



**EMIRATES GLOBAL ISLAMIC BANK LIMITED
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2010**

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

We have reviewed the accompanying condensed interim statement of financial position of Emirates Global Islamic Bank Limited (the Bank) as at 30 June 2010 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity and explanatory notes (here-in-after referred to as the "interim financial information") for the six-months' period 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 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.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to note 1.2 to the interim financial information which fully explains the shortfall in the Bank's paid up capital in terms of the requirements of the State Bank of Pakistan (SBP) and that in view thereof, the shareholders of the Bank in their extra ordinary general meeting held on 27 July 2010 have approved the merger of the Pakistan Branches of Al Baraka Islamic Bank B.S.C. with and into the Bank, subject to the sanction by the SBP. Further, SBP has granted exemption to the Bank for the Minimum Capital Requirement till 31 October 2010.

Other Matter

The financial statements of the Bank for the half year ended 30 June 2009 and for the year ended 31 December 2009 were reviewed / audited by another firm of chartered accountants whose reports dated 29 August 2009 and 09 March 2010 respectively, expressed an unqualified conclusion and opinion on those statements. However, such review / audit reports include emphasis of matter paragraphs regarding the matter referred to in the preceding paragraph.



Chartered Accountants

Karachi - 30 August 2010

EMIRATES GLOBAL ISLAMIC BANK LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	30 June 2010 ----- (Rupees in '000)----- (Un-Audited)	31 December 2009 (Audited)
ASSETS			
Cash and balances with treasury banks		1,398,307	1,337,892
Balances with other banks		320,371	959,078
Due from financial institutions	4	600,000	1,600,000
Investments	5	3,501,192	3,356,705
Financings	6	10,811,016	9,439,243
Operating fixed assets	7	1,707,320	1,741,736
Deferred tax assets	8	751,043	486,639
Other assets		977,004	841,157
		20,066,253	19,762,450
LIABILITIES			
Bills payable		202,012	262,691
Due to financial institutions	9	1,200,000	20,000
Deposits and other accounts	10	14,948,294	15,081,242
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		29,626	42,457
Deferred tax liabilities		-	-
Other liabilities		711,802	862,444
		17,091,734	16,268,834
NET ASSETS		2,974,519	3,493,616
REPRESENTED BY			
Share capital		4,500,000	4,500,000
Share subscription money		657	657
Reserves		-	-
Accumulated loss		(1,525,725)	(1,012,429)
		2,974,932	3,488,228
(Deficit) / surplus on revaluation of assets - net of tax		(413)	5,388
		2,974,519	3,493,616

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

EYFN

President / Chief Executive

Director

Director

Director

EMIRATES GLOBAL ISLAMIC BANK LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2010

	Note	Half year ended		Quarter ended	
		30 June 2010	30 June 2009	30 June 2010	30 June 2009
----- (Rupees in '000) -----					
Profit / return earned on financings, investments and placements	12	914,071	967,394	424,796	488,737
Return on deposits and other dues expensed		613,538	535,143	311,420	351,463
Net spread earned		300,533	432,251	113,376	137,274
Provision against non-performing financings - net		497,105	251,359	177,185	199,643
Provision for diminution in the value of investments		2,334	18,818	-	-
Bad debts written off directly		-	-	-	-
Net spread after provisions		499,439	270,177	177,185	199,643
		(198,906)	162,074	(63,809)	(62,369)
OTHER INCOME					
Fee, commission and brokerage income		26,971	29,597	8,536	23,676
Dividend income		-	-	-	-
Income from dealing in foreign currencies		49,534	40,603	22,723	38,170
Capital gain / (loss) on sale of securities		27,768	(4,473)	32,320	(103)
Unrealised gain / (loss) on revaluation of investments classified as held for trading		-	-	-	-
Other income		5,628	105,580	2,905	98,834
Total other income		109,901	171,307	66,484	160,577
		(89,005)	333,381	2,675	98,208
OTHER EXPENSES					
Administrative expenses		666,957	628,481	329,937	333,262
Other provisions / write offs		24,720	-	24,720	-
Other charges		370	62	198	-
Total other expenses		692,047	628,543	354,855	333,262
		(781,052)	(295,162)	(352,180)	(235,054)
Extra ordinary / unusual items		-	-	-	-
LOSS BEFORE TAXATION		(781,052)	(295,162)	(352,180)	(235,054)
Taxation - Current		(11,633)	(5,694)	(8,970)	(5,694)
- Prior years		15,633	-	15,633	-
- Deferred		263,756	79,678	97,153	79,312
		267,756	73,984	103,816	73,618
LOSS AFTER TAXATION		(513,296)	(221,178)	(248,364)	(161,436)
Accumulated loss brought forward		(1,012,429)	(448,416)	(1,277,361)	(508,158)
Accumulated loss carried forward		(1,525,725)	(669,594)	(1,525,725)	(669,594)
Basic and diluted loss per share (Rupees)		(1.14)	(0.49)	(0.55)	(0.36)

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

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President / Chief Executive

Director

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Director

EMIRATES GLOBAL ISLAMIC BANK LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2010

	Half year ended		Quarter ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	----- (Rupees in '000) -----			
Loss for the period - after taxation	(513,296)	(221,178)	(248,364)	(161,436)
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive loss for the period	(513,296)	(221,178)	(248,364)	(161,436)

As per the requirement of the State Bank of Pakistan, surplus / deficit on revaluation of available-for-sale securities is required to be taken to a separate account 'surplus / deficit on revaluation of assets' shown in the statement of financial position below equity. Accordingly, it has not been included in statement of comprehensive income.

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

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President / Chief Executive

Director

Director

Director

EMIRATES GLOBAL ISLAMIC BANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2010

	30 June 2010	30 June 2009
	------(Rupees in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(781,052)	(295,162)
Adjustments for:		
Depreciation	57,155	55,010
Depreciation on ijarah assets held under IFAS 2	139,365	15,504
Amortisation of intangible assets	16,833	15,102
Amortisation of premium on sukuk certificates / bonds	2,062	1,941
Provision against non-performing financings	497,105	251,359
Provision for diminution in the value of investments	2,334	18,818
Finance charges on leased assets	13,595	6,328
	728,449	364,062
	(52,603)	68,900
Decrease / (increase) in operating assets		
Due from financial institutions	1,000,000	(1,755,000)
Financings	(2,008,243)	(818,102)
Others assets	(132,527)	(222,261)
	(1,140,770)	(2,795,363)
Increase / (decrease) in operating liabilities		
Bills payable	(60,679)	134,258
Due to financial institutions	1,180,000	(125,000)
Deposits and other accounts	(132,948)	5,981,540
Other liabilities	(150,642)	123,350
	835,731	6,114,148
	(357,642)	3,387,685
Income tax	677	(7,804)
Net cash flow from operating activities	(356,965)	3,379,881
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(155,329)	(705,873)
Investments in operating fixed assets	(40,455)	(141,232)
Sale proceeds of operating fixed assets	883	1,430
Net cash flow from investing activities	(194,901)	(845,675)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease obligations	(26,426)	(23,568)
Receipt of shares subscription money	-	-
Net cash flow from financing activities	(26,426)	(23,568)
(Decrease) / increase in cash and cash equivalents	(578,292)	2,510,638
Cash and cash equivalents at the beginning of the period	2,296,970	1,104,512
Cash and cash equivalents at the end of the period	1,718,678	3,615,150

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

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President / Chief Executive

Director

Director

Director

EMIRATES GLOBAL ISLAMIC BANK LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2010

	Share capital	Share Subscription money	Accumulated loss	Total
	(Rupees in '000)			
Balance as at 01 January 2009	4,500,000	657	(448,416)	4,052,241
Loss for the period	-	-	(221,178)	(221,178)
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive loss for the period	-	-	(221,178)	(221,178)
Balance as at 30 June 2009	4,500,000	657	(669,594)	3,831,063
Loss for the period	-	-	(342,835)	(342,835)
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive loss for the period	-	-	(342,835)	(342,835)
Balance as at 31 December 2009	4,500,000	657	(1,012,429)	3,488,228
Loss for the period	-	-	(513,296)	(513,296)
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive loss for the period	-	-	(513,296)	(513,296)
Balance as at 30 June 2010	4,500,000	657	(1,525,725)	2,974,932

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

EYFM

President / Chief Executive

Director

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Director

EMIRATES GLOBAL ISLAMIC BANK LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2010

1. STATUS AND NATURE OF BUSINESS

- 1.1** Emirates Global Islamic Bank Limited (the Bank) was incorporated in Pakistan on 20 December 2004 as a public limited company under the Companies Ordinance, 1984.

The main objective of the Bank is to carry on Islamic banking business in and outside Pakistan in accordance and in conformity with Islamic Shariah. The Bank was granted an Islamic Banking License BL(i)-01(07), issued by the Banking Policy and Regulations Department of the State Bank of Pakistan (SBP) vide their letter no. BPRD (LCGD-02)/625-76/D/2007/521 dated 18 January 2007 under section 27 of the Banking Companies Ordinance, 1962 read with Islamic Banking Department circular no. 2 of 2004. Subsequently, the Bank was also granted approval for commencement of business as a scheduled bank with effect from 13 February 2007 by the SBP vide their letter no. BPRD (LCGD-02)/625-76/X/JD/2007/1269 dated 12 February 2007.

The Bank's registered office is located at 162, Banglore Town, Main Shahrah-e-Faisal, Karachi. The Bank operates 58 branches and 2 sub-branches (31 December 2009: 58 branches and 2 sub-branches) in Pakistan.

- 1.2** The SBP vide BSD Circular No. 7 of 2009 dated 15 April 2009 requires the minimum paid up capital (free of losses) for Banks / Development Financial Institutions to be raised to Rs. 10 billion by the year ending 31 December 2013. The raise is to be achieved in a phased manner requiring Rs. 7 billion paid up capital (free of losses) by the end of financial year 2010. The Bank's paid up capital as at 30 June 2010 amounted to Rs 4.5 billion while its accumulated losses aggregated to Rs. 1.53 billion (including Rs. 0.51 billion incurred during the current period). Consequently net equity of the Bank as at 30 June 2010 amounts to Rs. 2.97 billion.

In view of the above capital requirement, the shareholders of the Bank in their extra ordinary general meeting held on 27 July 2010 have approved the merger of the Pakistan branches of Al Baraka Islamic Bank B.S.C. (Al Baraka) with and into the Bank, subject to the sanction of the scheme of amalgamation by the SBP.

The said scheme of amalgamation of the Bank provides that in consideration of the acquisition of the Pakistan branches of Al Baraka Islamic Bank B.S.C., the Bank will issue 443,520,000 ordinary shares of par value of Rs.10 per share to Al Baraka.

The management of the Bank is confident that Minimum Capital Requirement will be met through the above referred merger of the Bank. Further, the SBP vide their letter No. BSD/BAI-3/608/5786/2010 dated 18 August 2010 has granted exemption to the Bank for meeting the Minimum Capital Requirement till 31 October 2010.

2. STATEMENT OF COMPLIANCE

- 2.1** These condensed interim financial statements of the Bank for the half year ended 30 June 2010 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 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 (SECP) and the SBP. In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.
- 2.2** The SBP vide BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of IAS 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" for banking companies till further instructions. Further, according to the notification of SECP dated 28 April 2008, International Financial Reporting Standard 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified, accounted for and valued in accordance with the requirement of various circulars issued by the SBP.
- 2.3** The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the SBP, vide BSD Circular Letter No. 2, dated 12 May 2004 and IAS 34 "Interim Financial Reporting" and do not include all information required in the annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended 31 December 2009.

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EMIRATES GLOBAL ISLAMIC BANK LIMITED
CONDENSED INTERIM FINANCIAL STATEMENTS

3. ACCOUNTING POLICIES

3.1 The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Bank for the year ended 31 December 2009.

3.2 In addition to above, following new / revised standards, amendments and interpretations to accounting standards became effective during the period:

IFRS 2 - Share-based Payment: Amendments relating to Group Cash-settled Share-based Payment Transactions

IFRS 3 - Business Combinations (Revised)

IAS 27 - Consolidated and Separate Financial Statements (Amendment)

IFRIC 17 - Distributions of Non-cash Assets to owners

The adoption of the above standards, amendments and interpretations did not affect these condensed interim financial statements of the Bank.

4. DUE FROM FINANCIAL INSTITUTIONS

This represents placements made with various institutions under commodity murabaha agreement and carry returns ranging from 12% to 12.40% (2009: 11.75% to 13%) per annum. These placements have matured on 02 July 2010.

5. INVESTMENTS

	30 June 2010 (Un-Audited)			31 December 2009 (Audited)		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
	----- (Rupees in '000) -----					
Available-for-sale securities						
Sukuk certificates / bonds	3,494,666	-	3,494,666	3,241,399	-	3,241,399
Ordinary shares of listed company	3,768	-	3,768	103,768	-	103,768
Ordinary shares of unlisted company Takaful Pakistan Limited (a related party)	52,200	-	52,200	52,200	-	52,200
Investments at cost	3,550,634	-	3,550,634	3,397,367	-	3,397,367
Provision for diminution in the value of investments	(48,983)	-	(48,983)	(46,649)	-	(46,649)
Investments (net of provision)	3,501,651	-	3,501,651	3,350,718	-	3,350,718
(Deficit) / surplus on revaluation of available-for-sale securities	(459)	-	(459)	5,987	-	5,987
Total investments at market value	3,501,192	-	3,501,192	3,356,705	-	3,356,705

6. FINANCINGS

		30 June 2010 (Un-Audited)	31 December 2009 (Audited)
In Pakistan			
- Murabaha financing		5,251,861	3,453,856
- Ijarah under IFAS 2		856,819	832,433
- Net investment in Ijarah		702,459	1,031,348
- Diminishing musharaka financing		4,153,759	3,832,297
- Overdue acceptance payment		94,926	34,280
- Salam financing		540,787	524,853
- Musawamah financing		5,166	28,228
- Qarz-e-Hasna		22,960	22,015
- Financing in respect of rahnuma travel services		353	902
Financings - gross		11,629,090	9,760,212
Provision for non-performing financings - specific	6.1	811,113	313,387
Provision for non-performing financings - general	6.1	6,961	7,582
		818,074	320,969
Financings - net of provision		10,811,016	9,439,243

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6.1 Financings include Rs. 1,828.641 million (31 December 2009: Rs. 1,213.994 million) which have been placed under non-performing status as detailed below:

Category of classification	30 June 2010 (Un-Audited)			Provision required	Provision held
	Domestic	Overseas	Total		
	(Rupees in '000)				
Substandard	42,611	-	42,611	4,207	4,207
Doubtful	736,125	-	736,125	118,543	118,543
Loss	1,049,905	-	1,049,905	688,363	688,363
	<u>1,828,641</u>	<u>-</u>	<u>1,828,641</u>	<u>811,113</u>	<u>811,113</u>

Category of classification	31 December 2009 (Audited)			Provision required	Provision held
	Domestic	Overseas	Total		
	(Rupees in '000)				
Substandard	714,966	-	714,966	65,077	65,077
Doubtful	328,931	-	328,931	104,559	104,559
Loss	170,097	-	170,097	143,751	143,751
	<u>1,213,994</u>	<u>-</u>	<u>1,213,994</u>	<u>313,387</u>	<u>313,387</u>

Particulars of provisions against non-performing financings

	30 June 2010 (Un-Audited)			31 December 2009 (Audited)		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	313,387	7,582	320,969	2,047	9,134	11,181
Charge for the period / year	497,726	-	497,726	311,340	-	311,340
Reversals	-	(621)	(621)	-	(1,552)	(1,552)
Closing balance	<u>811,113</u>	<u>6,961</u>	<u>818,074</u>	<u>313,387</u>	<u>7,582</u>	<u>320,969</u>

6.2 The above provision against non-performing financings has been worked out after considering the benefit of forced sale value of collateral amounting to Rs. 901.142 million (31 December 2009: Rs. 616.965 million).

	Note	30 June 2010	31 December 2009
		(Un-Audited)	(Audited)
		(Rupees in '000)	
7. OPERATING FIXED ASSETS			
Capital work-in-progress	7.1	442,234	512,127
Property and equipments		1,211,779	1,184,922
Intangible assets		53,307	44,687
		<u>1,707,320</u>	<u>1,741,736</u>
7.1 Capital work-in-progress			
Advance against purchase of property		276,680	276,680
Advances to supplier and contractors		165,554	235,447
		<u>442,234</u>	<u>512,127</u>

8. DEFERRED TAX ASSETS

Deferred tax debits arising in respect of :

Provision against non-performing financings	245,624	78,179
Provision against diminution in value of investments	17,144	16,327
Pre-commencement expenditure	19,317	25,756
Deferred tax asset in respect of minimum tax to be carried forward and adjusted against tax liability of future years	25,255	13,622
Asset subject to ijarah under IFAS 2	-	7,960
Accumulated losses	685,748	492,470
Tax effect of deficit of investments classified as available-for-sale	46	-
Other deductible temporary difference	199	-
	<u>993,333</u>	<u>634,314</u>

Deferred credits arising due to:

Fixed asset - leased	9,464	8,764
Tax effect of accelerated depreciation charged for tax purposes on owed assets	105,553	99,354
Tax effect of fixed assets - subject to ijarah	2,652	38,958
Tax effect of revaluation of investments classified as available-for-sale	-	599
Asset subject to ijarah under IFAS 2	124,621	-
	<u>242,290</u>	<u>147,675</u>
	<u>751,043</u>	<u>486,639</u>

8.1 The above net deferred tax asset has been recognised in accordance with the Bank's accounting policy. The management based on financial projections prepared during the period, estimates that sufficient taxable profits would be available in future against which this deferred tax assets could be realised.

9. DUE TO FINANCIAL INSTITUTIONS

This represents borrowings from various institutions at the rate of return ranging from 9.75% to 12.40% (2009: 9%) per annum having maturities upto 28 July 2010.

	30 June 2010	31 December 2009
	----- Rupees in'000-----	
	(Un-Audited)	(Audited)
10. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	7,049,281	8,088,253
Savings deposits	5,181,281	4,684,440
Current accounts - non-remunerative	2,468,320	1,961,269
Margin deposits	55,426	76,571
	14,784,308	14,810,533
Financial Institutions		
Remunerative deposits	152,028	267,245
Non-remunerative deposits	11,958	3,464
	163,986	270,709
	14,948,294	15,081,242

11. CONTINGENCIES AND COMMITMENTS

11.1 Transaction related contingent liabilities

Includes advance payment guarantees in favour of:

i) Government	449,229	254,171
ii) Banking companies and other financial institutions	18,717	30,001
iii) Others	2,589,800	2,739,809
	3,057,746	3,023,981

11.2 Trade related contingent liabilities

Letter of credit	286,948	566,527
Acceptances	155,699	199,679
	442,647	766,206

11.3 Other Contingencies

11.3.1 The Bank had entered into agreement with Mr. Furqan A. Sheikh for the exchange of Bank's property situated at Main Khayaban-e-Tanzeem, Phase V, DHA, Karachi with a building to be constructed in Modern Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi by 31 March 2010. The Bank has also paid Rs. 25 million as an advance against such building. The Bank's considers that as the construction work on the Modern Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi has not been completed on the said date, the said agreement stands cancelled and hence the amount paid shall be refundable to the Bank.

During the period a law suit has been filed by Mr. Furqan A. Sheikh against the Bank seeking appointment of arbitrator for the execution of agreement between Mr. Furqan A. Sheikh and the Bank as referred above. The management, based on the opinion of its legal consultant is confident that the case will be decided in the favour of the Bank and hence no provision has been considered necessary in these condensed interim financial statements in respect of loss on exchange of property amounting to Rs. 210.06 million that may be occasioned upon the implementation of the above referred property exchange agreement or on account of non-refund of the advance paid by the Bank.

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EMIRATES GLOBAL ISLAMIC BANK LIMITED
CONDENSED INTERIM FINANCIAL STATEMENTS

11.3.2 During the period, a constitutional petition and certain suits have been filed by Mr. Faisal Vawda in the High court of Sindh against the Bank wherein Mr. Vawda has claimed that he was offered 24 million ordinary shares of the Bank at an aggregate value of Rs. 300 million as sale consideration against the commercial property sold to the Bank. He further claimed that in addition to the said property, he has also paid Rs. 60 million towards the purchase consideration for the above referred shares. However, the said shares or any other consideration against the property has not been received by him. Based on the above, Mr. Vawda has alleged the Bank of involvement in illegal business and has requested the Honorable High court to direct the SBP to refrain from according approval / sanction to the prospective merger between the Bank and Al-Baraka Islamic Bank. The Bank contends that the aforesaid allegations of the Mr. Vawda are baseless and without any merit and that the subject property has been duly purchased and paid for by the Bank. Further, in the opinion of legal advisor of the Bank, the petitioner is not likely to be successful in securing the reliefs prayed in the said petitions.

	30 June 2010	31 December 2009
	----- Rupees in'000-----	
	(Un-Audited)	(Audited)
11.3.3 Claim not acknowledged as debt	<u>30,000</u>	<u>-</u>
11.4 Commitments in respect of forward exchange contracts		
Purchase	<u>1,259,154</u>	<u>2,025,532</u>
Sale	<u>830,669</u>	<u>1,998,765</u>
11.5 Commitments for lease liability		
Commitments in respect of ijarah payments under ijarah are:		
- not later than one year	21,666	19,163
- later than one year and not later than five years	40,832	44,532
- later than five years		
	<u>62,498</u>	<u>63,695</u>
11.6 Commitments for acquisition of operating fixed assets		
Commitments in respect of purchase of property	<u>281,728</u>	<u>281,728</u>
11.7 Commitments in respect of Investments		
Purchase of sukuk certificates / bonds	<u>399,739</u>	<u>498,732</u>
	30 June 2010	30 June 2009
	----- Rupees in'000-----	
	(Un-Audited)	
12. PROFIT / RETURN EARNED ON FINANCINGS, INVESTMENTS AND PLACEMENTS		
On financings to:		
- Customers	598,926	696,857
- Employees	5,031	3,999
On investments in:		
- Available-for-sale securities	241,748	202,300
On deposits with banks	9,939	2,409
On placements under commodity murabaha	58,427	61,829
	<u>914,071</u>	<u>967,394</u>

13. RELATED PARTY TRANSACTIONS

13.1 Details of transactions with related parties and balances as at the period end are as follows:

	Total		Associates		Key management personnel	
	June 2010	December 2009	June 2010	December 2009	June 2010	December 2009
----- Rupees in '000 -----						
Subscription money						
Balance at beginning of period / year	657	657	657	657	-	-
Received during the period	-	-	-	-	-	-
Refund during the period	-	-	-	-	-	-
Allotment of shares	-	-	-	-	-	-
Balance at end of period / year	<u>657</u>	<u>657</u>	<u>657</u>	<u>657</u>	-	-
Financings						
Balance at beginning of period / year	108,714	128,446	12,845	14,198	95,869	114,248
Disbursed during the period	23,036	24,915	-	1,628	23,036	23,287
Repaid during the period	(11,166)	(44,647)	(1,451)	(2,981)	(9,715)	(41,666)
Balance at end of period / year	<u>120,584</u>	<u>108,714</u>	<u>11,394</u>	<u>12,845</u>	<u>109,190</u>	<u>95,869</u>
Deposits						
Balance at beginning of period / year	245,912	123,136	225,685	93,837	20,227	29,299
Received during the period	418,710	1,315,028	276,283	1,169,586	142,427	145,442
Withdrawn during the period	(511,594)	(1,192,251)	(376,811)	(1,037,737)	(134,783)	(154,514)
Balance at end of period / year	<u>153,028</u>	<u>245,913</u>	<u>125,157</u>	<u>225,686</u>	<u>27,871</u>	<u>20,227</u>
Other payable						
Balance at beginning of period / year	4,857	4,335	4,857	4,335	-	-
Accrued during the period	6,115	3,776	6,115	3,776	-	-
Paid during the period	(6,541)	(3,254)	(6,541)	(3,254)	-	-
Balance at end of period / year	<u>4,431</u>	<u>4,857</u>	<u>4,431</u>	<u>4,857</u>	-	-
Other receivable						
Balance at beginning of period / year	-	-	-	-	-	-
Accrued during the period	558	-	558	-	-	-
Paid during the period	(300)	-	(300)	-	-	-
Balance at end of period / year	<u>258</u>	<u>-</u>	<u>258</u>	<u>-</u>	-	-
Other Balances						
Profit receivable on financings	464	5,027	181	261	283	4,766
Investment in Takaful Pakistan Limited	52,200	52,200	52,200	52,200	-	-
Provision for diminution in value of investments	23,983	21,649	23,983	21,649	-	-
Return payable on deposits	527	2,716	244	95	283	2,621
Transactions, income and expenses						
Profit earned on financings	2,783	8,200	1,085	2,699	1,698	5,501
Return on deposits	5,162	12,708	4,639	620	523	12,088
Salaries and allowances	55,509	55,162	-	-	55,509	55,162
Contribution to defined contribution plan	12,266	21,913	-	-	12,266	21,913
Charge for defined benefit plan	10,389	18,209	-	-	10,389	18,209

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14. SEGMENT BY CLASS OF BUSINESS

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

	Half year ended 30 June 2010 (Un-Audited)			
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking
	----- (Rupees in'000) -----			
Total income	574	386,618	40,728	596,052
Total expenses	4,094	40,655	758,800	1,001,475
Net income / (loss)	(3,520)	345,963	(718,072)	(405,423)
Segment return on net assets (ROA) (%)	2.16%	13.57%	8.99%	11.05%
Segment cost of funds (%)	0.00%	9.24%	4.37%	10.40%

	Half year ended 30 June 2010 (Un-Audited)			
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking
	----- (Rupees in'000) -----			
Segment assets (gross of provisions)	5,164	4,697,477	2,585,655	13,596,031
Segment non - performing loans (NPL)	-	-	388,825	1,439,816
Segment provision required against NPL	-	-	120,370	697,704
Segment liabilities	1,393	1,205,914	9,146,826	6,737,601

	Half year ended 30 June 2009 (Un-Audited)			
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking
	----- (Rupees in'000) -----			
Total income	100,434	302,668	54,079	681,520
Total expenses	6,907	80,776	543,495	802,685
Net income / (loss)	93,527	221,892	(489,416)	(121,165)
Segment return on assets (ROA) (%)	235.67%	3.85%	(21.84%)	(1.05%)
Segment cost of funds (%)	0.00%	12.94%	6.42%	5.19%

	For the year ended 31 December 2009 (Audited)			
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking
	----- (Rupees in'000) -----			
Segment assets (gross of provisions)	344,353	5,982,624	2,415,579	11,340,863
Segment non - performing loans (NPL)	-	-	79,798	1,134,196
Segment provision required against NPL	-	-	23,451	297,518
Segment liabilities	1,937	28,622	5,686,673	10,551,602

15. GENERAL

- 15.1 Figures of condensed interim profit and loss account for the quarters ended 30 June 2010 and 30 June 2009 have not been subjected to limited scope review by the auditors.
- 15.2 Certain prior period's figures have been reclassified for the purpose of comparison. However, there were no material reclassifications to report.
- 15.3 Figures have been rounded off to the nearest thousand Rupees.

16. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue by the Board of Directors in their meeting held on 30th August 2010.

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President / Chief Executive

Director

Director

Director