



JS Bank Limited

Quarterly Report  
March 31, 2007 ( Un- Audited)



**JS Bank Limited**

**Head office:**

Shaheen Commercial Complex  
Dr. Ziauddin Ahmed Road, P.O. Box 4847  
Karachi-74200, Pakistan

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### COMPANY INFORMATION

#### Board of Directors

Mr. Jahangir Siddiqui	Chairman
Mr. Mazharul Haq Siddiqui	
Mr. Munaf Ibrahim	
Mr. Maqbool A. Soomro	
Mr. Stephen Christopher Smith	
Mr. Basir Shamsie	
Mr. Suleman Lalani	

#### President & Chief Executive Officer

Mr. Naveed Qazi

#### Audit Committee

Mr. Jahangir Siddiqui	Chairman
Mr. Munaf Ibrahim	Member
Mr. Maqbool A. Soomro	Member
Mr. Stephen Christopher Smith	Member
Mr. Sajid Hussain	Secretary

#### Company Secretary

Mr. Muhammad Yousuf Amanullah

#### Auditors

Ford Rhodes Sidat Hyder & Co.

#### Legal Advisors

Bawany & Partners

#### Share Registrar

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

#### Registered Office

**JS Bank Limited**  
Shaheen Commercial Complex Dr. Ziauddin Ahmed Road  
P.O. Box 4847 Karachi-74200, Pakistan.

## DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors, I am pleased to present the un-audited financial statements for the first quarter ended March 31, 2007.

### Performance Review

The Bank has earned a pre tax profit of Rs. 8.7 million and a post tax profit of Rs. 7.4 million for the period ended March 31, 2007. The Bank's deposit base grew to Rs. 10.09 Billion, an increase of 40%, over December 31, 2006. We believe these are excellent results based on the fact that your bank was only formed on December 30, 2006.

### Economic Review

Following its past trend, Pakistan's economy is expected to achieve its 7% real GDP growth rate target this fiscal year FY07. The Agriculture sector is forecast to perform well as a result of expected bumper production of wheat and continuing growth in livestock. Similarly, consistent growth in the services sector will have an important contribution in the overall economic growth. However, indications are that the large scale manufacturing sector might have slightly reduced growth this year, against the target of 13%, because of capacity constraints.

### Credit Rating

The Pakistan Credit Rating Agency (Pvt) Ltd. has assigned a long term credit rating for the Bank of A- ("Single A minus") and the short term rating of A2 ("A Two"). The ratings denote a low expectation of credit risk emanating from a strong capacity for timely repayment of financial commitments.

### Future Outlook

Management remains dedicated to its core strategy of promoting savings and investment in Pakistan. We will, accordingly, focus on marketing lucrative depository, investment and lending products to the corporate, commercial, consumer, SME and agricultural sectors, through an increased network of branches. The bank is currently operating with four branches with on-line connectivity and has plans to add a number of new branches during 2007. You will see some of these opening up by the end of 2nd quarter of 2007.

### Acknowledgement

We would like to take this opportunity to thank our valued clients for their patronage and confidence. We would also like to place on record our appreciation for the dedicated services and hard work of the JSBL team. The Board also expresses its gratitude to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, the Central Board of Revenue and the Stock Exchange for their continued cooperation and guidance.

Karachi: April 24, 2007

On behalf of the Board

**Jahangir Siddiqui**  
Chairman

## BALANCE SHEET

AS AT MARCH 31, 2007

Note	Un-Audited March 31, 2007	Audited December 31, 2006
Rupees in '000		
<b>ASSETS</b>		
	1,153,189	1,912,648
	1,667,471	1,463,280
	2,916,663	2,825,912
7	4,963,141	2,582,096
8	1,805,203	1,692,831
	436,560	379,584
	26,250	26,250
	1,972,593	1,662,854
	14,941,070	12,545,455
<b>LIABILITIES</b>		
	88,368	610,623
	1,197,496	800,005
	10,092,900	7,198,149
	-	-
	-	-
	-	-
	171,110	932,870
	11,549,874	9,541,647
	3,391,196	3,003,808
<b>NET ASSETS</b>		
<b>REPRESENTED BY</b>		
	3,404,225	3,004,225
	-	-
	7,027	(417)
	3,411,252	3,003,808
	(20,056)	-
	3,391,196	3,003,808
<b>CONTINGENCIES AND COMMITMENTS</b>		

### CONTINGENCIES AND COMMITMENTS

The annexed notes from 1 to 12 form an integral part of these financial statements.

Jahangir Siddiqui  
Chairman

Naveed Qazi  
President/Chief Executive

Munaf Ibrahim  
Director

Basir Shamsie  
Director



**PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2007**

	<b>March 31, 2007</b>
	Rupees in '000
Mark-up/Return/Interest Earned	160,498
Mark-up/Return/Interest Expensed	95,757
Net Mark-up/ Interest Income	<u>64,741</u>
Provision against non-performing loans and advances	-
Provision for impairment on investments	2,835
Bad debts written off directly	-
	<u>2,835</u>
Net Mark-up/ Interest Income after provisions	<u>67,576</u>
<b>NON MARK-UP/INTEREST INCOME</b>	
Fee, Commission and Brokerage Income	8,116
Dividend Income	32,951
Income from dealing in foreign currencies	2,031
Gain on sale of securities	13,661
Unrealized (Loss) on revaluation of investments classified as held for trading	(665)
Other Income	28,924
Total non-markup/interest Income	<u>85,018</u>
	152,594
<b>NON MARK-UP/INTEREST EXPENSES</b>	
Administrative expenses	143,916
Other provisions/write offs (to be specified)	-
Other charges	6
Total non-markup/interest expenses	<u>143,922</u>
	8,672
Extra ordinary/unusual items (to be specified)	-
<b>PROFIT BEFORE TAXATION</b>	<u>8,672</u>
Taxation – Current	1,228
- Prior years	-
- Deferred	-
	<u>1,228</u>
<b>PROFIT AFTER TAXATION</b>	7,444
Unappropriated (Loss) brought forward	(417)
Accumulated profit carried forward	7,027
<b>Basic Earnings per share</b>	<u>0.0219</u>
<b>Diluted Earnings per share</b>	<u>0.0222</u>

The annexed notes from 1 to 12 form an integral part of these financial statements.

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Chairman

Naveed Qazi  
President/Chief Executive

Munaf Ibrahim  
Director

Basir Shamsie  
Director

**STATEMENT OF CHANGES IN EQUITY ( UN-AUDITED )  
FOR THE QUARTER ENDED MARCH 31, 2007**

	Share capital/ Head office capital account	Unappropriated/ Unremitted profit/(loss)	Total
	Rupees in '000		
Balance as at January 1, 2007	3,004,225	(417)	3,003,808
Profit for the current period	-	7,444	7,444
Issue of share capital	400,000	-	400,000
<b>Balance as at March 31, 2007</b>	<u><u>3,404,225</u></u>	<u><u>7,027</u></u>	<u><u>3,411,252</u></u>

The annexed notes from 1 to 12 form an integral part of these financial statements.

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President/Chief Executive

Munaf Ibrahim  
Director

Basir Shamsie  
Director

**CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2007**

	March 31, 2007 Rupees in '000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Profit before taxation	8,672
Less: Dividend income	(32,951)
	<u>(24,279)</u>
Adjustments:	
Depreciation	4,792
Amortization of intangibles	54,842
Amortization of deferred cost	347
Unrealized Gain on revaluation of investments classified as held for trading	(665)
Provision for impairment in the value of investments	(2,835)
(Gain) on sale of fixed assets	(2,568)
	<u>53,913</u>
	<u>29,634</u>
(Increase)/ Decrease in operating assets	
Lendings to financial institutions	(90,751)
Held-for-trading securities	(1,301,814)
Advances	(112,372)
Others assets (excluding advance taxation)	(279,065)
	<u>(1,784,002)</u>
Increase/ (Decrease) in operating liabilities	
Bills Payable	(522,255)
Borrowings from financial institutions	397,476
Deposits	2,894,771
Other liabilities (excluding current taxation)	(761,760)
	<u>2,008,232</u>
	<u>224,230</u>
Income tax paid	(7,696)
<i>Net cash flow from operating activities</i>	<u>246,168</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Net investments in available-for-sale securities	(1,098,299)
Dividend income	8,606
Investments in operating fixed assets	(114,305)
Sale proceeds from disposal of fixed assets	2,567
<i>Net cash used in investing activities</i>	<u>(1,201,431)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	
Issue of share capital	400,000
<i>Net cash flow from financing activities</i>	<u>400,000</u>
<b>Increase/(Decrease) in cash and cash equivalents</b>	(555,263)
Cash and cash equivalents at beginning of the period	3,375,923
Cash and cash equivalents at end of the period	<u>2,820,660</u>

The annexed notes from 1 to 12 form an integral part of these financial statements.

Jehangir Siddiqui  
Chairman

Naveed Qazi  
President/Chief Executive

Munaf Ibrahim  
Director

Basir Shamsie  
Director

**NOTES TO THE FINANCIAL STATEMENTS ( UN-AUDITED )  
FOR THE QUARTER ENDED MARCH 31, 2007**

**1. STATUS AND NATURE OF BUSINESS**

JS Bank Limited (JSBL) was incorporated on March 15, 2006 as a public limited company under the Companies Ordinance, 1984. The bank is engaged in conducting banking business and related services permissible under the Banking Companies Ordinance, 1962. Its shares are listed on the Karachi Stock Exchange. The registered office of JSBL is situated at Shaheen Commercial Complex Dr. Ziauddin Ahmed Road, Karachi-74200 and it operates with four branches in Pakistan.

**2. BASIS OF PRESENTATION**

In accordance with the directives of the Federal Government regarding the conversion of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale of them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark up thereon.

**3. STATEMENT OF COMPLIANCE**

These condensed interim financial statements have been prepared in accordance with the Approved Accounting Standards as applicable to banks in Pakistan and the requirements of the Companies Ordinance, 1984 and the Banking Companies Ordinance 1962. Approved Accounting Standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirement of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP) differ with the requirement of these standards, the requirement of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962, or the requirements of the said directives take precedence.

The State Bank of Pakistan as per BSD Circular No. 10 dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property. Accordingly, the requirements of these standards have not been considered in the preparation of the financial statements. However investments have been classified and valued in accordance with the requirements of various circulars issued by SBP.

The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the SBP vide BSD Circular letter No. 2 dated May 12, 2004 and International Accounting Standard 34, Interim Financial Reporting. They do not include all the information and disclosure required in the annual financial statements and should be read in conjunction with the financial statements of the bank for the year ended December 31, 2006.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted for preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the bank for the year ended December 31, 2006.

**5. SIGNIFICANT ESTIMATES AND JUDGEMENTS**

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments and the key sources of estimating uncertainty in preparation of these financial statements were the same as those applied to the annual financial statements for the year ended December 31, 2006.

**6. FINANCIAL RISK MANAGEMENT**

The bank's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2006.



7. INVESTMENTS	March 31, 2007			December 31, 2006		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
	Rupees in '000					
<b>7.1 INVESTMENTS BY TYPES:</b>						
Held for trading securities	1,301,814	-	1,301,814	-	-	-
Available for sale securities	2,507,282	647,478	3,154,760	2,076,824	-	2,076,824
Associates	85,807	-	85,807	375,206	-	375,206
Related party	148,134	-	148,134	130,066	-	130,066
Strategic Investment	293,347	-	293,347	-	-	-
	<b>4,336,384</b>	<b>647,478</b>	<b>4,983,862</b>	<b>2,582,096</b>	<b>-</b>	<b>2,582,096</b>
(Loss) on remeasurement of held for trading investments	(665)	-	(665)	-	-	-
(Deficit) on revaluation of available for sale securities	(20,056)	-	(20,056)	-	-	-
	<b>4,315,663</b>	<b>647,478</b>	<b>4,963,141</b>	<b>2,582,096</b>	<b>-</b>	<b>2,582,096</b>

March 31, 2007      December 31, 2006  
Rupees in '000

Loans, cash credits, running finances, etc. in Pakistan		833,580	607,765
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		-	109
Financing in respect of continuous funding system		1,080,322	1,193,656
Advances - gross		1,913,902	1,801,530
Provision for non-performing advances - specific		(108,699)	(108,699)
Advance - net of provision		1,805,203	1,692,831

March 31, 2007  
Rupees in '000

Category of Classification	March 31, 2007			Provision Required	Provision Held
	Domestic	Overseas	Total		
Other Assets Especially Mentioned	-	-	-	-	-
Substandard	-	-	-	-	-
Doubtful	-	-	-	-	-
Loss	108,699	-	108,699	108,699	108,699
	<b>108,699</b>	<b>-</b>	<b>108,699</b>	<b>108,699</b>	<b>108,699</b>

8.1 Particulars of provisions against non-performing advances

	March 31, 2007			December 31, 2006		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
In local currency	108,699	-	108,699	108,699	-	108,699
In foreign currencies	-	-	-	-	-	-
	<b>108,699</b>	<b>108,699</b>	<b>108,699</b>	<b>108,699</b>	<b>-</b>	<b>108,699</b>

March 31, 2007      December 31, 2006

Rupees in '000

9. CONTINGENCIES AND COMMITMENTS

9.1 Transaction-related Contingent Liabilities

Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions

i) Government	10,217	7,860
ii) Others	15	908
	<b>10,232</b>	<b>8,768</b>

9.2 Other Contingencies

**702,245      702,245**

These are claims which have not been acknowledged as debt due to remote probability of crystallization.

9.3 Commitments in respect of forward exchange contracts

Purchase	2,811,047	2,100,726
Sale	2,845,601	1,998,007

9.4 Other commitments

Forward sale commitments	35,974	95,000
Underwriting commitments	196,813	161,750
Pre-IPO commitments	0	15,000



**10. RELATED PARTY TRANSACTIONS**

Related parties comprise the parent company, associated undertakings, directors and key management personnel of the bank and its parent. The bank in the normal course of business carries out transactions with various related parties. The transactions with the related parties are made at normal market prices.

There are no transactions with key management personnel.

The detail of transaction with related parties during period / year are as follows:

Relationship with the Bank	Nature of transactions	March 31, 2007	December 31, 2006
		Rupees in '000	
<b>Common directorship</b>			
<b>Balance outstanding at period /year end</b>			
JSIBL before amalgamation	Cash received		300,007
	Payments on behalf of the Bank		15,395
JS & Sons (Private) Limited	Shares issued		40,099
<b>Transaction for the period</b>			
<b>Associated undertaking</b>			
Azgard-9 Limited	Investment in equity shares	137,881	
	Sale in equity shares	136,488	
	Investment in term finance certificate	356,362	
	Sale of term finance certificate	359,339	
EFU General Insurance Limited	Purchase of money market instruments	48,604	
EFU Life Assurance Limited	Purchase of money market instruments	25,770	
	Sale of money market instruments	232,126	
Jahangir Siddiqui Global Capital Ltd.	Brokerage	2,543	
Alliance EFU Health Insurance Limited	Sale of money market instruments	14,694	
BSJS Balanced fund	Dividend income	8,745	
UTP Large Capital Fund	Dividend income	24,206	

**11 Date of Authorisation for issue**

These financial statements were authorised for issue on April 24, 2007.

**12 GENERAL**

**12.1** As these are the first condensed interim financial statements for the first quarter therefore no comparative figures for the profit and loss, cash flow and the related party to report.

**12.2** The figures in the financial statements may be rounded off to the nearest thousand.

Jehangir Siddiqui  
Chairman

Naveed Qazi  
President/Chief Executive

Munaf Ibrahim  
Director

Basir Shamsie  
Director