
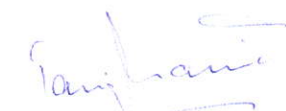


ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013

		31 March 2013	31 December 2012
	Note	----- (Rupees in '000)-----	
		(Un-Audited)	(Audited) (Restated)
ASSETS			
Cash and balances with treasury banks		3,540,466	4,221,381
Balances with other banks		4,960,958	6,712,477
Due from financial institutions		1,600,000	1,100,000
Investments	4	26,614,100	27,421,461
Islamic financing and related assets	5	30,961,836	28,782,448
Operating fixed assets	6	2,922,490	2,629,176
Deferred tax assets		1,366,255	1,291,895
Other assets		1,837,316	1,707,477
		73,803,421	73,866,315
LIABILITIES			
Bills payable		946,079	746,651
Due to financial institutions		1,862,105	1,991,738
Deposits and other accounts	7	63,251,362	63,278,655
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		1,853,721	1,830,054
		67,913,267	67,847,098
NET ASSETS		5,890,154	6,019,217
REPRESENTED BY			
Share capital		8,935,200	8,935,200
Discount on issuance of shares		(767,290)	(767,290)
Reserves		82,074	82,074
Accumulated loss		(2,408,449)	(2,369,181)
		5,841,535	5,880,803
Surplus on revaluation of assets - net of tax		48,619	138,414
		5,890,154	6,019,217
CONTINGENCIES AND COMMITMENTS			
	8		

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


 Chief Executive Officer


 Director


 Director

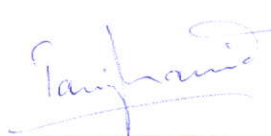

 Director

ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2013

	Note	Quarter ended	
		31 March 2013	31 March 2012
----- (Rupees in '000) -----			
Profit / return earned on islamic financing, investments and placements	9	1,482,055	1,624,533
Return on deposits and other dues expensed		1,000,851	1,291,860
Net spread earned		481,204	332,673
Provision against non-performing islamic financing - net		164,289	137,103
Provision for diminution in the value of investments		949	-
Bad debts written off directly		-	-
Net spread after provisions		165,238	137,103
		315,966	195,570
Other income			
Fee, commission and brokerage income		65,687	55,712
Dividend income		-	341
Income from dealing in foreign currencies		22,978	33,369
Gain on sale of securities - net		39,538	594
Unrealised gain / (loss) on revaluation of investments classified as held for trading		-	-
Other income		2,200	3,558
Total other income		130,403	93,574
		446,369	289,144
Other expenses			
Administrative expenses		507,095	492,712
Reversal of other provisions / write offs		(4,943)	-
Other charges		1	6
Total other expenses		502,153	492,718
		(55,784)	(203,574)
Extra ordinary / unusual items		-	-
Loss before taxation		(55,784)	(203,574)
Taxation - Current		(8,062)	(17,181)
- Prior years		-	-
- Deferred		24,578	99,429
		16,516	82,248
Loss after taxation		(39,268)	(121,326)
Accumulated loss brought forward		(2,369,181)	(1,723,445)
Accumulated loss carried forward		(2,408,449)	(1,844,771)
Loss per share - Basic and diluted (Rupee)		(0.04)	(0.14)

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


 Chief Executive Officer


 Director


 Director


 Director

ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2013

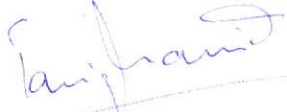
	Quarter ended	
	31 March 2013	31 March 2012
	----- (Rupees in '000) -----	
Loss for the period - after taxation	(39,268)	(121,326)
Other comprehensive income	-	-
Total comprehensive loss for the period	(39,268)	(121,326)

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



 Chief Executive Officer



 Director



 Director




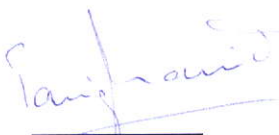
 Director

ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2013

	Quarter ended	
	31 March 2013	31 March 2012
	-----Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(55,784)	(203,575)
Adjustments for non-cash and other items:		
Depreciation	23,311	27,465
Amortisation	22,715	20,149
Reversal of other provisions / write offs	(4,943)	-
Provision against non-performing islamic financing	164,289	137,103
Provision for diminution in the value of investments	949	-
Finance charges on leased assets	-	4,757
	<u>206,321</u>	<u>189,474</u>
	150,537	(14,101)
(Increase) / decrease in operating assets		
Due from financial institutions	(500,000)	-
Islamic financing and related assets	(2,343,676)	1,446,064
Others assets	(115,833)	277,094
	<u>(2,959,509)</u>	<u>1,723,158</u>
Increase / (decrease) in operating liabilities		
Bills payable	199,428	179,609
Borrowings	(129,633)	189,820
Deposits and other accounts	(27,293)	(3,061,854)
Other liabilities	23,667	(408,438)
	<u>66,169</u>	<u>(3,100,863)</u>
Income tax paid	(17,129)	(30,527)
Net cash outflow from operating activities	<u>(2,759,932)</u>	<u>(1,422,333)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds / (investment) in available-for-sale securities	666,839	(856,515)
Net investments in operating fixed assets	(339,341)	(15,479)
Net cash inflow / (outflow) on investing activities	<u>327,498</u>	<u>(871,994)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of lease obligations	-	(6,742)
Net cash outflow on financing activities	<u>-</u>	<u>(6,742)</u>
Net decrease in cash and cash equivalents	<u>(2,432,434)</u>	<u>(2,301,069)</u>
Cash and cash equivalents at beginning of the period	10,933,858	11,522,667
Cash and cash equivalents at end of the period	<u><u>8,501,424</u></u>	<u><u>9,221,598</u></u>

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


 Chief Executive Officer


 Director


 Director


 Director


ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2013

	Issued, subscribed and paid up capital	Discount on issue of shares	Statutory Reserve (Rupees in '000)	Restated Accumulated loss	Total
Balance as at 01 January 2012 - Restated	8,935,200	(767,290)	82,074	(1,723,445)	6,526,539
Loss for the period	-	-	-	(121,326)	(121,326)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(121,326)	(121,326)
Balance as at 31 March 2012	8,935,200	(767,290)	82,074	(1,844,771)	6,405,213
Loss for the period - restated	-	-	-	(523,711)	(523,711)
Other comprehensive income - restated	-	-	-	(699)	(699)
Total comprehensive loss for the period	-	-	-	(524,410)	(524,410)
Balance as at 31 December 2012	8,935,200	(767,290)	82,074	(2,369,181)	5,880,803
Loss for the period	-	-	-	(39,268)	(39,268)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(39,268)	(39,268)
Balance as at 31 March 2013	<u>8,935,200</u>	<u>(767,290)</u>	<u>82,074</u>	<u>(2,408,449)</u>	<u>5,841,535</u>

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


 Chief Executive Officer


 Director


 Director


 Director

ALBARAKA BANK (PAKISTAN) LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED 31 MARCH 2013

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 AlBaraka Bank (Pakistan) 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 Pakistan in accordance and in conformity with 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)1625-761D/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)1625-76/X/JD/2007/1269 dated 12 February 2007. Upon merger of the Pakistan branches of Albaraka Islamic Bank B.S.C. (c) (AlBaraka) with and into the Bank, fresh license no. BL(i)-01(2011) was issued by SBP vide its letter no. BPRD (R&P-01)/2011-3087 dated 12 March 2011, effective from close of business on 29 October 2010.

The Bank is a subsidiary of AlBaraka Islamic Bank B.S.C. (c) incorporated and domiciled in Bahrain (the parent company) and a member of AlBaraka Banking Group.

The Bank's registered office is located at 162, Bangalore Town, Main Sharah-e-Faisal, Karachi. The Bank operates 94 branches including 2 sub-branches (31 December 2012 : 94 branches including 2 sub-branches) in Pakistan.

1.2 According to the BSD Circular No. 7 of 2009 dated 15 April 2009 of the SBP, the Minimum Capital Requirement (MCR) for Banks / Development Financial Institutions as of 31 December 2012 and 2013 is Rs.9 billion and Rs.10 billion respectively.

The Bank was granted exemption from the MCR by the SBP vide its letter no. BSD/BAI-3/608/4673/2011 dated 14 April 2011 for a period of three years i.e. 31 December 2010, 2011 and 2012 subject to the compliance of the following conditions during the exemption period:

- i) The Bank shall maintain paid up capital (free of losses) of at least Rs 6 billion at all times and raise the paid up capital (free of losses) to Rs 6.5 billion in the year 2011, Rs 8 billion in the year 2012 and Rs 10 billion in the year 2013;
- ii) The Bank shall maintain Capital Adequacy Ratio (CAR) of 15% or above during the period;
- iii) There would be moratorium on dividend payments until the Bank meets existing regulatory capital requirements;
- iv) The Bank shall not undertake related party transactions (as defined under note 43 of the annual financial statements circulated vide BSD Circular No 4 of February 17, 2006).

The Bank is subject to MCR and CAR as of 31 December 2013 and onwards as per BSD Circular no.7 dated 15 April 2009 plus an additional amount of Rs.383.14 million.

As of 31 March 2013, the paid up capital of the Bank is Rs. 8,935.2 million. Further the Bank has reserves of Rs. 82.074 million and discount on issuance of shares and accumulated loss of Rs. 767.290 million and Rs. 2,408.45 million respectively. The Bank was granted further timeline extension till 31 December 2012 by SBP, vide its letter no. BSD/CS/13226/12/2012 dated 08 November 2012 for compliance with MCR and CAR requirements subject to the submission of capital enhancement plan. In this regard, the Bank has finalized its capital enhancement plan. The said plan is under discussion with SBP.

2. STATEMENT OF COMPLIANCE

- 2.1 These condensed interim financial statements of the Bank for the period ended 31 March 2013 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 Letter 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 2012.

2.4 BASIS OF MEASUREMENT

These condensed interim financial statements have been prepared under the historical cost convention except for certain investments which have been carried at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Bank for the year ended 31 December 2012 except for the adoption of IAS 19, "Employee Benefits" - (Revised). The said adoption resulted in the change in the Bank's accounting policy with regards to immediate recognition of actuarial gains and losses in other comprehensive income. The new accounting policy has been applied retrospectively in accordance with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and the corresponding figures have been restated in these condensed interim financial statements as follows;

	2012 (Rupees in '000)
Net decrease in accumulated loss at the beginning of year	283
Net increase in loss for the year	2,321
Net decrease in other comprehensive income	699
Increase in deferred tax assets	1,097
Decrease in other assets	3,834

The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Bank for the year ended 31 December 2012.

3.1 BASIS OF MEASUREMENT

The basis of significant accounting estimates and judgements adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of annual financial statements of the Bank for the year ended 31 December 2012.

In addition to the relaxation referred in note 4.1, 5.1.2 and 6.1.3, the SBP vide its letter BPRD/BRD/ABPL/2012/13437 dated 15 November 2012 has allowed relaxation from provisioning of Rs.30 (31 December 2012 : 30) million in respect of receivable against sale of shares till 29 June 2013.

ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM FINANCIAL STATEMENTS

4. INVESTMENTS

	31 March 2013 (Un-Audited)			31 December 2012 (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	26,557,767	-	26,557,767	27,211,781	-	27,211,781
Ordinary shares of listed company	28,768	-	28,768	28,754	-	28,754
Ordinary shares of unlisted company Takaful Pakistan Limited (a related party)	52,200	-	52,200	52,200	-	52,200
	26,638,735	-	26,638,735	27,292,735	-	27,292,735
Held to maturity securities						
Sukuk certificates / bonds	-	-	-	12,838	-	12,838
	26,638,735	-	26,638,735	27,305,573	-	27,305,573
Investments at cost						
Provision for diminution in the value of investments	(107,294)	-	(107,294)	(106,344)	-	(106,344)
	26,531,441	-	26,531,441	27,199,229	-	27,199,229
Investments (net of provisions)						
Surplus on revaluation of available-for-sale securities	82,659	-	82,659	222,232	-	222,232
	26,614,100	-	26,614,100	27,421,461	-	27,421,461

4.1 SBP vide its letter BPRD/BRD/ABPL/2012/13437 dated 15 November 2012 has allowed relaxation from provisioning of Rs.52.074 (31 December 2012 : Rs.52.074) million against certain sukuk till 29 June 2013.

	Note	31 March 2013 ----- (Rupees in '000)----- (Un-Audited)	31 December 2012 (Audited)
5. ISLAMIC FINANCING AND RELATED ASSETS			
Inside Pakistan			
- Murabaha financing		14,019,181	14,536,623
- Advance against murabaha financing		1,586,206	1,158,835
- Export refinance under islamic scheme		2,196,522	2,160,057
- Ijarah under IFAS 2		2,201,342	2,089,490
- Net investment in ijarah		207,787	269,483
- Advance against Ijara		170,371	99,496
- Service Ijarah		482,843	512,255
- Diminishing musharaka financing		5,938,521	5,911,172
- Over due acceptance		620,735	670,182
- Salam financing		3,595,124	90,641
- Advance against salam		2,143,680	3,359,048
- Financings against bills-payable outside Pakistan		164,704	164,993
- Istasna financing		230,399	-
- Advance against istasna		269,437	458,000
- Qarz-e-Hasna		25,933	28,814
- Rahnuma travel services		14	34
Islamic financing and related assets - gross		33,852,799	31,509,123
Provision for non-performing islamic financing - specific	5.1	2,879,998	2,714,908
Provision for non-performing islamic financing - general	5.1	10,965	11,767
		2,890,963	2,726,675
Islamic financing and related assets- net of provision		30,961,836	28,782,448

ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM FINANCIAL STATEMENTS

5.1 Islamic financing include Rs.6,097.835 (31 December 2012 : Rs. 6,093.026) million which have been placed under non-performing status as detailed below:

Category of classification	31 March 2013 (Un-Audited)				
	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
Substandard	431,801	-	431,801	23,407	23,407
Doubtful	1,202,194	-	1,202,194	433,208	433,208
Loss	4,463,840	-	4,463,840	2,423,383	2,423,383
	<u>6,097,835</u>	<u>-</u>	<u>6,097,835</u>	<u>2,879,998</u>	<u>2,879,998</u>

Category of classification	31 December 2012 (Audited)				
	Domestic	Overseas	Total	Provision required	Provision held
	----- (Rupees in '000) -----				
Substandard	477,608	-	477,608	16,843	16,843
Doubtful	1,461,380	-	1,461,380	421,685	421,685
Loss	4,154,038	-	4,154,038	2,276,380	2,276,380
	<u>6,093,026</u>	<u>-</u>	<u>6,093,026</u>	<u>2,714,908</u>	<u>2,714,908</u>

5.1.1 Particulars of provisions against non-performing islamic financing

	31 March 2013 (Un-Audited)			31 December 2012 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	2,714,908	11,767	2,726,675	1,979,064	12,052	1,991,116
Charge for the period / year	203,294	-	203,294	1,066,032	-	1,066,032
Reversals for the period / year	(38,204)	(802)	(39,006)	(315,859)	(285)	(316,144)
	165,090	(802)	164,288	750,173	(285)	749,888
Written off during the period / year			-	(14,329)	-	(14,329)
Closing balance	<u>2,879,998</u>	<u>10,965</u>	<u>2,890,963</u>	<u>2,714,908</u>	<u>11,767</u>	<u>2,726,675</u>

5.1.2 SBP vide its letters BPRD/BRD/ABPL/2012/13437, BPRD/BRD-(Policy)/2013-1857 and BPRD/BLRD-3/DMG/2011-1035 dated 15 November 2012, 15 February 2013 and 26 January 2011 respectively has allowed relaxation from provisioning requirement against certain credit exposures having a provisioning impact of Rs.541.95 (31 December 2012 : Rs. 472.24) million.

	Note	31 March	31 December
		2013	2012
		----- Rupees in'000-----	
		(Un-Audited)	(Audited)
6. OPERATING FIXED ASSETS			
Property and equipment		1,084,231	1,090,095
Intangible assets		976,246	999,041
Capital work-in-progress	6.1	862,013	540,040
		<u>2,922,490</u>	<u>2,629,176</u>
6.1 Capital work-in-progress			
Advances to suppliers and contractors	6.1.1	427,805	414,200
Advance against purchase of property	6.1.2	560,048	251,680
Provision for impairment		(125,840)	(125,840)
		434,208	125,840
		<u>862,013</u>	<u>540,040</u>

6.1.1 This includes expenditure amounting to Rs. 218.761 (31 December 2012 : Rs. 218.761) million for implementation of new core banking system of the Bank.

ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM FINANCIAL STATEMENTS

- 6.1.2** This includes advance payment made by the Bank amounting to Rs. 251.68 (31 December 2012 : Rs. 251.68) million for the purchase of two floors in the Karachi Financial Towers (KFT) against an aggregate purchase price of Rs. 533.408 million. The KFT project is being developed by Ensha LLC Developers (Private) Limited and is currently suspended. However, in terms of the deed of indemnity issued by Ensha LLC to the Bank, Ensha LLC shall indemnify the Bank for any loss suffered or required to be booked in the financial statements in respect of the above advance payment. Further, in the event that the KFT project is not revived and substantial progress is not made within a period of three years commencing from the date of the deed of indemnity, Ensha LLC will pay to the Bank the full extent of the advance payment. Accordingly, the Bank has claimed an amount of Rs. 251.680 million from Ensha LLC on account of above indemnity.
- 6.1.3** SBP vide its letter BPRD/BRD/ABPL/2012/13437 dated 15 November 2012 has allowed relaxation from additional provisioning of Rs.125.84 (31 December 2012 : Rs.125.84) million against the above advance till 29 June 2013.

	31 March 2013	31 December 2012
	----- Rupees in '000-----	
	(Un-Audited)	(Audited)
7. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	24,974,597	27,381,596
Savings deposits	24,753,012	21,498,254
Current accounts - non-remunerative	8,708,206	8,710,118
Margin deposits	606,261	475,344
	59,042,076	58,065,312
Financial Institutions		
Remunerative deposits	4,181,125	5,194,099
Non-remunerative deposits	28,161	19,244
	4,209,286	5,213,343
	63,251,362	63,278,655
8. CONTINGENCIES AND COMMITMENTS		
8.1 Transaction related contingent liabilities		
Includes performance bonds, bid bonds, shipping guarantees favouring:		
i) Government	5,112,643	4,610,958
ii) Banking companies and other financial institutions	449,796	445,690
iii) Others	342,227	548,093
	5,904,666	5,604,741
8.2 Trade related contingent liabilities		
Letters of credit	3,402,218	2,740,836
Others - Shipping guarantees	333,279	8,899
Acceptances	1,071,728	1,213,464
8.3 Commitments in respect of forward exchange contracts		
Purchase	3,891,614	3,254,692
Sale	2,347,991	2,965,259
8.4 Commitments for lease liability		
Commitments in respect of ijarah payments under ijarah are:		
- not later than one year	6,198	9,672
- later than one year and not later than five years	3,214	3,162
	9,412	12,834
8.5 Commitments to incur capital expenditure	284,332	296,443

8.6 Other Contingencies

8.6.1 During the year 2010, certain suits have been filed by Mr. Faisal Vawda in the Honorable 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. The Bank contends that the aforesaid allegations of 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 Bank is likely to successfully contest the aforementioned proceedings and accordingly is not likely to be exposed to the abovementioned claims being prayed against the Bank.

In terms of the merger agreement dated 16 August 2010 between sponsors shareholders of the Bank and AlBaraka, the Emirates Financial Holdings LLC will keep the Bank fully indemnified, safe and secured against all losses, costs, claims, damages of any nature whatsoever resulting to the Bank on account of the Mr. Vawda litigations including any additional or ancillary litigation or proceedings filed by Faisal Vawda Group in relation to the subject matter of the Mr. Vawda litigations.

8.6.2 Income tax claims amounting to Rs. 116.512 (31 December 2012 : Rs. 116.512) million have not been acknowledged by the Bank. The Bank has filed appeals before Appellate Tribunal Inland Revenue (ATIR) against the orders in respect of assessment years 2001-2002, 2002-2003 and tax years 2004 to 2011. Moreover, the Income Tax Department has also filed appeals before ATIR against the orders in respect of assessment years 2001-2002, 2002-2003 and tax year 2004 to 2011 issued by Commissioner Inland Revenue (CIR) (Appeals). Appeals filed by the Bank and the Income Tax Department are pending for decision. Management of the Bank is confident that the appeals are likely to be decided in favor of the Bank and, hence no provision has been made for the same in these condensed interim financial statements.

8.6.3 In respect of tax year 2011, the Additional Commissioner Inland Revenue (ACIR) has issued notice under section 122(9) read with section 122 (5A) of the Income Tax Ordinance, 2001 for proposed amendment of deemed assessment order in which certain disallowances, have been made. The reply to the notice has been filed through tax consultant; however the order of the ACIR is awaited.

8.6.4 The Bank has received various assessment orders from Deputy Commissioner Inland Revenue (DCIR) stating that the Bank has short paid Federal Excise Duty (FED) on specific income of the Bank for the tax years 2009, 2010 and 2011 amounting to Rs. 86.584 million. In response, the Bank filed appeals along with applications for stay of demands before the Income Tax Appellate Tribunal (ITAT). The Bank has been granted the stay, however, the appeals are pending adjudication. The management of the Bank is confident that the above matter will be decided in its favor and hence, no provision against any liability which may arise in this respect has been made in these condensed interim financial statements.

	31 March 2013	31 December 2012
	Rupees in'000	
	(Un-Audited)	(Audited)
8.6.5 Claim not acknowledged as debt	30,000	30,000

	Quarter ended	
	31 March 2013	31 March 2012
	Rupees in'000	
	(Un-Audited)	

9. PROFIT / RETURN EARNED ON ISLAMIC FINANCING, INVESTMENTS AND PLACEMENTS

On islamic financing	782,794	737,558
On investment in:		
- Available-for-sale securities	587,330	770,636
- Held to maturity securities	14	24,910
On deposits with banks	96,241	91,429
On due from financial institutions	15,676	-
	1,482,055	1,624,533

10. RELATED PARTY TRANSACTIONS

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

	31 March 2013 (Un-Audited)	31 December 2012 (Audited)
-----Rupees in'000-----		
<u>Key management personnel</u>		
Islamic financing		
At beginning of the period / year	77,319	48,640
Disbursed during the period / year	39,748	39,377
Repaid during the period / year	(17,689)	(10,698)
At end of the period / year	99,378	77,319
Deposits		
At beginning of the period / year	142,535	135,868
Deposited during the period / year	115,661	312,677
Withdrawn during the period / year	(120,186)	(306,010)
At end of the period / year	138,010	142,535
Other Balances		
Return payable on deposit	224	338
Profit receivable on islamic financing	882	68
Quarter ended		
	31 March 2013	31 March 2012
-----Rupees in'000-----		
------(Un-Audited)-----		
Transactions, income and expenses		
Profit earned on financing	1,024	1,155
Return on deposits expensed	1,944	5,094
Salaries and allowances	36,390	36,078
	31 March 2013 (Un-Audited)	31 December 2012 (Audited)
-----Rupees in'000-----		
<u>Parent Bank</u>		
Other balances	95,704	95,704
<u>Shareholders, entities having directors in common with the Bank and retirement benefit plan of the Bank</u>		
Deposits		
At beginning of the period / year	541,574	455,799
Deposited during the period / year	79,194	362,548
Withdrawn during the period / year	(24,445)	(276,773)
At end of the period / year	596,323	541,574
Other balances		
Return payable on deposit	1,941	2,158
Investments	52,200	52,200
Provision for diminution in value of investment	27,353	27,353
Non funded exposure	463,752	457,673

	Quarter ended	
	31 March 2013	31 March 2012
	-----Rupees in'000----- ----- (Un-Audited) -----	
Transactions, income and expenses		
Return on deposits expensed	7,863	7,360
<u>Retirement benefit plan</u>		
Contributions to defined contribution plan	9,118	10,010
Contributions to defined benefit plan	8,389	7,104


11. GENERAL

11.1 Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparisons. No significant reclassifications were made during the quarter.

11.2 Figures have been rounded off to the nearest thousand rupees.

12. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue by the Board of Directors in their meeting held on 20 April 2013.



 Chief Executive Officer



 Director



 Director



 Director