101
Room - Islamabad Stock Exchange (Guarantee) Limited	1,000	1,000
	12,201	12,201

8. LONG-TERM INVESTMENTS

	Note	2006	2005 (Restated)
		(Rupees in '000)	
Related parties:			
- Investments in subsidiaries	8.1	1,191,634	980,575
- Investments in associates	8.2	1,643,168	31,500
- Investment in joint ventures	8.3	16,261	14,568
- Other related parties	8.4	512,500	-
		3,363,563	1,026,643
Other investments	8.5	1,961,485	1,077,683
		5,325,048	2,104,326

8.1 Investment in subsidiaries - stated at cost

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

Name of Companies	Note	Activity	Holding 2006 %	Holding 2005 %	2006 (Rupees in '000)	2005 (Restated) (Rupees in '000)
Quoted						
Jahangir Siddiqui Investment Bank Limited 53,247,277 shares (2005: 53,247,277 shares) having market value of Rs. 3,085.68 million (2005: Rs.1,552.16 million).	8.1.1	Investment Banking	62.41	62.41	156,932	156,932
Jahangir Siddiqui Capital Markets Limited 10,349,996 shares (2005: 7,500,000 shares) having market value of Rs. 2,225.25 million (2005: Rs. 378.75 million).		Dealing in & brokerage of marketable securities	75.00	75.00	99,000	99,000
Unquoted						
JS ABAMCO Limited (Formerly ABAMCO Limited) 26,011,806 shares (2005: 26,011,806 shares) having net assets value of Rs. 621.742 million (2005: Rs. 294.708 million) based on the audited financial statements for the year ended June 30, 2006.		Asset Management & Investment Advisor	52.02	52.02	165,640	165,640
JS Infocom Limited 60,000,000 shares (2005: 60,000,000 shares) having net assets value of Rs. 416.167 million (2005: Rs. 559.003 million) based on the audited financial statements for the year ended June 30, 2006.		Telecom Media & Technology	81.37	81.37	600,000	600,000
Provision for impairment					(124,820)	(40,997)
					475,180	559,003
JS International Limited 10,000 shares (2005: Nil) of US $ 1 each having net assets value of Rs. 292.293 million (2005: Rs. Nil) based on the un-audited financial statements for the period ended March 31, 2006.	8.1.2	Investment & advisory services	100.00	-	294,882	-
					1,191,634	980,575

8.1.1 Citibank Overseas Investment Corporation (COIC) had on February 1, 1999 entered into an agreement to sell 6.00 million shares of Jahangir Siddiqui Investment Bank Limited (Formerly Citicorp Investment Bank Limited) to the Company and in that agreement it was agreed by the parties to the agreement that the purchase consideration of Rs.123.90 million (representing 6.00 million shares at the rate of Rs.20.65 per share) would be adjusted to the extent of 70.00% if there is any subsequent reduction in total disputed tax liability as of December 31, 1998 amounting to Rs.68.65 million as confirmed by a firm of Chartered

Accountants. Therefore as and when this disputed tax liability is resolved in favour of Jahangir Siddiqui Investment Bank Limited (JSIBL), the Company would pay to the COIC the above amount to the extent of 70.00% which would be adjusted against the purchase consideration for above shares. The disputed tax liability has been settled in favour of JSIBL, which is under appeal by the Income Tax Department.

8.1.2 During the year (July 14, 2005), the Company incorporated a wholly owned subsidiary in Cayman Islands, B.W.I. The primary objective for which the subsidiary company has been established includes inward investment from non-resident Pakistanis and international institutional investors, financial advisory services to Pakistani companies expanding overseas and to foreign companies interested in investing or setting up joint ventures in Pakistan. The Company has remitted US $ 4.90 million to JS International Limited as equity investment after obtaining permission from the State Bank of Pakistan. The Company holds 10,000 shares of US $1/- each and paid US $ 489 per share as a share premium.

8.2 Investments in associates - stated at cost

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

Number of shares			Activity	Holding			
2006	2005			2006 %	2005 %	2006	2005 (Restated)
						(Rupees in '000)	
		Quoted					
3,000,000	3,000,000	Network Microfinance Bank Limited Market value Rs. 22.80 million (2005: Rs. 24.00 million)	Banking (Microfinance)	30.00	30.00	30,000	30,000
		Provision for impairment				(7,200)	(6,000)
						22,800	24,000
64,264,827	-	Azgard Nine Limited Market value Rs. 1,417.04 million	Textile Composite	20.55	-	1,479,208	-
11,063,812	-	BSJS Balanced Fund Limited Market value Rs. 134.425 million	Mutual Fund	9.33	-	133,660	-
		Un-quoted					
750,000	750,000	EFU Services (Private) Limited Net assets value Rs. 7.532 million (2005: Rs. 7.525 million) based on un-audited financial statements for the year ended June 30, 2006.	Investment company	37.50	37.50	7,500	7,500
						1,643,168	31,500

8.3 Investments in Joint ventures – unquoted- stated at cost

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

Number of shares 2006	Number of shares 2005		Activity	Holding 2006 %	Holding 2005 %	2006 (Rupees in '000)	2005 (Restated) (Rupees in '000)
1,806,691	1,806,691	DCD JS Factors (Private) Limited Net assets value Rs. 14.770 million (2005: Rs.14.568 million) based on audited financial statements for the year ended June 30, 2006.	Factoring company	49.99	49.99	18,067	18,067
		Provision for impairment				(3,297)	(3,499)
						14,770	14,568
50 *	-	DCD JS Factors Inc. Net assets value Rs. 1.252 million (2005: Rs. 1.23 million) based on un-audited financial statements for the year ended June 30, 2006.	Factoring company	49.50	-	1,491	-
						16,261	14,568

* 50 shares of US $ 1.00 each.

8.4 Other related parties - Available for sale at fair value

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

Number of shares 2006	Number of shares 2005		Activity	Holding 2006 %	Holding 2005 %	2006 (Rupees in '000)	2005 (Rupees in '000)
		Quoted					
6,250,000	-	Eye Television Network Limited	Television Network	12.50	-	43,750	-
37,500,000	-	BankIslami Pakistan Limited	Islamic Banking	18.75	-	468,750	-
						512,500	-

8.4.1 During the year, the Company has reclassified the above investments amounting to Rs. 512.50 million from 'investment in associates' to 'available for sale' investments as the management considers that the Company does not have significant influence over such investee companies in terms of the requirements of IAS - 28 "Accounting for Investment in Associates".

	Note	2006	2005
		(Rupees in '000)	
8.5 Other investments			
Available for sale			
Equity securities			
- quoted - at fair value	8.5.1	1,888,162	1,074,866
- unquoted - at cost	8.5.2	69,998	-
		1,958,160	1,074,866
Held to maturity			
Defence Saving Certificates (at amortised cost)		3,325	2,817
		1,961,485	1,077,683

8.5.1 Includes equity securities pledged with banks having market value as at June 30, 2006 of Rs. 1,738.92 million (2005: Rs. 840.47 million) costing Rs. 272.33 million (2005: Rs. 241.58 million).

The cost of equity securities is Rs. 366.64 million (2005: Rs. 323.91 million).

8.5.2 During the year, the Company acquired 1,018,000 ordinary shares of Rs. 10/- each in HKC Limited (HKC) incorporated in Pakistan at a price of Rs. 68.76 per share. The primary objective of HKC is to undertake business of real estate acquisition, development of real estates, construction activities and improvements, repair and renovations. The Company's holding is 15.55% in HKC Limited.

9. LONG-TERM LOANS AND ADVANCES - considered good

	Note	2006	2005
		(Rupees in '000)	
Long-term loans			
Unsecured			
Due from a subsidiary company	9.1	72,119	139,417
Secured			
Due from:			
- Executives		-	343
- Other employees		176	293
	9.2 & 9.3	176	636
		72,295	140,053
Current maturity of long-term loans	10	(72,245)	(67,022)
		50	73,031
Long-term advances			
Advance against investment property		-	3,466
Advance against a room at National Commodity Exchange Limited		2,500	2,500
		2,500	5,966
		2,550	78,997

9.1 Represents loan provided to JS ABAMCO Limited (formerly ABAMCO Limited) repayable in six equal semi-annual installments at mark-up rate of 9.50% per annum. Maximum aggregate amount due from JS ABAMCO Limited at the end of any month during the year was Rs. 139.42 million (2005: Rs. 200.00 million).

9.2 Represents loans provided to executives and employees of the Company for purchase of property and home appliances at mark-up rates ranging from 8.00% to 10.00% per annum in accordance with the Company's employee loan policy. Repayment is made monthly. These loans are secured against provident fund balance and salaries of the employees and are repayable over a period of two to five years. The maximum aggregate amount due from executives at the end of any month during the year was Rs.0.343 million (2005: Rs.0.836 million).

	2006	2005
	(Rupees in '000)	
9.3 Reconciliation of the carrying amount of loans to executives		
Opening balance	343	900
Repayments	(343)	(557)
	-	343

10. LOANS AND ADVANCES

	Note	2006	2005
Current maturity of long term loans	9	72,245	67,022
Advances - unsecured and considered good			
- against subscription of shares of related parties	10.1	-	174,061
- against subscription of Term Finance Certificates	10.2	29,500	50,000
- for purchase of office equipment		2,509	-
- to the contractor and supplier		13,195	-
- to staff		729	108
		45,933	224,169
		118,178	291,191

10.1 Advances against subscription of shares of related parties

	2006	2005
Eye Television Network Limited	-	62,500
BankIslami Pakistan Limited	-	110,070
DCD JS Factors Inc.	-	1,491
	-	174,061

10.2 Represents advance against subscription of 5,900 unquoted secured term finance certificates of Ithaca Capital (Private) Limited having a face value of Rs. 5,000 each. The mark-up and principal on these term finance certificates is payable on maturity, based on fixed mark-up of 12.00% per annum.

11. SHORT-TERM INVESTMENTS

	Note	2006	2005 (Restated)
		(Rupees in '000)	
11.1 Investments by classification:			
Held for trading			
- Listed equity securities		2,627,252	1,463,773
- Government securities		635,228	-
- Term finance certificates		54,551	96,344
- Open-end fund units		1,609,794	-
		4,926,825	1,560,117
Available for sale			
Equity securities			
- Quoted		622,310	1,061,165
- Unquoted - at cost		-	3,480
Term finance certificates - unquoted - at cost		40,725	-
Open-end fund units		93,347	81,913
		756,382	1,146,558
		5,683,207	2,706,675
11.2 By type:			
Equity securities			
- Quoted	11.2.1	3,249,562	2,524,938
- Unquoted - at cost		-	3,480
		3,249,562	2,528,418
Government securities		635,228	-
Term finance certificates			
- Quoted		54,551	96,344
- Unquoted - at cost		40,725	-
Open-end fund units		1,703,141	81,913
	11.2.2	5,683,207	2,706,675

The above investments are carried at market value except where mentioned specifically. The cost of the above investments amounts to Rs. 5,425.40 million (2005: Rs. 2,330.03 million).

11.2.1 This includes investment in equity securities of related parties having market value of Rs. 1,734.54 million (2005: Rs. 536.56 million).

11.2.2 Includes investments pledged with banks having market value of Rs. 3,648.75 million (2005: Rs. 2,376.90 million) costing Rs. 3,469.08 million (2005: Rs. 2,163.94 million).

12. TRADE DEBTS - unsecured and considered good

Represents receivable against sale of shares. The balance includes Rs. Nil (2005: Rs.145.89 million) which is receivable from a subsidiary company. Maximum amount due from the subsidiary company at the end of any month during the year was Rs. 1,070.93 million (2005: Rs.172.63 million).

13. PREPAYMENTS, ACCRUED MARK-UP AND OTHER RECEIVABLES

	Note	2006	2005
		(Rupees in '000)	
Prepayments	13.1	13,125	311
Accrued profit / mark-up on:			
- Long-term loan	13.2	1,145	2,208
- Reverse repurchase transactions		3,327	4,723
- Bank deposits		132	255
- Government securities		731	-
- Term finance certificates		6,093	4,270
		11,428	11,456
Other receivables			
- Dividend receivable	13.3	1,073	11,781
- Fair value of derivative financial instruments		-	7,916
- Underwriting commission receivable from Azgard Nine Limited - a related party		12,665	-
- Others	13.4	1,424	694
		15,162	20,391
		39,715	32,158

13.1 Includes prepayments to related parties, aggregating to Rs.1.409 million (2005: Rs. 0.202 million)

13.2 Represents mark-up receivable on long-term loan due from JS ABAMCO Limited (formerly ABAMCO Limited) - (a subsidiary company).

13.3 Includes dividend receivable from a related party amounting to Rs. 1.07 million (2005: Rs. Nil).

13.4 Includes receivable from related parties amounting to Rs. 0.312 million (2005: Rs. Nil).

14. FUND PLACEMENTS - secured and considered good

	Note	2006	2005
		(Rupees in '000)	
Securities purchased under resale agreement:			
- Listed equity securities	14.1	23,048	940,783
- Government securities	14.2	219,000	827,000
		242,048	1,767,783

14.1 These carry mark-up at the rate of 15.00% (2005: 6.63% to 17.73%) per annum. The market value of securities held in respect of these aggregates to Rs. 23.152 million (2005: Rs. 939.59 million).

18.2 The profit on these unsecured TFCs is payable semi-annually, based on the cut-off yield of the last successful auction of 5 year Pakistan Investment Bonds (PIBs) held during the 6 month period plus 150 basis points per annum with a floor and cap of 7.50% and 13.00% per annum respectively. The TFCs have a tenor of five years i.e. 2003-2008 with a call option exercisable by the Company at any time during the tenor of the TFCs after the first 6 months by giving a 3 months notice at a premium of 1.00% of outstanding face value.

18.3 The profit on these unsecured TFCs is payable semi-annually at a fixed rate of 8.29% per annum. These TFCs have a tenor of five years i.e. 2004-2009 with a call option exercisable at the coupon dates only by the Company at any time from the 30th month to the 54th month by giving a 30 days advance notice. The call price will include a call premium of 1.00% of then principal outstanding.

18.4 The profit on these TFCs is payable semi-annually, based on a six months average KIBOR plus 175 basis points. These TFCs have a tenor of five years i.e. 2005 - 2009 with a call option exercisable by the Company anytime from the 30th month to the 54th month by giving a 30 days notice. Call option will be exercised only on the coupon dates.

19. TRADE AND OTHER PAYABLES

	Note	2006	2005
		(Rupees in '000)	
Payable against purchase of shares		-	203,416
Accrued expenses		201,449	77,052
Other liabilities			
- Payable to a director		148	148
- Security deposits		1,233	1,233
- Unclaimed dividend		1,228	1,026
- Others		7,508	3,716
		10,117	6,123
		211,566	286,591

20. ACCRUED INTEREST / MARK UP ON BORROWINGS

	2006	2005
Accrued return / mark-up on:		
- Long term financing	29,099	14,596
- Short-term running finance	2,012	90
- Repurchase transactions	10,794	2,691
	41,905	17,377

21. SHORT TERM BORROWINGS - secured

	Note	2006	2005
Securities sold under repurchase agreements secured against:			
- Government securities	21.1	849,387	650,000
- Term finance certificates	21.2	50,709	84,600
		900,096	734,600
Short term running finances under mark-up arrangements	21.3	2,982,705	869,032
		3,882,801	1,603,632

21.1 Represents amounts borrowed from various parties having mark-up rates from 8.35% to 8.95% (2005: 7.25% to 8.90%) per annum. The market value of securities given as collateral aggregates to Rs. 866.30 million (2005: Rs. 671.10 million).

21.2 Represents amounts borrowed from various parties having mark-up rates from 8.00% to 10.75% (2005: 6.00% to 9.00%) per annum. The market value of securities given as collateral aggregates to Rs. 46.05 million (2005: Rs.83.31 million).

21.3 The Company has short term running finance facilities under mark-up arrangements aggregating to Rs. 3,750 million (2005: Rs. 1,275 million) from commercial banks having mark-up ranging from 9.75% to 11.91% (2005: 4.25% to 9.75%) per annum calculated on a daily product basis. The facilities utilized against these arrangements are secured against shares of listed companies having an aggregate fair value of Rs. 5,169.26 million (2005: Rs. 1,967.14 million). The unavailed aggregate facility of running finances amount to Rs. 767.29 million (2005: Rs. 405.97 million).

22. CONTINGENCY AND COMMITMENTS

22.1 Contingency

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

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

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

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

	2006	2005 (Restated)
22.2 Commitments	(Rupees in '000)	
Future purchase of listed equity securities	-	7,751
Future sale of listed equity securities	-	18,691
Forward purchase of government securities	-	185,100
Commitments in respect of purchase of investment property	-	181,244
Commitments in respect of expenditure	17,813	-
Commitments in respect of purchase of computer equipment	2,509	-

23. RETURN ON INVESTMENTS

	2006	2005 (Restated)
Mark-up / interest income from:		
Held for trading		
- Government securities	49,317	14,668
- Term finance certificates	11,665	11,127
	60,982	25,795
Held to maturity		
- Defence saving certificates	508	430
	61,490	26,225
Dividend income on:		
- Investments in subsidiaries and associates	293,613	19,450
- Held for trading investments	38,023	81,724
- Available for sale investments	162,012	36,536
	493,648	137,710
	555,138	163,935

	2006	2005 (Restated)
	(Rupees in '000)	

24. GAIN ON SALE OF INVESTMENTS

	2006	2005 (Restated)
Investments in subsidiaries	-	98,250
Held for trading		
- Listed equity securities	1,023,568	868,568
- Government securities	3,781	11,966
- Term finance certificates	8,098	2,950
	1,035,447	883,484
Available for sale		
- Listed equity securities	54,433	70,212
	1,089,880	1,051,946

25. INCOME FROM LONG-TERM LOANS AND FUND PLACEMENTS

	2006	2005 (Restated)
Mark up on loan to staff	28	37
Mark up on long term loan - a subsidiary company	9,401	16,504
Return on reverse repurchase transactions of:		
- Listed equity securities	18,244	56,562
- Government securities	32,566	26,209
- Term finance certificates	-	1,911
	50,810	84,682
	60,239	101,223

26. FEE AND COMMISSION

	2006	2005 (Restated)
Consultancy and advisory fee	17,234	2,796
Underwriting commission	11,344	2,052
Commission income	1,279	1,782
Custodial charges	475	403
	30,332	7,033

27. OTHER INCOME

	2006	2005 (Restated)
Gain on sale of property and equipment	1,164	7,175
Gain on sale of investment properties	5,901	-
Rental income	11,138	8,251
Return on bank deposit accounts	659	1,553
Exchange gain	-	33
	18,862	17,012

28. OPERATING AND ADMINISTRATIVE EXPENSES

	Note	2006	2005 (Restated)
		(Rupees in '000)	
Salaries and benefits		104,678	53,286
Expenses incurred on disposal of investment in a subsidiary		-	4,147
Telephone, fax, telegram and postage		1,298	1,954
Vehicle running		2,482	1,872
Fee for directors / committee meetings		480	480
Utilities		1,187	1,752
Newspapers and periodicals		39	31
Conveyance and travelling		4,901	2,004
Repairs and maintenance		819	905
Computer expenses		994	1,157
Auditors' remuneration	28.1	1,925	883
Royalty fee	28.2	9,900	9,900
Consultancy fee		24,083	9,392
Advisory fee	28.3	102,000	6,000
Legal and professional charges		1,488	2,571
Printing and stationery		1,109	736
Rent, rates and taxes		8,642	647
Insurance		1,447	1,644
Entertainment		219	169
Advertisement		3,137	3,802
Office supplies		166	301
Depreciation	28.4	5,718	5,481
Fees and subscription		8,973	7,274
Donations	28.5	25,134	24,060
Brokerage and commission expense		11,091	11,013
Clearing fees		5,473	4,304
Office security		2,229	1,847
Exchange loss		598	-
Others		-	85
		330,210	157,697

28.1 Auditors' remuneration

Auditors' remuneration includes the following:

	2006	2005
Annual audit fee	350	250
Half yearly review fee	150	100
Certifications and other services	1,313	483
Out of pocket expenses	112	50
	1,925	883

28.2 This represents the royalty on account of use of part of Company's name under an agreement dated April 21, 2004.

28.3 Represents amount paid / payable to an individual and a director for advisory services rendered in terms of their respective Advisory agreements duly approved by the Board of Directors.

	Note	2006	2005
		(Rupees in '000)	
28.4 Depreciation			
Depreciation on operating assets	5	5,079	4,842
Depreciation on investment properties	6	639	639
		5,718	5,481

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

29. FINANCE COST

	2006	2005
	(Rupees in '000)	
Mark-up on:		
Short-term running finance	151,814	24,095
Long term financing	174,541	92,743
Repurchase transactions of:		
- Listed equity securities	8,024	11,625
- Government securities	92,163	32,846
- Term finance certificates	5,453	7,489
	105,640	51,960
Amortization of transaction costs	2,029	920
Bank charges	423	530
	434,447	170,248

30. TAXATION

30.1 Effective tax rate reconciliation

Numerical reconciliation between the average effective tax rate and the applicable tax rate has not been presented as provision for current year income tax has been made under the provisions of minimum tax u/s 113 of the Income Tax Ordinance, 2001.

30.2 Current status of tax assessments

The income tax assessments upto assessment year 2002-2003 corresponding to accounting year ended June 30, 2002 have been finalized. Income tax returns for the tax years 2003, 2004 and 2005 have been filed on self-assessment basis and are deemed to be assessed under Section 120 of the Income Tax Ordinance, 2001. Further the Company has assessed and un-assessed carry forward tax losses amounting to Rs. 725.54 million (2005: Rs. 241.11 million).

30.3 Deferred tax

The Company has not recorded deferred tax assets in view of uncertainty about the availability of taxable profits in the future against which such losses can be utilised as the profit for the year mainly comprises of capital gains on listed equity securities that are exempt for tax purposes under clause 110 of the Second Schedule to the Income tax Ordinance, 2001.

31. BASIC EARNINGS PER SHARE

	2006	2005 (Restated)
Profit for the year (Rupees in '000)	1,070,806	905,092
Weighted average number of ordinary shares outstanding during the year	35,000,000	35,000,000
Basic earnings per share (Rupees)	30.59	25.86

31.1 No figure for diluted earnings per share has been presented as the Company has not issuedany instruments which would have an impact on earnings per share when exercised subsequent to June 30, 2006.

32. CASH AND CASH EQUIVALENTS

	2006	2005
	(Rupees in '000)	
Cash and bank balances	47,535	47,094
Short-term running finance utilised under mark-up arrangements	(2,982,705)	(869,032)
	(2,935,170)	(821,938)

33. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over other party in making financial and operating decisions. Related parties comprise of subsidiaries, associated companies, joint ventures, companies under common directorship, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amount due from and to these related parties are shown under receivables and payables, reverse repos are shown under fund placements and the remuneration of Chairman, Chief Executive and Executives are disclosed in note 34. The name and relationship with subsidiaries, associates, jointly controlled entities and others are given below:

Relationship with the company	Nature of transactions	June 30, 2006	June 30, 2005
		(Rupees in '000)	
Subsidiary Companies			
Jahangir Siddiqui Investment Bank Limited	Purchase of money market instruments	1,438,497	1,223,006
	Sale of money market instruments	2,468,773	2,077,257
	Sale of motor vehicles	830	1,474
	Lending of funds	-	150,000
	Revenue on lending of funds	-	38
	Rental income	1,673	2,044
	Dividend received	260,912	-
	Reimbursement of expenses incurred on account of subsidiary	158	280
	Bonus shares received during the year Nil (2005: 39,048,003 shares)		
Jahangir Siddiqui Capital Markets Limited	Brokerage expense	18,607	16,485
	Rental income	4,471	3,900
	Advisory fee payable	4,546	-
	Sale of motor vehicles	-	5,500
	Reimbursement of expenses incurred on account of subsidiary	2,630	-
	Bonus shares received during the year 2,849,996 shares (2005: Nil)		
JS ABAMCO Limited (Formerly ABAMCO Limited)	Repayment received in respect of loan	67,298	60,583
	Mark-up income on long term loan	9,818	17,595
	Purchase of money market instrument	-	8,975
	Payment of rent	5,642	-
	Rental income	20	1,036
	Advisory and consultancy fee	47	295
	Reimbursement of expenses incurred on account of subsidiary	-	359
	Bonus shares received during the year Nil (2005: 14,592,623 shares).		
JS Infocom Limited	Consultancy fee	-	300
JS International Limited	Equity investment made during the year	294,882	-
Associated Companies			
Azgard Nine Limited	Dividend received	32,702	8,203
	Advisory fee	1,026	-
	Underwriting commission receivable	12,665	-

Relationship with the company	Nature of transactions	June 30, 2006	June 30, 2005
		(Rupees in '000)	
	Preference dividend receivable	1,073	-
	Shares received against conversion of preference shares [2,857,142 shares (2005 : Nil)]	42,017	-
	Right shares subscribed [39,574,672 shares (2005 : Nil)]	1,048,707	-
	Shares underwritten [13,632, 073 shares (2005 : Nil)]	299,224	-
BSJS Balanced Fund Limited	Dividend received	31,202	4,023
	Dividend paid	595	357
Joint Venture			
DCD JS Factor (Private) Limited	Advisory fee	180	180

The transactions with other related parties are given below:

Relationship with the company	Nature of transactions	June 30, 2006	June 30, 2005
BankIslami Pakistan Limited (Common directorship)	Investment / advance against shares subscription	264,930	110,070
	Sale of property and equipment	-	795
	Expenses paid on behalf of the bank	-	3
	Rental income	530	-
Eye Television Network Limited (Common directorship)	Underwriting commission lncome	-	90
	Loan disbursed and repaid	-	15,000
	Mark up on short term loan	-	112
Siddiqui Foundation (Common directorship and key management personal)	Donation	25,134	24,060

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

34. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

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

	Directors		Chief Executive		Executives	
	2006	2005	2006	2005	2006	2005
	(Rupees in '000)					
Managerial remuneration	-	-	3,456	3,200	3,697	3,785
House rent allowance	-	-	1,382	1,280	1,479	1,514
Utilities allowance	-	-	346	320	370	379
Commission and performance bonus	-	-	82,500	37,500	1,072	1,419
Advisory fee	76,000	3,000	-	-	-	-
Contribution to provident fund	-	-	346	320	306	255
Medical	-	-	41	29	14	41
Reimbursable expenses	-	-	426	231	372	431
	76,000	3,000	88,497	42,880	7,310	7,824
Number of persons	1	1	1	1	5	4

34.1 The Company also provides the Chief Executive and certain Executives with Company maintained cars.

34.2 The Company has also paid Rs. 0.48 million (2005: Rs. 0.48 million) to two non-executive directors as fee for directors / committee meetings.

35. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

35.1 Liquidity risk

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

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

	Up to one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	2006 Total	2005 (Restated) Total
	(Rupees in '000)						
Assets							
Property and equipment	-	-	-	-	22,664	22,664	17,893
Investment properties	-	-	-	-	4,972	4,972	5,611
Stock exchange membership cards and room	-	-	-	-	12,201	12,201	12,201
Long-term investments	-	-	-	3,325	5,321,723	5,325,048	2,104,326
Long-term loans and advances	-	-	-	50	2,500	2,550	78,997
Long-term security deposits	-	-	-	-	2,521	2,521	2,521
Loans and advances	-	-	118,178	-	-	118,178	291,191
Short-term investments	-	4,926,825	756,382	-	-	5,683,207	2,706,675
Trade debts	-	-	-	-	-	-	185,762
Taxation - net	-	-	8,263	-	-	8,263	6,467
Prepayments, accrued interest and other receivables	14,537	4,633	20,545	-	-	39,715	32,158
Fund placements	112,048	130,000	-	-	-	242,048	1,767,783
Cash and bank balances	47,535	-	-	-	-	47,535	47,094
	174,120	5,061,458	903,368	3,375	5,366,581	11,508,902	7,258,679
Liabilities							
Long term financing	-	100	248,076	1,244,352	498,400	1,990,928	1,491,491
Trade and other payables	1,228	201,449	8,889	-	-	211,566	286,591
Accrued interest / mark up	8,627	18,227	15,051	-	-	41,905	17,377
Short term borrowings	578,371	321,725	2,982,705	-	-	3,882,801	1,603,632
Financial liabilities - held for trading	-	-	-	-	-	-	195,313
	588,226	541,501	3,254,721	1,244,352	498,400	6,127,200	3,594,404
Net assets	(414,106)	4,519,957	(2,351,353)	(1,240,977)	4,868,181	5,381,702	3,664,275
Represented by:							
Issued, subscribed and paid-up capital						350,000	350,000
Reserves						5,031,702	3,314,275
						5,381,702	3,664,275

35.2 Yield / interest rate risk exposure

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

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

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

	Effective yield / interest rate %	Up to one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	Non interest bearing	Total
	June 30, 2006							
		Exposed to yield / interest rate risk						
		(Rupees in '000)						
Financial assets								
Long-term investments	18.03	-	-	-	3,325	-	5,321,723	5,325,048
Long-term loans and advances	8.00 - 10.00	-	-	-	50	-	2,500	2,550
Long-term deposits	-	-	-	-	-	-	2,521	2,521
Loan and advances	8.00 - 10.00	-	-	101,745	-	-	16,433	118,178
Short-term investments	6.00 - 15.00	-	-	730,504	-	-	4,952,703	5,683,207
Accrued mark-up and other receivables	-	-	-	-	-	-	26,590	26,590
Fund placements	9.00 - 15.00	112,048	130,000	-	-	-	-	242,048
Cash and bank balances	1.00 - 3.00	3,316	-	-	-	-	44,219	47,535
		115,364	130,000	832,249	3,375	-	10,366,689	11,447,677
Financial liabilities								
Long term financing	7.50 -11.13	-	100	248,076	1,244,352	498,400	-	1,990,928
Trade and other payables	-	-	-	-	-	-	211,566	211,566
Accrued interest / mark-up	-	-	-	-	-	-	41,905	41,905
Short term borrowings	8.35 - 11.91	578,371	321,725	2,982,705	-	-	-	3,882,801
		578,371	321,825	3,230,781	1,244,352	498,400	253,471	6,127,200
Total yield / interest rate sensitivity gap	2006	(463,007)	(191,825)	(2,398,532)	(1,240,977)	(498,400)	10,113,218	5,320,477
Cummulative yield/interest rate sensitivity	2006		(654,832)	(3,053,364)	(4,294,341)	(4,792,741)		
Total yield/interest rate sensitivity gap	2005	717,332	124,091	(656,402)	(916,244)	(498,800)	5,544,958	4,314,935
Cummulative yield/interest rate sensitivity	2005		841,423	185,021	(731,223)	(1,230,023)		

35.3 Fair value of financial instruments

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

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

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

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

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

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

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

35.5 Details of the industry sector analysis is given below:

	June 30, 2006				June 30, 2005			
	Investments and fund placements	Others	Total	Percentage	Investments and fund placements	Others	Total	Percentage
	(Rupees in '000)				(Rupees in '000)			
Government	857,553	4,058	861,611	7.53%	829,817	12,639	842,456	12.16%
Financial institutions	1,441,823	47,417	1,489,240	13.00%	732,429	159,254	891,683	12.88%
Leasing companies	29,581	804	30,385	0.27%	39,560	1,106	40,666	0.59%
Mutual funds	2,154,263	-	2,154,263	18.82%	444,980	-	444,980	6.42%
Stock exchanges	-	2,500	2,500	0.02%	-	2,500	2,500	0.04%
Brokerage house	99,000	12,665	111,665	0.98%	99,000	185,762	284,762	4.11%
Power, oil and gas	705,190	139	705,329	6.16%	493,268	11,783	505,051	7.29%
Property and real estate	110,723	34,351	145,074	1.27%	-	54,695	54,695	0.79%
Engineering and transport	838,736	-	838,736	7.33%	1,138,572	143	1,138,715	16.44%
Asset management	460,522	73,264	533,786	4.66%	165,640	141,627	307,267	4.44%
Textile	1,669,626	1,073	1,670,699	14.59%	283,340	-	283,340	4.09%
Telecom and media	521,713	2,606	524,319	4.58%	675,477	65,843	741,320	10.70%
Insurance	2,010,319	-	2,010,319	17.56%	1,047,616	-	1,047,616	15.12%
Individuals	-	3,414	3,414	0.03%	-	742	742	0.01%
Others	351,254	15,083	366,337	3.20%	339,619	1,318	340,937	4.92%
	11,250,303	197,374	11,447,677	100.00%	6,289,318	637,412	6,926,730	100.00%

36. SEGMENT INFORMATION

For management purposes the Company is organised into following major business segments:

Capital market operations	Principally engaged in trading of equity securities and maintaining strategic and trading portfolios.
Fixed income operations	Principally engaged in fixed income trading and management of the Company's funding operations by use of government securities and placements.
Others	Other operations of the Company comprise of underwriting and consultancy services.

	Capital Market Operations		Fixed Income Operations	Others	Total
	Strategic Portfolio	Trading Portfolio			
	(Rupees in '000)				
Segment information for the year ended June 30, 2006					
Return on investments	459,001	38,023	57,606	-	554,630
Gain on sale of investments	54,433	1,023,568	11,879	-	1,089,880
Income from long-term loans and fund placements	-	18,244	32,566	-	50,810
Fee and commission	-	-	-	30,332	30,332
Gain / (loss) on revaluation of investments carried at fair value through profit and loss account - net	-	191,082	(3,499)	-	187,583
Unallocated revenue	-	-	-	-	28,799
	513,434	1,270,917	98,552	30,332	1,942,034
Operating and administrative expenses	251,186	36,203	13,850	2,413	303,652
Finance cost	271,571	59,838	103,038	-	434,447
Provision for impairment against investments in subsidiaries, associates and joint ventures	84,821	-	-	-	84,821
	607,578	96,041	116,888	2,413	822,920
Operating results	(94,144)	1,174,876	(18,336)	27,919	1,119,114
Unallocated expenditure					26,558
Profit before tax					1,092,556
Taxation					(21,750)
Net profit for the year					1,070,806

Other information	Capital Market Operations Strategic Portfolio	Capital Market Operations Trading Portfolio	Fixed Income Operations	Others	Total
	(Rupees in '000)				
Segment assets	5,326,125	5,683,203	252,199	12,665	11,274,192
Unallocated assets					234,710
Total assets					11,508,902
Segment liabilities	2,110,027	2,984,717	910,890	-	6,005,634
Unallocated liabilities					121,566
Total liabilities					6,127,200
Capital expenditure					12,195
Unallocated depreciation					5,718

Segment information for the year ended June 30, 2005

	Strategic Portfolio	Trading Portfolio	Fixed Income Operations	Others	Total
Return on investment	57,579	81,724	24,202	-	163,505
Gain on sale of investment	168,462	868,568	14,916	-	1,051,946
Income from long term loans and fund placements	-	56,562	28,120	-	84,682
Fee and commission	-	-	-	7,033	7,033
Gain / (loss) on revaluation of investments carried at fair value through profit and loss account - net	-	(51,085)	364	-	(50,721)
Unallocated revenue.	-	-	-	-	33,983
	226,041	955,769	67,602	7,033	1,290,428
Operating and administrative expenses	95,505	17,514	16,429	2,494	131,942
Finance cost	93,663	35,720	40,865	-	170,248
Provision for impairment against investments in subsidiaries, associates and joint venture	50,496	-	-	-	50,496
	239,664	53,234	57,294	2,494	352,686
Operating results	(13,623)	902,535	10,308	4,539	937,742
Unallocated expenditure					25,755
Profit before taxation					911,987
Taxation					(6,895)
Net profit for the year					905,092
Other information					
Segment assets	2,104,326	2,904,218	1,784,692	-	6,793,236
Unallocated assets					465,443
Total assets					7,258,679
Segment liabilities	1,506,087	1,072,538	932,604	-	3,511,229
Unallocated liabilities					83,175
Total liabilities					3,594,404
Capital expenditure					4,315
Unallocated depreciation					5,481

37. CORRESPONDING FIGURES

37.1 Previous year's figures have been rearranged as follows:

From	To	(Rupees in '000)	Nature
Income from long term loans and fund placements	Other income	1,553	Return on bank deposits
Property and equipment	Investment property	5,611	Investment property
Operating and administrative expenses	Finance Cost	530	Transaction cost

37.2 Comparative information has been reclassified / restated in order to comply with the change in accounting policy in respect of:

i) recognition and accounting of investments in subsidiaries, associates and joint ventures at cost as explained in note 4.2.1 to the financial statements; and

ii) accounting of transaction costs on investments classified as held for trading which are measured at fair value through profit or loss as explained in note 4.2.2 to the financial statements.

38. APPROPRIATIONS

The Board of Directors of the Company proposed the following appropriations in their meeting held on September 13, 2006 for the approval of the members at the Annual General Meeting to be held on October 31, 2006.

	2006	2005	2006	2005
	(Rupees per share)		(Rupees in '000)	
Cash dividend	2.50	2.50	87,500	87,500
Transfer to general reserve			1,000,000	-
			1,087,500	87,500

The financial statements do not reflect these appropriations and dividend payable.

39. RECENT ACCOUNTING DEVELOPMENTS

39.1 A new series of standards referred to as "International Financial Reporting Standards (IFRSs)" have been introduced and seven IFRSs have been issued by International Accounting Standard Board under this series. Out of these the following IFRSs have been adopted by ICAP however since these have not been adopted by SECP as yet, therefore, these do not form part of the approved local financing reporting framework.

IFRS-2	(Share based Payments)
IFRS-3	(Business Combinations)
IFRS-5	(Non-current Assets held for Sale and Discontinued Operations); and
IFRS-6	(Exploration for and Evaluation of Mineral Resources)

The company expects that the adoption of these pronouncements mentioned above will have no significant impact on the company's financial statements in the period of initial application.

39.2 Following amendments to existing standards have been published that are mandatory for the company's accounting periods beginning on or after January 01, 2006:

i.	IAS 19	(Amendments) - Employee Benefits	Effective from January 01, 2006
ii.	IAS 1	Presentation of Financial Statements Capital Disclosures	Effective from January 01, 2007
iii.	IAS 39	Financial Instruments - Recognition and Measurement – fair value option.	Effective from January 01, 2006

Adoption of the above amendments may only impact the extent of disclosures presented in the financial statements

40. DATE OF AUTHORISATION

These financial statements were authorised for issue on September 13, 2006 by the Board of Directors of the Company.

41. GENERAL

Figures have been rounded off to nearest thousand rupee.

Mazhar-ul-Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

DIRECTORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

The Directors are pleased to present the Consolidated Financial Statements of Jahangir Siddiqui & Co. Ltd. and its subsidiaries for the year ended June 30, 2006.

As at June 30, 2006 the subsidiaries of Jahangir Siddiqui & Co. Ltd. were Jahangir Siddiqui Investment Bank Ltd., JS ABAMCO Limited (Formerly ABAMCO Limited), Jahangir Siddiqui Capital Markets Limited, JS Infocom Limited and JS International Limited.

The management has incorporated the un-audited financial statements of JS International Limited as at March 31, 2006 in the consolidated financial statements. This has resulted in the parent company's auditors issuing a qualified opinion to the extent of JS International Limited's financial statements.

Jahangir Siddiqui Investment Bank Limited. ("JSIBL")

For the Year 2005-2006, JSIBL posted an after tax profit of Rs.570 million as compared to Rs.368 million for the preceding year. Return on Investment and placements accumulated with capital gains aggregated to Rs.1,049 million as compared to Rs.587 million earned last year. Income on Term Finance Certificates ("TFC") was Rs.50 million for the year as compared to Rs.47 million for the corresponding period. The TFC portfolio aggregated to Rs.637 million as compared to Rs.553 million for the corresponding period.

Earnings for the year are Rs.6.68 per share as against Rs.4.31 per share for the corresponding period.

During the year, the Company and its holding company, Jahangir Siddiqui & Company Limited, entered into a Framework Agreement with American Express Bank Limited, New York (AEBL) on November 10, 2005 for acquisition of its Pakistan Operations. Accordingly, a new banking company, JS Bank Limited was incorporated on March 15, 2006. A restricted Banking License was issued to JS Bank Limited by the State Bank of Pakistan (SBP) on March 23, 2006.

A Transfer Agreement has been executed on June 24, 2006 between the Company and JS Bank Limited for the transfer of the entire business and undertaking of the Company to JS Bank Limited. A separate Transfer Agreement has also been executed on June 24, 2006 between AEBL and JS Bank Limited for the transfer of AEBL's commercial banking business in Pakistan with all assets and liabilities (other than certain excluded assets and liabilities).

The Company and American Express Bank Limited – Pakistan branches will be merged and amalgamated with and into JS Bank Limited pursuant to two separate Schemes of Amalgamation under Section 48 of the Banking Companies Ordinance, 1962 after completion of all the legal formalities and subject to the approval of the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan.

The Schemes of Amalgamation have already been approved by the Shareholders of the Company and the shareholders of JS Bank Limited in the Extraordinary General Meetings held on July 31, 2006.

JS ABAMCO Limited (Formerly ABAMCO Limited)

For the year 2005-2006 JS ABAMCO Limited posted net profit after tax amounting to Rs.543 million as against the net profit of Rs.144 million of the corresponding period.

In the year under review the company has floated two new funds under its UTP brand namely UTP-A-30+ Fund and the UTP- Fund of Funds. The units of the funds were offered to public from May 29, 2006 to May 31, 2006 and October 31st to November 2nd respectively.

Further, three closed-end funds of the Company namely ABAMCO Capital Fund, ABAMCO Growth Fund and ABAMCO Stock Fund were merged and brought under the UTP brand to form UTP Growth Fund. These fund were merged with effect from June 06, 2006 based on the swap ratio determined using the Net Asset Values (NAV) as at December 31, 2005.

The basic and diluted earnings are Rs.10.86 per share as against Rs.4.01 per share for the previous period.

Jahangir Siddiqui Capital Markets Limited ("JSCM")

For the year 2005-2006 JSCM has reported a post tax profit of Rs.264 million as compared to Rs.102 million of last year. The operating revenue, including the brokerage income on transactions in marketable securities, amounted to Rs.496 million as compared to Rs.252 million for the corresponding period. The operating expenses were Rs.190 million as compared to Rs.123 million for the corresponding period.

Basic and diluted earnings for the year are Rs.19.15 per share as against Rs.7.41 per share for the corresponding period.

During the year, the Company negotiated with Global Investment House K.S.C.C., Kuwait ("Global") a company incorporated under the laws of Kuwait, for equity participation in the Company to the extent of 10,350,000 Ordinary Shares of the Company ("the Subscription Shares") at a subscription price of Rs. 217 per share. Subscription and shareholders' Agreement was inked, pursuant to the Board Resolution of the company dated June 05, 2006.

Global has made an advance payment of Rs.300.499 Million to the Company and the balance payment will be made at the time of the issuance of the Subscription Shares. The Shares will be issued to Global without offering Right Shares on the basis of a Special Resolution with the permission from the Securities & Exchange Commission of Pakistan (SECP) and in compliance with the provisions laid in Listed Companies (Substantial Acquisition of Voting Shares and Take-Overs) Ordinance 2002 through a Tender Offer. After the Tender Offer, the Company will issue such number of new Ordinary Shares to Global that would constitute 42.80% of the total enhanced share capital of the Company.

JS Infocom Limited

Until recently, the telecommunications and media sectors have been closely regulated in Pakistan. However, deregulation is creating exciting opportunities to build valuable companies in a high growth environment. For the year 2005-06, the Company has posted net loss for the year amounting to Rs.103 million as compared to a loss of Rs.31 million for the corresponding period last year. The increase in loss is primarily due to loss on disposal of investment in DV Com Limited.

Loss per share for the year is Rs.1.40 as against Rs.0.59 per share for the corresponding period.

JS International Limited

In order to participate in global markets and to bring foreign investment in Pakistan, JS International Limited was incorporated on July 14, 2005 in Cayman Islands, B.W.I. The primary objective of the company is to bring foreign investment from non-resident Pakistanis and international institutional investors, provision of financial advisory to Pakistani companies expanding overseas operation and to foreign companies interested in investing or setting up of joint ventures in Pakistan. The share capital of the company is US $ 10,000 comprising of 10,000 shares of US $ 1 each.

The Company up till March 31, 2006 has posted net loss of Rs.1.12 million. The loss per share for the period upto 31 March 2006 is Rs.111.90 per share.

For and on behalf of the
Board of Directors

Mazharul Haq Siddiqui
Chairman

Karachi: September 13, 2006

AUDITORS' REPORT

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of Jahangir Siddiqui & Company Limited and its subsidiary companies as at June 30, 2006 and the related consolidated Profit and Loss Account, consolidated Cash Flow Statement and consolidated Statement of Changes in Equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Jahangir Siddiqui & Company Limited and a subsidiary company, Jahangir Siddiqui Investment Bank Limited except for Jahangir Siddiqui Capital Markets Limited, JS ABAMCO Limited (formerly ABAMCO Limited) and JS Infocom Limited which were audited by other firms of auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included for such companies, is based solely on the reports of such other auditors.

(a) The financial statements of JS International Limited (Cayman Islands, B.W.I) for the period ended March 31, 2006 are unaudited. Hence, total assets of Rs. 292.293 million and net loss of Rs. 1.119 million have been incorporated in these consolidated financial statements by the management using the unaudited financial statements.

These financial statements are the responsibility of the holding company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary under the circumstances.

In our opinion, except for any adjustment that may have been required due to the matters expressed in paragraph (a) above, the consolidated financial statements present fairly the financial position of Jahangir Siddiqui & Company Limited and its subsidiary companies as at June 30, 2006 and the results of their operations for the year then ended.

Dated: September 13, 2006.

Karachi

Ford Rhodes Sidat Hyder & Co.

Chartered Accountants

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet As at June 30, 2006

	Note	2006	2005 (Restated)
		(Rupees in '000)	
ASSETS			
Non-Current Assets			
Property and equipment	6	252,378	241,921
Intangible assets	7	118,970	126,367
Investment properties	8	4,972	5,611
Stock exchange membership cards and room	9	44,302	44,302
Long term investments	10	4,788,026	2,249,229
Long term loans, advances and other receivables	11	52,439	157,742
Long term deposits	12	5,904	4,671
		5,266,991	2,829,843
Current Assets			
Short term investments	13	8,607,839	4,952,777
Trade debts	14	1,083,095	383,515
Loans and advances	15	355,667	734,199
Deposits, prepayments, accrued mark-up and other receivables	16	336,043	262,023
Fund placements	17	3,273,856	4,646,917
Taxation - net		6,824	15,413
Cash and bank balances	18	1,730,158	157,094
		15,393,482	11,151,938
		20,660,473	13,981,781
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Share capital	19	350,000	350,000
Reserves	20	6,332,562	4,022,257
Equity attributable to equity holders' of the parent		6,682,562	4,372,257
Minority interest		1,238,590	845,058
Total equity		7,921,152	5,217,315
Non-Current Liabilities			
Long term financing	21	1,840,628	1,870,890
Certificates of deposits	22	240,603	155,440
Deferred tax - liability	23	27,375	23,453
		2,108,606	2,049,783
Current Liabilities			
Trade and other payables	24	1,959,066	903,523
Accrued interest / mark-up on borrowings	25	101,680	66,534
Short term borrowings	26	5,712,179	3,046,769
Current portion of non-current liabilities	27	2,857,790	2,502,544
Financial liabilities - held for trading		-	195,313
		10,630,715	6,714,683
Contingency and Commitments	28		
		20,660,473	13,981,781

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

Mazhar-ul-Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

Consolidated Profit and Loss Account For the year ended June 30, 2006

	Note	2006	2005 (Restated)
		(Rupees in '000)	
INCOME			
Return on investments	29	881,279	368,907
Gain on sale of investments	30	1,660,189	1,330,610
Income from long term loans and fund placements	31	446,264	370,677
Fee, commission and brokerage	32	932,903	524,293
Other income	33	49,189	18,555
Gain / (loss) on revaluation of investments carried at fair value through profit and loss account - net		161,512	(74,053)
		4,131,336	2,538,989
Share of profit / (loss) from:			
- associates		46,394	(51,302)
- joint ventures		584	(3,121)
		46,978	(54,423)
		4,178,314	2,484,566
EXPENDITURE			
Operating and administrative expenses	34	901,645	576,305
Finance cost	35	956,090	408,953
		1,857,735	985,258
Profit before taxation		2,320,579	1,499,308
TAXATION	36		
- Current		142,108	77,454
- Prior		(9,888)	(14,723)
- Deferred		2,674	23,042
		134,894	85,773
Profit after taxation		2,185,685	1,413,535
Profit attributable to minority interest		(514,165)	(296,448)
		1,671,520	1,117,087
Basic earnings per share	37	47.76	31.92

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

Mazhar-ul-Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

Consolidated Cash Flow Statement For the year ended June 30, 2006

	Note	2006	2005 (Restated)
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,320,579	1,499,308
Adjustments for:			
Depreciation		44,063	38,583
Amortisation of intangible assets		20,241	19,433
Amortisation of transaction cost		2,621	1,572
Gain on sale of property and equipment		(1,510)	(7,376)
Gain on sale and lease back transaction		-	(624)
Gain on sale of investment property		(5,901)	-
Interest income from defence saving certificates		(508)	(430)
(Gain) / loss on revaluation of investments carried at fair value through profit and loss account - net		(161,512)	74,053
Gain on sale of investments in a subsidiary		-	(80,758)
Loss on sale of investment in an associate		75,000	-
Share of (profit) / loss in associates and joint ventures		(46,978)	54,423
Finance cost		953,469	407,381
		878,985	506,257
Operating profit before working capital changes		3,199,564	2,005,565
(Increase) / decrease in operating assets:			
Loans and advances		378,532	(398,920)
Short-term investments		(3,111,118)	(1,500,443)
Trade debts		(699,580)	(352,556)
Long-term loans, advances and other receivables		105,303	(108,147)
Long-term deposits		(1,233)	1,424
Fund placements - net		1,373,061	(2,161,606)
Deposits, pre-payments, accrued mark-up and other receivables		(74,020)	(57,231)
		(2,029,055)	(4,577,479)
Increase in trade and other payables		1,049,725	303,178
Net cash generated from / (used in) operations		2,220,234	(2,268,736)
Mark-up paid		(918,324)	(362,879)
Taxes paid		(123,697)	(116,407)
Dividend paid		(81,637)	(56,107)
Net cash generated from / (used in) operating activities		1,096,576	(2,804,129)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(248,109)	(180,147)
Intangible assets acquired		(12,576)	(1,566)
Stock exchange membership cards and room acquired		-	(1,000)
Proceeds from sale of property and equipment		5,302	26,613
Proceeds from sale of investment properties		198,000	-
Proceeds from disposal of investment in associate		925,000	-
Investments acquired - net of sale		(3,641,376)	(978,700)
Net cash used in investing activities		(2,773,759)	(1,134,800)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares at premium		-	122,900
Proceeds from issue of term finance certificates - net		200,326	791,851
Proceeds from issue of commercial paper - net		542,433	-
Long-term loans		(338,333)	213,855
Certificates of deposit issued		550,775	1,084,587
Securities sold under repurchase agreements		340,496	(506,961)
Short sale of government securities - held for trading		-	179,238
Net cash generated from financing activities		1,295,697	1,885,470
Net decrease in cash and cash equivalents		(381,486)	(2,053,459)
Cash and cash equivalents at the beginning of the year		(1,983,006)	70,453
Cash and cash equivalents at the end of the year	38	(2,364,492)	(1,983,006)

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

Mazhar-ul-Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

Consolidated Statement of Changes in Equity For the year ended June 30, 2006

	Issued, subscribed and paid-up capital	Reserves					Minority Interest	Total
		Share premium	General	Foreign exchange translation	Unrealised gain on revaluation of available for sale invest ments-net	Unappro-priated profit		
	(Rupees in '000)							
Balance as at July 1, 2004 - as previously reported	350,000	475,505	500,000	-	1,009,512	1,130,552	629,247	4,094,816
Revaluation of available for sale investments to fair value charged to profit and loss account in the year 2002 now reversed	-	-	-	-	9,103	(9,103)	-	-
Balance as at July 1, 2004 - restated	350,000	475,505	500,000	-	1,018,615	1,121,449	629,247	4,094,816
Appropriation declared subsequent to year end -Transfer from general reserve	-	-	1,000,000	-	-	(1,000,000)	-	-
-Final dividend @ 15%	-	-	-	-	-	(52,500)	-	(52,500)
Transfer from minority interests due to merger of JS ABAMCO Limited with a sub-subsidiary	-	-	-	-	-	(16,238)	-	(16,238)
Net effect of revaluation of available-for-sale investments to fair value held as at the year-end	-	-	-	-	(141,661)	-	(80,637)	(222,298)
Profit for the year	-	-	-	-	-	1,117,087	296,448	1,413,535
Balance as at June 30, 2005 - restated	350,000	475,505	1,500,000	-	876,954	1,169,798	845,058	5,217,315
Balance as at July 1, 2005 - as previously reported	350,000	475,505	1,500,000	-	867,851	1,153,105	845,058	5,191,519
Revaluation of available for sale investments to fair value charged to profit and loss account in the year 2002 now reversed	-	-	-	-	9,103	(9,103)	-	-
Effect of restatement of advances against subscription of shares of a joint venture and a related party at cost previously accounted under equity method	-	-	-	-	-	25,796	-	25,796
Balance as at July 1, 2005 - restated	350,000	475,505	1,500,000	-	876,954	1,169,798	845,058	5,217,315
Appropriation declared subsequent to year end								
-Final dividend @ 25%	-	-	-	-	-	(87,500)	-	(87,500)
Reversal of unrealised gain on investments carried at fair value through profit and loss account	-	-	-	-	-	23,332	-	23,332
Net effect of translation of net assets of foreign subsidiary to reporting currency	-	-	-	(212)	-	-	-	(212)
Net effect of revaluation of available for sale investments to fair value held as at the year-end	-	-	-	-	703,165	-	(120,633)	582,532
Profit for the year	-	-	-	-	-	1,671,520	514,165	2,185,685
Balance as at June 30, 2006	350,000	475,505	1,500,000	(212)	1,580,119	2,777,150	1,238,590	7,921,152

The annexed notes from 1 to 47 form an integral part of these consolidated financial statements.

Mazhar-ul-Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

Notes To The Consolidated Financial Statements For The Year Ended June 30, 2006

1. THE COMPANY AND ITS OPERATIONS

1.1 Jahangir Siddiqui & Company Limited (the holding company) was incorporated under the Companies Ordinance, 1984 on May 4, 1991 as a public unquoted company. The Company is presently listed on Karachi Stock Exchange (Guarantee) Limited. The Company is also a corporate member of Karachi Stock Exchange (Guarantee) Limited and Islamabad Stock Exchange (Guarantee) Limited. The registered office of the holding company is situated at 14th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi. The principal activities of the Company are equity trading, money market transactions, investment advisory and consultancy services, underwriting etc.

1.2 The group comprises of the holding company and the following subsidiary companies that have been consolidated in these financial statements:

Subsidiary Company	Note	Date of Acquisition	Holding (including indirect holding) 2006 %	2005 %	Total assets 2006 (Rupees in '000s)	Total liabilities 2006 (Rupees in '000s)
Jahangir Siddiqui Investment Bank Limited	1.2.1	18-09-1999	62.41	62.41	5,175,168	3,892,211
JS ABAMCO Limited (formerly ABAMCO Limited)	1.2.2	31-07-2000	52.02	52.02	2,277,302	956,003
Jahangir Siddiqui Capital Markets Limited	1.2.3	22-05-2003	75.00	75.00	2,238,756	1,718,716
JS Infocom Limited	1.2.4	25-08-2003	90.50	90.50	514,653	3,203
JS International Limited	1.2.5	14-07-2005	100.00	-	292,293	-

1.2.1 Jahangir Siddiqui Investment Bank Limited (JSIBL)

JSIBL is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 on October 6, 1992 and is quoted on the Karachi Stock Exchange (Guarantee) Limited and a corporate member of Islamabad Stock Exchange (Guarantee) Limited. The registered office of JSIBL is situated at 13th Floor, Chapal Plaza, Hasrat Mohani Road, Karachi. The company is licensed to carry out business of investment finance services as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 issued by the Securities and Exchange Commission of Pakistan (SECP).

JSIBL and the holding company, entered into a Framework Agreement with American Express Bank Limited, New York (AEBL) on November 10, 2005 for the acquisition of its Pakistan Operations. Accordingly, a new banking company, JS Bank Limited, was incorporated on March 15, 2006. A restricted Banking License was issued to JS Bank Limited by the State Bank of Pakistan (SBP) on March 23, 2006. A Transfer Agreement was executed on June 24, 2006 between the JSIBL and JS Bank Limited for the transfer of the entire business and undertaking of the JSIBL to JS Bank Limited and a separate Transfer Agreement has also been executed on June 24, 2006 between AEBL and JS Bank Limited for transfer of AEBL's commercial banking business in Pakistan with all assets and liabilities (other than certain excluded assets and liabilities) (AEBL Business). The JSIBL and AEBL - Pakistan Branches (hereinafter called amalgamating entities) will be merged and amalgamated with and into JS Bank Limited pursuant to separate Schemes of Amalgamation under Section 48 of the Banking Companies Ordinance, 1962 after completion of all legal formalities and subject to the approval of SBP and the SECP. The said Scheme of Amalgamation has already been approved by the shareholders of JSIBL and the shareholders of JS Bank Limited in the extra ordinary general meetings held on July 31, 2006.

These financial statements have been prepared on a going concern basis. As all the assets and liabilities of JSIBL will be transferred to the JS Bank Limited under a Scheme of Amalgamation as stated above, after the sanction by the SBP.

1.2.2 JS ABAMCO Limited (formerly ABAMCO Limited)

JS ABAMCO Limited is an unlisted public limited company incorporated in Pakistan on February 22, 1995 under the Companies Ordinance, 1984. The registered office of the Company is situated at 7th floor, The Forum, Khayaban-e-Jami, Clifton, Karachi.

The Company is registered with the SECP as an "Investment Adviser" and "Asset Management Company" under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. During the year, the Company has obtained license from SECP to undertake Investment Finance Services.

The Company is an investment adviser and asset management company for the following:

Investment adviser of the following closed-end funds:

- BSJS Balanced Fund Limited
- ABAMCO Composite Fund
- UTP Growth Fund

Asset management company of the following open-end funds:

- Unit Trust of Pakistan (UTP)
- UTP - Income Fund
- UTP - Islamic Fund
- UTP - Aggressive Asset Allocation Fund
- UTP - Fund of Funds
- UTP - A-30+ Fund

The UTP-A-30+ Fund was floated by the Company during the year. The units of the fund were offered to the public from May 29, 2006 to May 31, 2006 (both days inclusive).

During the year, three closed-end funds of the Company namely ABAMCO Capital Fund, ABAMCO Growth Fund and ABAMCO Stock Market Fund were merged to form UTP Growth Fund. These funds were merged with effect from June 06, 2006 based on the swap ratio determined using the Net Asset Values of these funds as at December 31, 2005.

1.2.3 Jahangir Siddiqui Capital Markets Limited (JSCML)

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

1.2.4 JS Infocom Limited

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

On October 18, 2004, JS Infocom made an equity investment of Rs.1 billion in DV COM Limited (holding 49.99%), which is separately licensed by the Pakistan Telecommunication Authority to provide nationwide long distance and international services and wireless local loop services in all 14 telecommunication regions. On November 7, 2005 JS Infocom sold its interest in DV COM for Rs. 925 million. JS Infocom is presently seeking business ventures in the Telecommunication sector.

1.2.5 JS International Limited

JS International Limited (JSIL) was incorporated in Cayman Islands B.W.I. on July 14, 2005. The primary objective for which the company has been established includes inward investment from non-resident Pakistanis and international institutional investors, financial advisory services to Pakistani companies expanding overseas and to foreign companies interested in investing or setting up joint ventures in Pakistan. Jahangir Siddiqui & Company Limited have remitted US $ 4.90 million to JS International Limited (wholly owned subsidiary) as equity investment after obtaining permission from the State Bank of Pakistan. Jahangir Siddiqui & Company Limited holds 10,000 shares of US $ 1/- each and paid US $ 489/- per share as a share premium.

2. STATEMENT OF COMPLIANCE

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

3. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Jahangir Siddiqui and Company Limited and its subsidiaries as at June 30 each year. The financial statements of the subsidiaries are prepared for the same reporting year as of the holding company except for JS International Limited whose financial year ends at March 31 using consistent accounting policies.

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

All material intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of consolidated financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The matters involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in respective notes to the financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Accounting convention

These consolidated financial statements have been prepared on a historical cost basis, except for certain investments and derivative financial instruments that have been measured at fair value as described in notes 5.8 and 5.9 below.

5.2 Changes in accounting policies

During the year the holding company has changed the following accounting policy:

5.2.1 Held for trading investments

Consequent to revision in International Accounting Standard (IAS) 39; "Financial Instruments Recognition and Measurement" the holding company has changed its accounting policy pertaining to transaction costs incurred on acquisition of investments. Now investments classified as held for trading which are measured at fair value through profit or loss, transaction costs are charged to the profit and loss account when incurred. Previously such charges incurred on acquisition of all class of investments were included in the cost. This change in the accounting policy has been accounted for retrospectively and comparative information has been restated in accordance with the treatment specified in IAS 8; "Accounting Policies, Changes in Accounting Estimates and Errors".

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

	2006	2005
	(Rupees in '000)	
Decrease in gain on sale of investments	2,348	1,974
Decrease in gain on revaluation of investments carried at fair value through profit and loss account -net	686	576
Decrease in operating and administrative expenses	3,034	2,550

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

5.3.1 In JSIBL, investments in quoted securities are initially recorded at cost and are subsequently marked to market in accordance with BSD Circular No.20 dated August 4, 2000 issued by the State Bank of Pakistan. The circular requires that the difference between the carrying value (adjusted for amortisation of discount or premium) and the revalued amount shall not be taken to profit and loss account except when actually realised and instead be kept in a separate account called "Surplus / deficit on revaluation of securities" which is being shown below equity. However, the holding company accounts for its quoted investments as stated in notes 5.8 to these financial statements. Therefore, to be consistent with the group accounting policy, appropriate adjustments have been made in the financial statements of JSIBL in preparing these consolidated financial statements as required by IAS-27; "Consolidated and Separate Financial Statements " .

5.3.2 The group companies state all their fixed assets at cost less accumulated depreciation as mentioned in note 5.4 to these financial statements except for JS ABAMCO Limited where the office premises are carried at revalued amounts as allowed under IAS - 16 "Property, Plant and Equipment". Therefore, to be consistent with the group accounting policy, appropriate adjustments have been made in the financial statements of JS ABAMCO Limited in preparing these consolidated financial statements as required by IAS-27; "Consolidated and Separate Financial Statements ".

5.4 Property and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to income applying the straight-line method whereby the cost of an asset is written-off over its estimated useful life at the rates specified in note 6 to the consolidated financial statements. In respect of additions and deletions of assets during the year, depreciation is charged from the month of acquisition and upto the month preceding the deletion respectively.

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

The assets residual values, useful life and methods are reviewed and adjusted if appropriate, at each financial year end.

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

Gains and losses on disposal of property and equipment, if any, are taken to income currently.

5.5 Intangible assets

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

5.6 Investment properties

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

Investment properties are de-recognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains and losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

5.7 Stock exchange membership cards and room

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

5.8 Investments

The management of the group determines the appropriate classification of its investments at the time of purchase or increase in holding and classifies / reclassifies its investment as associates and joint ventures, held for trading, held to maturity and available for sale.

All investments are initially recognized at cost, being the fair value of the consideration given including transaction costs associated with the investment except in the case of held for trading investments where transaction costs are charged to profit and loss account when incurred.

For investments in government securities, fair value is determined by reference to quotations obtained from PKRV Reuters page. In respect of investments in quoted equity securities, fair value is determined by reference to stock exchange quoted market prices at the close of business and in respect of unquoted equity securities, where active market exists, fair value is determined by reference to broker quotes. For term finance certificates, fair value is determined by reference to quotations obtained from PKRV Reuters page as these are not actively traded on stock exchanges.

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

5.8.1 Associates and joint ventures

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

A joint venture is a contractual arrangement in which a venturer has joint control in the economic activities undertaken with the other ventures.

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

Other investments in associates that are held exclusively with a view to its subsequent disposal in the near future are classified as held for trading or available for sale investments and are stated at fair value, with any resultant gains or losses being recognized directly in profit or loss account or equity respectively. When available for sale investments are sold or when the carrying amount of available for sale investments is impaired the cumulative gain or loss recognized in equity is transferred to the profit and loss account.

5.8.2 Held for trading

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

5.8.3 Available for sale

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

At the time of disposal, the respective surplus or deficit is transferred to income currently.

5.8.4 Held to maturity

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

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

5.9 Derivatives

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

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

5.10 Securities sold under repurchase / purchased under resale agreements

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

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

5.11 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the group loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently (for regular way purchases and sales of financial instruments refer to note 5.13).

5.12 Offsetting of financial assets and financial liabilities

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

5.13 Trade date accounting

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

5.14 Certificates of deposit

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

5.15 Foreign currency transactions / translation

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

When the reporting date of the foreign subsidiary is different from that of holding company but not greater than three months, adjustments are made for effect of significant transactions. Other significant events that occur between different dates upto the balance sheet date of holding company of foreign operations are translated at the exchange rate at the balance sheet date of the foreign operation.

The functional currency of the foreign operations of JS International Limited is United States Dollars. At the reporting date, the assets and liabilities of the subsidiary are translated into the presentation currency of the holding Company at the rate of exchange ruling at the balance sheet date and their income are translated at the date of transaction exchange rates using for the year. The exchange difference arising of a foreign entity is taken directly to equity. On disposal of a foreign entity the deferred cumulative exchange difference recognized in equity, is recognized in the profit and loss account of that year, relating to that foreign entity.

5.16 Provisions

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

5.17 Financial liabilities - held for trading

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

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

5.18 Taxation

Current

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

Deferred

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

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

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

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

5.19 Revenue recognition

(a) Return on Defence Saving Certificates (DSCs) have been accounted for using the effective interest rate method.

(b) Income / return on Term Finance Certificates (TFCs), government securities, reverse repurchase transactions, loans and advances and bank deposits is recognised on an accrual basis.

(c) Dividend income on equity investments is recognised, when the right to receive the same is established.

(d) Capital gains or losses on sale of investments are recognised in the period in which they arise.

(e) Underwriting commission is recognised when the agreement is executed. Take-up commission is recognised at the time commitment is fulfilled.

(f) Brokerage, consultancy and advisory fee, commission on foreign exchange dealings and government securities, etc. are recognised as and when earned.

(g) Rental income from investment properties is recognised on accrual basis.

(h) Commission on portfolio trading services is recognized on an accrual basis.

(i) Trusteeship fee is recognized on an accrual basis in proportion to the provision of service.

5.20 Long term finances, loans and advances

All long term finances and loans are initially recognised at cost being the fair value of consideration received together with the associated transaction costs. Subsequently, these are carried at amortised cost using effective interest rate method.

Transaction costs relating to long term finance are being amortised over the period of agreement using the effective interest rate method.

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

5.21 Trade debts and other receivables

Trade debts and other receivable are initially recognized at fair value plus directly attributable cost, if any and subsequently measured at amortised cost. A provision for impairment of trade and other receivable is established where there is objective evidence that the group will not be able to collect the amount due according to the original terms of receivable.

5.22 Trade and other payables

Trade and other payables are initially recognized at fair value plus directly attributable cost, if any and subsequently measured at amortised cost.

5.23 Cash and cash equivalents

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

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

5.24 Segment reporting

A business segment is a distinguishable component within the Group that is engaged in providing individual products or services or a group of related products or services and under a common control environment (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments.

The group's geographical segments are based on location of group's assets.

5.25 Staff retirement benefits

Defined contribution plan

The group operates an approved funded contributory provident fund scheme for all its employees eligible to the scheme. Equal monthly contributions are made by the group and the employees to the fund at the rate of 10% per annum of basic pay.

5.26 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

	Note	2006	2005 (Restated)
		(Rupees in '000)	
6. PROPERTY AND EQUIPMENT			
Operating assets	6.1	246,922	241,921
Capital work-in-progress	6.2	5,456	-
		252,378	241,921

6.1 Operating assets - owned

	COST			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
	As at July 1, 2005	Additions / (disposals)	As at June 30, 2006	As at July 1, 2005	For the year / (disposals)	As at June 30, 2006	As at June 30, 2006	Rate
	(Rupees in '000)			(Rupees in '000)				%
Office premises - freehold	154,298	6,315 -	160,613	21,414	9,099 -	30,513	130,100	5
Office equipment	107,074	18,599 (348)	125,325	58,992	19,187 (95)	78,084	47,241	25
Office furniture and fixtures	34,522	1,814 -	36,336	11,746	2,915 -	14,661	21,675	10
Motor vehicles	62,522	25,310 (7,526)	80,306	24,343	12,221 (4,164)	32,400	47,906	20
June 30, 2006	358,416	52,038 (7,874)	402,580	116,495	43,422 (4,259)	155,658	246,922	
June 30, 2005	209,402	180,147 (31,133)	358,416	91,071	37,944 (12,520)	116,495	241,921	

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

Particulars	Acquisition cost	Accumulated depreciation	Written down value	Sale proceeds	Profit	Mode of disposal	Buyer's particulars
	----------	----------	(Rupees in '000)	----------	----------		
Motor vehicles:							
Mercedez Benz	3,653	2,253	1,400	1,800	400	Negotiation	Mr. Sarfaraz Ahmed 127/1, Main Khayaban-e-Sehar 27 Street Phase 6, D.H.A Karachi
Toyota Jeep	350	87	263	263	-	Negotiation	Modern Trading (Private) Ltd. 735, Zaibunnissa Street, Sadar Karachi
Toyota Corolla	300	105	195	365	170	Negotiation	Mr. Hafeez ur Rehman employee
Suzuki Cultus	555	444	111	405	294	Quotation	Mr. Saqib Hassan - Third Party
Suzuki Cultus	580	116	464	525	61	Insurance	EFU General Insurance Ltd
Motor Cycles (Book value of each is less than Rs. 50,000)	319	72	247	241	(6)	Negotiation	Various employees
Office equipment:							
Toshiba Notebook	84	21	63	63	-	Insurance	EFU General Insurance Ltd

	2006	2005
	(Rupees in '000)	
6.2 Capital work in progress - at cost		
Advances to suppliers against		
- civil works	2,500	-
- acquisition of software and equipments	2,956	-
	5,456	-

7. INTANGIBLE ASSETS

	COST			ACCUMULATED AMORTISATION			WRITTEN DOWN VALUE	
	As at July 1, 2005	Additions	As at June 30, 2006	As at July 1, 2005	For the year	As at June 30, 2006	As at June 30, 2006	Rate %
	----------	(Rupees in '000)	----------	----------	(Rupees in '000)	----------		
Software	5,800	12,576	18,376	1,933	2,473	4,406	13,970	20 - 33.33
Membership rights of ICP mutual funds	175,000	-	175,000	52,500	17,500	70,000	105,000	10
June 30, 2006	180,800	12,576	193,376	54,433	19,973	74,406	118,970	
June 30, 2005	175,000	5,800	180,800	35,000	19,433	54,433	126,367	

7.1 Intangible asset in respect of Management Rights of ICP Mutual Funds represents the amount paid to the Privatisation Commission, Government of Pakistan for the acquisition of the management rights of 12 ICP Mutual Funds, which were consolidated into ABAMCO Stock Market Fund, ABAMCO Growth Fund and ABAMCO Capital Fund. During the year, these three funds have merged to form UTP-Growth Fund. Cost incurred for the acquisition of management rights is being amortised on a straight line basis over ten financial years from the year ended June 30, 2003.

8. INVESTMENT PROPERTIES

	COST			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE	
	As at July 1, 2005	Additions / (disposal)	As at June 30, 2006	As at July 1, 2005	For the year / (disposal)	As at June 30, 2006	As at June 30, 2006	Rate
	(Rupees in '000)			(Rupees in '000)				%
Land - leasehold	-	192,099 (192,099)	-	-	-	-	-	
Office premises - freehold	12,599		12,599	6,988	639	7,627	4,972	5
June 30, 2006	12,599	192,099 (192,099)	12,599	6,988	639	7,627	4,972	
June 30, 2005	12,599	-	12,599	6,349	639	6,988	5,611	

8.1 The fair value of the investment properties aggregates to Rs.74.66 million which has been arrived at on the basis of a valuation carried out by M/s. Consulting Support and Services, independent valuers. The valuation was arrived at by reference to market values and realizable values, which are determined on the basis of market intelligence, indexation of the original cost, year of construction and present physical condition and location.

8.2 Details of disposal of investment property

Particulars	Acquisition cost	Accumulated depreciation	Written down value	Sale proceeds	Profit	Mode of disposal	Buyer's particulars
	(Rupees in '000)						
Land - leasehold	192,099	-	192,099	198,000	5,901	Negotiation	Mr. Muhammed Hanif 28/A, Adamjee Nagar, Karachi

9. STOCK EXCHANGE MEMBERSHIP CARDS AND ROOM

	2006	2005
	(Rupees in '000)	
Membership cards:		
- Karachi Stock Exchange (Guarantee) Limited	21,100	21,100
- Islamabad Stock Exchange (Guarantee) Limited	22,202	22,202
Room - Islamabad Stock Exchange (Guarantee) Limited	1,000	1,000
	44,302	44,302

	Note	2006	2005 (Restated)
		(Rupees in '000)	

10. LONG-TERM INVESTMENTS

	Note	2006	2005
Related parties:			
- Investments in associates	10.1	2,016,012	986,576
- Investment in joint ventures	10.2	16,643	14,568
- Other related parties	10.3	516,070	-
		2,548,725	1,001,144
Other investments	10.4	2,239,301	1,248,085
		4,788,026	2,249,229

10.1 Investments in associates - stated as per equity method

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

2006 Number of shares	2005 Number of shares		Activity	Holding 2006 %	Holding 2005 %	2006 (Rupees in '000)	2005 (Rupees in '000)
		Quoted					
3,000,000	3,000,000	Network Microfinance Bank Limited	Banking Microfinancing	30.00	30.00		
		- Opening balance				24,000	30,000
		- Share of (loss) for the year-net of tax				(1,200)	(6,000)
						22,800	24,000
70,563,907	-	Azgard Nine Limited	Textile Composite	22.57	-		
		- Opening balance				1,641,848	-
		- Share of profit for the year-net of tax				9,374	-
		- Dividend received during the period / year				(16,980)	-
						1,634,242	-
27,663,548	-	BSJS Balanced Fund Limited	Mutual Fund	23.33	-		
		- Opening balance				323,716	-
		- Share of profit for the year-net of tax				38,213	-
		- Share of unrealized gain on revaluation of available for sale investments				78	-
		- Dividend received during the period / year				(10,560)	-
						351,447	-
		Un-quoted					
-	100,000,000	DV Com Limited	Tele-communication	-	49.98		
		- Investment during the year				-	1,000,000
		- Share of loss during the year				-	(44,940)
						-	955,060
750,000	750,000	EFU Services (Private) Limited	Investment company	37.50	37.50		
		Opening balance				7,516	7,500
		Share of profit for the year - net of tax				7	16
						7,523	7,516
						2,016,012	986,576

10.2 Investment in joint ventures - unquoted - stated as per equity method

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

Number of shares 2006	Number of shares 2005		Activity	Holding 2006 %	Holding 2005 %	2006 (Rupees in '000)	2005 (Rupees in '000)
1,806,691	1,806,691	DCD JS Factors (Private) Limited					
		- Opening balance	Factoring company	49.99	49.99	14,568	18,067
		- Share of profit / (loss) for the year - net of tax				67	(3,499)
						14,635	14,568
50*	-	DCD JS Factors Inc.					
		- Transfer from advance from subscription	Factoring company	49.50	-	1,491	-
		- Share of profit for the year - net of tax				517	-
						2,008	-
						16,643	14,568

* 50 shares of US $ 1.00 each.

10.3 Other related parties - Available for sale at fair value

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

Number of shares 2006	Number of shares 2005		Activity	Holding 2006 %	Holding 2005 %	2006 (Rupees in '000)	2005 (Rupees in '000)
		Quoted					
6,760,000	-	Eye Television Network Limited	Television Network	13.52	-	47,320	-
37,500,000	-	BankIslami Pakistan Limited	Islamic Banking	18.75	-	468,750	-
						516,070	-

10.3.1 During the year, the group has reclassified the above investments amounting to Rs. 512.5 million from 'investment in associates' to 'available for sale' investments as the management considers that the group does not have significant influence over such investee companies in terms of the requirements of IAS - 28 "Accounting for Investment in Associates".

10.4 Other investments

	Note	2006 (Rupees in '000)	2005 (Rupees in '000)
Available for sale			
Equity securities			
- quoted	10.4.1	2,165,978	1,204,694
- unquoted - at cost	10.4.2	69,998	40,574
		2,235,976	1,245,268
Held to maturity			
Defence Saving Certificates (at amortised cost)		3,325	2,817
		2,239,301	1,248,085

10.4.1 Includes equity securities pledged with banks having market value as at June 30, 2006 of Rs. 1,738.92 million (2005: Rs. 840.47 million) costing Rs. 272.33 million (2005: Rs. 241.58 million).

The cost of equity securities is Rs. 366.64 million (2005: Rs. 323.91 million).

10.4.2 During the year, the group acquired 1,018,000 ordinary shares of Rs. 10/- each in HKC Limited (HKC) incorporated in Pakistan at a price of Rs. 68.76 per share. The primary objective of HKC is to undertake business of real estate acquisition, development of real estates, construction activities and improvements, repair and renovations. The Group holding is 15.55% in HKC Limited.

11. LONG-TERM LOANS, ADVANCES AND OTHER RECEIVABLES - considered good

	Note	2006	2005
		(Rupees in '000)	
Long-term loans			
Secured			
Due from:			
- Chief Executive Officer	11.1	20,000	20,000
- Executives	11.2 & 11.3	1,481	1,292
- Other employees	11.3	3,299	2,778
- Related party	11.4	32,000	32,000
- Others	11.5	53,546	72,690
		110,326	128,760
Long-term advances - unsecured			
- investment property		-	3,466
- equity		-	3,072
- capital expenditure		434	15,351
- a room at National Commodity Exchange Limited		2,500	2,500
		2,934	24,389
Other receivable			
Receivable from a related party - unsecured	11.6	20,625	24,000
Current maturity of long-term loans and advances shown under current assets	15	(81,446)	(19,407)
		52,439	157,742

11.1 Includes a loan given to the Chief Executive Officer (CEO) of JS ABAMCO Limited with prior approval of the SECP under section 195 of the Companies Ordinance, 1984 for the construction of a dwelling house. The loan is secured by way of second equitable mortgage over the said property and is repayable by June 30, 2007. The loan carries mark-up equivalent to the average cost of funds to JS ABAMCO Limited determined on the basis of six month's average funded liabilities, which is 10.00% per annum for the period from July to December 2005 based on average funded liabilities for the period from January to June 2005 and 10.64% per annum for the period from January to June 2006 based on average funded liabilities for the period June to December 2005.

The maximum aggregate amount due from the CEO of JS ABAMCO Limited at the end of any month during the year was Rs. 20.00 million (2005: Rs.20.00 million).

	2006	2005
	(Rupees in '000)	
11.2 Reconciliation of the carrying amount of loans to executives		
Opening balance	580	1,274
Repayments	(498)	(694)
	82	580

11.3 Represents loans to executives and employees given for housing, purchase of vehicle, home appliances and other purposes at rates ranging from Nil to 13.44% (2005: Nil to 12.00%) per annum in accordance with employee loan policy. These loans are secured against provident fund balances and salaries of the employees, title documents of vehicles and personal guarantees and are repayable over a period of one to five years. The maximum aggregate amount due from executives at the end of any month during the year was Rs.0.59 million (2005: Rs.1.934 million).

11.4 This represents finance provided to Mr. Siraj Ahmed Dadabhoy repayable over a period of two years at mark-up rate of 3.50% above six months KIBOR. The loan is secured by pledge of shares of listed companies. Maximum aggregate amount outstanding at the end of any month during the year was Rs.32.00 million (2005 Rs.32.00 million).

11.5 Represents finances with maturities ranging from 1 to 6 years, at mark-up rates ranging from 8.00% to 14.74% (2005: 8.00% to 12.5%) per annum repayable in monthly and quarterly installments. These loans are secured against pledge of shares of listed companies, mortgage of property, hypothecation of fixed / moveable assets, home appliances and jewelry, promissory notes and personal guarantees from borrowers.

11.6 Represents expenditure incurred on the incorporation and floatation of ABAMCO Composite Fund, UTP - A-30+ Fund and UTP - Growth Fund. These expenses are recoverable from the Fund over a period of five years and do not carry any mark-up.

12. LONG-TERM DEPOSITS

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

13. SHORT-TERM INVESTMENTS

	2006	2005 (Restated)
	(Rupees in '000)	
13.1 Investments by classification:		
Held for trading		
- Listed equity securities	3,067,773	1,894,945
- Government securities	686,575	-
- Term finance certificates	54,551	96,344
- Open-end fund units	2,121,296	-
Balance carried forward	5,930,195	1,991,289

	Note	2006	2005 (Restated)
		(Rupees in '000)	
Balance brought forward		5,930,195	1,991,289
Available for sale			
Equity securities			
- quoted		1,631,255	1,966,787
- unquoted - at cost		-	3,480
Open-end fund units		368,587	445,354
Term finance certificates			
- quoted		302,359	414,424
- unquoted - at cost		375,443	131,443
		2,677,644	2,961,488
		8,607,839	4,952,777

13.2 By type:

	Note	2006	2005
Equity securities			
- quoted	13.2.1	4,699,028	3,861,732
- unquoted - at cost		-	3,480
	13.2.2	4,699,028	3,865,212
Government securities	13.2.3	686,575	-
Term finance certificates			
- quoted		356,910	510,768
- unquoted - at cost		375,443	131,443
		732,353	642,211
Open-end fund units		2,489,883	445,354
	13.2.4	8,607,839	4,952,777

The above investments are carried at market value except where mentioned specifically. The cost of the above investments amounts to Rs. 8,780.60 million (2005: Rs. 4,799.60 million).

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

13.2.2 Includes investments in equity securities of related parties having market value of Rs. 2,763.41 million (2005: Rs. 536.56 million).

13.2.3 The above represents Pakistan Investment Bonds (PIB's) with interest income receivable semi- annually at the rate ranging from 8.00% to 13.00% (2005: Nil) per annum with a remaining term of 5 to 7 years.

13.2.4 Includes investments pledged with banks having market value of Rs. 4,136.04 million (2005: Rs. 2,376.90 million) costing Rs. 4,177.05 million (2005: Rs. 2,163.94 million).

	Note	2006	2005 (Restated)
		(Rupees in '000)	

14. TRADE DEBTS - unsecured and considered good

	Note	2006	2005
Receivable against			
- purchase of shares on behalf of clients	14.1	1,060,948	314,505
- sale of shares		-	60,736
Commission receivable		1,275	8,274
Advisory fee receivable	14.2	20,872	-
		1,083,095	383,515

14.1 It includes receivable from related parties amounting to Rs.3.92 million (2005:Rs. 8.37 million).

14.2 Represents receivable in respect of advisory services and was subsequently received.

	Note	2006	2005
		(Rupees in '000)	

15. LOANS AND ADVANCES

	Note	2006	2005
Current maturity of long-term loans and other receivable	11	81,446	19,407
Short-term loans			
Term loans - secured			
- considered good	15.1	102,700	490,315
- considered doubtful		47	24
		102,747	490,339
Provision for non-performing loans	15.2	(47)	(24)
		102,700	490,315
Advances - considered good			
Secured			
- against subscription of term finance certificates	15.3	30,000	-
Unsecured			
- against subscription of Term Finance Certificates	15.4	124,500	50,000
- against subscription of shares of related parties		-	174,061
- for purchase of office equipment		2,509	94
- to the contractor for renovation of new office premises		13,195	-
- to directors	15.5	49	45
- to executives	15.5	150	133
- to staff	15.5	1,118	144
		171,521	224,477
		355,667	734,199

15.1 Represents loans provided by JSIBL for working capital finances, which carry mark-up ranging from 10.00% to 14.00% (2005: 9.00% to 13.66%) per annum and are secured by pledge of shares of listed companies, mortgage of property of the borrowers and hypothecation of assets.

	2006	2005
	(Rupees in '000)	
15.2 Particulars of provision for non-performing loan		
Opening balance	24	12
Charge for the year	23	24
Reversal on recoveries of non-performing loan	-	(12)
Closing balance	47	24

15.3 Represents advance for subscription of 6,000 term finance certificates (TFC) having a face value of Rs. 5,000 each and carries a rate of return of base rate plus 2.85% per annum. The base rate is defined as the 6 months Karachi Interbank Average (ask side). The TFC is listed on Islamabad Stock Exchange. These TFCs are secured by first rating pari passu floating charge, along with a 25% margin on all its present and future movable fixed assets (excluding land, building and vehicles).

15.4 Represents advance against subscription of 5,900 unquoted unsecured term finance certificates of Ithaca Capital Limited, having face value of Rs.5,000 each. The mark-up and principal on these term finance certificates is payable on maturity after three years, based on a fixed rate of 12.00% per annum and 19,000 quoted unsecured TFC of United Bank Limited TFC III, having face value of Rs. 5,000 each and carries a rate of return of base rate plus 1.7% per annum. The base rate is defined as the 6 months Karachi Inter Bank Offer Rate (KIBOR).

15.5 The advances are provided to directors, executives and other employees to meet business expenses and are settled as and when the expenses are incurred. In addition, advances are also given to executives against their salaries. These advances are recovered through deduction from salaries in equal monthly instalments.

The maximum aggregate amount of advances due from directors of any of the group companies at the end of any month during the year was Rs.0.049 million (2005: Rs.0.045 million).

The maximum aggregate amount of advances due from executives of any of the group companies at the end of any month during the year was Rs.0.150 million (2005: Rs.0.183 million).

16. DEPOSITS, PREPAYMENTS, ACCRUED MARK-UP AND OTHER RECEIVABLES

	Note	2006	2005
		(Rupees in '000)	
Deposits		2,712	2,471
Prepayments		24,358	5,427
Accrued profit / mark-up on:			
- Long-term loan		2,937	1,786
- Short-term loans and advances		4,551	9,242
- Reverse repurchase transactions		4,565	4,723
- Bank deposits		1,676	333
- Fund placements		26,425	8,644
- Government securities		1,751	-
- Term finance certificates		16,520	16,908
		58,425	41,636
Other receivables			
- Dividend receivable		8,604	28,474
- Fair value of derivative financial instruments		-	7,916
- Underwriting commission receivable from Azgard Nine Limited - a related party		12,665	-
- Remuneration from related parties	16.1	209,750	157,469
- Commission from related parties	16.2	1,584	775
- Others		17,945	17,855
		250,548	212,489
		336,043	262,023

16.1 Includes remuneration for services rendered as an investment advisor by JS ABAMCO Limited for BSJS Balanced Fund Limited, ABAMCO Stock Market Fund, ABAMCO Growth Fund, ABAMCO Capital Fund, ABAMCO Composite Fund and UTP Growth Fund. Remuneration for the current year has been calculated at 2.00% (2005: 2.00%) of the average annual net assets of the Funds determined on a monthly basis in accordance with the provisions of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

This also includes remuneration for service rendered as an asset management company by JS ABAMCO Limited. Remuneration for the Unit Trust of Pakistan (UTP), UTP - Income Fund, UTP - Islamic Fund, UTP - Aggressive Asset Allocation Fund and UTP Funds of Fund has been calculated at 2.00% (2005: 2.00%), 1.5% (2005: 1.00%), 3.00% (2005: 3.00%), 3.00% (2005: 3.00%) and 1.00% (2005: nil) respectively of the average annual net assets of the scheme determined on a daily basis as per the provisions of Non-Banking Finance Companies (Establishment and Regulation).

16.2 Represents commission receivable from open-end funds on sale of units by JS ABAMCO Limited.

	Note	2006	2005
		(Rupees in '000)	

17. FUND PLACEMENTS - considered good

	Note	2006	2005
Securities purchased under resale agreement			
Unsecured considered good		202,500	97,500
Secured			
- Listed equity securities	17.1	2,692,156	3,278,130
- Government securities	17.2 & 17.3	379,200	1,183,287
- Term finance certificates		-	63,000
- Open-end funds		-	25,000
		3,071,356	4,549,417
		3,273,856	4,646,917

17.1 These carry mark-up at the rate of 7.5% to 15% (2005: 6.63% to 17.73%) per annum. The market value of securities held in respect of these aggregates to Rs. 2,759.82 million (2005: Rs. 1,377.93 million).

17.2 These carry mark-up ranging from 7.50% to 15.00% (2005: 6.10% to 15.31%) per annum. The market value of securities held in respect of these aggregates to Rs. 391.28 million (2005: Rs. 863.70 million).

Securities, having a market value of Rs. 391.28 million (2005: Rs. 671.10 million) have been further given as collateral under repurchase transactions.

17.3 This represents placements by JSIBL carrying mark-up rates ranging from 10.00% to 13.00% (2005: 10.00% to 11.25%) per annum.

	Note	2006	2005
		(Rupees in '000)	

18. CASH AND BANK BALANCES

	Note	2006	2005
Cash in hand		475	51
Balances with banks on:			
Current accounts			
- local currency	18.1	95,805	75,783
- foreign currency		658	669
		96,463	76,452
Deposit accounts			
- local currency	18.2	1,111,294	78,937
- foreign currency		521,926	1,654
		1,633,220	80,591
		1,730,158	157,094

18.1 Includes an amount of Rs. 2.37 million (2005: Rs. 2.37 million) deposited by JSIBL with the State Bank of Pakistan as required under the relevant provisions of the State Bank of Pakistan's Prudential Regulations to meet the additional reserve requirement of 1.00% of certain specified liabilities.

18.2 These carry mark-up rates ranging from 1.00% to 11.25% (2005: 0.50% to 11%) per annum.

19. SHARE CAPITAL

19.1 Authorised capital

2006	2005		2006	2005
Number of shares			(Rupees in '000)	
50,000,000	50,000,000	Ordinary shares of Rs.10 each	500,000	500,000
100,000,000	100,000,000	Preference shares of Rs. 10 each	1,000,000	1,000,000
150,000,000	150,000,000		1,500,000	1,500,000

19.2 Issued, subscribed and paid-up capital

2006	2005		2006	2005
Number of shares			(Rupees in '000)	
		Ordinary shares of Rs.10/- each:		
23,387,500	23,387,500	Fully paid in cash	233,875	233,875
11,612,500	11,612,500	Fully paid bonus shares	116,125	116,125
35,000,000	35,000,000		350,000	350,000

	Note	2006	2005
		(Rupees in '000)	
20. RESERVES			
Capital reserve			
Premium on the issue of shares		475,505	475,505
Unrealised gain on revaluation of available for sale investments - net		1,580,119	876,954
Revenue reserves			
General reserve		1,500,000	1,500,000
Foreign exchange translation reserve		(212)	-
Unappropriated profit		2,777,150	1,169,798
		4,276,938	2,669,798
		6,332,562	4,022,257

21. LONG TERM FINANCING

	Note	2006	2005
Long term loans	21.1	100,000	379,999
Long term financing	21.2	1,740,628	1,490,891
		1,840,628	1,870,890

21.1 Long term loans

	Note	2006	2005
Secured from:			
Financial institutions		316,667	550,000
Related parties			
- Financial institutions		-	100,000
		316,667	650,000
Unsecured from:			
Related parties		-	5,000
	21.1.1	316,667	655,000
Current maturity of long-term loans shown under current liabilities	27	(216,667)	(275,001)
		100,000	379,999

21.1.1 These carry mark-up rates ranging from 5.00% to 12.50% (2005: 5.00%) per annum and are repayable till June 2008. These are secured against pledge of shares of closed-end funds managed by JS ABAMCO Limited, personal guarantee of a major shareholder of the Company, second charge on all the current assets and first equitable mortgage / charge over JS ABAMCO Limited's office premises and investment property.

	Note	2006	2005
		(Rupees in '000)	
21.2 Long term financing			
Term Finance Certificates (TFCs)			
Holding Company:			
Secured:			
- Second issue	21.2.1	499,600	499,800
Unsecured:			
- First issue	21.2.2	499,400	499,600
- Third issue	21.2.3	493,637	492,091
- Fourth issue	21.2.4	498,291	-
Subsidiary - JS Infocom Limited			
Secured:			
- First issue		-	301,732
		1,990,928	1,793,223
Current portion shown under current liabilities	27	(250,300)	(302,332)
		1,740,628	1,490,891

21.2.1 The profit on these TFCs is payable semi-annually, based on the 6 month KIBOR average rate plus 150 basis points per annum for first 5 years, and thereafter, an increase of 0.10% a year for next 3 years and a further 0.10% a year for the last 2 years. The TFCs have a tenor of ten years i.e. 2004-2014 with a call option exercisable by the Company at any time during the tenor of the TFCs after the first 2 years by giving a 3 months notice. These TFCs are secured against lien over a designated account with the Central Depository Company of Pakistan Limited. The account contains marketable securities having a market value of Rs. 723.37 million (2005: Rs.685.33 million) equal to the issue size with the regulatory margin as prescribed by the State Bank of Pakistan's Prudential Regulations. In the event of any sale and repurchase of marketable securities, the lead arranger will have a hypothecation charge on the ensuing receivable and a lien over subsequent cash which is to be maintained in a specified bank account.

21.2.2 The profit on these unsecured TFCs is payable semi-annually, based on the cut-off yield of the last successful auction of 5 year Pakistan Investment Bonds (PIBs) held during the 6 month period plus 150 basis points per annum with a floor and cap of 7.50% and 13.00% per annum respectively. The TFCs have a tenor of five years i.e. 2003-2008 with a call option exercisable by the Company at any time during the tenor of the TFCs after the first 6 months by giving a 3 months notice at a premium of 1% of outstanding face value.

21.2.3 The profit on these unsecured TFCs is payable semi-annually at a fixed rate of 8.29% per annum. These TFCs have a tenor of five years i.e. 2004-2009 with a call option exercisable at the coupon dates only by the Company at any time from the 30th month to the 54th month by giving a 30 days advance notice. The call price will include a call premium of 1.00% of then principal outstanding.

21.2.4 The profit on these TFCs is payable semi-annually, based on a six months average KIBOR plus 175 basis points. These TFCs have a tenor of five years i.e. 2005 - 2009 with a call option exercisable by the Company anytime from the 30th month to the 54th month by giving a 30 days notice. Call option will be exercised only on the coupon dates.

22. CERTIFICATES OF DEPOSITS

	Note	2006	2005
		(Rupees in '000)	
Local currency		2,631,426	2,080,651
Current maturity of certificates of deposit shown under current liabilities	27	(2,390,823)	(1,925,211)
		240,603	155,440

22.1 Represents deposits received from customers under registered certificates of deposits in local currency. The maturity period ranges from one month to five years. The expected rate of return payable on these certificates ranges from 7.5% to 12.75% (2005: 4.5% to 10.5%) per annum.

23. DEFERRED TAX LIABILITY

	2006	2005
	(Rupees in '000)	
Taxable temporary differences		
Differences in accounting and tax bases of operating assets	28,021	23,995
Deductable temporary differences		
Provision for non-performing loans	(646)	(417)
Provision for compensated absences	-	(120)
Differences in accounting and tax base of deferred costs	-	(5)
	27,375	23,453

23.1 The holding company has not recorded deferred tax assets on unabsorbed tax losses in view of uncertainty about the availability of taxable profits in the future against which such losses can be utilised as its profit mainly comprises of capital gains on listed equity securities that are exempt for tax purposes under clause 110 of the Second Schedule to the Income tax Ordinance, 2001.

23.2 Deferred tax assets have not been recognized by JSIBL as it is anticipated that these temporary differences will not be recoverable in the future period due to proposed amalgamation.

24. TRADE AND OTHER PAYABLES

	2006	2005
	(Rupees in '000)	
Payable against purchase of shares	77,021	458,528
Creditors for sale of shares on behalf of clients	1,162,551	193,448
Accrued expenses	345,504	161,231
Balance carried forward	1,585,076	813,207

	Note	2006	2005
		(Rupees in '000)	
Balance brought forward		1,585,076	813,207
Other liabilities			
- Payable to a director		148	148
- Advance from customers		-	6,018
- Advance against equity shares	24.1	300,500	-
- Security deposits		1,233	1,233
- Subscription received as banker to the issue of customers		-	21,305
- Unclaimed dividend		8,294	2,431
- Disputed tax liability	24.2	49,293	49,293
- Others		14,522	9,888
		373,990	90,316
		1,959,066	903,523

24.1 JSCML negotiated with Global Investment House K.S.C.C., Kuwait ("Global") a company incorporated under the laws of Kuwait, for equity participation in JSCML to the extent of upto 10,350,000 Ordinary Shares ("the Subscription Shares") at a subscription price of Rs. 217 per share.

Subscription and shareholders' Agreement was approved by JSCML's Board of Directors at the Board meeting held on June 05, 2006 and was signed by the Chief Executive Officer, pursuant to the Board's Resolution.

Global has made an advance payment of Rs. 300.500 Million to JSCML by remittance through normal banking channels. The balance payment will be made by Global at the time of the issuance of the Subscription Shares.

The shares are to be issued to Global without offering Right Shares on the basis of a Special Resolution passed on July 11, 2006 and with the permission from the Securities & Exchange Commission of Pakistan (SECP). The exact number of shares to be issued to Global would be reduced to the extent of the Shares that may be acquired by Global through a Tender Offer under the Listed Companies (Substantial Acquisition of Voting Shares and Take-Overs) Ordinance 2002. After the Tender Offer, JSCML will issue such number of new Ordinary Shares to Global (not exceeding 10,350,000 in number) at the Subscription Price of Rs.217/- per Share that would constitute 42.80% of the then total issued Shares of the Company.

24.2 Citibank Overseas Investment Corporation (COIC) had on February 1, 1999 entered into an agreement to sell 6.00 million shares of Jahangir Siddiqui Investment Bank Limited (JSIBL) (formerly Citicorp Investment Bank Limited) to the holding company and in that agreement it was agreed by the parties to the agreement that the purchase consideration of Rs.123.90 million (representing 6.00 million shares at the rate of Rs.20.65 per share) would be adjusted to the extent of 70.00% if there is any subsequent reduction in total disputed tax liability as of December 31, 1998 amounting to Rs.68.65 million as confirmed by a Chartered Accountant firm. Therefore as and when this disputed tax liability is resolved in favour of JSIBL, the holding company would pay to the COIC the above amount to the extent of 70.00% which would be adjusted against the purchase consideration for the investment in JSIBL. It should be noted that even if the matter is decided in favour of JSIBL, the matter is most likely to be referred to a higher forum.

	Note	2006	2005
		(Rupees in '000)	

25. ACCRUED INTEREST / MARK UP ON BORROWINGS

Accrued return / mark-up on:			
- Long term financing		42,615	33,224
- Short-term borrowings		2,031	820
- Repurchase transactions		11,962	8,368
- Certificates of deposit		45,072	24,122
		101,680	66,534

26. SHORT TERM BORROWINGS

	Note	2006	2005
Secured			
Securities sold under repurchase agreements secured against:			
- Government securities		1,024,387	822,069
- Term finance certificates		50,709	84,600
	26.1	1,075,096	906,669
Demand finance		-	135,000
Short term financing	26.2	542,433	-
Short term running finances under mark-up arrangements	26.3	3,201,650	1,305,100
		3,744,083	1,305,100
		4,819,179	2,346,769
Un-secured			
Borrowing from banks / NBFC's	26.4	893,000	700,000
		5,712,179	3,046,769

26.1 Represents amounts borrowed from various parties having mark-up rates from 8.00% to 8.95% (2005: 7.25% to 8.90%) per annum. The market value of securities given as collateral aggregates to Rs. 1,077.73 million (2005: Rs. 946.6 million).

26.2 During the year JS ABAMCO Limited issued commercial papers of Rs. 140 million each to four commercial banks aggregating to Rs. 560 million mainly for the purpose of meetings its working capital requirements. The commercial papers carry mark-up at rate of three months KIBOR plus 2.5% and are repayable by September 30, 2006.

26.3 The Group has short term running finance facilities under mark-up arrangements aggregating to Rs. 5,676.89 million (2005: Rs. 3,931.41 million) from commercial banks having mark-up ranging from 9.75% to 12.00% (2005: 4.25% to 9.75%) per annum calculated on a daily product basis. The facilities utilized against these arrangements are secured against shares of listed companies having an aggregate fair value of Rs. 5,368.1 million (2005: Rs. 2,269.30 million).

26.4 Represents amounts borrowed from banks / NBFCs having mark-up rates ranging from 9.25% to 9.75% (2005: 7.00% to 8.15%) per annum.

	Note	2006	2005
		(Rupees in '000)	

27. CURRENT PORTION OF NON-CURRENT LIABILITIES

	Note	2006	2005
Long term financing			
- Long term loans	21.1	216,667	275,001
- Long term financing	21.2	250,300	302,332
Certificates of deposit	22	2,390,823	1,925,211
		2,857,790	2,502,544

28. CONTINGENCY AND COMMITMENTS

28.1 Contingency

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

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

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

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

	2006	2005
	(Rupees in '000)	
28.2 Commitments		
Future purchase of listed equity securities	-	7,751
Future sale of listed equity securities	-	18,691
Forward sale commitments	100,000	232,476
Forward purchase of government securities	-	273,975

	2006	2005
	(Rupees in '000)	
Commitments in respect of purchase of investment property	-	181,244
Commitments in respect of expenditure	17,370	-
Commitments in respect of purchase of computer equipment	2,509	-
Sub-underwriting agreement with Dawood Capital Management Limited (Formerly Pakistan Venture Capital Limited) by JS ABAMCO Limited to upto one million unsubscribed shares of Eye Television Network Limited	-	10,000
Underwriting commitments	212,500	148,000
Assets acquired under operating lease	1,680	1,060

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

Securitization of Management Fee

During the year, JS ABAMCO Limited has initiated major efforts to raise Rs 700 million through securitization and sale of its management fee from following funds under its management to Financial Receivable Securitization Company Limited, a special purpose vehicle (SPV) in accordance with Companies' (Asset Backed Securitization) Rules, 1999. The SPV would issue participation certificates to its investors and Term Finance Certificates to the Investors.

- Unit Trust of Pakistan
- UTP-Islamic Fund
- UTP-Income Fund
- UTP-Growth Fund
- ABAMCO Composite Fund
- BSJS Balanced Fund Limited

The proceeds will be utilized for the development of infrastructure, distribution network, brand and for meeting its working capital requirements. Other salient features of the instrument are as follows:

Total Issue size	Rs 702.5 million
Private Placement / Pre-IPO	Rs 560 million
Initial Public Offering (IPO)	Rs 140 million
Tenor	7 years
Rate	6 months KIBOR plus 225 bps (payable semi-annually)
Floor	8.00%
Ceiling	14.00%
Advisor and arranger	Jahangir Siddiqui Capital Markets Limited

	Note	2006	2005 (Restated)
		(Rupees in '000)	

29. RETURN ON INVESTMENTS

	Note	2006	2005
Mark-up / interest income from:			
Held for trading investments			
- Government securities		52,099	35,934
- Term finance certificates		11,665	11,127
		63,764	47,061
Available for sale investments			
- Term finance certificates		49,500	47,309
Held to maturity investments			
- Defence saving certificates		508	430
Dividend income on:			
- Investment in associates		5,181	-
- Held for trading investments		53,888	88,834
- Available for sale investments		708,438	185,273
		767,507	274,107
		881,279	368,907

30. GAIN ON SALE OF INVESTMENTS

	Note	2006	2005
(Loss) / gain on the sale of investment in associate / subsidiary	30.1	(75,000)	80,758
Held for trading			
- Listed equity securities		1,392,572	1,103,814
- Open end mutual fund units		230,022	53,369
- Government securities		47,790	9,996
- Term finance certificates		10,372	10,148
		1,680,756	1,177,327
Available for sale			
- Listed equity securities		54,433	72,525
		1,660,189	1,330,610

30.1 Represents loss on sale of investment in associate (2005: Capital gain on public offering of 25% of JSCML shares, which was previously a wholly owned subsidiary of the holding company).

	Noe	2006	2005 (Restated)
		(Rupees in '000)	

31. INCOME FROM LONG-TERM LOANS AND FUND PLACEMENTS

Profit / return on:			
- Loans to staff		2,260	37
- Long-term loans		10,194	6,127
- Short-term loans		38,700	34,738
- Return on certificate of deposits		118	-
Return on reverse repurchase transactions of:			
- Listed equity securities		321,945	276,818
- Government securities		73,047	41,479
- Term finance certificates		-	2,556
- Others		-	8,922
		394,992	329,775
		446,264	370,677

32. FEE, COMMISSION AND BROKERAGE

Consultancy and advisory fee	32.1	99,831	27,515
Underwriting commission	32.2	12,491	2,590
Commission income	32.3	20,140	27,472
Remuneration from funds under management	32.4	461,144	299,544
Brokerage income		339,297	167,172
		932,903	524,293

32.1 Represents trusteeship fee received by the company as trustees on behalf of an asset management company and term finance certificate holders of various companies.

Includes profit on Term Deposits amounting to Rs.16.064 million (2005: Rs.1.705 million).

32.2 During the year, management entered into an underwriting agreement with TRG Pakistan Limited to underwrite 15,000,000 right shares at an agreed commission of 0.40% of the amount underwritten. Subsequent to the year end, management were called to subscribe 11,024,119 right shares at Rs. 10/- each.

32.3 Includes commission amounting to Rs.13.713 million (2005: Rs.9.59 million) from open-end funds under management of JS ABAMCO Limited.

	2006	2005
	(Rupees in '000)	
32.4 Remuneration from funds under management		
Closed-end funds		
- BSJS Balanced Fund Limited	37,481	32,760
- JS ABAMCO Stock Market Fund	32,645	26,697
- JS ABAMCO Growth Fund	19,417	14,475
- JS ABAMCO Capital Fund	69,014	55,063
- JS ABAMCO Composite Fund	80,726	65,489
- UTP Growth Fund	7,590	-
	246,873	194,484
Open-end funds		
- Unit Trust of Pakistan	74,141	66,231
- UTP - Income Fund	30,004	14,074
- UTP - Islamic Fund	22,943	24,645
- UTP - Aggressive Asset Allocation Fund	85,750	110
- UTP - Fund of Funds	1,433	-
- UTP - A - 30+ Fund *	-	-
	214,271	105,060
	461,144	299,544

* Remuneration from UTP - A-30+ Fund for the current year has been waived by JS ABAMCO Limited.

33. OTHER INCOME

	2006	2005
	(Rupees in '000)	
Gain on sale of property and equipment	1,510	7,376
Gain on sale of investment properties	5,901	-
Gain on sale and lease back transactions	-	624
Rental income	12,417	1,271
Return on bank deposits	22,649	3,634
Exchange gain	-	31
Other income	6,712	5,619
	49,189	18,555

	Note	2006	2005
		(Rupees in '000)	

34. OPERATING AND ADMINISTRATIVE EXPENSES

	Note	2006	2005
Salaries and benefits		357,191	204,019
Expenses incurred on disposal of investment in a subsidiary		-	4,417
Telephone, fax, telegram and postage		13,300	12,464
Vehicle running		7,495	5,820
Fee for directors / committee meetings		1,436	1,328
Utilities		9,491	4,317
Newspapers and periodicals		2,157	601
Conveyance and traveling		20,249	15,932
Repairs and maintenance		2,843	4,717
Computer expenses		15,396	9,779
Auditors' remuneration	34.1	4,043	2,488
Royalty fee	34.2	22,400	19,900
Consultancy fee		38,609	24,862
Advisory fee	34.3	102,000	6,000
Legal and professional charges		26,632	16,622
Printing and stationery		14,285	7,308
Rent, rates and taxes		23,361	10,437
Insurance		9,660	8,487
Entertainment		2,210	2,824
Advertisement		31,310	28,242
Office supplies		859	3,261
Depreciation	34.4	44,061	38,583
Amortisation of intangible assets	7	19,973	19,433
Fees and subscription		22,928	37,393
Donations	34.5	50,699	34,981
Brokerage and commission expense		10,330	16,310
Clearing fees		40,656	31,607
Office security		4,988	3,268
Exchange loss		503	-
Others		2,580	905
		901,645	576,305

34.1 Auditors' remuneration

Auditors' remuneraton includes the following:

	Auditors of holding company	Auditors of subsidiary companies	2006	2005
	--------(Rupees in `000)--------			
Annual audit fee	350	980	1,330	914
Certifications and other services	1,463	970	2,433	1,414
Out of pocket expenses	112	168	280	160
	1,925	2,118	4,043	2,488

34.2 This represents the royalty payable under agreements approved by the Board of Directors of the respective companies.

34.3 Represents amount paid / payable to an individual and a director for advisory services rendered in terms of their respective agreements duly approved by the Board of Directors.

	Note	2006	2005
		(Rupees in '000)	
34.4 Depreciation			
Depreciation on operating assets	6.1	43,422	37,944
Depreciation on investment properties	7	639	639
		44,061	38,583

34.5 This includes donation by the holding company, JSIBL, JS ABAMCO Limited and JSCML of Rs.25.13 million, Rs.10.50 million, Rs. 3.00 million and Rs.6.10 million (2005: Rs.24.06 million, Rs.6.50 million, Nil and Rs.2.41 million) respectively to Siddiqui Foundation in which Mr. Ali Jehangir Siddiqui, Mr. Munaf Ibrahim and Mr. Munawar Alam Siddiqui (director JSIBL) are directors. No other directors or their spouses have any interest in any other donee's fund to which donation was made.

35. FINANCE COST

	2006	2005
	(Rupees in '000)	
Mark-up / return on:		
Short-term running finance	192,748	63,781
Long term financing	252,897	112,073
Certificates of deposit	249,827	87,908
Borrowings from banks / NBFCs	150,879	77,558
Repurchase transactions of:		
- Listed equity securities	8,024	11,625
- Government securities	92,344	44,598
- Term finance certificates	5,453	7,489
	105,821	63,712
Amortisation of transaction cost	2,621	1,572
Others	1,297	2,349
	956,090	408,953

36. TAXATION

	Jahangir Siddiqui & Company Limited	Jahangir Siddiqui Investment Bank Limited	Jahangir Siddiqui Capital Markets Limited	JS ABAMCO Limited	June 30, 2006	June 30, 2005
	(Rupees in '000)					
This is made up as follows:						
Current	21,750	11,892	42,755	65,711	142,108	77,454
Prior year's	-	-	(2,157)	(7,731)	(9,888)	(14,723)
Deferred	-	-	194	2,480	2,674	23,042
	21,750	11,892	40,792	60,460	134,894	85,773

36.1 The income tax assessments of the holding company upto assessment year 2002-2003 corresponding to accounting year ended June 30, 2002 have been finalized. Income tax returns for the tax years 2003, 2004 and 2005 have been filed on self-assessment basis and are deemed to be assessed under Section 120 of the Income Tax Ordinance, 2001. Further the holding company has assessed and un-assessed carry forward tax losses amounting to Rs. 725.54 million (2005: Rs. 241.11 million).

36.2 In respect of JSIBL the income tax assessments upto assessment year 2002-2003 corresponding to accounting year ended June 30, 2002 have been finalised. Income tax returns for the tax years 2003, 2004 and 2005 have been filed on self-assessment basis and are deemed to be assessed under Section 120 of the Income Tax Ordinance, 2001.

36.3 The income tax assessments of JS ABAMCO Limited have been finalized upto and including the assessment year 2001-2002 (financial year ended June 30, 2001). The income tax assessments for the tax year 2003, tax year 2004 and tax year 2005 have been filed under the self assessment scheme and are deemed to be finalized under section 120 of the Income Tax Ordinance, 2001.

36.4 Income tax assessments of the JSCML have been finalized up to and including tax year 2005, under section 120 of the Income Tax Ordinance, 2001.

36.5 The income tax assessments of JS Infocom Limited for the tax years 2004 (financial year ended June 30, 2004) and 2005 (financial year ended June 30, 2005) have been filed and are deemed to have been assessed under the Income Tax Ordinance, 2001, unless selected by the taxation authorities for audit purposes.

36.6 Numerical reconciliation between the average effective tax rate and the applicable tax rate has not been presented as provision for current year income tax has been made under the provisions of minimum tax u/s 113 of the Income Tax Ordinance, 2001.

	2006	2005 (Restated)
	(Rupees in '000)	

37. BASIC EARNINGS PER SHARE

Profit for the year (Rupees in '000)	1,671,520	1,117,087
Weighted average number of ordinary shares outstanding during the year	35,000,000	35,000,000
Basic earnings per share (Rupees)	47.76	31.92

37.1 No figure for diluted earnings per share has been presented as the group has not issued any instruments which would have an impact on earnings per share when exercised subsequent to June 30, 2006.

38. CASH AND CASH EQUIVALENTS

	2006	2005
	(Rupees in '000)	
Cash and bank balances	1,730,158	157,094
Demand finance	-	(135,000)
Short-term running finance utilised under mark-up arrangements	(3,201,650)	(1,305,100)
Borrowings from banks / NBFC's	(893,000)	(700,000)
	(2,364,492)	(1,983,006)

39. RELATED PARTY TRANSACTIONS

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

Particulars	Relationship	2006	2005
		(Rupees in '000)	
Eye Television Network Limited	The group has common directorship with the Company		
Take-up commission		147	-
Shares purchased		9,782	-
Underwriting commission income		-	90
Loan disbursed and repaid		-	15,000
Mark-up on short term loan		-	112
Modaraba Al-Mali	The group has common directorship with the modaraba management company.		
Amount received on sale and lease back of assets		-	8,000
MCB Bank Limited *	The group has common directorship with the bank.		
Repayments against long term financing		29,980	30,810
Mark-up expense on long term financing		4,981	5,810
Bonus shares issued		-	11,156
Investment in DV Com Limited	The group has interest of NIL (2005:49.98%)		
In equity shares of the Company		-	1,000,000
EFU Services (Private) Limited	An associate		
Certificate of investment purchased		-	1,385
JS Air (Private) Limited - amount due from	The group has common directorship with the Company	-	166
Mustang Securities Services (Private) Limited	Common directorship and key management personnel		
Security services		-	159

* During the year, the director representing MCB Bank Limited on the Board of Directors of the JS ABAMCO Limit resigned due to which MCB is no longer an associated company in the current year. However, in the corresponding period transactions with MCB have been shown under related party transactions.

Particulars	Relationship	2006	2005
		(Rs in '000)	
Siddiqui Foundation	Common directorship and key management personnel		
Donation paid		44,734	24,300
Amount due from JS Energy Limited	Common directorship and key management personnel	-	3,965
Azgard Nine Limited	An associate		
Advisory fee		1,026	-
Fund placement		63,000	63,000
Shares received against conversion of preference shares [2,857,142 shares (2005 : Nil)]		42,017	-
Right shares subscribed [Shares 39,574,672 (2005: Nil)]		1,048,707	-
Shares underwritten [Shares 13,632,073 (2005: Nil)]		299,224	-
BSJS Balanced Fund Limited	An associate		
Remuneration Income		37,481	-
DCD JS Factors (Private) Limited	The group has a interest of 49.99% (2005: 49.99%) in the joint venture.		
Advisory and consultancy fee		180	278
Out of pocket expenses		-	76
BankIslami Pakistan Limited	Common directorship		
Investment / advance against shares subscription		264,930	110,070
Sale of property and equipment		-	795
Expenses paid on behalf of the bank		-	3
Rental income		1,299	-

Particulars	Relationship	2006	2005
		(Rupees in '000)	
Mr. Ali Jehangir Siddiqui	Director		
Bonus shares issued by a subsidiary		-	75,486
Consultancy fees paid by a subsidiary		5,100	2,100
Shares issued on amalgamation by a subsidiary		-	7,000
Mr. Siraj Ahmed Dadabhoy	Director		
Loan disbursed		-	32,000
Mark-up on loan		3,676	1,409
Shares issued on amalgamation		-	7,000
Mr. Muhammad Najam Ali	Chief Executive Officer - JS ABAMCO Limited		
Loan disbursed		-	20,000
Mark-up income on loan		2,217	490
Bonus paid		5,134	-
Mr. William H. Kleh	Director		
Bonus shares issued		-	13,429
Staff Provident Fund	Executives of the holding company are the trustees		
Contributions during the year		3,989	1,977
ABAMCO Growth Fund	Investment advisor		
Remuneration income		19,416	14,475
Dividend income		-	6,286
Right shares subscribed		-	25,474
ABAMCO Stock Market Fund	Investment advisor		
Remuneration income		32,645	26,697
Dividend income		-	9,390
Right shares subscribed		-	62,589
ABAMCO Capital Market Fund	Investment advisor		
Remuneration income		69,014	55,062
Dividend income		-	24,842
Right shares subscribed		-	101,663

Particulars	Relationship	2006	2005
		(Rupees in '000)	
ABAMCO Composite Fund	Investment advisor		
Remuneration income		80,726	65,489
Dividend income		144,182	49,844
Receipt against long term receivable		6,000	6,000
Unit Trust of Pakistan	Asset Manager		
Remuneration income		74,141	66,231
Commission income		4,067	6,996
UTP - Islamic Fund	Asset Manager		
Remuneration income		22,943	24,645
Commission income		1,385	1,826
Amount due to UTP Islamic Fund		-	110,516
UTP - Income Fund	Asset Manager		
Remuneration income		30,004	14,074
Commission income		1,268	772
UTP - Aggressive Asset Allocation Fund	Asset Manager		
Remuneration income		85,750	110
Preliminary expenses incurred on behalf of the fund		1,000	1,000
Investment in units		584,000	-
Capital gain on trading of units		5,575	-
Remuneration income		6,595	-
UTP - Fund of Funds	Asset Manager		
Remuneration income		1,432	-
Commission Income		398	-
Preliminary expenses incurred on behalf of the fund		1,135	50
UTP - A - 30+ Fund	Asset Manager		
Other receivables against expenses		1,000	-
Preliminary expenses incurred on behalf of the fund		188	-

Particulars	Relationship	2006	2005
		(Rupees in '000)	
UTP - Growth Fund	Asset Manager		
Remuneration income		7,589	-
Dividend Income		125,084	-
Preliminary expenses incurred on behalf of the fund		1,625	50
Private Equity Fund	Asset Manager		
Preliminary expenses incurred on behalf of the fund		4,230	-

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

40. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amounts charged in the accounts for remuneration, including certain benefits to directors, chief executive and executives of the Group are as follows:

	Directors		Chief Executive		Executives	
	2006	2005	2006	2005	2006	2005
	(Rupees in '000)					
Managerial remuneration	10,094	6,493	11,271	10,495	28,033	18,330
House rent allowance	671	1,876	2,782	3,440	10,226	7,741
Utilities allowance	768	650	1,008	982	2,344	1,425
Sub-brokerage, commission and performance bonus	1,385	-	92,134	38,800	12,733	12,267
Advisory fee	76,000	3,000	-	-	-	-
Contribution to provident fund	820	208	1,128	1,050	2,104	1,056
Medical	820	587	584	516	1,493	47
Reimbursable expenses	59	-	549	305	1,108	1,292
	90,563	12,814	109,456	55,588	58,041	42,158
Number of persons	6	8	4	4	34	22

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

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

40.2 The Company has also paid Rs. 1.436 million (2005: Rs. 1.382 million) to non-executive directors as fee for directors / committee meeting.

41. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

41.1 Liquidity risk

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

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

	Up to one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	2006 Total	2005 (Restated) Total
	(Rupees in '000)						
Assets							
Property and equipment	-	-	-	-	252,378	252,378	241,921
Intangible assets	-	-	-	118,970	-	118,970	126,367
Investment properties					4,972	4,972	5,611
Stock exchange membership cards and room	-	-	-	-	44,302	44,302	44,302
Long-term investments	-	-	-	3,325	4,784,701	4,788,026	2,249,229
Long-term loans and advances	-	-	1,897	50,542	-	52,439	157,742
Long-term security deposits	-	-	-	-	5,904	5,904	4,671
Short-term investments	-	7,602,231	1,005,608	-	-	8,607,839	4,952,777
Trade debts	-	-	1,083,095	-	-	1,083,095	383,515
Loans and advances	-	148,475	207,192	-	-	355,667	734,199
Taxation - net	-	-	6,824	-	-	6,824	15,413
Prepayments, accrued interest and other receivables	271,325	31,396	33,322	-	-	336,043	262,023
Fund placements	776,468	2,489,888	7,500	-	-	3,273,856	4,646,917
Cash and bank balances	110,264	498,734	1,121,160	-	-	1,730,158	157,094
	1,158,057	10,770,724	3,466,598	172,837	5,092,257	20,660,473	13,981,781
Liabilities							
Long term financing	-	100	466,967	1,342,128	498,400	2,307,595	2,448,223
Certificates of deposit	-	1,546,107	844,716	240,603	-	2,631,426	2,080,651
Trade and other payables	1,495,357	405,021	9,395	49,293	-	1,959,066	903,523
Accrued interest / mark up	22,620	63,299	15,761	-	-	101,680	66,534
Short term borrowings	755,262	1,416,177	3,540,740	-	-	5,712,179	3,046,769
Deferred taxation	-	-	-	-	27,375	27,375	23,453
Financial liabilities - held for trading	-	-	-	-	-	-	195,313
	2,273,239	3,430,704	4,877,579	1,632,024	525,775	12,739,321	8,764,466
Net assets	(1,115,182)	7,340,020	(1,410,981)	(1,459,187)	4,566,482	7,921,152	5,217,315
Represented by:							
Issued, subscribed and paid-up capital						350,000	350,000
Reserves						6,332,562	4,022,257
Minority interest						1,238,590	845,058
						7,921,152	5,217,315

41.2 Yield / interest rate risk exposure

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

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

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

	June 30, 2006							
		Exposed to yield / interest rate risk						
	Effective yield / interest rate	Up to one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	Non interest bearing	Total
	%	(Rupees in '000)						
Financial assets								
Long-term investments	18.03	-	-	-	3,325	-	4,784,701	4,788,026
Long-term loans and advances	8.00 - 14.74	-		1,897	33,341	-	17,201	52,439
Long-term deposits	-	-	-	-	-		5,904	5,904
Loan and advances	8.00 - 14.74	-	148,475	187,521	-	-	19,671	355,667
Short-term investments	6.00 - 15.25	-	208,776	990,797	18,381	-	7,389,885	8,607,839
Trade debts - unsecured	-	-	-	-	-	-	1,083,095	1,083,095
Accrued mark-up and other receivables	-	-	-	-	-	-	336,043	336,043
Fund placements	7.50 - 17.00	776,468	2,489,888	7,500	-	-	-	3,273,856
Cash and bank balances	1.00 - 11.25	11,008	498,734	1,121,160	-	-	99,256	1,730,158
		787,476	3,345,873	2,308,875	55,047	-	13,735,756	20,233,027
Financial liabilities								
Long term financing	7.50 -11.13	-	100	466,967	1,342,128	498,400	-	2,307,595
Certificates of deposits	7.50 - 12.75	-	1,546,107	844,716	240,603	-	-	2,631,426
Trade and other payables	-	-	-	-	-	-	1,909,773	1,909,773
Accrued interest / mark-up	-	-	-	-	-	-	101,680	101,680
Short term borrowings	8.35 - 11.91	755,262	1,416,177	3,540,740	-	-	-	5,712,179
		755,262	2,962,384	4,852,423	1,582,731	498,400	2,011,453	12,662,653
Total yield / interest rate sensitivity gap	2006	32,214	383,489	(2,543,548)	(1,527,684)	(498,400)	11,724,303	7,570,374
Cummulative yield/interest rate sensitivity	2006		415,703	(2,127,845)	(3,655,529)	(4,153,929)		
Total yield/interest rate sensitivity gap	2005	959,698	487,352	(1,683,747)	(966,199)	(498,800)	6,556,920	4,855,224
Cummulative yield/interest rate sensitivity	2005		1,447,050	(236,697)	(1,202,896)	(1,701,696)		

41.3 Fair value of financial instruments

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

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

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

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

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

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

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

42. SEGMENT INFORMATION

42.1 BUSINESS FUNCTION

For management purposes the Group is organised into following major business segments:

Capital market operations	Principally engaged in trading of equity securities and maintaining strategic and trading portfolio and brokerage income.
Fixed income operations	Principally engaged in fixed income trading and management of the Group's funding operations by use of government securities and placements.
Investment advisor / assets management	Principally providing investment advisory and asset management services to different mutual funds and unit trusts.
Agency, telecommunications and other business	Principally engaged in providing telecommunication, underwriting, consultancy services, research and corporate finance.

	Capital Market Operation Strategic Portfolio	Capital Market Operation Trading / Brokerage	Fixed income operations	Investment advisor/assets management	Agency telecommunication & other business	Total
	(Rupees in '000)					
Segment information for the year ended June 30, 2006						
Operating revenue	225,002	2,658,873	272,658	962,705	12,098	4,131,336
Allocable expenses	(514,320)	(275,999)	(271,611)	(353,200)	(48,558)	(1,463,688)
Segment results						2,667,648
Unallocable expenses						(394,046)
Operating profits						2,273,602
Share of profit from associated undertakings and joint ventures						46,978
Profit before taxation						2,320,580
Taxation						(134,895)
Net profit after tax before minority interest						2,185,685
Other information						
Segement assets	4,101,688	11,081,133	1,466,528	2,254,824	1,016,369	19,920,542
Unallocated corporate assets						739,931
Total assets						20,660,473
Segement liabilities	2,110,027	4,737,790	1,980,213	995,998	45,490	9,869,518
Unallocated corporate liabilities						2,869,803
Total liabilities						12,739,321
Depreciation and amortisation						64,034
Capital expenditure						260,685
Segment information for the year ended June 30, 2005						
Operating revenue	173,794	1,699,126	165,982	428,862	71,225	2,538,989
Allocable expenses	(239,664)	(182,753)	(116,374)	(174,241)	(18,178)	(731,210)
Segment results						1,807,779
Unallocable expenses						(254,048)
Operating profits						1,553,731
Share of loss from associated undertakings and joint venture						(54,423)
Profit before taxation						1,499,308
Taxation						(85,773)
Net profit after tax before minority interest						1,413,535
Other information						
Segement assets	1,149,547	6,843,328	2,894,199	1,054,419	1,611,868	13,553,361
Unallocated corporate assets						428,420
Total assets						13,981,781
Segement liabilities	1,506,087	2,148,823	1,810,500	716,897	635,393	6,817,700
Unallocated corporate liabilities						1,946,766
Total liabilities						8,764,466
Depreciation and amortisation						58,016
Capital expenditure						181,713

42.2 GEOGRAPHICAL SEGMENT ANALYSIS

	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	(Rupees in `000)			
Pakistan	2,321,698	20,367,550	7,628,229	334,059
Cayman Islands B.W.I.	(1,119)	292,923	292,923	-
June 30, 2006	2,320,579	20,660,473	7,921,152	334,059
Pakistan	1,499,308	13,981,781	5,217,315	873,197
June 30, 2005	1,499,308	13,981,781	5,217,315	873,197

43. CORRESPONDING FIGURES

43.1 Previous year's figures have been rearranged, wherever necessary, for the purpose of comparison and better presentation. Major changes made during the year were as follows:

From	To	(Rupees in '000)	Nature
Income from long term loans and fund placements	Other income	1,553	Return on bank deposits
Property and equipment	Investment property	5,611	Investment property

43.2 Comparative information has been reclassified / restated in order to comply with the change in accounting policy in respect of:

i) recognition and accounting of investments in associates and joint ventures at equity as explained in note 5.8.1 to the financial statements; and

ii) accounting of transaction costs on investments classified as held for trading which are measured at fair value through profit or loss as explained in note 5.8.2 to the financial statements.

44. APPROPRIATIONS

The Board of Directors of the holding company proposed the following appropriations in their meeting held on September 13, 2006 for the approval of the members at the Annual General Meeting to be held on October 31, 2006.

	2006	2005	2006	2005
	(Rupees per share)		(Rupees in '000)	
Cash dividend	2.50	2.50	87,500	87,500
Transfer to general reserve			1,000,000	-
			1,087,500	87,500

The financial statements do not reflect these appropriations and dividend payable

45. RECENT ACCOUNTING DEVELOPMENTS

45.1 A new series of standards referred to as "International Financial Reporting Standards (IFRSs)" have been introduced and seven IFRSs have been issued by International Accounting Standard Board under this series. Out of these the following IFRSs have been adopted by ICAP however since these have not been adopted by SECP as yet, therefore, these do not form part of the approved local financing reporting framework.

IFRS-2	(Share based Payments)
IFRS-3	(Business Combinations)
IFRS-5	(Non-current Assets held for Sale and Discontinued Operations) and
IFRS-6	(Exploration for and Evaluation of Mineral Resources)

The group expects that the adoption of these pronouncements mentioned above will have no significant impact on the company's financial statements in the period of initial application.

45.2 Following amendments to existing standards have been published that are mandatory for the company's accounting periods beginning on or after January 01, 2006:

i.	IAS 19	(Amendments) - Employee Benefits	Effective from	January 01, 2006
ii.	IAS 1	Presentation of Financial Statements Capital Disclosures	Effective from	January 01, 2007
iii.	IAS 39	Financial Instruments - Recognition and Measurement - Fair Value Option	Effective from	January 01, 2006

Adoption of the above amendments may only impact the extent of disclosures presented in the financial statements

46. DATE OF AUTHORISATION

These financial statements were authorised for issue on September 13, 2006 by the Board of Directors of the holding compay.

47. GENERAL

Figures have been rounded off to nearest thousand rupees.

Mazhar-ul-Haq Siddiqui
Chairman

Munaf Ibrahim
Chief Executive

FORM 34
THE COMPANIES ORDINANCE 1984 (Section 236(1) and 464)

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2006

NUMBER OF SHAREHOLDERS	FROM	SHARE HOLDING	TO	TOTAL SHARES HELD
358	1	-	100	15,008
255	101	-	500	71,408
135	501	-	1000	96,542
131	1001	-	5000	290,820
31	5001	-	10000	229,271
10	10001	-	15000	123,865
4	15001	-	20000	74,237
9	20001	-	25000	203,250
2	25001	-	30000	55,836
2	35001	-	40000	75,513
1	40001	-	45000	41,200
1	45001	-	50000	50,000
1	50001	-	55000	50,261
1	60001	-	65000	61,763
1	90001	-	95000	92,636
1	125001	-	130000	128,675
2	140001	-	145000	288,600
1	155001	-	160000	155,700
1	185001	-	190000	185,100
2	195001	-	200000	396,600
1	205001	-	210000	210,000
1	235001	-	240000	238,000
1	270001	-	275000	271,200
1	300001	-	305000	304,000
1	375001	-	380000	379,594
1	475001	-	480000	477,432
1	535001	-	540000	539,218
1	670001	-	675000	674,341
1	690001	-	695000	694,318
1	875001	-	880000	879,754
1	1045001	-	1050000	1,048,983
1	1070001	-	1075000	1,073,300
1	2085001	-	2090000	2,085,484
1	2350001	-	2355000	2,351,798
1	2505001	-	2510000	2,508,698
1	4210001	-	4215000	4,211,299
1	14365001	-	14370000	14,366,296
966				35,000,000

S.NO.	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	TOTAL SHARES HELD	PERCENTAGE
1	INDIVIDUALS*	914	21,643,730	61.84
2	INVESTMENT COMPANIES	29	1,661,321	4.75
3	INSURANCE COMPANIES	6	1,306,591	3.73
4	JOINT STOCK COMPANIES	4	582,230	1.67
5	FINANCIAL INSTITUTIONS	2	850	0.00
6	MODARABA COMPANIES AND MUTUAL FUNDS	2	238,192	0.68
7	FOREIGN INSTITUTIONS	6	8,975,907	25.64
8	OTHERS	3	591,179	1.69
		966	35,000,000	100.0

* INCLUDES 527 CDC BENEFICIAL OWNERS AS PER LIST APPEARING ON CDS.

1. ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES:

TRUSTEE-SIDDIQUI FOUNDATION	539,218
BSJS BALANCED FUND LIMITED	238,000
	777,218

2. NIT AND ICP:

M/S. INVESTMENT CORPORATION OF PAKISTAN	16,849
NATIONAL BANK OF PAKISTAN, TRUSTEE DEPTT.	1,048,983
	1,065,832

3. LIST OF DIRECTORS, CEO AND THEIR SPOUSE AND MINOR CHILDREN:

MR. MAZHARUL HAQ SIDDIQUI	1,286
MR. MUNAF IBRAHIM	882,505
MR. ALI JEHANGIR SIDDIQUI	14,366,296
SYED NIZAM AHMED SHAH	61,763
CHIEF JUSTICE (R) MAHBOOB AHMED	9,648
MR. NAUZER A. DINSHAW	1
MR. ALI RAZA SIDDIQUI	700
MR. SIRAJ AHMED DADABHOY	1,000
MRS. AKHTAR JABEEN SIDDIQUI	20,642
	15,343,841

4. LIST OF EXECUTIVES: NIL

5. PUBLIC SECTOR COMPANIES AND CORPORATIONS: NIL

6. BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS:

1,307,633

7. SHAREHOLDERS HOLDING SHARES 10% OR MORE:

MR. ALI JEHANGIR SIDDIQUI	14,366,296
AL-BARAKA INVESTMENT COMPANY LIMITED	4,211,299
	18,577,595

Transactions carried out by Directors, Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary and their spouses and minor children during the period from July 01, 2005 to June 30, 2006.

No transactions have been carried out by Directors, Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary and their spouses and minor children during the period from July 01, 2005 to June 30, 2006.

Jahangir Siddiqui & Co.Ltd.
Corporate Headquarters
14th Floor, Chapal Plaza
Hasrat Mohani Road
Karachi-74000, Pakistan
www.js.com

Phone: +92 21 243 1181-8
Fax: +92 21 243 1151
+92 21 243 1178