



**Building a better
working world**

**Albaraka Bank (Pakistan) Limited
FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED 30 JUNE 2018

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

TO THE MEMBERS OF ALBARAKA BANK (PAKISTAN) LIMITED

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Albaraka Bank (Pakistan) Limited** (the Bank) as at 30 June 2018 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 notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the three months ended 30 June 2018 and 30 June 2017 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended 30 June 2018.

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 statements 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 statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's review report is Shaikh Ahmed Salman.



Chartered Accountants

Karachi

Date: 27 August 2018

ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	30 June 2018	31 December 2017
Note	----- (Rupees '000) -----	
	(Un-Audited)	(Audited)
ASSETS		
Cash and balances with treasury banks	14,877,217	8,915,585
Balances with other banks	594,375	2,932,165
Due from financial institutions	6 4,800,000	5,095,411
Investments	7 21,553,157	19,393,486
Islamic financing and related assets	8 73,025,993	71,203,056
Operating fixed assets	9 3,987,633	4,082,153
Deferred tax assets	3,387,168	3,238,985
Other assets	5,576,465	5,799,760
	127,802,008	120,660,601
LIABILITIES		
Bills payable	1,454,980	1,691,141
Due to financial institutions	2,600,046	3,209,400
Deposits and other accounts	10 107,380,578	98,589,904
Sub-ordinated loans	11 2,500,000	2,642,852
Deferred tax liabilities	-	-
Other liabilities	3,288,728	3,765,083
	117,224,332	109,898,380
NET ASSETS	10,577,676	10,762,221
REPRESENTED BY		
Share capital	13,739,628	13,739,628
Discount on issuance of shares - net	(632,766)	(632,766)
Reserve	159,348	159,348
Accumulated loss	(2,945,740)	(2,675,723)
	10,320,470	10,590,487
Surplus on revaluation of assets - net of tax	257,206	171,734
	10,577,676	10,762,221
CONTINGENCIES AND COMMITMENTS	12	

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

 Vice Chairman	 Chief Executive Officer	 Director	 Director	 Chief Financial Officer
--	--	---	--	--

ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2018

	Half year ended		Quarter ended		
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	
Note	----- (Rupees '000) -----				
Profit / return earned on Islamic financing and related assets, investments and placements	13	3,659,563	3,338,821	1,920,549	1,694,309
Return on deposits and other dues expensed		<u>(1,683,837)</u>	<u>(1,518,129)</u>	<u>(887,181)</u>	<u>(774,227)</u>
Net spread earned		1,975,726	1,820,692	1,033,368	920,082
(Provision) / reversal against non-performing Islamic financing and related assets	8.2	<u>(469,088)</u>	129,104	<u>(105,805)</u>	149,876
Provision for diminution in the value of investments		<u>(108,983)</u>	<u>(33,311)</u>	<u>(102,640)</u>	<u>(29,673)</u>
Net spread after provisions		1,397,655	1,916,485	824,923	1,040,285
Other income					
Fee, commission and brokerage income		<u>363,986</u>	345,906	<u>196,947</u>	156,391
Dividend income		<u>15,805</u>	19,216	<u>9,468</u>	9,766
Income from dealing in foreign currencies		<u>167,033</u>	79,280	<u>93,290</u>	54,343
Gain on sale of securities		<u>22,043</u>	152,749	<u>3,961</u>	53,320
Unrealized loss on revaluation of investments classified as held-for-trading		<u>(1,973)</u>	(1,495)	<u>(1,271)</u>	(1,495)
Other income	14	<u>9,256</u>	36,141	<u>8,973</u>	556
Total other income		576,150	631,797	311,368	272,881
		<u>1,973,805</u>	<u>2,548,282</u>	<u>1,136,291</u>	<u>1,313,166</u>
Other expenses					
Administrative expenses		<u>(2,375,258)</u>	(2,440,065)	<u>(1,190,386)</u>	(1,232,309)
Other provisions / write off		<u>(4,132)</u>	-	<u>(4,132)</u>	-
Other charges	15	<u>(5,897)</u>	(26,407)	<u>(5,877)</u>	(19)
Total other expenses		(2,385,287)	(2,466,472)	(1,200,395)	(1,232,328)
		<u>(411,482)</u>	81,810	<u>(64,104)</u>	80,838
Extra ordinary / unusual items		-	-	-	-
(Loss) / profit before taxation		(411,482)	81,810	(64,104)	80,838
Taxation		<u>(52,971)</u>	(39,717)	<u>(27,915)</u>	(19,683)
- Current		-	-	-	-
- Prior year		<u>194,288</u>	10,230	<u>43,216</u>	(9,453)
- Deferred		<u>141,317</u>	(29,487)	<u>15,301</u>	(29,136)
(Loss) / profit after taxation		(270,165)	52,323	(48,803)	51,702
		----- Rupee -----		----- Rupee -----	
(Loss) / earning per share - basic / diluted		<u>(0.20)</u>	0.04	<u>(0.04)</u>	0.04

P 4-1

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

 Vice Chairman	 Chief Executive Officer	 Director	 Director	 Chief Financial Officer
--	--	---	--	--



ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2018

	Half year ended		Quarter ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	------(Rupees '000)-----			
(Loss) / profit after taxation	(270,165)	52,323	(48,803)	51,702
Other comprehensive income	-	-	-	-
Comprehensive (loss) / income transferred to equity	(270,165)	52,323	(48,803)	51,702
Components of comprehensive income not reflected in equity				
Surplus / (deficit) on revaluation of available-for-sale securities - net of tax *	85,825	(93,313)	114,032	20,616
Movement in revaluation of non-banking assets - net of tax	(353)	(12,203)	(279)	17,062
Total comprehensive (loss) / income	(184,693)	(53,193)	64,950	89,380

* Surplus / (deficit) on revaluation of available-for-sale securities - net of tax has been shown in the statement of comprehensive income in order to comply with the revised "Prudential Regulations for Corporate / Commercial Banking" issued by the State Bank of Pakistan vide its BPRD Circular No. 06 of 2014 on 26 June 2014.

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

Em

 _____ Vice Chairman	 _____ Chief Executive Officer	 _____ Director	 _____ Director	 _____ Chief Financial Officer
---	---	---	---	---

ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2018

	Half year ended	
	30 June 2018	30 June 2017
CASH FLOWS FROM OPERATING ACTIVITIES	----- (Rupees '000) -----	
(Loss)/profit before taxation	(411,482)	81,810
Dividend income	(15,805)	(19,216)
	<u>(427,287)</u>	<u>62,594</u>
Adjustments for non-cash and other items:		
Depreciation	101,190	113,529
Amortisation	93,111	58,412
Depreciation - non banking assets	12,834	12,834
Provision / (reversal) against non-performing Islamic financing and related assets	469,088	(129,104)
Provision for diminution in the value of investments	108,983	33,311
Unrealized loss on revaluation of investments classified as held for trading	1,973	1,495
Other provisions / write offs	4,132	-
Gain on sale of operating fixed assets	(89)	(2,235)
	<u>791,222</u>	<u>88,242</u>
	363,935	150,836
(Increase) / decrease in operating assets		
Due from financial institutions	295,411	(2,702,708)
Islamic financing and related assets	(2,292,025)	(3,556,350)
Other assets	194,980	(410,669)
	<u>(1,801,634)</u>	<u>(6,669,727)</u>
Increase / (decrease) in operating liabilities		
Bills payable	(236,161)	54,984
Due to financial institutions	(609,354)	(116,633)
Deposits and other accounts	8,790,674	(4,677,964)
Other liabilities	(476,355)	(100,652)
	<u>7,468,804</u>	<u>(4,840,265)</u>
Income tax paid	(31,689)	(20,463)
Net cash flow from / (used in) operating activities	<u>5,999,416</u>	<u>(11,379,619)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (investments) / redemptions in available-for-sale investments	(2,149,547)	3,276,775
Net redemptions / (investments) in held-for-trading investments	10,958	(30,644)
Net investments in operating fixed assets	(116,063)	(93,989)
Dividend received	9,698	20,322
Proceeds from disposal of operating fixed assets	12,238	4,252
Net cash (used in) / flow from investing activities	<u>(2,232,716)</u>	<u>3,176,716</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Tier II mudaraba sukuk - first issue	(142,858)	(142,858)
Net cash used in financing activities	<u>(142,858)</u>	<u>(142,858)</u>
Net increase / (decrease) in cash and cash equivalents	<u>3,623,842</u>	<u>(8,345,761)</u>
Cash and cash equivalents at beginning of the period	11,847,750	19,709,475
Cash and cash equivalents at end of the period	<u>15,471,592</u>	<u>11,363,714</u>

₹ 74

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

 Vice Chairman	 Chief Executive Officer	 Director	 Director	 Chief Financial Officer
--	--	--	---	--


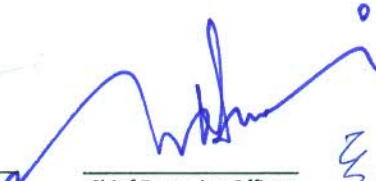

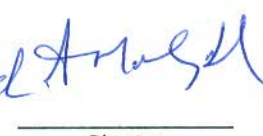

ALBARAKA BANK (PAKISTAN) LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2018

	Issued, subscribed and paid-up share capital	Discount on issuance of shares - net	Statutory Reserve *	Accumulated loss	Total
	----- (Rupees '000) -----				
Balance as at 01 January 2017	13,739,628	(632,766)	159,348	(2,281,369)	10,984,841
Profit after taxation for the period	-	-	-	52,323	52,323
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	52,323	52,323
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	148	148
Balance as at 30 June 2017	13,739,628	(632,766)	159,348	(2,228,898)	11,037,312
Loss after taxation for the period	-	-	-	(441,761)	(441,761)
Other comprehensive loss for the period	-	-	-	(5,211)	(5,211)
Total comprehensive loss for the period	-	-	-	(446,972)	(446,972)
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	147	147
Balance as at 31 December 2017	13,739,628	(632,766)	159,348	(2,675,723)	10,590,487
Loss after taxation for the period	-	-	-	(270,165)	(270,165)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(270,165)	(270,165)
Transfer from surplus on revaluation of non-banking assets - net of tax	-	-	-	148	148
Balance as at 30 June 2018	<u>13,739,628</u>	<u>(632,766)</u>	<u>159,348</u>	<u>(2,945,740)</u>	<u>10,320,470</u>

* This represents reserve created under section 21(1)(a) of the Banking Companies Ordinance, 1962.

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

E-TM

 Vice Chairman	 Chief Executive Officer	 Director	 Director	 Chief Financial Officer
--	--	---	--	--

