



Interim Condensed Financial Statements
for the nine months period ended
September 30, 2008 (Un- Audited)



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JS Bank Limited

Company Information

Board of Directors	Mr. Jahangir Siddiqui Mr. Mazhar-ul-Haq Siddiqui Mr. Maqbool A. Soomro Mr. Ashraf Nawabi Mr. Rafique R. Bhimjee Syed Amjad Ali Mr. Basir Shamsie	Chairman
President & Chief Executive Officer	Mr. Naveed Qazi	
Audit Committee	Mr. Jahangir Siddiqui Mr. Maqbool A. Soomro Mr. Rafique R. Bhimjee	Chairman Member Member
Human Resource Committee	Mr. Jahangir Siddiqui Mr. Naveed Qazi Syed Muhammad Shoaib Omair	Chairman Member Member/Secretary
Risk Management Committee	Mr. Jahangir Siddiqui Mr. Naveed Qazi Mr. Ashraf Nawabi Syed Amjad Ali Mr. Akbar Hasan Khan	Chairman Member Member Member Secretary
Company Secretary	Mr. Muhammad Yousuf Amanullah	
Auditors	Ford Rhodes Sidat Hyder & Co. Chartered Accountants	
Legal Advisors	Bawaney & Partners Liaquat Merchant Associates	
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

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, 2008.

Pakistan's economy continues to remain under stress mainly led by pressures on the external and monetary front. After registering an average annual growth rate of 6.8% during last 5 years (FY03-07), the economy experienced sluggish growth of 5.8% in FY 08 primarily due to a global economic and domestic political uncertainty. The ever widening trade deficit and lack of any major foreign inflows has put immense pressure on forex reserves. The tight monetary stance and economic slowdown has started to affect the banking industry which had been witnessing double digit annual growth in advances, deposits and profitability for the last 5 years. However, given Pakistan's under bank status (advances to GDP ratio of 29%) there remains significant untapped long term potential in the banking sector.

Your bank has closed the nine months period at a net profit of Rs 122.57 million. Total assets of the bank have continuously shown an upward trend and have reached to Rs 21.88 billion as at September 30, 2008. Our deposit book has witnessed a steady growth with Rs 14.70 billion at September 30, 2008. To manage the cost of funds, the management will continue with its strategy 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.

With challenges posed by the volatile political and economic conditions, the bank is pursuing a balanced growth approach without compromising the quality. Our long term strategy is to make the bank one of the best players in the market. Our focus will be on quality lending and expansion of branch network. As communicated earlier, by the end of this year we will be a bank with a branch network of 39 online branches across Pakistan. Expanded branch network, is expected to result in a positive contribution to the financial performance of the bank in the years to come.

The Board is pleased to announce one Right Share for every five Shares held i.e. 20% at par value of Rs. 10/- per share in its meeting held on September 29, 2008. 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, 2009. Availability of further equity will enable us to explore permissible business avenues for ultimate increase in earnings of the bank and to aggressively expand our branch network.

The Pakistan Credit Rating Agency Limited while assigning a positive outlook, has maintained the long-term and short-term entity ratings of the Bank at A- ("Single A minus") and the short term rating at A2 ("A Two"). These ratings denote a low expectation of credit risk emanating from a strong capacity for timely payment 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 29, 2008

On behalf of the Board

Naveed Qazi
President and Chief Executive Officer



JS Bank Limited

**INTERIM CONDENSED BALANCE SHEET
AS AT SEPTEMBER 30, 2008**

	Note	Un-Audited September 30, 2008	Audited December 31, 2007
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks		1,531,487	977,235
Balances with other banks		504,256	254,079
Lendings to financial institutions	4	289,362	3,601,211
Investments	5	5,497,845	6,109,536
Advances	6	10,869,232	6,475,963
Operating fixed assets	7	2,326,409	1,955,360
Deferred tax assets		125,166	126,525
Other assets		737,305	827,843
		21,881,062	20,327,752
LIABILITIES			
Bills payable		238,619	727,179
Borrowings		1,553,612	481,147
Deposits and other accounts	8	14,699,567	13,679,898
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		455,656	245,721
		16,947,454	15,133,945
NET ASSETS			
		4,933,608	5,193,807
REPRESENTED BY:			
Share capital		5,106,337	5,106,337
Reserves		7,086	7,086
Unappropriated profit		150,500	27,928
		5,263,923	5,141,351
(Deficit) / surplus on revaluation of assets - net of tax		(330,315)	52,456
		4,933,608	5,193,807

CONTINGENCIES AND COMMITMENTS

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

Jahangir Siddiqui
Chairman

Naveed Qazi
President and Chief Executive

Mazhar-ul-Haq Siddiqui
Director

Syed Amjad Ali
Director



**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2008**

Note	Quarter ended September 30, 2008	Period ended September 30, 2008	Quarter ended September 30, 2007	Period ended September 30, 2007
	(Rupees in '000) -			
Mark-up / return / interest earned	521,874	1,402,028	364,842	773,067
Mark-up / return / interest expensed	369,818	967,369	318,068	605,584
Net mark-up / interest income	152,056	434,659	46,774	167,483
(Provision) / reversal against non-performing loans and advances	137	(4,266)	(1,994)	(7,050)
Reversal / (provision) for diminution in value of investments	754	754	257	(856)
Bad debts written off directly	-	-	-	-
	891	(3,512)	(1,737)	(7,906)
Net mark-up / interest income after provisions	152,947	431,147	45,037	159,577
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	29,187	74,654	16,645	51,615
Dividend income	1,505	60,628	-	76,105
Income from dealing in foreign currencies	51,686	84,713	25,972	38,835
Gain on sale / redemption of securities	12,401	192,690	(13,263)	103,154
Unrealised gain / (loss) on revaluation of investments classified as held for trading	(45)	-	60	(155)
Other income	(8,759)	766	867	4,151
Total non-markup / interest income	85,975	413,451	30,281	273,705
	238,922	844,598	75,318	433,282
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	276,498	714,250	185,924	504,441
Other (reversal) / provisions / write offs	-	-	-	-
Other charges	94	2,484	5	306
Total non-markup / interest expenses	276,592	716,734	185,929	504,747
Extra ordinary / unusual items	(37,670)	127,864	(110,611)	(71,465)
	-	-	-	-
PROFIT / (LOSS) BEFORE TAXATION	(37,670)	127,864	(110,611)	(71,465)
Taxation				
- Current	-	-	(1,980)	(5,239)
- Prior years	-	-	-	-
- Deferred	-	(5,292)	(3,224)	(4,435)
	-	(5,292)	(5,204)	(9,674)
PROFIT / (LOSS) AFTER TAXATION	(37,670)	122,572	(115,815)	(81,139)
Unappropriated profit / (accumulated loss) brought forward	188,170	27,928	34,259	(417)
Profit available for appropriation / (loss)	150,500	150,500	(81,556)	(81,556)
Basic and diluted earnings / (loss) per share (Rupee)	(0.07)	0.24	(0.34)	(0.24)

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

Jahangir Siddiqui
Chairman

Naveed Qazi
President and Chief Executive

Mazhar-ul-Haq Siddiqui
Director

Syed Amjad Ali
Director



JS Bank Limited

**INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2008**

	September 30, 2008	September 30, 2007
	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	127,864	(71,465)
Less: Dividend income	<u>(60,628)</u>	<u>(76,105)</u>
	67,236	(147,570)
Adjustments:		
Depreciation	50,974	11,867
Amortisation of intangibles	35,923	95,906
Amortisation of deferred cost	-	673
Charge for defined benefit plan	10,257	-
Provision against non-performing advances	4,266	5,056
Provision for diminution in value of investments	-	1,113
Gain on sale of fixed assets	<u>(567)</u>	<u>(3,284)</u>
	100,853	111,331
	168,089	(36,239)
(Increase) / decrease in operating assets		
Lendings to financial institutions	3,311,849	(2,854,728)
Held for trading securities	115,367	(90,386)
Advances	(4,397,535)	(2,987,862)
Other assets	94,654	(567,502)
	(875,665)	(6,500,478)
Increase / (decrease) in operating liabilities		
Bills payable	(488,560)	(230,225)
Borrowings	1,082,457	(512,285)
Deposits	1,019,669	7,233,684
Other liabilities	199,678	(272,462)
	1,813,244	6,218,712
	1,105,668	(318,005)
Income tax paid	<u>(4,116)</u>	<u>(16,201)</u>
Net cash flow from operating activities	1,101,552	(334,206)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in available for sale securities	109,620	(811,500)
Dividend income	60,628	76,105
Investment in operating fixed assets	(458,993)	(206,564)
Sale proceeds of property and equipment disposed-off	1,614	6,705
Net cash used in from investing activities	<u>(287,131)</u>	<u>(935,254)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of share capital	-	400,000
Increase / (decrease) in cash and cash equivalents	814,421	(869,460)
Cash and cash equivalents at beginning of the period	1,221,322	3,375,923
Cash and cash equivalents at end of the period	<u>2,035,743</u>	<u>2,506,463</u>

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

Jahangir Siddiqui
Chairman

Naveed Qazi
President and Chief Executive

Mazhar-ul-Haq Siddiqui
Director

Syed Amjad Ali
Director



**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2008**

	Issued, Subscribed and paid-up share capital	Statutory reserve	Unappropriated profit / (accumulated loss)	Total
	----- (Rupees in '000) -----			
Balance as at January 1, 2007	3,004,225	-	(417)	3,003,808
Loss after taxation for the period ended September 30, 2007	-	-	(81,139)	(81,139)
Issue of share capital	400,000	-	-	400,000
Balance as at September 30, 2007	<u>3,404,225</u>	<u>-</u>	<u>(81,556)</u>	<u>3,322,669</u>
Issue of ordinary shares of Rs.10/- each against cash	1,702,112	-	-	1,702,112
Profit after taxation for the period	-	-	116,570	116,570
Transfer to statutory reserve	-	7,086	(7,086)	-
Balance as at December 31, 2007	<u>5,106,337</u>	<u>7,086</u>	<u>27,928</u>	<u>5,141,351</u>
Profit after taxation for the period ended September 30, 2008	-	-	122,572	122,572
Balance as at September 30, 2008	<u><u>5,106,337</u></u>	<u><u>7,086</u></u>	<u><u>150,500</u></u>	<u><u>5,263,923</u></u>

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

Jahangir Siddiqui
Chairman

Naveed Qazi
President and Chief Executive

Mazhar-ul-Haq Siddiqui
Director

Syed Amjad Ali
Director

for the nine months period ended 2008 | 07



JS Bank Limited

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2008

1. STATUS AND NATURE OF BUSINESS

JS Bank Limited (the bank), incorporated in Pakistan, is a scheduled bank, engaged in commercial banking and related services. The bank is listed on Karachi Stock Exchange in Pakistan. The bank is a subsidiary of Jahangir Siddiqui & Company Limited. The registered office of the bank is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi and it operates with eleven branches and ten sub-branches in Pakistan (December 31, 2007: nine branches).

2. STATEMENT OF COMPLIANCE

These interim condensed 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 Financial Reporting Standards (IFRSs) 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 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 interim condensed 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 interim condensed 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 disclosures 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, 2007.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim condensed 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, 2007.

4. LENDINGS TO FINANCIAL INSTITUTIONS

	September 30, 2008	December 31, 2007
	----- (Rupees in '000) -----	
Call money lendings	100,000	2,115,000
Repurchase agreement lendings (Reverse Repo)	189,362	1,486,211
	<u>289,362</u>	<u>3,601,211</u>



JS Bank Limited

	September 30, 2008	December 31, 2007
	----- (Rupees in '000) -----	
6. ADVANCES		
Loans, cash credits, running finances, etc.		
In Pakistan	10,554,848	4,452,950
Outside Pakistan	-	-
	10,554,848	4,452,950
Net investment in finance lease		
In Pakistan	-	-
Outside Pakistan	-	-
	-	-
Bills discounted and purchased (excluding market treasury bills)		
Payable in Pakistan	242,937	147,938
Payable outside Pakistan	-	-
	242,937	147,938
Financing in respect of Continuous Funding System (CFS)	193,385	1,992,747
Advances - gross	10,991,170	6,593,635
Provision for non-performing advances		
- specific	(113,604)	(113,604)
- general (against consumer financing)	(8,334)	(4,068)
	(121,938)	(117,672)
Advances - net of provision	10,869,232	6,475,963

Category of Classification

		September 30, 2008				
		----- (Rupees in '000) -----				
	Note	Domestic	Overseas	Total	Provision Required	Provision Held
Sub-standard	6.1	40,000	-	40,000	10,000	10,000
Loss		103,604	-	103,604	103,604	103,604
		143,604	-	143,604	113,604	113,604

6.1 This represents call lending, amounting to Rs.40 million, provided to a borrower against which the bank had made a provision of Rs.10 million in prior periods. Further, in May 2007, this lending was restructured by the bank. 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.

	September 30, 2008	December 31, 2007
	----- (Rupees in '000) -----	
7. OPERATING FIXED ASSETS		
Capital work-in-progress	107,962	90,440
Property and equipment	608,340	295,179
Intangible assets	1,610,107	1,569,741
	2,326,409	1,955,360



8. DEPOSITS AND OTHER ACCOUNTS	September 30, 2008	December 31, 2007
	----- (Rupees in '000) -----	
Customers		
Fixed deposits	5,727,130	6,354,276
Savings deposits	2,993,503	3,052,699
Current accounts – non-remunerative	2,112,855	1,580,919
Margin accounts	30,091	11,633
	<u>10,863,579</u>	<u>10,999,527</u>
Financial Institutions		
Remunerative deposits	3,803,176	2,588,667
Non-remunerative deposits	32,812	91,704
	<u>3,835,988</u>	<u>2,680,371</u>
	<u>14,699,567</u>	<u>13,679,898</u>
Particulars of deposits		
In local currency	13,392,814	12,528,073
In foreign currencies	1,306,753	1,151,825
	<u>14,699,567</u>	<u>13,679,898</u>
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	70,215	51,258
ii) Banking companies and other financial institutions	7,225	15
iii) Others	405,966	10,244
	<u>483,406</u>	<u>61,517</u>
9.2 Trade-related Contingent Liabilities		
Documentary credits	<u>910,726</u>	<u>134,348</u>
9.3 Other Contingencies		
Claims not acknowledged as debts	<u>97,629</u>	<u>108,457</u>
9.4 Commitments in respect of forward exchange contracts		
Purchase	<u>1,863,231</u>	<u>1,941,004</u>
Sale	<u>1,410,751</u>	<u>1,256,303</u>
9.5 Commitments for the acquisition of operating fixed assets	<u>171,861</u>	<u>94,174</u>
9.6 Other commitments		
Forward purchase commitments	<u>150,000</u>	<u>-</u>
Forward sale commitments	<u>-</u>	<u>102,880</u>
Underwriting commitments	<u>195,390</u>	<u>155,000</u>

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10. RELATED PARTY TRANSACTIONS

Related parties comprise the parent company, 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 transactions with related parties during the period are as follows:

	September 30, 2008		December 31, 2007	
	Key management personnel	Other Related parties	Key management personnel	Other Related parties
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Advances				
Opening balance	6,493	339,398	-	-
Disbursements	2,700	160,504,818	6,777	430,897
Repayments	(627)	(160,303,442)	(284)	(91,499)
Closing balance	<u>8,566</u>	<u>540,774</u>	<u>6,493</u>	<u>339,398</u>
Mark-up / return / interest earned	<u>274</u>	<u>46,152</u>	<u>246</u>	<u>585</u>

	September 30, 2008		December 31, 2007	
	Key management personnel	Other Related parties	Key management personnel	Other Related parties
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Deposits				
Opening balance	76,426	2,717,424	106,814	653
Deposits during the period / year	253,889	130,429,082	563,715	45,857,863
Withdrawals during the period / year	(297,195)	(130,645,713)	(594,103)	(43,141,092)
Closing balance	<u>33,120</u>	<u>2,500,793</u>	<u>76,426</u>	<u>2,717,424</u>
Mark-up / return / interest expensed	<u>1,560</u>	<u>159,325</u>	<u>4,143</u>	<u>100,618</u>

The related party status of outstanding receivables and payable as at September 30, 2008 are included in respective notes to the interim condensed financial statements. Material transactions with related parties are given below:

Relationship with the bank	Nature of transactions	September 30, 2008	December 31, 2007
		----- (Rupees in '000) -----	
Companies having common directorship			
	Purchase of Term Finance Certificates	83,367	74,374
	Sale of Term Finance Certificates	766,279	747,144
	Sale of Pakistan Investment Bonds	1,491,152	-
	Insurance claim received	-	3,444
	Payment of insurance premium	13,317	7,687



Relationship with the bank	Nature of transactions	September 30,	December 31,
		2008	2007
		----- (Rupees in '000) -----	
Parent company			
	Subscription in right shares	-	1,207,175
	Advisory fee for Term Finance Certificates	-	6,250
	Payment of rent expense	-	125
	Refund of security deposit	-	1,233
Companies in which parent company holds 20% or more			
	Purchase of fixed assets	-	3,025
	Sale of fixed assets	-	810
	Amount paid for services rendered	-	628
	Purchase of Term Finance Certificates	-	458,134
	Sale of Term Finance Certificates	113,717	427,271
	Payment of rent expense	925	252
	Sale of shares	133,036	580,643
	Purchase of shares	-	423,747
	Commission expense	4,128	9,543
	Dividend income	55,818	74,895
	Advisory fee for Term Finance Certificates	-	10,938
	Trustee fee	-	470
Other related parties			
	Trustee fee	8,019	4,524
	Purchase of Term Finance Certificates	-	150,000
	Advisory fee for Term Finance Certificates	-	21,443
	Commission income	552	-
	Purchase of units	596,078	-
	Sale of units	368,130	-

11. DATE OF AUTHORISATION FOR ISSUE

These interim condensed financial statements were authorised for issue by the Board of Directors on October 29, 2008.

12. GENERAL

12.1 The figures in the interim condensed financial statements have been rounded off to the nearest thousand.

Jahangir Siddiqui
Chairman

Naveed Qazi
President and Chief Executive

Mazhar-ul-Haq Siddiqui
Director

Syed Amjad Ali
Director



JS Bank Limited





JS Bank Limited

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