

DUBAI ISLAMIC BANK PAKISTAN LIMITED
INTERIM CONDENSED BALANCE SHEET
AS AT MARCH 31, 2010

	Note	March 31, 2010 (Unaudited) ----- Rupees in '000 -----	December 31, 2009 (Audited)
ASSETS			
Cash and balances with treasury banks		2,603,884	2,932,264
Balances with other banks		4,343,009	2,430,437
Due from financial institutions		3,030,991	2,591,905
Investments	5	2,991,761	2,822,723
Financing	6	22,826,483	20,589,613
Operating fixed assets		1,715,261	1,727,298
Deferred tax assets		386,967	413,066
Other assets		1,555,782	1,861,588
		39,454,138	35,368,894
LIABILITIES			
Bills payable		383,424	279,493
Due to financial institutions		725,000	125,000
Deposits and other accounts	7	31,241,011	27,980,906
Sub-ordinated financing		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		1,010,308	943,230
		33,359,743	29,328,629
NET ASSETS		6,094,395	6,040,265
REPRESENTED BY			
Share capital		6,776,030	6,776,030
Reserves		56,173	45,347
Accumulated loss		(737,826)	(781,130)
		6,094,377	6,040,247
Advance against future issue of share capital		18	18
Surplus on revaluation of assets		-	-
		6,094,395	6,040,265
CONTINGENCIES AND COMMITMENTS			
	8		

The annexed notes from 1 to 11 form an integral part of these interim condensed financial statements.

President / Chief Executive

Director

Director

Director

DUBAI ISLAMIC BANK PAKISTAN LIMITED
INTERIM CONDENSED PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED MARCH 31, 2010
(UNAUDITED)

	March 31, 2010	March 31, 2009
	----- Rupees in '000 -----	
Profit / return on financing, investments and placements earned	973,655	896,910
Return on deposits and other dues expensed	492,020	460,139
Net spread earned	481,635	436,771
Provision against non-performing financing	(35,562)	(16,842)
Provision for diminution in the value of investments	-	-
Bad debts written off directly	-	-
	(35,562)	(16,842)
Net spread after provisions	446,073	419,929
OTHER INCOME		
Fee, commission and brokerage income	82,070	37,236
Dividend Income	-	-
Income from dealing in foreign currencies	25,657	16,614
Gain on sale of securities	500	-
Unrealized gain / (loss) on revaluation of investments classified as held for trading	-	-
Other income	199	3,492
Total other income	108,426	57,342
	554,499	477,271
OTHER EXPENSES		
Administrative expenses	471,011	399,078
Other provisions / write offs	(2,251)	-
Other charges	100	299
Total other expenses	468,860	399,377
	85,639	77,894
Extra ordinary / unusual items	-	-
PROFIT BEFORE TAXATION	85,639	77,894
Taxation – Current	(5,410)	-
– Prior years	-	-
– Deferred	(26,099)	(26,148)
	(31,509)	(26,148)
PROFIT AFTER TAXATION	54,130	51,746
Accumulated loss brought forward	(735,783)	(962,520)
Accumulated loss carried forward	(681,653)	(910,774)
Basic earnings per share – Rupee	0.08	0.09
Diluted earnings per share – Rupee	0.08	0.09

The annexed notes from 1 to 11 form an integral part of these interim condensed financial statements.

President / Chief Executive

Director

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DUBAI ISLAMIC BANK PAKISTAN LIMITED
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED MARCH 31, 2010
(UNAUDITED)

	March 31, 2010	March 31, 2009
	----- Rupees in '000 -----	
Profit for the quarter	54,130	51,746
Other comprehensive income	-	-
Total comprehensive income for the quarter	<u>54,130</u>	<u>51,746</u>

The annexed notes from 1 to 11 form an integral part of these interim condensed financial statements.

President / Chief Executive

Director

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Director

DUBAI ISLAMIC BANK PAKISTAN LIMITED
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2010
(UNAUDITED)

	Share capital	Statutory Reserves	Accumulated loss	Total
	----- Rupees in '000 -----			
Balance as at January 01, 2009	6,017,780	-	(962,520)	5,055,260
Net profit for the quarter ended March 31, 2009	-	-	51,746	51,746
Other comprehensive income	-	-	-	-
Total comprehensive income for the quarter ended March 31, 2009	-	-	51,746	51,746
Transfer to Statutory reserves	-	10,349	(10,349)	-
Balance as at March 31, 2009	6,017,780	10,349	(921,123)	5,107,006
Net profit for the nine months period ended December 31, 2009	-	-	174,991	174,991
Other comprehensive income	-	-	-	-
Total comprehensive income for the nine months period ended December 31, 2009	-	-	174,991	174,991
Issue of right shares	758,250	-	-	758,250
Transfer to Statutory reserves	-	34,998	(34,998)	-
Balance as at December 31, 2009	6,776,030	45,347	(781,130)	6,040,247
Net profit for the quarter ended March 31, 2010	-	-	54,130	54,130
Other comprehensive income	-	-	-	-
Total comprehensive income for the quarter ended March 31, 2010	-	-	54,130	54,130
Transfer to Statutory reserves	-	10,826	(10,826)	-
Balance as at March 31, 2010	6,776,030	56,173	(737,826)	6,094,377

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President / Chief Executive

Director

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DUBAI ISLAMIC BANK PAKISTAN LIMITED
INTERIM CONDENSED CASH FLOW STATEMENT
FOR THE QUARTER ENDED MARCH 31, 2010
(UNAUDITED)

	Quarter Ended March 31, 2010	Quarter Ended March 31, 2009
	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	85,639	77,894
Adjustments:		
Depreciation	52,296	69,523
Amortization	27,793	26,355
Provision against non-performing financing – net of reversal	35,562	16,842
Reversal of other provision / write offs	(2,251)	
Gain on sale of fixed assets	(199)	-
	113,201	112,720
	198,840	190,614
(Increase) / decrease in operating assets		
Due from financial institutions	(439,086)	1,329,832
Financing	(2,272,432)	(48,248)
Others assets	278,143	(460,168)
	(2,433,375)	821,416
Increase / (decrease) in operating liabilities		
Bills payable	103,931	(77,989)
Due to financial institutions	600,000	-
Deposits and other accounts	3,260,105	(2,699,044)
Other liabilities	67,078	43,899
	4,031,114	(2,733,134)
	1,796,579	(1,721,104)
Income tax paid	(5,889)	(1,237)
Net cash generated from / (used in) operating activities	1,790,690	(1,722,341)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds from available-for-sale securities	(169,039)	14,338
Investments in operating fixed assets	(38,322)	(62,334)
Sale proceeds of property and equipment disposed-off	863	2,764
Net cash used in investing activities	(206,498)	(45,232)
Increase / (decrease) in cash and cash equivalents	1,584,192	(1,767,573)
Cash and cash equivalents at beginning of the period	5,362,701	5,965,450
Cash and cash equivalents at end of the period	6,946,893	4,197,877

The annexed notes from 1 to 11 form an integral part of these interim condensed financial statements.

President / Chief Executive

Director

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Director

DUBAI ISLAMIC BANK PAKISTAN LIMITED
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED MARCH 31, 2010

1. STATUS AND NATURE OF BUSINESS

- 1.1** Dubai Islamic Bank Pakistan Limited (the Bank) was incorporated in Pakistan as an unlisted public limited company on May 27, 2005 under the Companies Ordinance, 1984 to carry out the business of an Islamic Commercial Bank in accordance with the principles of Islamic Shariah.
- 1.2** The State Bank of Pakistan (the SBP) granted a "Scheduled Islamic Commercial Bank" license to the Bank on November 26, 2005 and subsequently the Bank received the Certificate of Commencement of Business from the Securities and Exchange Commission of Pakistan (the SECP) on January 26, 2006 and commenced operations as a scheduled Islamic Commercial Bank with effect from March 28, 2006 on receiving certificate for commencement of business from the SBP.
- 1.3** The Bank was operating through 35 branches and 1 sub-branch as at March 31, 2010 (December 31, 2009: 35 branches and 1 sub-branch). The registered office of the Bank is situated at Hasan Chambers, DC-7, Block-7 Kehkashan, Clifton, Karachi. The Bank is a wholly owned subsidiary of Dubai Islamic Bank PJSC, UAE (the holding Company).
- 1.4** During the period, the Bank has increased its authorized share capital from Rs. 8 billion (800,000,000 ordinary shares of Rs. 10/- each) to Rs. 12 billion (1,200,000,000 ordinary shares of Rs. 10/- each) as approved by shareholders in their annual general meeting held on March 28, 2010.

2. STATEMENT OF COMPLIANCE

- 2.1** These interim condensed financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962 or directives issued by Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962, or the requirements of the said directives take precedence.
- 2.2** 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, the IFRS – 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 financial statements. However, investments have been classified and valued in accordance with the requirement of various circulars issued by SBP.
- 2.3** The disclosures made in these interim condensed financial statements have, however been limited based on the format prescribed by the SBP vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, Interim 'Financial Reporting'. They do not include all of the information required for full annual financial statements, and these interim condensed financial statements should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2009.

3. BASIS OF PRESENTATION

- 3.1 The Bank provides financing through Sharia compliant financial products. The transactions of purchases, sales and leases executed 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 rental / profit thereon. However, Murabaha and Ijara transactions are accounted for under IFAS - 1 and IFAS - 2 respectively. Income, if any, received which does not comply with the principles of Sharia is recognized as charity payable if so directed by the Sharia Advisory / Sharia Supervisory Board.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in preparation of these interim condensed financial statements and the significant judgements made are consistent with those applied in the preparation of the financial statements of the Bank for the year ended December 31, 2009.

5. INVESTMENTS

March 31, 2010 (Unaudited)			December 31, 2009 (Audited)		
Held by the Bank	Given as collateral	Total	Held by the Bank	Given as collateral	Total
----- (Rupees in '000) -----					

5.1 Investments by types

Available for sale securities

WAPDA Sukuk Certificates	790,829	-	790,829	815,873	815,873
Other Sukuk Certificates	2,200,932	-	2,200,932	2,006,850	2,006,850
Total investments	2,991,761	-	2,991,761	2,822,723	2,822,723

March 31, 2010 (Unaudited)	December 31, 2009 (Audited)
----- Rupees in '000 -----	

5.2 Investments by segments

SUKUK Certificates

WAPDA Sukuk Certificates	790,829	815,873
Other Sukuk Certificates	2,200,932	2,006,850
Total investments	2,991,761	2,822,723

5.3 Available for sale securities

Name of the investee company	March 31, 2010 (Unaudited)	December 31, 2009 (Audited)	March 31, 2010 (Unaudited)		December 31, 2009 (Audited)		
	Number of Certificates	Face value	Cost (Rupees in '000)	Entity rating long term / short term	Cost (Rupees in '000)	Entity rating long term/ short term	
Sukuk Certificates							
WAPDA First Sukuk Certificates	67,000	67,000	5,000	335,454	Unrated	335,498	Unrated
WAPDA Second Sukuk Certificates	91,075	96,075	5,000	455,375	Unrated	480,375	Unrated
Sitara Chemical Industries Limited	13,011	14,870	5,000	65,056	Unrated	74,350	Unrated
Engro Chemicals Pakistan Limited	112,800	60,000	5,000	552,542	Unrated	300,000	Unrated
Sui Southern Gas Company Limited	110,011	123,762	3,333	366,667	Unrated	412,500	Unrated
Karachi Shipyard and Engineering Works	185,000	185,000	5,000	925,000	Unrated	925,000	Unrated
K.S. Sulemanji & Sons (Pvt) Limited	19,000	19,000	5,000	95,000	Unrated	95,000	Unrated
Quetta Textile Mills Limited	39,333	40,000	5,000	196,667	BBB+	200,000	BBB+
				2,991,761		2,822,723	

	Note	March 31, 2010 (Unaudited)	December 31, 2009 (Audited)
----- Rupees in '000 -----			
6. FINANCING			
Financing in Pakistan			
- Murabaha		2,815,637	2,430,861
- Musharaka cum Ijara – Housing		5,544,537	5,514,369
- Musharaka cum Ijara – Autos		5,224,488	5,095,718
- Ijara Muntahiya Bil Tamleek – Autos		208,079	216,259
- Musharaka cum Ijara – Others		1,199,409	1,315,603
- Wakala Istithmar		120,965	104,359
- Shirkatulmilk		1,605,951	1,241,136
- Serviec Ijarah		700,000	700,000
- Musharaka		1,452,542	1,431,250
- Istisna cum Wakala		4,289,891	2,908,627
- Financing against bills - Wakala Istithmar		72,525	3,410
Financing – gross		<u>23,234,024</u>	<u>20,961,592</u>
Less: Provision for non-performing financing	6.2	<u>(407,541)</u>	<u>(371,979)</u>
Financing – net of provisions		<u>22,826,483</u>	<u>20,589,613</u>

6.1 Financing include Rs. 775.598 million (December 31, 2009: Rs. 719.088 million) which have been placed under non-performing status as detailed below:

Category of classification	Domestic	Overseas	Total	Provision Required	Provision Held
----- (Rupees in '000) -----					
Substandard	189,540	-	189,540	36,010	36,010
Doubtful	186,781	-	186,781	34,391	34,391
Loss	399,277	-	399,277	273,378	273,378
	<u>775,598</u>	<u>-</u>	<u>775,598</u>	<u>343,779</u>	<u>343,779</u>

6.2 Particulars of provision against non-performing financing:

	March 31, 2010 (Unaudited)			December 31, 2009 (Audited)		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
Opening balance	307,445	64,534	371,979	126,209	130,634	256,843
Charge for the year	109,488	-	109,488	308,371	14,982	323,353
Reversals	(73,154)	(772)	(73,926)	(127,135)	(81,082)	(208,217)
	36,334	(772)	35,562	181,236	(66,100)	115,136
Closing balance	<u>343,779</u>	<u>63,762</u>	<u>407,541</u>	<u>307,445</u>	<u>64,534</u>	<u>371,979</u>

	March 31, 2010 (Unaudited)	December 31, 2009 (Audited)
----- Rupees in '000 -----		
7. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	17,210,518	15,566,897
Savings deposits	8,593,432	7,338,714
Current accounts - non-remunerative	4,987,870	4,694,637
Margin accounts - non-remunerative	2,433	256
	<u>30,794,253</u>	<u>27,600,504</u>
Financial Institutions		
Remunerative deposits	426,923	367,189
Non-remunerative deposits	19,835	13,213
	<u>446,758</u>	<u>380,402</u>
	<u>31,241,011</u>	<u>27,980,906</u>

	March 31, 2010 (Unaudited) ----- Rupees in '000 -----	December 31, 2009 (Audited)
7.1 Particulars of deposits		
In local currency	27,216,125	24,412,035
In foreign currencies	4,024,886	3,568,871
	<u>31,241,011</u>	<u>27,980,906</u>
8. CONTINGENCIES AND COMMITMENTS		
Transaction-related contingent liabilities		
Contingent liabilities in respect of performance bonds, bid bonds, warranties etc. favouring:		
- Government	308,205	108,661
- Banking companies and other financial institutions	35,617	40,682
- Others	1,561,025	1,705,974
	<u>1,904,847</u>	<u>1,855,317</u>
Trade-related contingent liabilities		
Import Letters of Credit	1,119,870	4,660,390
Commitments in respect of forward exchange promises to		
Purchase	<u>2,389,011</u>	<u>664,504</u>
Sale	<u>2,390,709</u>	<u>663,522</u>
Commitments for the acquisition of operating fixed assets	<u>2,375</u>	<u>6,184</u>
Commitments for unutilized financing facility	<u>9,410,143</u>	<u>9,980,961</u>
9. RELATED PARTY TRANSACTIONS		

The related parties of the Bank comprise group companies, directors and their close family members, staff retirement fund, executives and the holding company of the Bank i.e. Dubai Islamic Bank PJSC, UAE.

Usual transactions with related parties include deposits, financing, returns and provision of other banking services. Transactions with executives are undertaken at terms in accordance with employment agreements and service rules.

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

	March 31, 2010 (Unaudited) ----- (Rupees '000) -----	December 31, 2009 (Audited) -----
<u>Key management personnel</u>		
Financing		
At beginning of the period / year	10,309	10,487
Repayments	(50)	(178)
At the end of the period / year	<u>10,259</u>	<u>10,309</u>
Deposits		
At beginning of the period / year	24,076	19,286
Deposits	33,905	133,668
Withdrawals	(39,235)	(128,878)
At the end of the period / year	<u>18,746</u>	<u>24,076</u>
<u>Directors</u>		
Financing		
At beginning of the period / year	13,682	13,829
Repayments	(107)	(147)
At the end of the period / year	<u>13,575</u>	<u>13,682</u>
Deposits		
At beginning of the period / year	313	624
Deposits	1,529	13,900
Withdrawals	(1,510)	(14,211)
At the end of the period / year	<u>332</u>	<u>313</u>
<u>Holding company</u>		
Placements		
At beginning of the period / year	421,208	-
Placements	2,173,068	18,336,041
Repayments	(492,081)	(17,914,833)
At the end of the period / year	<u>2,102,195</u>	<u>421,208</u>
Deposits		
At beginning of the period / year	13,213	26,735
Deposits	70,522	341,693
Withdrawals	(63,900)	(355,215)
At the end of the period / year	<u>19,835</u>	<u>13,213</u>
Balance held abroad		
At beginning of the period / year	430,075	495,609
Deposits	13,539,204	39,694,889
Withdrawals	(12,138,186)	(39,760,423)
At the end of the period / year	<u>1,831,093</u>	<u>430,075</u>
Issue of right shares	<u>-</u>	<u>758,250</u>
Other receivables	<u>6,444</u>	<u>1,206</u>
<u>Group Companies</u>		
Other receivables	<u>21,499</u>	<u>21,499</u>

	March 31, 2010	March 31, 2009
	(Unaudited)	
	----- (Rupees '000) -----	
Profit earned on financing to Key Management Personnel	<u>433</u>	<u>388</u>
Return on deposits to Key Management Personnel	<u>206</u>	<u>90</u>
Profit earned on financing to Directors	<u>459</u>	<u>466</u>
Profit earned on placements with Holding Company	<u>6,403</u>	<u>340</u>
<u>Employee benefit plans</u>		
Contribution to Employees Gratuity Fund	<u>8,000</u>	<u>4,071</u>
Contribution to Employees Provident Fund	<u>5,265</u>	<u>7,866</u>

10. DATE OF AUTHORISATION FOR ISSUE

These interim condensed financial statements were authorized for issue on April 26, 2010 by the Board of Directors of the Bank.

11. GENERAL

The figures in the financial statements are rounded off to the nearest thousand of rupees.

President / Chief Executive

Director

Director

Director