



**ALBARAKA BANK (PAKISTAN) LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530, Pakistan  
Tel: +9221 3565 0007  
Fax: +9221 3568 1965  
[www.ey.com](http://www.ey.com)

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of AlBaraka Bank (Pakistan) Limited (the Bank) as at 31 December 2012, and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the 'financial statements') for the year then ended, in which are incorporated the unaudited certified returns from the branches except for nine branches which have been audited by us and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Bank's Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with approved accounting standards and the requirements of the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and after due verification, which in case of loans and advances covered more than sixty percent of the total loans and advances of the Bank, we report that:

- (a) in our opinion, proper books of accounts have been kept by the Bank as required by the Companies Ordinance, 1984 (XLVII of 1984) and the returns referred to above received from the branches have been found adequate for the purposes of our audit;
- (b) in our opinion:
  - (i) the statement of financial position and profit and loss account together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 5.1, with which we concur;
  - (ii) the expenditure incurred during the year was for the purpose of the Bank's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank;

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- (c) In our opinion, and to the best of our information and according to the explanations given to us the statement of financial position, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the Bank's affairs as at 31 December 2012 and its true balance of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

We draw attention to note 1.2 to the financial statements. As more fully explained in the said note, the Bank has been granted timeline extension till 31 December 2012 by the State Bank of Pakistan in respect of regulatory capital requirements. In this regard, the Bank is in the process of finalizing its capital enhancement plan to comply with the current and future regulatory capital requirements. Our opinion is not qualified in respect of this matter.



Chartered Accountants

Audit Engagement Partner: Arslan Khalid


Date: 04 March 2013

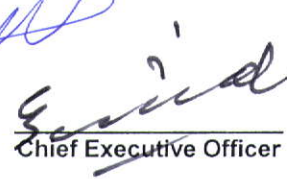
Karachi

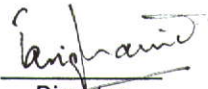
**ALBARAKA BANK (PAKISTAN) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2012**

	Note	2012	2011 (Rupees '000) Restated (note 5.1.1)	2010 Restated (note 5.1.1)
<b>ASSETS</b>				
Cash and balances with treasury banks	6	4,221,381	3,945,481	4,460,257
Balances with other banks	7	6,712,477	7,577,186	7,409,620
Due from financial institutions	8	1,100,000	-	80,000
Investments	9	27,421,461	26,179,416	15,617,589
Islamic financing and related assets	10	28,782,448	29,155,476	27,652,687
Operating fixed assets	11	2,629,176	2,798,165	3,030,269
Deferred tax assets	12	1,290,798	1,030,951	1,029,055
Other assets	13	1,711,310	1,858,204	1,484,187
		<b>73,869,051</b>	<b>72,544,879</b>	<b>60,763,664</b>
<b>LIABILITIES</b>				
Bills payable	14	746,651	451,030	427,600
Due to financial institutions	15	1,991,738	1,736,120	2,756,892
Deposits and other accounts	16	63,278,655	61,559,026	49,324,209
Sub-ordinated loans		-	-	-
Liabilities against assets subject to finance lease		-	5,123	19,303
Deferred tax liabilities		-	-	-
Other liabilities	17	1,830,054	2,269,097	2,116,583
		<b>67,847,098</b>	<b>66,020,396</b>	<b>54,644,587</b>
<b>NET ASSETS</b>		<b>6,021,953</b>	<b>6,524,483</b>	<b>6,119,077</b>
<b>REPRESENTED BY</b>				
Share capital	18	8,935,200	8,935,200	8,935,200
Discount on issuance of shares		(767,290)	(767,290)	(767,290)
Reserves		82,074	82,074	-
Accumulated loss		(2,366,445)	(1,723,728)	(2,052,024)
		<b>5,883,539</b>	<b>6,526,256</b>	<b>6,115,886</b>
Surplus / (deficit) on revaluation of assets - net of tax	19	138,414	(1,773)	3,191
		<b>6,021,953</b>	<b>6,524,483</b>	<b>6,119,077</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	20			

The annexed notes from 1 to 47 form an integral part of these financial statements.

  
Chairman

  
Chief Executive Officer

  
Director

  
Director