



JS Bank Limited
Interim Condensed Financial Statements
for the Half Year Ended
June 30, 2010 (Un-Audited)



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COMPANY INFORMATION

Board of Directors	Chairman	Mr. Jahangir Siddiqui Mr. Mazharul Haq Siddiqui Mr. Maqbool A. Soomro Mr. Ashraf Nawabi Mr. Rafique R. Bhimjee Mr. Shahab Khawaja* Mr. Basir Shamsie
President & Chief Executive Officer		Mr. Kalim-ur-Rahman
Audit Committee	Chairman Member Member	Mr. Jahangir Siddiqui Mr. Maqbool A. Soomro Mr. Rafique R. Bhimjee
Company Secretary		Mr. Muhammad Yousuf Amanullah
Auditors		Ernst & Young Ford Rhodes Sidhat Hyder Chartered Accountants <small>(Member firm of Ernst & Young Global Limited)</small>
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.

*Syed Amjad Ali has resigned from the Board of Directors and Mr. Shahab Khawaja has been appointed in his place. The appointment is subject to the approval from the State Bank of Pakistan.

DIRECTORS' REPORT

On behalf of the Board of Directors, I am pleased to present the reviewed financial statements for the half year ended June 30, 2010.

Pakistan's economy remained on the path to recovery during the first half of the year, as evidenced by the buoyant stock market. GDP growth of 4.1% during the fiscal year ended June 30, 2010, significantly higher than the original estimate of 3.5%, with large scale manufacturing sector recording a growth of 4.7%. The current account deficit improved to US \$ 3.95 billion as opposed to US \$ 9.26 billion a year earlier and the foreign exchange reserves touched the highest level ever at US \$ 16.26 billion. However, the banking sector continued to suffer from the after-effects of the economic slowdown of 2008-09, with asset quality concerns continuing to cast a shadow over the sector's performance -- especially that of the smaller banks which lacked the size and resilience of the bigger banks to face the adverse economic currents.

The unprecedented floods of August 2010, which have inundated over 20% of the country, are likely to have a devastating effect on the economy which was only just recovering from the aftermath of the economic crises of 2008-09. However, it will be some time before the full impact can be calculated.

As per bank's strategic growth plan, 2009-10 has been a crucial period for the bank as we progress on our stated vision of becoming a mid-sized, performance driven and market competitive bank with the required outreach, product base and network to achieve a sizeable customer base across Pakistan and Azad Jammu & Kashmir. On the business front, the focus of the branch distribution network has been to improve the bank's core deposit base through a strong focus on low cost deposits, as well as growth in services that contribute significantly to the bank's Non Funded Income streams. This has led to a growth in the bank's customer base by 37% since December 2009.

The core focus of the Retail Banking Group during the period has been to consolidate the gains from the rapid expansion of the branch network during 2009. We now have 102 branches and sub-branches in 49 cities covering all four provinces of Pakistan and Azad Jammu and Kashmir, which are offering on-line real-time banking services to about 50,000 customers. Furthermore, to facilitate customers, the ATM network has been further augmented by adding another 25 locations, thereby increasing our ATM network outreach to over 55 locations across Pakistan. Additionally, our service menu for the 24/7 Customer Facilitation Centre has also been expanded to provide seamless customer service support across the country.

The Corporate & Commercial Group is one of the major business divisions of the Bank aiming to improve the customer base of medium and large size customers. Going forward, this business division will also have a major emphasis on developing the trade linked transactions and financing. This will help in improving the Bank's off balance sheet income together with the gross mark-up income.

Our Treasury's focus has been mainly on short dated investments, trading in fixed income securities and on servicing the Banks expanding customer base by offering competitive pricing and quality service. The Treasury continued to grow the distribution of Government of Pakistan securities by virtue of JS Bank's status as a Primary Dealer of the State Bank of Pakistan. JS Bank's Home Remittance initiative launched in January this year, now has a strong foothold and continues to grow impressively. Our partners abroad and beneficiaries in Pakistan have come to recognize the emphasis which the management has put on facilitating beneficiaries across our network in 49 cities of the country.

Financial Review

During the six months period under review, the balance sheet of your bank grew by 9.69% to Rs 36.08 billion from Rs. 32.89 billion as at December 31, 2009, mainly due to an increase in the Bank's deposit base from Rs. 21.31 billion to Rs. 24.02 billion, an increase of 13%. On the asset side, the main growth was recorded in investments, which grew by 38.53% to Rs. 13.2 billion. Your bank has suffered a net loss after tax of Rs 337.04 million as compared to a loss of Rs 792.83 million in the corresponding period last year, depicting an improvement of 57%. Going forward, we plan to further strengthen our branch network to increase brand awareness and mobilize low cost deposits. On the lending side, we intend to increase our focus on the corporate, commercial and SME sectors. We are hopeful that with our current strategy in place, we would see further improvement in our results in the days to come.

To meet the shortfall in the Minimum Capital Requirement of the State Bank of Pakistan (SBP) for 2009, the Board of Directors of your Bank, in the meeting held on June 30, 2010, recommended issuance of 202,210,965 right shares at a price of Rs. 3/- per share i.e. at a discount of Rs. 7/- per share, which has been approved by the shareholders at an Extraordinary General Meeting held on July 23, 2010. The approvals from State Bank of Pakistan and Securities and Exchange Commission of Pakistan have been received. The rights issue is fully underwritten.

The Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term entity ratings of JS Bank Limited at "A" (Single A) and "A1" (A One), respectively. These ratings denote low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

We take this opportunity to express our gratitude to our customers and business partners for their continued support and trust. We greatly value and appreciate the co-operation and guidance provided by the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and other regulatory authorities. Finally, we are also thankful to our associates, staff and colleagues for their hard work and unstinted commitment to the Bank.

Karachi: August 26, 2010

On behalf of the Board

Kalim-ur-Rahman
President &
Chief Executive Officer

AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying interim condensed statement of financial position of JS Bank Limited as at 30 June 2010 and the related interim condensed profit and loss account, interim condensed statement of comprehensive income, interim condensed cash flow statement, interim condensed statement of changes in equity and notes to the accounts for the six-month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. 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 accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Without qualifying our conclusion, we draw attention to note 1.2 to the accompanying financial statements wherein the Bank has disclosed that it has been granted exemption from the requirement to have the minimum paid-up capital (free of losses) of Rs.6.00 billion as at 31 December 2009 till 30 September 2010, subject to certain conditions.

Karachi
Date : August 26, 2010

Ernst & Young Ford Rhodes Sidhat Hyder
Chartered Accountants
Audit Engagement Partner
Shabbir Yunus

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at June 30, 2010

	Note	Unaudited June 30, 2010	Audited December 31, 2009
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks		1,714,481	1,764,403
Balances with other banks		453,338	1,820,857
Lendings to financial institutions	7	4,605,817	3,482,564
Investments	8	13,209,997	9,535,555
Advances	9	11,351,142	11,689,653
Operating fixed assets	10	2,969,567	3,039,329
Deferred tax assets	11	1,047,424	924,907
Other assets		732,989	637,652
		36,084,755	32,894,920
LIABILITIES			
Bills payable		517,683	320,492
Borrowings	12	5,684,449	5,039,635
Deposits and other accounts	13	24,025,745	21,313,791
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		599,059	566,443
		30,826,936	27,240,361
NET ASSETS		5,257,819	5,654,559
REPRESENTED BY:			
Share capital		6,127,605	6,127,605
Reserves		18,040	18,040
Accumulated losses		(860,239)	(523,192)
		5,285,406	5,622,453
(Deficit) / surplus on revaluation of assets - net of tax		(27,587)	32,106
		5,257,819	5,654,559
CONTINGENCIES AND COMMITMENTS			
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The annexed notes from 1 to 20 form an integral part of these interim condensed financial statements.

Jahangir Siddiqui
Chairman

Kalim-ur-Rahman
President & Chief Executive

Ashraf Nawabi
Director

Mazharul Haq Siddiqui
Director

INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
for the Half Yearly Ended June 30, 2010

	Quarter ended June 30, 2010	Half year ended June 30, 2010	Quarter ended June 30, 2009	Half year ended June 30, 2009
Note	(Rupees in '000)			
Mark-up / return / interest earned	825,180	1,606,317	587,198	1,186,723
Mark-up / return / interest expensed	553,220	1,097,185	408,105	817,022
Net mark-up / interest income	271,960	509,132	179,093	369,701
Reversal / (provision) against non-performing loans and advances	43,335	(22,981)	(96,556)	(205,578)
Provision for impairment in value of investments	(77,341)	(77,341)	(174,574)	(323,770)
Bad debts written off directly	-	-	-	-
	(34,006)	(100,322)	(271,130)	(529,348)
Net mark-up / interest income / (loss) after provisions	237,954	408,810	(92,037)	(159,647)
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	42,301	79,690	27,766	50,172
Dividend income	-	11,350	3,277	5,030
(Loss) / income from dealing in foreign currencies	(303)	1,034	37,247	37,152
Gain on sale / redemption of securities	731	23,176	26,773	72,139
Unrealised gain / (loss) on revaluation of investments classified as held for trading	18	18	(3,175)	782
Other income	-	12	156	156
Total non-mark-up / interest income	42,747	115,280	92,044	165,431
	280,701	524,090	7	5,784
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	15 492,601	919,444	421,367	774,449
Provision against off-balance sheet obligation - net	-	-	14,976	14,976
Fixed assets written off	16,267	16,267	-	-
Other charges	16 989	1,843	628	810
Total non-mark-up / interest expenses	509,857	937,554	436,971	790,235
	(229,156)	(413,464)	(436,964)	(784,451)
Extra ordinary / unusual items	-	-	-	-
LOSS BEFORE TAXATION	(229,156)	(413,464)	(436,964)	(784,451)
Taxation				
- Current	11.2 (12,952)	(17,216)	(6,760)	(6,760)
- Prior years	-	-	-	-
- Deferred	93,633	93,633	(1,620)	(1,620)
	80,681	76,417	(8,380)	(8,380)
LOSS AFTER TAXATION	(148,475)	(337,047)	(445,344)	(792,831)
Loss per share (Rupee) - Basic	(0.24)	(0.55)	(0.74)	(1.31)

The annexed notes from 1 to 20 form an integral part of these interim condensed financial statements.

Jahangir Siddiqui
Chairman

Kalim-ur-Rahman
President & Chief Executive

Ashraf Nawabi
Director

Mazharul Haq Siddiqui
Director

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INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
for the Half Yearly Ended June 30, 2010

	Quarter ended June 30, 2010	Half year ended June 30, 2010	Quarter ended June 30, 2009	Half year ended June 30, 2009
	----- (Rupees in '000) -----			
Loss for the period	(148,475)	(337,047)	(445,344)	(792,831)
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive loss for the period	<u>(148,475)</u>	<u>(337,047)</u>	<u>(445,344)</u>	<u>(792,831)</u>

(Deficit) / surplus arising on revaluation of assets has been reported in accordance with the requirements of the Companies Ordinance, 1984 and the directives of the State Bank of Pakistan in a separate account below equity.

The annexed notes from 1 to 20 form an integral part of these interim condensed financial statements.

Jahangir Siddiqui
Chairman

Kalim-ur-Rahman
President & Chief Executive

Ashraf Nawabi
Director

Mazharul Haq Siddiqui
Director

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INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED)
for the Half Yearly Ended June 30, 2010

	June 30, 2010	June 30, 2009
	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(413,464)	(784,451)
Less: Dividend income	(11,350)	(5,030)
	<u>(424,814)</u>	<u>(789,481)</u>
Adjustments:		
Depreciation	111,741	76,512
Amortisation of intangibles	7,510	27,230
Charge for defined benefit plan	15,604	11,712
Unrealised gain on revaluation of investments classified as held for trading	(18)	-
Reversal of provision against non-performing advances	(89,703)	-
Provision against non-performing advances	112,684	205,578
Provision for impairment in value of investments	77,341	323,770
Provision against off-balance sheet obligation - net	-	14,976
Fixed assets written off	16,267	-
Gain / (loss) on sale of fixed assets	1,194	(156)
	<u>252,620</u>	<u>659,622</u>
	<u>(172,194)</u>	<u>(129,859)</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(1,123,253)	(1,316,432)
Held for trading securities	(48,820)	(29,861)
Advances	315,530	(10,801)
Other assets	(110,812)	4,347
	<u>(967,355)</u>	<u>(1,352,747)</u>
Increase / (decrease) in operating liabilities		
Bills payable	197,191	355,874
Borrowings	643,684	2,832,498
Deposits	2,711,954	3,756,530
Other liabilities	17,012	100,188
	<u>3,569,841</u>	<u>7,045,090</u>
	<u>2,430,292</u>	<u>5,562,484</u>
Income tax paid	(1,741)	(1,136)
Net cash flow from operating activities	<u>2,428,551</u>	<u>5,561,348</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	(3,791,522)	(2,994,334)
Dividend income	11,350	5,030
Investment in operating fixed assets	(70,683)	(453,892)
Sale proceeds of property and equipment disposed of	3,733	272
Net cash used in investing activities	<u>(3,847,122)</u>	<u>(3,442,924)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of share capital	-	432,761
(Decrease) / increase in cash and cash equivalents	<u>(1,418,571)</u>	<u>2,551,185</u>
Cash and cash equivalents at beginning of the period	<u>3,572,285</u>	<u>1,954,373</u>
Cash and cash equivalents at end of the period	<u>2,153,714</u>	<u>4,505,558</u>

The annexed notes from 1 to 20 form an integral part of these interim condensed financial statements.

Jahangir Siddiqui
Chairman

Kalim-ur-Rahman
President & Chief Executive

Ashraf Nawabi
Director

Mazharul Haq Siddiqui
Director

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INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
for the Half Yearly Ended June 30, 2010

	Issued, Subscribed and paid-up share capital	Statutory reserve	Unappropriated profit / (accumulated loss)	Total
----- (Rupees in '000) -----				
Balance as at January 01, 2009	5,694,844	18,040	71,744	5,784,628
Issue of ordinary shares of Rs.10 each against cash	432,761	-	-	432,761
Total comprehensive loss for the half year ended June 30, 2009	-	-	(792,831)	(792,831)
Balance as at June 30, 2009	6,127,605	18,040	(721,087)	5,424,558
Profit after taxation for the half year ended December 31, 2009	-	-	197,895	197,895
Balance as at December 31, 2009	6,127,605	18,040	(523,192)	5,622,453
Total comprehensive loss for the half year ended June 30, 2010	-	-	(337,047)	(337,047)
Balance as at June 30, 2010	<u>6,127,605</u>	<u>18,040</u>	<u>(860,239)</u>	<u>5,285,406</u>

The annexed notes from 1 to 20 form an integral part of these interim condensed financial statements.

Jahangir Siddiqui
Chairman

Kalim-ur-Rahman
President & Chief Executive

Ashraf Nawabi
Director

Mazharul Haq Siddiqui
Director

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENT (UN-AUDITED)
for The Half Year Ended June 30, 2010

1. STATUS AND NATURE OF BUSINESS

1.1 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 102 (December 31, 2009: 101) branches / sub branches in Pakistan. The Pakistan Credit Rating Agency (Private) Limited (PACRA) has assigned the long term credit rating of the Bank at A ("single A") and the short term rating at A1 ("A One").

1.2 The State Bank of Pakistan through its BSD Circular No. 7 dated April 15, 2009 has prescribed that the minimum paid up capital (net of losses) for Banks / Development Finance Institutions (DFIs) be raised to Rs.10 billion by the year ending December 31, 2013. The raise is to be achieved in a phased manner requiring Rs.6 billion and Rs.7 billion paid up capital (free of losses) by the end of the financial year 2009 and 2010, respectively. The paid up capital (free of losses) of the Bank as at June 30, 2010 stood at Rs.5.267 billion. However, the Bank has been granted an exemption till September 30, 2010 to meet the minimum capital requirement by the SBP, subject to certain conditions.

The Board of Directors in their meeting held on June 30, 2010 has recommended issuance of 202,210,965 right shares at a price of Rs.3 per share i.e. at a discount of Rs.7 per share. In this regard, approval from the shareholders has been obtained on July 23, 2010 at an Extraordinary General Meeting. Further, the approval from Securities and Exchange Commission of Pakistan and final approval from the State Bank of Pakistan have also been received

2. BASIS OF PRESENTATION

In accordance with the directives of the Federal Government regarding the shifting 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 to 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 utilized and the appropriate portion of mark-up thereon.

3. STATEMENT OF COMPLIANCE

These interim condensed financial statements of the Bank for the six months period ended June 30, 2010 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan. In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.

The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for banking companies till further instructions. Further, according to the notification of SECP dated April 28, 2008, IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable to banks. 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 the SBP.

The disclosures made in these interim condensed financial statements have, however, been limited based on a format prescribed by the State Bank of Pakistan vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these interim condensed financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2009.

During the period, following new / revised standards, amendments and interpretations to accounting standards became effective:

IAS 27 -	Consolidated and Separate Financial Statements (Amendments)
IFRS 2 -	Share Based Payments: Amendments relating to Group Cash-settled Share-based Payment Transaction
IFRS 3 -	Business Combinations (Revised)
IFRIC 17 -	Distributions of Non-cash Assets to owners

Adoption of the above standards, amendments and interpretations did not affect the accounting policies of the Bank as disclosed in the annual financial statements for the year ended December 31, 2009.

4. BASIS OF MEASUREMENT

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

5. ESTIMATES

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

The significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual financial statements for the year ended December 31, 2009.

6. SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT

The accounting policies and the methods of computation adopted in the preparation of these interim condensed financial statements are the same as those applied in the preparation of the annual financial statements for the year ended December 31, 2009.

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Bank for the year ended December 31, 2009.

7. LENDINGS TO FINANCIAL INSTITUTIONS

		(Unaudited) June 30, 2010	(Audited) December 31, 2009
	Note	----- (Rupees in '000) -----	
Call money lendings	7.1	1,350,000	1,865,000
Repurchase agreement lendings (Reverse Repo)		2,828,271	1,364,839
Term deposit		427,546	252,725
		<u>4,605,817</u>	<u>3,482,564</u>

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7.1 These include lendings to JS Investments Limited, a related party, amounting to Rs.200.000 million (December 31, 2009: Rs.340.000 million) and carrying mark-up at rate of 13.84% (December 31, 2009: 12.25% to 13.96%) per annum.

8. INVESTMENTS	(Unaudited) June 30, 2010			(Audited) December 31, 2009		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
Note	----- (Rupees in '000) -----					
8.1 INVESTMENTS BY TYPES:						
Held for trading securities						
Pakistan Investment Bonds	48,820	-	48,820	-	-	-
Available for sale securities						
Market Treasury Bills	6,234,174	3,938,515	10,172,689	2,424,736	2,922,331	5,347,067
Pakistan Investment Bonds	302,724	194,450	497,174	744,828	481,924	1,226,752
Ordinary shares of listed companies	190,091	-	190,091	668,558	-	668,558
Preference shares of a listed company	95,503	-	95,503	95,503	-	95,503
Term Finance Certificates-listed	1,136,403	-	1,136,403	1,217,718	-	1,217,718
Term Finance Certificates-unlisted	705,451	-	705,451	506,540	-	506,540
Sukuk Certificates	131,148	-	131,148	158,330	-	158,330
Closed end mutual funds	320,151	-	320,151	321,511	-	321,511
Open end mutual funds	-	-	-	122,606	-	122,606
US Dollar Bonds	236,227	-	236,227	116,232	-	116,232
	9,351,872	4,132,965	13,484,837	6,376,562	3,404,255	9,780,817
Total investments at cost	9,400,692	4,132,965	13,533,657	6,376,562	3,404,255	9,780,817
Less: provision for impairment in value of investment	(284,495)	-	(284,495)	(294,656)	-	(294,656)
Investments (net of provision)	9,116,197	4,132,965	13,249,162	6,081,906	3,404,255	9,486,161
Surplus / (deficit) on revaluation of held for trading securities	18	-	18	-	-	-
(Deficit)/ surplus on revaluation of available for sale securities	(31,124)	(8,059)	(39,183)	48,070	1,324	49,394
	<u>9,085,091</u>	<u>4,124,906</u>	<u>13,209,997</u>	<u>6,129,976</u>	<u>3,405,579</u>	<u>9,535,555</u>

8.1.1 Included herein are investments in following related parties:

- Agri Tech Limited (formerly: Pak American Fertilizer Limited), a related party, amounting to Rs.149.88 million at the rate of 6 months KIBOR ask rate + 1.75% maturing on November 29, 2014 (December 31, 2009: Rs.149.88 million).
- Azgard Nine Limited, a related party, amounting to Rs.149.88 million at the rate of 6 months KIBOR ask rate + 2.25% maturing on December 24, 2014 (December 31, 2009: Rs.149.910 million).

8.1.2 Included herein are investments in following related parties:

- a) JS Large Cap. Fund (formerly: UTP Large Cap. Fund) amounting to Rs.193.646 million (December 31, 2009: Rs.193.646 million) and having market value of Rs.102.874 million (December 31, 2009: Rs.111.347 million).
- b) JS Large Value Fund amounting to Rs.99.701 million (December 31, 2009: Rs.99.701 million) and having market value of Rs.31.484 million (December 31, 2009: Rs.49.151 million).

	Note	(Unaudited) June 30, 2010	(Audited) December 31, 2009
----- (Rupees in '000) -----			
9. ADVANCES			
Loans, cash credits, running finances, etc. In Pakistan	9.1	10,886,907	11,100,389
Bills discounted and purchased (excluding market treasury bills)			
Payable in Pakistan		771,455	1,060,996
Payable outside Pakistan		193,328	5,835
		964,783	1,066,831
Advances - gross		11,851,690	12,167,220
Provision for non-performing advances			
- specific		(497,359)	(473,082)
- general (against consumer financing)		(3,189)	(4,485)
		(500,548)	(477,567)
Advances - net of provision		11,351,142	11,689,653

9.1 Advances include Rs.730.682 million (December 31, 2009: Rs.857.059 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Unaudited) June 30, 2010				
	----- (Rupees in '000) -----				
	Domestic	Overseas	Total	Provision Required	Provision Held
Other assets especially mentioned	-	-	-	-	-
Substandard	39,632	-	39,632	2,966	2,966
Doubtful	87,663	-	87,663	26,405	26,405
Loss	603,387	-	603,387	467,988	467,988
	<u>730,682</u>	<u>-</u>	<u>730,682</u>	<u>497,359</u>	<u>497,359</u>

Category of Classification	(Audited) December 31, 2009				
	----- (Rupees in '000) -----				
	Domestic	Overseas	Total	Provision Required	Provision Held
Other assets especially mentioned	-	-	-	-	-
Substandard	107,493	-	107,493	23,111	23,111
Doubtful	277,764	-	277,764	87,360	87,360
Loss	471,802	-	471,802	362,611	362,611
	<u>857,059</u>	<u>-</u>	<u>857,059</u>	<u>473,082</u>	<u>473,082</u>

		(Unaudited) June 30, 2010	(Audited) December 31, 2009
	Note	----- (Rupees in '000) -----	
10. OPERATING FIXED ASSETS			
Capital work-in-progress	10.1	17,195	41,976
Property and equipment		1,337,246	1,385,635
Intangible assets		<u>1,615,126</u>	<u>1,611,718</u>
		<u>2,969,567</u>	<u>3,039,329</u>

10.1 During the current period, the Bank acquired fixed assets amounting to Rs.70.683 million (December 31, 2009: Rs.698.563 million) and disposed off fixed assets costing Rs.9.357 million (December 31, 2009: Rs.19.442 million) and having a written down value of Rs.4.926 million (December 31, 2009: Rs.2.037 million).

11. DEFERRED TAX ASSETS

Deferred tax debits arising from:

Unused tax losses	11.1	1,192,784	1,078,906
Provision against investments and loans		178,761	182,317
Deferred cost		708	943
Deficit on revaluation of assets		11,596	-

Deferred tax credits arising due to:

Fixed assets		(156,991)	(166,150)
Goodwill		(179,434)	(153,821)
Surplus on revaluation of assets		-	(17,288)
		<u>1,047,424</u>	<u>924,907</u>

11.1 Included herein is a sum of Rs.5.989 million (2009: Rs.5.989 million) and Rs.440.582 million (2009: Rs.458.546 million) representing deferred tax asset relating to Jahangir Siddiqui Investment Bank Limited and American Express Bank Limited - Pakistan Branch, respectively, in respect of tax losses, expected to be available for carry forward and set off against the income of the Bank in terms of Section 57 A of the Income Tax Ordinance, 2001. In addition, it also includes deferred tax asset set up in respect of tax losses of the Bank. The management of the Bank believes that based on the projections of future taxable profit, it would be able to realise these tax losses in the future.

11.2 In view of the tax losses of the Bank, tax provision has been made subject to minimum taxation @ 1% under section 113 of Income Tax Ordinance, 2001 in these interim condensed financial statements.

12. BORROWINGS

Secured

Borrowings from SBP under export refinancing scheme	1,120,119	792,249
Repurchase agreement borrowings	<u>4,050,225</u>	<u>3,394,411</u>
	5,170,344	4,186,660

Unsecured

Call borrowings	500,000	840,000
Overdrawn nostro accounts	<u>14,105</u>	<u>12,975</u>
	<u>5,684,449</u>	<u>5,039,635</u>

	(Unaudited) June 30, 2010	(Audited) December 31, 2009
	----- (Rupees in '000) -----	
13. DEPOSITS AND OTHER ACCOUNTS		
Fixed deposits	9,542,782	9,173,400
Savings deposits	7,158,632	5,645,387
Current accounts – non-remunerative	5,703,424	4,832,167
Margin accounts	46,402	48,505
	<u>22,451,240</u>	<u>19,699,459</u>
Financial Institutions		
Remunerative deposits	1,375,609	1,532,365
Non-remunerative deposits	198,896	81,967
	<u>1,574,505</u>	<u>1,614,332</u>
	<u>24,025,745</u>	<u>21,313,791</u>
Particulars of deposits		
In local currency	22,265,795	19,450,027
In foreign currencies	1,759,950	1,863,764
	<u>24,025,745</u>	<u>21,313,791</u>
14. CONTINGENCIES AND COMMITMENTS		
14.1 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	510,776	321,368
ii) Banking companies and other financial institutions	18,866	19,660
iii) Others	632,664	626,217
	<u>1,162,306</u>	<u>967,245</u>
14.2 Trade-related Contingent Liabilities		
Documentary credits	1,750,888	1,772,874
14.3 Other Contingencies		
Claims not acknowledged as debts	66,463	66,435
14.4 Commitments in respect of forward exchange contracts		
Purchase	3,762,253	3,018,450
Sale	3,438,680	4,285,469
14.5 Other commitments		
Forward commitments in respect of purchase of PIBs	-	31,000
Forward commitments in respect of sale of PIBs	153,567	163,000
Commitment in respect of capital expenditure	5,564	101,610
15. ADMINISTRATIVE EXPENSES		

This includes salaries, wages and allowances amounting to Rs.398.184 million (June 30, 2009: Rs.334.752 million), rent, taxes, insurance and electricity charges amounting to Rs.152.172 million (June 30, 2009: Rs.122.924 million) and depreciation and amortisation amounting to Rs.119.251 million (June 30, 2009: Rs.103.742 million).

(Unaudited)			
Quarter ended June 30, 2010	Half year ended June 30, 2010	Quarter ended June 30, 2009	Half year ended June 30, 2009
----- (Rupees in '000) -----			

16. OTHER CHARGES

Penalties imposed by State Bank of Pakistan	599	649	628	810
Loss on sale of fixed assets	390	1,194	-	-
	<u>989</u>	<u>1,843</u>	<u>628</u>	<u>810</u>

17. 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 details of transactions with related parties during the period are as follows:

	(Unaudited) June 30, 2010		(Audited) December 31, 2009	
	Key management personnel	Other related parties	Key management personnel	Other related parties
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Advances				
Opening balance	36,709	1,451,187	39,346	941,246
Disbursements	1,600	31,209,930	3,386	23,631,418
Repayments	(9,400)	(30,286,828)	(6,023)	(23,121,477)
Closing balance	<u>28,909</u>	<u>2,374,289</u>	<u>36,709</u>	<u>1,451,187</u>
Mark-up / return / interest earned	<u>1,368</u>	<u>52,612</u>	<u>3,576</u>	<u>178,299</u>
	(Unaudited) June 30, 2010		(Audited) December 31, 2009	
	Key management personnel	Other related parties	Key management personnel	Other related parties
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Deposits				
Opening balance	24,175	1,148,445	37,959	4,246,435
Deposits during the period / year	94,915	81,690,289	259,624	299,291,572
Withdrawals during the period / year	(106,357)	(81,989,542)	(273,408)	(302,389,562)
Closing balance	<u>12,733</u>	<u>849,192</u>	<u>24,175</u>	<u>1,148,445</u>
Mark-up / return / interest expensed	<u>321</u>	<u>59,333</u>	<u>1,320</u>	<u>221,522</u>

The related party status of outstanding receivables and payable as at June 30, 2010 is 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	(Unaudited)	(Audited)
		June 30, 2010	December 31, 2009
		----- (Rupees in '000) -----	
Companies having common directorship			
	Sale of Term Finance Certificates	141,088	291,075
	Sale of Government Securities	1,440,514	3,146,230
	Purchase of Government Securities	130,676	-
	Purchase of sukuk	-	48,718
	Sale of sukuk	-	48,718
	Sale of shares	-	19
	Insurance claim received	1,647	3,078
	Commission earned	18,396	23,010
	Services received	200	-
	Payment of insurance premium	22,532	16,204
Parent company			
	Subscription in right shares	-	432,761
	Reimbursement of expenses	-	61
	Purchase of fixed assets	95	-
	Sale of shares	-	54
Companies in which parent company holds 20% or more			
	Purchase of Term Finance Certificates	24,983	291,489
	Sale of Term Finance Certificates	30,798	246,800
	Purchase of Government Securities	2,202,422	3,015,633
	Sale of Government Securities	4,029,938	5,470,426
	Sale of shares	46,790	4,162
	Rent expense paid / accrued	1,425	3,971
	Call lending / Reverse Repo	2,415,000	8,944,000
	Call borrowing / Repo	2,500,000	-
	Commission paid / accrued	2,000	3,633
	Commission income	2,105	6,049
	Dividend income	-	8,746
	Reimbursement of expenses	563	2,525
	Redemption of Term Finance Certificates	12,048	25,179
	Purchase of forward foreign exchange contracts	2,575,223	15,018,998
	Sale of forward foreign exchange contracts	3,443,556	13,184,539
	Services rendered	16	-
Other related parties			
	Trustee fee	-	2,479
	Purchase of shares	-	97,763
	Sale of shares	53,748	66,320
	Consultancy fee	1,200	900
	Purchase of Government Securities	-	4,908
	Sale of Government Securities	5,656	9,834
	Sale of units	-	80,000
	Dividend income	-	3,151
	Services received	844	-
	Commission earned / unearned	5,014	14,611

18. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	(Unaudited) June 30, 2010					
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Others
	----- (Rupees in '000) -----					
Total income	2,086	893,887	85,429	728,225	11,970	-
Total expenses	1,792	883,651	473,765	731,111	9,049	(40,724)
Net income / (loss)	294	10,236	(388,336)	(2,886)	2,921	40,724

	(Unaudited) June 30, 2009					
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Others
	----- (Rupees in '000) -----					
Total income	3,694	601,586	91,645	646,520	8,553	156
Total expenses	3,623	795,124	454,843	815,355	5,656	70,384
Net income / (loss)	71	(193,538)	(363,198)	(168,835)	2,897	(70,228)

19. DATE OF AUTHORISATION FOR ISSUE

These interim condensed financial statements were authorised for issue by the Board of Directors on August 26, 2010

20. GENERAL

20.1 Figures of the profit and loss account and comprehensive income for the quarters ended June 30, 2010 and June 30, 2009 have not been subjected to limited scope review by the auditors as they are only required to review half-yearly figures.

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

Jahangir Siddiqui
Chairman

Kalim-ur-Rahman
President & Chief Executive

Ashraf Nawabi
Director

Mazharul Haq Siddiqui
Director

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