



JS Bank Limited

Interim Condensed Financial Statements
for the Quarter Ended
September 30, 2007 (Un- Audited)



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JS Bank Limited

Company Information

Board of Directors

Mr. Jahangir Siddiqui	Chairman
Mr. Mazhar-ul-Haq Siddiqui	
Mr. Ashraf Nawabi	
Mr. Maqbool A. Soomro	
Mr. Rafique R. Bhimjee	
Mr. Syed Amjad Ali	
Mr. Basir Shamsie	

President and Chief Executive Officer

Naveed Qazi

Audit Committee

Mr. Jahangir Siddiqui	Chairman
Mr. Maqbool A. Soomro	Member
Mr. Rafique R. Bhimjee	Member
Mr. Sajid Hussain	Secretary

Company Secretary

Mr. Mohammad Yousuf Amanullah

Auditors

Ford Rhodes Sidat Hyder & Co.

Legal Adviser

Bawaney & Partners

Share Registrar

Technology Trade (Private) 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

On behalf of the Board of Directors, I am pleased to present the un-audited financial statements for the nine months period and third quarter ended September 30, 2007.

During the period under review, your bank has attained net loss after taxation of Rs 81 million. This is mainly due to lower spread earned on account of high cost of deposits. However, total assets of the bank have continuously shown an upward trend since December 31, 2006 and have reached to Rs 20.75 billion as at September 30, 2007.

To manage the cost of funds, the management intends to gradually increase the proportion of current and saving deposits carrying a lower rate of return as compared to other high yielding deposits, in its total deposit mix. On the lending side, the management has identified SMEs and consumer banking as drivers for long-term growth and sustainability. We have already launched our auto loan product and in the months to come, we will be launching other consumer lending products.

The Board is pleased to announce one Right Share for every two Shares held i.e. 50% at par value of Rs. 10/- per share in its meeting held on September 15, 2007. By the issuance of right shares, we will be able to meet the minimum capital requirement of the State Bank of Pakistan up till December 31, 2008. Availability of further equity will enable us to explore permissible business avenues for ultimate increase in earnings of the bank.

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

We would like to express our sincere thanks and gratitude for the guidance provided by the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, the Karachi Stock Exchange and other regulatory authorities. We would also like to thank our valued clients for their continued patronage and confidence. The Board would also like to place on record its appreciation for the hard work, dedication, professionalism and sincere efforts of the senior management, officers and staff of the Bank at all levels.

Karachi: October 27, 2007

On behalf of the Board

Naveed Qazi
President and Chief Executive

BALANCE SHEET AS AT SEPTEMBER 30, 2007

	Note	Un-Audited September 30, 2007	Audited December 31, 2006
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		1,176,555	1,912,648
Balances with other banks		1,946,786	1,463,280
Lendings to financial institutions	5	4,681,149	2,825,912
Investments	6	5,327,885	2,582,096
Advances	7	5,007,892	1,692,831
Operating fixed assets		500,267	379,584
Deferred tax assets		21,815	26,250
Other assets		2,094,654	1,662,854
		20,756,803	12,545,455
LIABILITIES			
Bills payable		205,880	610,623
Borrowings		4,620,785	800,005
Deposits and other accounts	8	11,688,508	7,198,149
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		830,799	932,870
		17,345,972	9,541,647
NET ASSETS		3,410,831	3,003,808
REPRESENTED BY:			
Share capital		3,404,225	3,004,225
Reserves		-	-
Accumulated loss		(81,556)	(417)
		3,322,669	3,003,808
Surplus on revaluation of assets		88,162	-
		3,410,831	3,003,808
CONTINGENCIES AND COMMITMENTS	9		

The annexed notes from 1 to 14 form an integral part of these financial statements.

Naveed Qazi
President and Chief Executive

Mazhar-ul-Haq Siddiqui
Director

Maqbool A. Soomro
Director

Syed Amjad Ali
Director



PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2007

	Period ended September 30, 2007 Rupees in '000	Quarter ended September 30, 2007 Rupees in '000
Mark-up / Return / Interest Earned	773,067	364,842
Mark-up / Return / Interest Expensed	605,584	318,068
Net Mark-up/ Interest Income	<u>167,483</u>	<u>46,774</u>
Provision against non-performing loans and advances	(7,050)	(1,994)
Provision for impairment on investments	(856)	257
Bad debts written off directly	-	-
	<u>(7,906)</u>	<u>(1,737)</u>
Net Mark-up / Interest Income after provisions	<u>159,577</u>	<u>45,037</u>
NON MARK-UP / INTEREST INCOME		
Fee, Commission and Brokerage Income	51,615	16,645
Dividend Income	76,105	-
Income from dealing in foreign currencies	38,835	25,972
Gain on sale of securities	103,154	(13,263)
Unrealised (loss)/ gain on revaluation of investments classified as held for trading	(155)	60
Other Income	4,151	867
Total non-markup/interest Income	<u>273,705</u>	<u>30,281</u>
	<u>433,282</u>	<u>75,318</u>
NON MARK-UP / INTEREST EXPENSES		
Administrative expenses	504,441	185,924
Other provisions / write offs	-	-
Other charges	306	5
Total non-markup / interest expenses	<u>504,747</u>	<u>185,929</u>
	<u>(71,465)</u>	<u>(110,611)</u>
Extra ordinary / unusual items	-	-
LOSS BEFORE TAXATION	<u>(71,465)</u>	<u>(110,611)</u>
Taxation - Current	5,239	1,980
- Prior years	-	-
- Deferred	4,435	3,224
	<u>9,674</u>	<u>5,204</u>
LOSS AFTER TAXATION	<u>(81,139)</u>	<u>(115,815)</u>
Accumulated (loss)/ profit brought forward	(417)	34,259
Accumulated loss carried forward	<u>(81,556)</u>	<u>(81,556)</u>
Basic and diluted earnings per share	<u>(0.2422)</u>	<u>(0.3457)</u>

The annexed notes from 1 to 14 form an integral part of these financial statements.

Naveed Qazi
President and Chief Executive

Mazhar-ul-Haq Siddiqui
Director

Maqbool A. Soomro
Director

Syed Amjad Ali
Director

CASH FLOW STATEMENT (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2007

	September 30, 2007 Rupees in '000
CASH FLOW FROM OPERATING ACTIVITIES	
Loss before taxation	(71,465)
Less: Dividend income	(76,105)
	(147,570)
Adjustments:	
Depreciation	19,251
Amortisation of goodwill	-
Amortisation of intangibles	143,859
Amortisation of deferred cost	1,021
Unrealised loss on revaluation of investments classified as held for trading	155
Reversal of provision against non-performing items	(5,095)
Provision against non-performing items	12,145
Provision for impairment in the value of investments	856
Gain on sale of fixed assets	(4,017)
	168,175
	20,605
(Increase) / decrease in operating assets	
Lendings to financial institutions	(1,855,237)
Held for trading securities	(457,441)
Advances	(3,322,111)
Others assets	(411,833)
	(6,046,622)
Increase / (decrease) in operating liabilities	
Bills Payable	(404,743)
Borrowings	3,820,780
Deposits	4,490,359
Other liabilities	(102,071)
	7,804,325
	1,757,703
Payments of provision against off-balance sheet obligations	-
Income tax paid	(24,135)
Net cash flow from operating activities	1,754,173
CASH FLOW FROM INVESTING ACTIVITIES	
Net investments in available for sale securities	(2,198,975)
Net investments in held-to-maturity securities	-
Dividend income	76,105
Investments in operating fixed assets	(293,515)
	(2,416,385)
Sale proceeds of property and equipment disposed-off	9,630
Net cash used in from investing activities	(2,406,755)
CASH FLOW FROM FINANCING ACTIVITIES	
Receipts/ Payments of Sub-ordinated loan	-
Receipts/ Payments of lease obligations	-
Issue of share capital	400,000
Dividend paid	-
Remittances made to/ received from head office	-
Net cash flow from financing activities	400,000
Effects of exchange rate changes on cash and cash equivalents	-
Decrease in cash and cash equivalents	(252,582)
Cash and cash equivalents at beginning of the period	3,375,923
Cash and cash equivalents at end of the period	3,123,341

The annexed notes from 1 to 14 form an integral part of these financial statements.

Naveed Qazi
President and Chief Executive

Mazhar-ul-Haq Siddiqui
Director

Maqbool A. Soomro
Director

Syed Amjad Ali
Director



**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2007**

	<u>Share capital</u>	<u>Unappropriated profit / (accumulated loss) Rupees in '000</u>	<u>Total</u>
Balance as at January 1, 2007	3,004,225	(417)	3,003,808
Loss for the current period	-	(81,139)	(81,139)
Issue of share capital	400,000	-	400,000
Balance as at September 30, 2007	<u><u>3,404,225</u></u>	<u><u>(81,556)</u></u>	<u><u>3,322,669</u></u>

The annexed notes from 1 to 14 form an integral part of these financial statements.

Naveed Qazi
President and Chief Executive

Mazhar-ul-Haq Siddiqui
Director

Maqbool A. Soomro
Director

Syed Amjad Ali
Director

NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 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 and it operates with five 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 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 (IAS) and International Financial Reporting Standards (IFRS) 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 SBP as per BSD Circular No.10 dated August 26, 2002 has deferred the applicability of IAS 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" for banking companies till further instructions. Accordingly, the requirements of these standards have not been considered in the preparation of these 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 financial statements have been limited based on the format prescribed by the SBP vide BSD Circular letter No. 2 dated May 12, 2004 and IAS 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 in the preparation of these financial statements are the same as those applied in the preparation of the annual financial statements of bank for the year December 31, 2006 with the exception of the following:

4.1 Change in accounting policy

During the period, the bank has changed its accounting policy in respect of accounting for goodwill consequent upon the notification by the SECP regarding applicability of IFRS - 3 "Business Combinations". In accordance with the new policy, goodwill arising on business combination is carried at cost less any impairment in value. Previously, goodwill was amortised using the straight



line method over its estimated useful economic life, not exceeding 20 years commencing from the effective date of acquisition in accordance with the superseded IAS - 22 "Business Combinations". The said change in accounting policy has been applied prospectively in accordance with the transitional provision of IFRS - 3. Accordingly, the bank has discontinued amortisation of goodwill with effect from January 1, 2007 and the carrying value of the goodwill as of the said date would be tested for impairment on an annual basis.

Had there been no change in the above accounting policy, the loss for the period would have higher by Rs. 54.886 million and total asset of the bank at the end of the current period would have been lower by Rs. 54.886 million.

		September 30, December 31, 2007 2006 Rupees in '000	
5.	LENDINGS TO FINANCIAL INSTITUTIONS		
	Call money lendings	2,400,000	754,250
	Repurchase agreement lendings (Reverse Repo)	2,281,149	2,071,662
		<u>4,681,149</u>	<u>2,825,912</u>

6. INVESTMENTS

		September 30, 2007			December 31, 2006		
Note		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
		Rupees in '000					
6.1 INVESTMENTS BY TYPES:							
	Held for trading securities	-	457,503	457,503			
	Available for sale securities	2,067,628	2,714,299	4,781,927	2,500,237	-	2,500,237
	Associate	-	-	-	81,859	-	81,859
		<u>2,067,628</u>	<u>3,171,802</u>	<u>5,239,430</u>	<u>2,582,096</u>	<u>-</u>	<u>2,582,096</u>
	Gain on remeasurement of held for trading investments		93	93	-	-	-
	Surplus on revaluation of available for sale securities	92,221	(4,059)	88,162	-	-	-
		<u>2,159,849</u>	<u>3,167,836</u>	<u>5,327,685</u>	<u>2,582,096</u>	<u>-</u>	<u>2,582,096</u>

6.1.1 Included herein are investments in:

- a) mutual fund certificates of UTP Large Capital Fund and BSJS Balanced Fund aggregating to Rs325.026 (December 31, 2006: Rs.293.347) million at market value which are designated as strategic investments by the bank.
- b) ordinary shares of Azgard Nine Limited amounting to Rs 167,485 (December 31, 2006: Rs.130.066) million which is a related party.

		September 30, December 31, 2007 2006 Rupees in '000	
7.	ADVANCES		
	Loans, cash credits, running finances, etc.		
	In Pakistan	2,999,707	607,765
	Outside Pakistan	-	-
		<u>2,999,707</u>	<u>607,765</u>
	Net investment in finance lease		
	In Pakistan	-	-
	Outside Pakistan	-	-
	Bills discounted and purchased (excluding market treasury bills)		
	Payable in Pakistan	180,174	109
	Payable outside Pakistan	-	-
		<u>180,174</u>	<u>109</u>
	Financing in respect of Continuous Funding System (CFS)	1,943,760	1,193,656
	Advances - gross	<u>5,123,641</u>	<u>1,801,530</u>
	Provision for non-performing advances		
	- specific	(113,604)	(108,699)
	- general (against consumer financing)	(2,145)	-
		<u>(115,749)</u>	<u>(108,699)</u>
	Advances - net of provision	<u>5,007,892</u>	<u>1,692,831</u>

7.1 Included herein is call lending, amounting to Rs.40.00 (December 31, 2006: Rs.40.00) million, provided to a borrower which has been restructured during the period by the bank. The bank provided a sum of Rs.10 million (December 31, 2006: Rs.Nil) against the same during the current period. Upon receiving relaxation under R-4.2(d) and R-8 of the Prudential Regulations for Corporate / Commercial Banking from the SBP vide its letter No. BPRD/BRD-3/Corp/2007/7534, dated July 24, 2007, the bank has reclassified the said lending as an unsecured loan.

7.2 Advances include Rs.143.604 (December 31, 2006: Rs.108.699) million which have been placed under non-performing status as detailed below:

Category of Classification	September 30, 2007				
	Rupees in '000			Provision Required	Provision Held
	Domestic	Overseas	Total		
Sub-standard	40,000	-	40,000	10,000	10,000
Loss	103,604	-	103,604	103,604	103,604
	<u>143,604</u>	<u>-</u>	<u>143,604</u>	<u>113,604</u>	<u>113,604</u>

Particulars of provision against non-performing advances

	September 30, 2007			December 31, 2006		
	Specific	General	Total	Specific	General	Total
	Rupees in '000			Rupees in '000		
In local currency	<u>113,604</u>	<u>2,145</u>	<u>115,749</u>	<u>108,699</u>	<u>-</u>	<u>108,699</u>

	September 30, 2007		December 31, 2006	
	Rupees in '000		Rupees in '000	
	<u>113,604</u>	<u>2,145</u>	<u>108,699</u>	<u>-</u>

8. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	5,002,754	3,018,679
Savings deposits	5,337,104	3,021,986
Current accounts – Non-remunerative	1,335,910	1,149,494
Margin accounts	12,740	7,802
	<u>11,688,508</u>	<u>7,197,961</u>

Financial Institutions

Non-remunerative deposits	-	188
	<u>11,688,508</u>	<u>7,198,149</u>

Particulars of deposits

In local currency	10,593,425	5,745,095
In foreign currencies	1,095,083	1,453,054
	<u>11,688,508</u>	<u>7,198,149</u>

9. CONTINGENCIES AND COMMITMENTS

9.1 Direct credit substitutes

Includes general guarantees of indebtedness, bank acceptances and standby letters of credit serving as financial guarantees for loans and securities issued in favour of:

i) Government	-	-
ii) Banking companies and other financial institutions	-	-
iii) Others	-	-
	<u>-</u>	<u>-</u>

9.2 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	42,569	10,217
ii) Banking companies and other financial institutions	-	-
iii) Others	151,546	15
	<u>194,115</u>	<u>10,232</u>

9.3 Other Contingencies

Claims not acknowledged as debts	<u>108,421</u>	<u>702,345</u>
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September 30,
2007
Rupees in '000

Transactions with Group Companies

Investment in equity shares	303,447
Sale of equity shares	460,805
Purchase of money market instruments	534,585
Sale of money market instruments	1,069,550
Sale of Vehicle	1,162
Insurance claim received	969
Refund of security deposit	1,233
Rent expenses	125
Brokerage	9,029
Dividend income	74,895
Advisory fee	1,000

12. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:-

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement	Total
	Rupees in '000					
Current Period						
Total income	31,977	866,780	11,580	118,467	17,968	1,046,772
Total expenses	-	500,557	588,751	22,585	6,344	1,118,237
Tax expense	-	-	-	-	-	9,674
Net income (loss)	31,977	366,223	(577,171)	95,882	11,624	(81,139)

13. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors on October 27, 2007.

14. GENERAL

14.1 As these are the first condensed financial statements for the third quarter, therefore there are no corresponding figures to the financial statements.

14.2 The figures in the financial statements have been rounded off to the nearest thousand.

Naveed Qazi
President and Chief Executive

Mazhar-ul-Haq Siddiqui
Director

Maqbool A. Soomro
Director

Syed Amjad Ali
Director



	September 30, 2007	December 31, 2006
	Rupees in '000	
9.4 Commitments in respect of forward lending		
commitment to extend credit facilities	-	-
9.5 Commitments in respect of forward exchange contracts		
Purchase	<u>2,446,544</u>	<u>2,100,726</u>
Sale	<u>3,533,410</u>	<u>1,998,007</u>
9.6 Commitments for the acquisition of operating fixed assets	-	-
9.7 Other commitments		
Forward sale commitments	<u>150,000</u>	<u>95,000</u>
Underwriting commitments	<u>551,728</u>	<u>161,750</u>
Pre-IPO commitments	<u>-</u>	<u>15,000</u>

10. ADMINISTRATIVE EXPENSES

Included herein is a sum of Rs.144.88 million representing amortisation of intangible assets, as per the Transfer Agreement.

11. RELATED PARTY TRANSACTIONS

Related parties comprise the parent company, associates, 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.

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

	September 30, 2007
	Rupees in '000
Key management personnel	
Advances	
Balance as at January 01, 2007	-
Disbursements	6,146
Repayments	150
Balance as at September 30, 2007	<u>5,996</u>
Mark-up / return / interest earned	<u>165</u>
Deposits	
Balance as at January 01, 2007	106,814
Deposits during the period	423,203
Withdrawal during the period	438,830
Balance as at September 30, 2007	<u>91,187</u>
Mark-up / return / interest expensed	<u>2,943</u>
Group Companies	
Deposits	
Balance as at January 01, 2007	653
Deposits during the period	19,204,449
Withdrawal during the period	17,372,599
Balance as at September 30, 2007	<u>1,832,503</u>
Profit paid / accrued	<u>44,140</u>

BOOK POST



JS Bank Limited

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