

DUBAI ISLAMIC BANK PAKISTAN LIMITED

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED JUNE 30, 2012**



INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Dubai Islamic Bank Pakistan Limited** as at June 30, 2012 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed 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 condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2012 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2012.

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 condensed interim financial information as of and for the half year ended June 30, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter paragraph

We draw attention to note 1.4 to the condensed interim financial information which describes the matter relating to shortfall in minimum capital requirements of the bank as at June 30, 2012. Our conclusion is not qualified in respect of this matter.

Chartered Accountants

Engagement Partner: **Rashid A. Jafer**

Dated: August 24, 2012

Karachi

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DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2012

Note Un-audited Audited
June 30, December 31,
2012 2011
Rupees in '000

ASSETS

Cash and balances with treasury banks		4,245,345	3,429,994
Balances with other banks	9	571,723	1,116,928
Due from financial institutions		7,986,085	3,826,084
Investments	10	18,825,283	12,937,179
Financings	11	22,486,471	23,340,602
Operating fixed assets	12	1,563,268	1,597,770
Deferred tax assets - net	13	318,744	377,691
Other assets		1,395,664	1,570,201
		<u>57,392,583</u>	<u>48,196,449</u>

LIABILITIES

Bills payable		684,871	394,426
Due to financial institutions		1,340,000	1,898,500
Deposits and other accounts	14	47,798,841	38,491,607
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		-	-
Other liabilities		1,203,103	1,177,867
		<u>51,026,815</u>	<u>41,962,400</u>
		<u>6,365,768</u>	<u>6,234,049</u>

NET ASSETS

REPRESENTED BY

Share capital		6,776,030	6,776,030
Reserves		-	85,058
Accumulated losses		(422,401)	(622,281)
Advance against future issue of share capital		18	18
		<u>6,353,647</u>	<u>6,238,825</u>
Surplus / (Deficit) on revaluation of assets - net of tax		12,121	(4,776)
		<u>6,365,768</u>	<u>6,234,049</u>

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

 PRESIDENT & CHIEF EXECUTIVE

 DIRECTOR

 DIRECTOR

 DIRECTOR

DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2012

	Quarter ended June 30, 2012	Half year ended June 30, 2012	Quarter ended June 30, 2011	Half year ended June 30, 2011
	Rupees in '000			
Profit / return earned on financing, investments and placements	1,498,883	2,797,752	1,147,592	2,227,341
Return on deposits and other dues expensed	746,395	1,416,054	549,054	1,078,497
Net spread earned	752,488	1,381,698	598,538	1,148,844
Provision against non-performing financings - net	66,791	100,482	11,974	44,492
Provision for diminution in the value of investments	-	-	-	-
Bad debts written off	-	-	-	-
Net spread after provisions	66,791	100,482	11,974	44,492
Net spread after provisions	685,697	1,281,216	586,564	1,104,352
Other income				
Fee, commission and brokerage income	58,661	100,385	35,981	130,527
Dividend income	-	30,812	-	-
Income from dealing in foreign currencies	41,781	71,897	21,187	49,349
Gain on sale of securities	3,792	3,792	27,783	27,783
Unrealised gain / (Loss) on revaluation of investments classified as held for trading	-	-	-	-
Other income	210	2,623	1,893	6,573
Total other income	104,444	209,509	86,844	214,232
Total other income	790,141	1,490,725	673,408	1,318,584
Other expenses				
Administrative expenses	668,103	1,286,018	568,452	1,129,976
Other provisions / write offs	19,848	20,193	16,306	16,306
Other charges	2,817	4,809	2,675	4,361
Total other expenses	690,768	1,311,020	587,433	1,150,643
Extraordinary / unusual items	99,373	179,705	85,975	167,941
Profit before taxation	99,373	179,705	85,975	167,941
Taxation - Current period	995	15,034	12,345	24,416
- Prior years	-	-	-	-
- Deferred	35,161	49,849	17,784	38,227
Profit after taxation	36,156	64,883	30,129	62,643
Profit after taxation	63,217	114,822	55,846	105,298

Basic and diluted earnings per share

16 0.09 0.17 0.08 0.16

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.


PRESIDENT & CHIEF EXECUTIVE


DIRECTOR

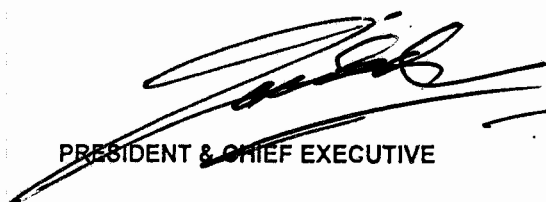

DIRECTOR


DIRECTOR

DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2012

	Quarter ended June 30, 2012	Half year ended June 30, 2012	Quarter ended June 30, 2011	Half year ended June 30, 2011
	Rupees in '000			
Profit for the period	63,217	114,822	55,846	105,298
Comprehensive income transferred to equity	63,217	114,822	55,846	105,298
Components of comprehensive income not reflected in equity :				
Surplus on revaluation of available for sale investments - net of tax	17,051	16,897	-	-
Total comprehensive income for the period	80,268	131,719	55,846	105,298

Atx0 The annexed notes 1 to 20 form an integral part of this condensed interim financial information.


 PRESIDENT & CHIEF EXECUTIVE


 DIRECTOR


 DIRECTOR


 DIRECTOR

DUBAI ISLAMIC BANK PAKISTAN LIMITED
 CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
 FOR THE HALF YEAR ENDED JUNE 30, 2012

	June 30, 2012	June 30, 2011
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	179,705	167,941
Less: Dividend Income	(30,812)	-
	<u>148,893</u>	<u>167,941</u>
Adjustments for:		
Depreciation	111,443	106,625
Amortisation	42,201	40,008
Provision against non-performing financings - net	100,482	44,492
Amortisation of Preliminary Expenses	-	10,401
Gain on sale of non trading investments	(3,792)	(27,783)
Provision / (Reversal) of provision against other assets	20,193	15,995
Fixed assets written off	-	204
Liabilities no longer required written back	(1,955)	-
Gain on sale of operating fixed assets	(668)	(2,812)
	<u>267,904</u>	<u>187,130</u>
	416,797	355,071
(Increase) / decrease in operating assets		
Due from financial institutions	(4,160,001)	(1,986,596)
Financings	753,649	326,740
Other assets (excluding advance taxation)	171,499	(515,383)
	<u>(3,234,853)</u>	<u>(2,175,239)</u>
Increase / (decrease) in operating liabilities		
Bills payable	290,445	59,133
Due to financial institutions	(558,500)	608,430
Deposits and other accounts	9,307,234	1,883,360
Other liabilities	25,236	(56,488)
	<u>9,064,415</u>	<u>2,494,435</u>
	6,246,359	674,267
Income tax paid	(30,234)	(25,858)
Net cash generated from operating activities	<u>6,216,125</u>	<u>648,409</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in available for sale securities	(5,858,317)	(3,197,445)
Dividend received	30,812	-
Investment in operating fixed assets	(119,444)	(102,337)
Proceeds realised on disposal of operating fixed assets	970	6,787
Net cash used in investing activities	<u>(5,945,979)</u>	<u>(3,292,995)</u>
Increase/ (decrease) in cash and cash equivalents	<u>270,146</u>	<u>(2,644,586)</u>
Cash and cash equivalents at beginning of the period	4,546,922	6,653,549
Cash and cash equivalents at end of the period	<u>4,817,068</u>	<u>4,008,963</u>

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

 PRESIDENT & CHIEF EXECUTIVE

 DIRECTOR

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DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2012

	Share capital	Advance against future issue of share capital	Statutory reserve	Accumulated Losses	Total
-----Rupees in '000-----					
Balance as at January 1, 2011	6,776,030	18	46,961	(774,670)	6,048,339
Profit after taxation for the half year ended June 30, 2011	-	-	-	105,298	105,298
Transfer to statutory reserve	-	-	21,060	(21,060)	-
Balance as at June 30, 2011	6,776,030	18	68,021	(690,432)	6,153,637
Profit after taxation for the half year ended December 31, 2011	-	-	-	85,188	85,188
Transfer to statutory reserve	-	-	17,037	(17,037)	-
Balance as at December 31, 2011	6,776,030	18	85,058	(622,281)	6,238,825
Profit after taxation for the half year ended June 30, 2012	-	-	-	114,822	114,822
Transfer from statutory reserve	-	-	(85,058)	85,058	-
Balance as at June 30, 2012	6,776,030	18	-	(422,401)	6,353,647

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.


 PRESIDENT & CHIEF EXECUTIVE


 DIRECTOR


 DIRECTOR


 DIRECTOR

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.

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. The Bank commenced operations as a scheduled Islamic Commercial Bank with effect from March 28, 2006 on receiving certificate of its commencement of business from the SBP.

- 1.2 Based on the financial statements of the Bank for the year ended December 31, 2011, JCR-VIS Credit Rating Company Limited determined the Bank's medium to long-term rating as 'A' and the short term rating as 'A-1' while the outlook has been improved from "Stable" to "Positive"
- 1.3 The Bank is operating through 82 branches as at June 30, 2012 (31 December 2011: 75 branches). 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 The State Bank of Pakistan (SBP) vide circular no.7 dated April 15, 2009 has set the Minimum Capital Requirement (MCR) for banks upto Rs. 10 billion to be achieved in a phased manner by December 31, 2013. As per this circular, MCR (free of losses) and Capital Adequacy Ratio (CAR) requirements as of December 31, 2011 was Rs 8 billion and 10% respectively. However, the paid-up capital of the Bank (free of losses) as of December 31, 2011 amounted to Rs 6.154 billion although its CAR stood at 20.30%.

In the year 2010 the Bank was granted exemption from meeting the MCR for a period of two years i.e. December 31, 2010 and December 31, 2011 subject to compliance of certain conditions as mentioned in SBP letter no. BSD/BAI-3/608/1329/2011 dated February 2, 2011. In addition the Bank was also required to submit a capital enhancement plan to SBP which was duly submitted last year after the approval of the Board of Directors of the Bank.

SBP in its letter no. BSD/BAI-3/608/6918/2011 dated May 31, 2011 intimated that it may offer the Bank a relaxation in timeline as mentioned in Circular No. 7 of 2009 subject to a firm commitment from the sponsor to enhance capital as per the following schedule:

- The paid up capital (free of losses) will be raised to Rs 6.4 billion by December 31, 2011;
- The paid up capital (free of losses) will be raised to Rs 7.5 billion by December 31, 2012; and
- The paid up capital (free of losses) will be raised to Rs 10 billion by December 31, 2013.

The Bank was asked to submit its request for exemption from MCR till December 31, 2012 along with a modified capital enhancement plan so as to process the request for approval, if the Bank agreed with the above proposal.

The Bank vide its letter dated February 1, 2012 requested the SBP to allow extension in timeline to the Bank for meeting its MCR (free of losses) of Rs 6.4 billion till April 30, 2012. The SBP vide its letter no. BSD/CSD/2215/12/2012 dated February 17, 2012 granted extension in timeline to the Bank for meeting the aforementioned MCR (free of losses) till April 30, 2012 subject to the conditions as stipulated vide BSD letter dated February 2, 2011. The Bank was also advised to submit concrete time bound capital enhancement plan, duly approved by the Board of Directors along with firm commitment from the sponsors for meeting the MCR (free of losses).

The paid-up capital of the Bank (free of losses) as of June 30, 2012 amounts to Rs.6.354 billion. The Bank has applied to the SBP for granting further extension upto August 31, 2012 for raising its paid up capital to Rs 6.4 billion. However, subsequent to June 30, 2012, the Bank has received an amount of Rs 200 million from its sponsors as subscription towards right issue. The Bank will issue right shares once all the requirements pertaining to right issue as per local regulations are complied with.

2 BASIS OF PRESENTATION

The Bank provides financing mainly through Murabaha, Musharaka cum Ijara, Istisna cum Wakala and other Islamic modes. The transactions of purchases, sales and leases executed under these arrangements are not reflected in this condensed interim financial information as such but are restricted to the amount of facility actually utilized and the appropriate portion of rental / profit thereon. However, Murabaha transactions are accounted for under the Islamic Financial Accounting Standard - 1. The income on such financing is recognised in accordance with the principles of Islamic shari'ah. However, income, if any, received which does not comply with the principles of Islamic shari'a is recognised as charity payable if so directed by the Shari'a Advisor / Shari'a Supervisory Board.

3 STATEMENT OF COMPLIANCE

- 3.1 This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standard -1 "Murabaha", issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or directives issued by the SECP and SBP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the requirements of the said directives prevail.
- 3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' through its notification S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of this condensed interim financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 3.3 The disclosures made in this condensed interim financial information have been limited based on the format prescribed by the State Bank of Pakistan through BSD Circular Letter No. 2 dated May 12, 2004 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the information required for a full set of annual financial statements and this condensed interim financial information should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2011.
- 3.4 SBP vide its BSD Circular No. 07 dated April 20, 2010 has clarified that for the purpose of preparation of financial statements in accordance with International Accounting Standard - 1 (Revised), 'Presentation of Financial Statements', two statement approach shall be adopted i.e. separate 'Profit and Loss Account' and 'Statement of Comprehensive Income' shall be presented and Balance Sheet shall be renamed as 'Statement of Financial Position'. Furthermore, the Surplus / (Deficit) on Revaluation of Available for sale (AFS) Securities only, may be included in the 'Statement of Comprehensive Income'. However, it should continue to be shown separately in the statement of financial position below equity. Accordingly, the above requirements have been adopted in the preparation of this condensed interim financial information.

4 BASIS OF MEASUREMENT

This condensed interim financial information has been prepared under the historical cost convention except that certain investments and commitments in respect of certain foreign exchange contracts are marked to market and are carried at fair value.

5 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in this condensed interim financial information are measured using the currency of the primary economic environment in which the Bank operates. This condensed interim financial information is presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2011.

7 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and the methods used for critical accounting estimates and judgments adopted in this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2011.

8 FINANCIAL RISK MANAGEMENT

The Bank's Financial Risk Management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2011.

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Un-audited Audited
June 30, December 31,
2012 2011
Rupees in '000

9 BALANCES WITH OTHER BANKS

In Pakistan		
- Current accounts	7,982	5,506
- Saving accounts	10	10
Outside Pakistan		
- Current accounts	563,731	1,111,412
- Saving accounts	-	-
	<u>571,723</u>	<u>1,116,928</u>

10 INVESTMENTS

10.1 Investments by type

	Un-audited			Audited		
	June 30, 2012			December 31, 2011		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
	----- Rupees in '000 -----					
Available for sale securities						
WAPDA Sukuk Certificates	752,482	-	752,482	790,518	-	790,518
GOP Ijara Sukuk	14,900,000	-	14,900,000	10,000,000	-	10,000,000
Other Sukuk Certificates	3,154,153	-	3,154,153	954,008	-	954,008
Units of Mutual fund	-	-	-	1,200,000	-	1,200,000
Investments at cost	18,806,635	-	18,806,635	12,944,526	-	12,944,526
Surplus / (Deficit) on revaluation of available for sale securities - net	18,648	-	18,648	(7,347)	-	(7,347)
Total investments	<u>18,825,283</u>	<u>-</u>	<u>18,825,283</u>	<u>12,937,179</u>	<u>-</u>	<u>12,937,179</u>

Note Un-audited Audited
June 30, December
2012 31, 2011
Rupees in '000

11 FINANCINGS

Financings in Pakistan		
- Murabaha	3,151,367	2,824,901
- Musharaka cum Ijara – Housing	5,033,230	5,159,555
- Musharaka cum Ijara – Autos	5,851,632	5,810,997
- Ijara Muntahiya Bil Tamleek– Autos	188,349	186,642
- Musharaka cum Ijara – Other	556,040	656,502
- Export Refinance under Islamic Scheme	1,356,088	1,563,196
- Wakala Istithmar – Pre manufacturing	757,225	781,305
- Wakala Istithmar – Post manufacturing	-	4,638
- Shirkatulmilk	1,776,734	1,815,622
- Service Ijara	-	700,000
- Musharaka	500,667	330,667
- Istisna cum Wakala	3,977,399	4,068,355
Financings – gross	<u>23,148,731</u>	<u>23,902,380</u>
Provision against non-performing financings	11.2 (662,260)	(561,778)
Financings - net of provision	<u><u>22,486,471</u></u>	<u><u>23,340,602</u></u>

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[Signature]

- 11.1 Financings include Rs. 2,182.492 million (December 31, 2011: Rs 2,107.709 million) which have been placed under non-performing status as detailed below:

	June 30, 2012 (Un-audited)								
	Classified financing			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	----- Rupees in '000 -----								
Category of classification									
Other Assets Especially Mentioned	-	-	-	-	-	-	-	-	-
Substandard	981,562	-	981,562	16,287	-	16,287	16,287	-	16,287
Doubtful	120,753	-	120,753	5,718	-	5,718	5,718	-	5,718
Loss	1,080,177	-	1,080,177	585,895	-	585,895	585,895	-	585,895
	<u>2,182,492</u>	<u>-</u>	<u>2,182,492</u>	<u>607,900</u>	<u>-</u>	<u>607,900</u>	<u>607,900</u>	<u>-</u>	<u>607,900</u>

	December 31, 2011 (Audited)								
	Classified financing			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	----- Rupees in '000 -----								
Category of classification									
Other Assets Especially Mentioned	-	-	-	-	-	-	-	-	-
Substandard	944,046	-	944,046	17,590	-	17,590	17,590	-	17,590
Doubtful	289,304	-	289,304	65,682	-	65,682	65,682	-	65,682
Loss	874,359	-	874,359	422,396	-	422,396	422,396	-	422,396
	<u>2,107,709</u>	<u>-</u>	<u>2,107,709</u>	<u>505,668</u>	<u>-</u>	<u>505,668</u>	<u>505,668</u>	<u>-</u>	<u>505,668</u>

11.2 Particulars of provision against non-performing financings

	June 30, 2012 (Un-audited)		
	Specific	General	Total
	----- Rupees in '000 -----		
Opening balance	505,668	56,110	561,778
Charge for the period	169,638	-	169,638
Reversals during the period	(67,406)	(1,750)	(69,156)
Net charge	102,232	(1,750)	100,482
Write off	-	-	-
Closing balance	<u>607,900</u>	<u>54,360</u>	<u>662,260</u>
	----- Rupees in '000 -----		
	December 31, 2011 (Audited)		
	Specific	General	Total
	----- Rupees in '000 -----		
Opening balance	492,593	60,610	553,203
Charge for the year	138,304	-	138,304
Reversals during the year	(123,729)	(4,500)	(128,229)
Net charge	14,575	(4,500)	10,075
Write off	(1,500)	-	(1,500)
Closing balance	<u>505,668</u>	<u>56,110</u>	<u>561,778</u>

- 11.2.1 The State Bank of Pakistan (SBP) vide its letter no. BSD/BRP-1/5388/2012 dated May 2, 2012 has allowed relaxation in maintaining provisioning against the exposure of Agritech Limited till June 30, 2012, to all those banks who have agreed to reschedule / restructure their exposures against the company.

- 11.2.2 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the State Bank of Pakistan, the bank has availed the benefit of Forced Sale Value of collaterals while determining provisioning against the non-performing financings. The accumulated FSV benefit availed as at June 30, 2012 amounts to Rs 787.690 million (December 31, 2011: Rs 548.565 million) which is not available for either cash or stock dividend to shareholders.

- 11.3 General provisioning is held against consumer finance portfolio calculated in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan except for Musharaka cum Ijara- Autos. The SBP vide its letter no BPRD/BLRD-03/2009/6877 dated October 15, 2009 has allowed relaxation to the Bank from recognising general provision against Musharaka cum Ijara- Autos on the condition that the facility will be categorised as "Loss" on the 180th day from the date of default.

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		Un-audited Half year ended	
		June 30, 2012	June 30, 2011
		Rupees in '000	
12	FIXED ASSETS		
12.1	Additions to operating fixed assets		
	Leasehold improvements	22,731	49,041
	Furniture and fixtures	10,931	16,628
	Electrical, office and computer equipment	43,894	32,949
	Capital work-in-progress	36,195	503
12.2	Intangibles		
	Software	5,693	3,216
12.3	Disposals and write offs of operating fixed assets		
	Furniture and fixture(WDV:Rs 0.248 million)	280	-
	Electrical, office and computer equipment (WDV:Rs 0.054million) June 30,2011 (WDV: Rs 4.179 million)	388	7,242
13	DEFERRED TAX ASSETS - NET		
	The Bank has an aggregate amount of Rs 678.243 million (December 31, 2011 : 915.385 million) unabsorbed tax losses as at June 30, 2012. The management has recognised deferred tax debit balance on the entire amount of these losses based on management's best estimate of the probable benefit expected to be realised in future years in the form of reduced tax liability as the Bank would be able to set off the profit earned in these years against losses carried forward from prior years. The amount of this benefit has been determined based on projections prepared by the mangement of the Bank.		
14	DEPOSITS AND OTHER ACCOUNTS	June 30, 2012 (Un-Audited)	December 31, 2011 (Audited)
		Rupees in '000	
	Fixed deposits	21,045,674	17,762,396
	Savings deposits	15,721,818	12,084,612
	Current accounts - non-remunerative	10,992,519	8,617,569
	Margin accounts - non-remunerative	38,830	27,030
		<u>47,798,841</u>	<u>38,491,607</u>
15	CONTINGENCIES AND COMMITMENTS		
15.1	Transactions-related contingent liabilities		
	Contingent liability in respect of guarantees favouring:		
	i) Government	436,026	439,678
	ii) Banking companies and other financial institutions	32,868	34,617
	iii) Others	1,066,008	1,221,157
		<u>1,534,902</u>	<u>1,695,452</u>
15.2	Trade-related contingent liabilities		
	Import Letters of Credit	<u>1,345,913</u>	<u>1,371,808</u>
15.3	Commitments in respect of forward exchange promises to		
	Purchase	<u>4,758,449</u>	<u>3,672,473</u>
	Sale	<u>4,755,571</u>	<u>3,678,113</u>
15.4	Commitments for the acquisition of operating fixed assets	<u>85,810</u>	<u>48,902</u>

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16 BASIC / DILUTED EARNINGS PER SHARE

	----- Un-audited -----			
	Quarter ended June 30, 2012	Half year ended June 30, 2012	Quarter ended June 30, 2011	Half year ended June 30, 2011
	----- Rupees in '000 -----			
Profit after taxation	63,217	114,822	55,846	105,298
	-----Number of shares in thousands-----			
Weighted average number of ordinary shares	677,603	677,603	677,603	677,603
	----- Rupees -----			
Basic and diluted earnings per share	0.09	0.17	0.08	0.16

17 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

Primary segment information

For management purposes the Bank is organised into four major business segments:

- Corporate Finance
- Trading and Sales
- Retail Banking
- Commercial Banking

All assets, liabilities, off balance sheet items and items of income and expense are distributed in primary segments in accordance with the core functions performed by the business groups.

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Others	Total
	----- Rupees in '000 -----					
For the half year ended June 30, 2012						
Internal Income	-	(1,012,300)	1,556,270	(537,126)	(6,844)	-
Total income - net	21,795	1,112,647	958,119	910,583	4,117	3,007,261
Total expenses	-	(57,720)	(2,461,886)	(307,950)	-	(2,827,556)
Profit before taxation	21,795	42,627	52,503	65,507	(2,727)	179,705
As at June 30, 2012						
Segment assets (Gross)	-	25,737,051	10,290,699	14,811,963	7,248,104	58,087,817
Segment non performing financings	-	-	1,053,925	1,119,265	29,302	2,202,492
Segment provision required	-	-	466,095	193,453	35,686	695,234
Segment liabilities	-	-	47,603,686	2,219,927	1,203,202	51,026,815
Segment return on assets (ROA) (%)	-	10.67%	18.66%	14.71%	4.52%	
Segment cost of funds (%)	-	11.61%	6.33%	6.78%	0.00%	
For the half year ended June 30, 2011						
Internal Income	-	(465,159)	1,060,231	(592,331)	(2,741)	-
Total income - net	55,928	560,286	971,903	839,187	14,269	2,441,573
Total expenses	(3,184)	(64,539)	(1,943,908)	(250,622)	(11,379)	(2,273,632)
Profit before taxation	52,744	30,588	88,226	(3,766)	149	167,941
As at December 31, 2011						
Internal Income	-	(1,188,938)	2,339,782	(1,153,868)	3,024	-
Total income - net	105,265	1,377,513	1,952,719	1,633,859	20,570	5,089,926
Total expenses	(35,359)	(144,910)	(4,177,595)	(517,673)	(23,903)	(4,899,440)
Profit before taxation	69,906	43,665	114,906	(37,682)	(309)	190,486
Segment assets (Gross)	-	16,910,220	13,658,614	13,453,898	4,750,231	48,772,963
Segment non performing financings	-	-	1,022,922	1,072,173	32,614	2,127,709
Segment provision required	-	-	441,403	123,943	11,168	576,514
Segment liabilities	-	-	37,869,638	2,192,358	1,900,404	41,962,400
Segment return on assets (ROA) (%)	-	10.50%	19.03%	13.15%	4.60%	
Segment cost of funds (%)	-	12.28%	6.67%	8.45%	-	

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18 RELATED PARTY TRANSACTIONS

The related parties of the Bank comprise group companies, directors and their close family members, employee benefit plans, 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.

	Note	June 30, 2012 (Un-Audited)	December 31, 2011 (Audited)
		----- (Rupees '000) -----	
<u>Key management personnel</u>			
Financings			
At beginning of the period / year		108,810	144,101
Disbursements		50,500	63,552
Payments		(77,316)	(98,843)
At the end of the period / year		<u>81,994</u>	<u>108,810</u>
Deposits			
At beginning of the period / year		40,112	21,432
Deposits		98,328	165,140
Withdrawals		(124,945)	(146,460)
At the end of the period / year		<u>13,495</u>	<u>40,112</u>
<u>Directors</u>			
Financings			
At beginning of the period / year		-	13,425
Transferred from staff financings		-	(13,425)
Disbursement		-	-
Payments		-	-
At the end of the period / year		<u>-</u>	<u>-</u>
Deposits			
At beginning of the period / year		1,720	730
Deposits		1,214	3,218
Withdrawals		1,017	(2,228)
At the end of the period / year		<u>3,951</u>	<u>1,720</u>
<u>Holding company</u>			
Placements			
At beginning of the period / year	18.1	-	2,140,918
Placements		33,299,106	10,735,835
Payments		(33,299,106)	(12,876,753)
At the end of the period / year		<u>-</u>	<u>-</u>

18.1 These include placements made by the holding company under Wakala arrangement on behalf of the Bank.

	June 30, 2012 (Un-Audited)	December 31, 2011 (Audited)
	----- (Rupees '000) -----	
Deposits		
At beginning of the year	13,252	35,338
Deposits	436,780	620,280
Withdrawals	(440,373)	(642,366)
At the end of the year	<u>9,659</u>	<u>13,252</u>
Balance held abroad		
At beginning of the year	44,055	317,727
Deposits	24,719,447	20,316,894
Withdrawals	(24,683,503)	(20,590,566)
At the end of the year	<u>79,999</u>	<u>44,055</u>

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	June 30, 2012 (Un-Audited) ----- (Rupees '000) -----	December 31, 2011 (Audited) ----- (Rupees '000) -----
Other payables	-	15,300
Other receivables	-	-
	June 30, 2012 (Un-Audited) ----- (Rupees '000) -----	June 30, 2011 (Un-Audited) ----- (Rupees '000) -----
Purchase of foreign currency sukus from Holding Company (USD 18 million)	1,689,064	-
Profit earned on financing to key management personnel	432	577
Return on deposits to key management personnel	77	349
Profit earned on financing to directors	-	513
Gain on sale of Securities to holding company	-	(27,783)
Profit earned on placements with holding company	826	2,802
Remuneration to key management personnel	51,693	43,481
Employee benefit plans		
Contribution to Employees Gratuity Fund	12,708	8,274
Contribution to Employees Provident Fund	15,430	14,380

19 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on August 13, 2012 by the Board of Directors of the Bank.

20 GENERAL

Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.


PRESIDENT & CHIEF EXECUTIVE


DIRECTOR


DIRECTOR


DIRECTOR