

BOOK POST



JS Bank Limited

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JS Bank Limited

Interim Condensed Financial Statements
for the Half Year Ended
June 30, 2007 (Un- Audited)



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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.



JS BANK LIMITED
INTERIM CONDENSED BALANCE SHEET
AS AT JUNE 30, 2007

	Note	Un-Audited June 30, 2007	Audited December 31, 2006
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		1,430,047	1,912,648
Balances with other banks		1,187,027	1,463,280
Lendings to financial institutions	5	5,680,640	2,825,912
Investments	6	3,615,156	2,582,096
Advances	7	4,680,693	1,692,831
Operating fixed assets		470,673	379,584
Deferred tax assets		24,598	26,250
Other assets	8	2,241,462	1,662,854
		19,330,296	12,545,455
LIABILITIES			
Bills payable		380,398	610,623
Borrowings		287,720	800,005
Deposits and other accounts	9	14,431,833	7,198,149
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		660,408	932,870
		15,760,359	9,541,647
NET ASSETS			
		3,569,937	3,003,808
REPRESENTED BY:			
Share capital		3,404,225	3,004,225
Reserves		-	-
Unappropriated profit / (accumulated loss)		34,259	(417)
		3,438,484	3,003,808
Surplus on revaluation of assets		131,453	-
		3,569,937	3,003,808
CONTINGENCIES AND COMMITMENTS			
	10		

The annexed notes from 1 to 15 form an integral part of these interim condensed financial statements.

Jahangir Siddiqui
Chairman

Naveed Qazi
President/Chief Executive

Suleman Lalani
Director

Basir Shamsie
Director

JS BANK LIMITED
INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2007

	Note	Half year ended June 30, 2007	Quarter ended June 30, 2007
Rupees in '000			
Mark-up / Return / Interest Earned		408,225	247,727
Mark-up / Return / Interest Expensed		287,516	191,759
Net Mark-up/ Interest Income		120,709	55,968
Provision against non-performing loans and advances		(5,056)	(5,056)
Provision for impairment on investments		(1,113)	(3,948)
Bad debts written off directly		-	-
		(6,169)	(9,004)
Net Mark-up / Interest Income after provisions		114,540	46,964
NON MARK-UP / INTEREST INCOME			
Fee, Commission and Brokerage Income		34,970	26,854
Dividend Income		76,105	43,154
Income from dealing in foreign currencies		12,863	10,832
Gain on sale of securities		116,417	74,548
Unrealised loss on revaluation of investments classified as held for trading		(215)	450
Other Income		3,284	2,568
Total non-markup/interest Income		243,424	158,406
		357,964	205,370
NON MARK-UP / INTEREST EXPENSES			
Administrative expenses	11	318,517	174,601
Other provisions / write offs		-	-
Other charges		301	295
Total non-markup / interest expenses		318,818	174,896
		39,146	30,474
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		39,146	30,474
Taxation - Current		3,259	2,031
- Prior years		-	-
- Deferred		1,211	1,211
		4,470	3,242
PROFIT AFTER TAXATION		34,676	27,232
Accumulated loss brought forward		(417)	-
Profit available for appropriation		34,259	27,232
Basic and diluted earnings per share		0.1019	0.0800

The annexed notes from 1 to 15 form an integral part of these interim condensed financial statements.

Jahangir Siddiqui
Chairman

Naveed Qazi
President/Chief Executive

Suleman Lalani
Director

Basir Shamsie
Director



**INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2007**

	June 30, 2007 Rupees in '000
CASH FLOW FROM OPERATING ACTIVITIES	
Profit before taxation	39,146
Less: Dividend income	(76,105)
	<u>(36,959)</u>
Adjustments:	
Depreciation	11,867
Amortisation of goodwill	-
Amortisation of intangibles	95,906
Amortisation of deferred cost	673
Unrealised gain on revaluation of investments classified as held for trading	215
Reversal of provision adjustment non-performing items	5,056
Provision for impairment in the value of investments	1,113
Gain on sale of fixed assets	(3,284)
	<u>111,546</u>
(Increase) / decrease in operating assets	74,587
Lendings to financial institutions	(2,854,728)
Held for trading securities	(90,601)
Advances	(2,987,862)
Others assets	(567,502)
	<u>(6,500,693)</u>
Increase / (decrease) in operating liabilities	
Bills Payable	(230,225)
Borrowings	(512,285)
Deposits	7,233,684
Other liabilities	(272,462)
	<u>6,218,712</u>
Payments of provision against off-balance sheet obligations	(281,981)
Income tax paid	-
Net cash flow from operating activities	<u>(16,201)</u>
	<u>(223,595)</u>
CASH FLOW FROM INVESTING ACTIVITIES	
Net investments in available for sale securities	(811,500)
Net investments in held-to-maturity securities	-
Dividend income	76,105
Investments in operating fixed assets	(206,564)
	<u>(935,254)</u>
Sale proceeds of property and equipment disposed-off	6,705
Net cash used in from investing activities	<u>(935,254)</u>
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	<u>400,000</u>
Effects of exchange rate changes on cash and cash equivalents	-
Decrease in cash and cash equivalents	<u>(758,849)</u>
Cash and cash equivalents at beginning of the period	3,375,923
Cash and cash equivalents at end of the period	<u>2,617,074</u>

The annexed notes from 1 to 15 form an integral part of these interim condensed financial statements.

<u>Jahangir Siddiqui</u> Chairman	<u>Naveed Qazi</u> President/Chief Executive	<u>Suleman Lalani</u> Director	<u>Basir Shamsie</u> Director
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JS BANK LIMITED

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2007**

	Share capital	Unappropriated profit / (accumulated loss) Rupees in '000	Total
Balance as at January 1, 2007	3,004,225	(417)	3,003,808
Profit for the current period	-	34,676	34,676
Issue of share capital	400,000	-	400,000
Balance as at June 30, 2007	<u>3,404,225</u>	<u>34,259</u>	<u>3,438,484</u>

The annexed notes from 1 to 15 form an integral part of these interim condensed financial statements.

<u>Jahangir Siddiqui</u> Chairman	<u>Naveed Qazi</u> President/Chief Executive	<u>Suleman Lalani</u> Director	<u>Basir Shamsie</u> Director
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 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 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 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 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 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 interim condensed 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 profit for the period and total assets of the bank at the end of the current period would have been lower by Rs.36.591 million.



	Note	June 30, 2007	December 31, 2006
Rupees in '000			
5. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings		3,595,000	754,250
Repurchase agreement lendings (Reverse Repo)		2,085,640	2,071,662
		<u>5,680,640</u>	<u>2,825,912</u>

6. INVESTMENTS	Note	June 30, 2007			December 31, 2006		
		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		90,601	-	90,601	-	-	-
Available for sale securities	6.1.1	3,204,763	187,720	3,392,483	2,500,237	-	2,500,237
Associate		-	-	-	81,859	-	81,859
		<u>3,295,364</u>	<u>187,720</u>	<u>3,483,084</u>	<u>2,582,096</u>	-	<u>2,582,096</u>
Gain on remeasurement of held for trading investments		178	-	178	-	-	-
Surplus on revaluation of available for sale securities		131,894	-	131,894	-	-	-
		<u>3,427,436</u>	<u>187,720</u>	<u>3,615,156</u>	<u>2,582,096</u>	-	<u>2,582,096</u>

6.1.1 Included herein are investments in:

- mutual fund certificates of UTP Large Capital Fund and BSJS Balanced Fund aggregating to Rs.317.358 (December 31, 2006: Rs.293.347) million at market value which are designated as strategic investments by the bank.
- ordinary shares of Azgard Nine Limited amounting to Rs.205.920 (December 31, 2006: Rs.130.066) million which is a related party.

	Note	June 30, 2007	December 31, 2006
Rupees in '000			
7. ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan	7.1	1,804,232	607,765
Outside Pakistan		-	-
		<u>1,804,232</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		52,298	109
Payable outside Pakistan		-	-
		<u>52,298</u>	<u>109</u>
Financing in respect of Continuous Funding System (CFS)		2,937,918	1,193,656
Advances - gross		<u>4,794,448</u>	<u>1,801,530</u>
Provision for non-performing advances			
- specific		(113,604)	(108,699)
- general (against consumer financing)		(151)	-
		<u>(113,755)</u>	<u>(108,699)</u>
Advances - net of provision		<u>4,680,693</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.

The bank intends to seek necessary clarification for reversal of existing provision from the SBP. Pending the clarification, the bank has retained the said provision in its interim condensed financial statements.

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	June 30, 2007				
	Domestic	Overseas	Total	Provision Required	Provision Held
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

	June 30, 2007			December 31, 2006		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
In local currency	113,604	151	113,755	108,699	-	108,699

8. OTHER ASSETS

Included herein is an amount of Rs.1.463 (December 31, 2006: Rs.1.463) billion representing goodwill arising as a result of acquisition of Jahangir Siddiqui Investment Bank Limited and Pakistan operations of American Express Bank Limited. (see note 4.1)

	June 30, 2007	December 31, 2006
Rupees in '000		

9. DEPOSITS AND OTHER ACCOUNTS

Customers		
Fixed deposits	3,797,874	3,018,679
Savings deposits	8,105,168	3,021,986
Current accounts - Non-remunerative	2,517,977	1,149,494
Margin accounts	10,814	7,802
	<u>14,431,833</u>	<u>7,197,961</u>
Financial Institutions		
Non-remunerative deposits	-	188
	<u>14,431,833</u>	<u>7,198,149</u>

Particulars of deposits

In local currency	13,182,366	5,745,095
In foreign currencies	1,249,467	1,453,054
	<u>14,431,833</u>	<u>7,198,149</u>

10. CONTINGENCIES AND COMMITMENTS

10.1 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	-	-

10.2 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	10,665	10,217
ii) Banking companies and other financial institutions	-	-
iii) Others	3,771	15
	<u>14,436</u>	<u>10,232</u>

10.3 Other Contingencies

Claims not acknowledged as debts	108,425	702,345
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	June 30, 2007	December 31, 2006
	Rupees in '000	
10.4 Commitments in respect of forward lending		
commitment to extend credit facilities	-	-
10.5 Commitments in respect of forward exchange contracts		
Purchase	3,204,714	2,100,726
Sale	3,062,625	1,998,007
10.6 Commitments for the acquisition of operating fixed assets	-	-
10.7 Other commitments		
Forward sale commitments	39,427	95,000
Underwriting commitments	550,925	161,750
Pre-IPO commitments	-	15,000

11. ADMINISTRATIVE EXPENSES

Included herein is a sum of Rs.95.906 million representing amortisation of intangible assets, as per the Transfer Agreement.

12. 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:

	June 30, 2007
	Rupees in '000
Key management personnel	
Advances	
Balance as at January 01, 2007	-
Disbursements	6,266
Repayments	158
Balance as at June 30, 2007	6,108
Mark-up / return / interest earned	95
Deposits	
Balance as at January 01, 2007	83,498
Deposits during the period	239,412
Withdrawal during the period	288,515
Balance as at June 30, 2007	34,395
Mark-up / return / interest expensed	1,613
Group Companies	
Deposits	
Balance as at January 01, 2007	653
Deposits during the period	9,571,297
Withdrawal during the period	6,811,103
Balance as at June 30, 2007	2,760,847
Profit paid / accrued	16,753

Transactions with Group Companies

	June 30, 2007
	Rupees in '000
Investment in equity shares	283,131
Sale of equity shares	443,142
Purchase of money market instruments	484,294
Sale of money market instruments	949,576
Sale of Vehicle	2,131
Refund of security deposit	1,233
Rent expenses	125
Brokerage	7,419
Dividend income	74,895
Advisory fee	1,000

13. 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	23,654	559,302	6,563	51,882	10,248	651,649
Total expenses	-	324,104	279,325	5,056	4,018	612,503
Tax expense	-	-	-	-	-	4,470
Net income (loss)	23,654	235,198	(272,762)	46,826	6,230	34,676

14. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors on 25th August 2007.

15. GENERAL

15.1 As these are the first interim condensed financial statements, therefore there are no corresponding figures to the financial statements.

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

Jahangir Siddiqui	Naveed Qazi	Suleman Lalani	Basir Shamsie
Chairman	President/Chief Executive	Director	Director



DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors, I am pleased to present the reviewed financial statements for the half year ended June 30, 2007.

During the first six months of 2007, your bank attained an after tax profit of Rs 34.676 million. Total Assets increased to Rs 19.33 billion as compared to Rs 12.54 billion as at December 30, 2006. This was primarily due to increased deposit base of your company which grew strongly from Rs 7.19 billion as at December 31, 2006 to Rs 14.43 billion, a growth of over 100%. The advances also showed a significant growth from Rs 1.69 billion to Rs 4.68 billion. This was possible due to the continued commitment of the management, teamwork displayed by the staff and guidance provided by the Board.

We have continued to expand the range of activities with a view to enhancing and diversifying sources of revenue. We started the year with four branches and subsequently opened a new branch at the Karachi Stock Exchange. We plan to open four more branches in the next half of 2007. You will be pleased to know that all our branches are online branches, offering country-wide banking to our client base. We are also part of the M-Net network providing ATM services all over the country to our clients. We also soft-launched our consumer auto-loan product in June and in the next half we will be launching personal consumer loans.

We feel that the future of banks is dependent on state-of-art technology. A robust core banking system having up to date MIS is a key requirement for growth and control. Accordingly, your Bank has entered into an agreement with 'Temenos' for acquisition of their core banking solution T24. The first phase, which is aimed to replace the existing SBS (Standard Banking System), will be implemented by Dec 31, 2007 and second phase (fully customized) will be implemented by the end of next year.

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: August 25, 2007

On behalf of the Board

Jahangir Siddiqui
Chairman

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying interim condensed balance sheet of JS BANK LIMITED as at June 30, 2007 and the related interim condensed profit and loss account, interim condensed cash flow statement and interim condensed statement of changes in equity (here-in-after referred to as the "interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily, of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the annexed interim financial information is not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Karachi:- August 25, 2007

FORD RHODES SIDAT HYDER & CO.
Chartered Accountants