

WORLD OF ISLAMIC ARCHITECTURE
Quarterly Report March 31, 2015

بَيْتُكَ إِسْلَامِي



*Inside View of Dome (Masjid-e- Nabawi, Madinah)

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Corporate Information

Board of Directors

| | |
|-------------------------------------|-------------------------|
| Mr. Ali Hussain | Chairman |
| Mr. Ali Mohd Hussain Ali Al Shamali | |
| Mr. Ali Raza Siddiqui | |
| Mr. Fawad Anwar | |
| Mr. Hasan A. Bilgrami | Chief Executive Officer |
| Mr. Kamal Afsar | |
| Mr. Shabir Ahmed Randeree | |

Sharia'h Supervisory Board

| | |
|------------------------------|----------|
| Mufti Irshad Ahmad Aijaz | Chairman |
| Mufti Talha Saleem Kapadia * | Member |
| Mufti Mohammad Husain | Member |
| Mufti Javed Ahmed ** | Member |

Audit Committee

| | |
|---------------------------|----------|
| Mr. Fawad Anwar | Chairman |
| Mr. Ali Hussain | Member |
| Mr. Ali Raza Siddiqui | Member |
| Mr. Shabir Ahmed Randeree | Member |

Risk Management Committee

| | |
|-------------------------------------|----------|
| Mr. Ali Mohd Hussain Ali Al Shamali | Chairman |
| Mr. Fawad Anwar | Member |
| Mr. Hasan A. Bilgrami | Member |

I.T Committee

| | |
|-----------------------|----------|
| Mr. Hasan A. Bilgrami | Chairman |
| Mr. Ali Hussain | Member |
| Mr. Ali Raza Siddiqui | Member |

Human Resource & Compensation Committee

| | |
|------------------------------------|----------|
| Mr. Shabir Ahmed Randeree | Chairman |
| Mr. Ali Hussain | Member |
| Mr. Ali Raza Siddiqui | Member |
| Mr. Ali Mod Hussain Ali Al Shamali | Member |
| Mr. Hasan A Bilgrami | Member |
| Mr. Kamal Afsar | Member |

Executive Committee

| | |
|-------------------------------------|----------|
| Mr. Ali Hussain | Chairman |
| Mr. Ali Raza Siddiqui | Member |
| Mr. Ali Mohd Hussain Ali Al Shamali | Member |
| Mr. Fawad Anwar | Member |
| Mr. Hasan A. Bilgrami | Member |
| Mr. Shabir Ahmed Randeree | Member |

Company Secretary

Mr. Zahid Ali H. Jamall

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Adviser

- 1- Haidermota & Co.
Barrister at Law
- 2- Mohsin Tayebaly & Co.
Corporate Legal Consultants / Barristers & Advocates
High Courts & Supreme Court

* resigned effective from April 29, 2015

** appointed subject to SBP approval.

Management (in alphabetical order)

| | |
|--------------------------------|---|
| Mr. Arshad Wahab Zuberi | Head, Administration & General Services |
| Mr. Farooq Anwar | Head, Operations |
| Mr. Hasan A. Bilgrami | Chief Executive Officer |
| Mr. Khawaja Ehrar ul Hassan | Head, Compliance & Legal |
| Mr. Muhammad Asif Siddiqui | Head, Cash Management |
| Mr. Muhammad Faisal Shaikh | Head, Product Development |
| Mr. Muhammad Furqan | Head, Credit Administration |
| Mr. Muhammad Kamran Siddiqui | Head, Service Quality & Phone Banking |
| Mr. Muhammad Shoaib Khan | Head, Treasury & Financial Institutions |
| Mr. Rehan Shuja Zaidi | Head, Internal Audit |
| Mr. Shamshad Ahmed | Head, Trade Finance |
| Ms. Sheba Matin Khan | Head, Human Resources |
| Mr. Syed Akhtar Ausaf | Head, Risk Management |
| Mr. Syed Arif Mehtab | Head, Branch Operations |
| Mr. Syed Ata Hussain Jaffri | Officiating Head, Information Systems |
| Mr. Syed Mujtaba Hussain Kazmi | Head, Corporate Finance |
| Mr. Zahid Ali H. Jamall | Chief Financial Officer & Company Secretary |

Registered Office

11th Floor, Executive Tower,
Dolmen City, Marine Drive,
Block-4, Clifton,
Karachi.
Phone (92-21) 111-247(BIP)-111
Fax: (92-21) 35378373
Email: info@bankislami.com.pk

Share Register

Technology Trade (Private) Limited
Dagja House, 241-C, Block-2,
P.E.C.H.S. Off: Shahra-e-Qaideen,
Karachi.
Phone: (92-21) 34387960-61
Fax: (92-21) 34391318

Website:

www.bankislami.com.pk

Directors' Report

On behalf of the Board, I am pleased to present the financial results of the Bank for the quarter ended March 31, 2015. Following are the highlights:

| | March 31, 2015 | March 31, 2014 | Growth (%) |
|--|-------------------|-------------------|---------------|
|Rupees in 'millions'..... | | | |
| Total Deposits | 93,368 | 77,576 | 20.36 |
| Total Assets | 106,454 | 88,324 | 20.53 |
| Total Financing - net | 41,796 | 37,945 | 10.15 |
| Total Investments | 34,196 | 32,165 | 6.31 |
| Shareholder's Equity (including revaluation) | 7,056 | 6,525 | 8.14 |
| Branches - Number | 213 | 201 | 5.97 |
| Basic Earnings per share - Rupees | 0.124 | 0.141 | -12.06 |

The first quarter of 2015 had a number of challenges for the Bank. Despite the challenging issues faced by the Bank mainly due to restricted CAR along with discount rate cut, the Bank fared well. The Bank managed to grow its balance sheet size by Rs.4.47Bn compared to Dec'14. The deposit grew by Rs.3.04Bn compared to December 2014 with percentage of CASA accounts declining to 59.05% from 61.15%.

Even though the financing book grew by 10.15%, from March 2014, ADR (%) fell down to 44.76% from 48.9% due to higher CAR requirement by SBP. It is hoped that the Bank shall be able to substantially improve it once MCR is complied. Bank's NPL to gross financing ratio stood at 2.55% at end of 1Q15. It remains one of the best in the industry and is a testimony of Bank's sound risk management framework. Investments grew by 11.55% compared to Dec'14 as there were limited deployment opportunities in GOP Sukuks.

The decrease in cost of deposit and change in deposit composition resulted in improvement in gross spread by 437bps and net spread by 392bps compared to 1Q14. There was a slight dip of 10.06% in Other income and rise in Administrative expenses by 21.78% which resulted in the Bank earning profit after tax of Rs. 71mn compared to Rs. 75mn in 1Q14, a decline of 5.64%.

As of the date of this report, the Bank had received a subscription of Rs.2.84Bn against the rights issue of Rs.4.32Bn. As the issue was fully underwritten, with the permission of SBP, the allotment process is expected to be completed by mid May making BIPL one of the two MCR compliant Islamic Banks.

In this quarter, the Bank introduced value added services of mobile top ups & payment of bill of internet & broadband companies etc. to its Internet Banking service. The Bank, among other things, plans to launch pre-paid card, mobile application and cash management services in the upcoming quarters. While continuing with its branch expansion, the Bank plans to open 24 new branches/sub branches in the year 2015.

The Pakistan Credit Rating Agency (Private) Limited (PACRA) has upgraded the Bank's long-term entity rating to 'A+' and short-term rating has been maintained at 'A1'.

We would like to thank the State Bank of Pakistan and Securities and Exchange Commission for its continued support and guidance to us. Also, we would like to show our gratitude to the employees for their contribution towards BankIslami progress through their hard work and commitment.

On behalf of the Board,

Hasan A. Bilgrami
Chief Executive Officer
April 29, 2015

Condensed Interim Statement Of Financial Position

AS AT MARCH 31, 2015

| | | (Un-audited) March 31, 2015 | (Audited) December 31, 2014 |
|---|------|-----------------------------------|-----------------------------------|
| | Note | ----- | Rupees in `000 ----- |
| ASSETS | | | |
| Cash and balances with treasury banks | 8 | 5,859,878 | 6,361,444 |
| Balances with other banks | 9 | 1,365,859 | 733,523 |
| Due from financial institutions | 10 | 18,104,324 | 18,143,574 |
| Investments | 11 | 34,196,077 | 30,654,552 |
| Islamic financing and related assets - net | 12 | 41,796,356 | 41,097,058 |
| Operating fixed assets | 13 | 3,396,812 | 3,380,168 |
| Deferred tax assets - net | | - | - |
| Other assets - net | | 1,734,409 | 1,613,830 |
| | | 106,453,715 | 101,984,149 |
| LIABILITIES | | | |
| Bills payable | | 1,157,562 | 918,435 |
| Due to financial institutions | 14 | 1,711,000 | 561,000 |
| Deposits and other accounts | 15 | 93,367,663 | 90,330,997 |
| Sub-ordinated loans | | - | - |
| Liabilities against assets subject to finance lease | | - | - |
| Deferred tax liabilities - net | | 270,914 | 199,683 |
| Other liabilities | | 2,890,299 | 3,106,814 |
| | | 99,397,438 | 95,116,929 |
| NET ASSETS | | 7,056,277 | 6,867,220 |
| REPRESENTED BY | | | |
| Share capital | 16 | 5,758,721 | 5,758,721 |
| Discount on Issue of shares | | (79,042) | (79,042) |
| Advance against issue of share capital | | 92 | - |
| Reserve for bad debts and contingencies | | 250,000 | - |
| Statutory reserve | | 273,176 | 273,176 |
| Unappropriated Profit | | 90,668 | 266,946 |
| | | 6,293,615 | 6,219,801 |
| Surplus on revaluation of assets - net of tax | 17 | 762,662 | 647,419 |
| | | 7,056,277 | 6,867,220 |
| CONTINGENCIES AND COMMITMENTS | | | |
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The annexed notes 1 to 25 form an integral part of this condensed interim financial information.

-Sd-

Chairman

-Sd-

President / Chief Executive

-Sd-

Director

-Sd-

Director

Condensed Interim Profit And Loss Account (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2015

| | | Quarter ended | | |
|-----------------------|--|----------------------------|------------------|-----------|
| | | March 31, 2015 | March 31 2014 | |
| Note | | ----- Rupees in `000 ----- | | |
| | Profit / return earned | 19 | 2,002,371 | 1,768,527 |
| | Profit / return expensed | | 1,113,861 | 1,048,878 |
| | Net spread earned | | 888,510 | 719,649 |
| | Provision against non-performing Islamic financings and related assets - net | 12.4 | 9,082 | 12,475 |
| | Provision for diminution in the value of investments | | - | - |
| | Bad debts written off directly | | - | - |
| | Net spread after provisions | | 879,428 | 707,174 |
| OTHER INCOME | | | | |
| | Fee, commission and brokerage Income | | 97,977 | 87,167 |
| | Dividend income | | - | - |
| | Income from dealing in foreign currencies | | 31,578 | 62,396 |
| | Gain on sale of securities | | 11,853 | - |
| | Other income | | 10,761 | 19,630 |
| | Total other income | | 152,169 | 169,193 |
| | | | 1,031,597 | 876,367 |
| OTHER EXPENSES | | | | |
| | Administrative expenses | | 919,025 | 754,612 |
| | Other provisions | | - | - |
| | Other charges | | 3,054 | 4,284 |
| | Total other expenses | | 922,079 | 758,896 |
| | Extra ordinary / unusual items | | 109,518 | 117,471 |
| | PROFIT BEFORE TAXATION | | 109,518 | 117,471 |
| Taxation | | | | |
| | - Current | | 21,577 | 19,467 |
| | - Prior years | | - | - |
| | - Deferred | | 16,666 | 22,464 |
| | PROFIT AFTER TAXATION | | 38,243 | 41,931 |
| | | | 71,275 | 75,540 |
| ----- Rupees----- | | | | |
| (Restated) | | | | |
| | Basic / diluted earnings per share - (Rupee) | 20 | 0.124 | 0.141 |

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.

-Sd-
Chairman

-Sd-
President / Chief Executive

-Sd-
Director

-Sd-
Director

Condensed Interim Statement Of Comprehensive Income (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2015

| | Quarter ended | |
|--|----------------------------|------------------|
| | March 31, 2015 | March 31 2014 |
| | ----- Rupees in `000 ----- | |
| Profit after taxation | 71,275 | 75,540 |
| Comprehensive income transferred to equity | 71,275 | 75,540 |
| Components of comprehensive income not reflected in equity | | |
| Surplus on revaluation of available for sale securities - net of tax | 117,690 | 207,233 |
| Total comprehensive income for the period | 188,965 | 282,773 |

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.

-Sd-
Chairman

-Sd-
President / Chief Executive

-Sd-
Director

-Sd-
Director

Condensed Interim Cash Flow Statement (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2015

| | March 31, 2015 | March 31, 2014 |
|--|----------------------------|-------------------|
| | ----- Rupees in `000 ----- | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 109,518 | 117,471 |
| Adjustments : | | |
| Depreciation - Own assets | 89,730 | 65,537 |
| Depreciation - Operating Ijara assets | 184,746 | 144,803 |
| Amortisation of intangible asset | 2,886 | 5,228 |
| Provision against non-performing Islamic financings and related assets - net | 9,082 | 12,475 |
| Gain on sale of fixed assets | (605) | - |
| | <u>285,839</u> | <u>228,043</u> |
| | 395,357 | 345,514 |
| (Increase) / decrease in operating assets | | |
| Due from financial institutions | 39,250 | (722,901) |
| Islamic financings and related assets | (893,126) | 206,333 |
| Others assets (excluding advance taxation , defined benefit asset and dividend receivable) | (132,114) | (293,069) |
| | <u>(985,990)</u> | <u>(809,637)</u> |
| Increase / (decrease) in operating liabilities | | |
| Bills payable | 239,127 | 188,678 |
| Due to financial institutions | 1,150,000 | (1,501,000) |
| Deposits and other accounts | 3,036,666 | 2,350,147 |
| Other liabilities (excluding current taxation) | (216,515) | 13,375 |
| | <u>4,209,278</u> | <u>1,051,200</u> |
| | 3,618,645 | 587,077 |
| Income tax paid | (18,848) | (17,843) |
| Net cash generated from operating activities | <u>3,599,797</u> | <u>569,234</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Net investments in available for sale securities | (3,360,464) | (235,826) |
| Investments in operating fixed assets | (109,278) | (274,648) |
| Proceeds from disposal of operating fixed assets | 623 | - |
| Net cash (used in) investing activities | <u>(3,469,119)</u> | <u>(510,474)</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Advance against issue of share capital | 92 | - |
| Net cash flow from financing activities | <u>92</u> | <u>-</u> |
| Increase / (decrease) in cash and cash equivalents | <u>130,770</u> | <u>58,760</u> |
| Cash and cash equivalents at beginning of the period | 7,094,967 | 5,851,035 |
| Cash and cash equivalents at end of the period | <u>7,225,737</u> | <u>5,909,795</u> |

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.

-Sd-
Chairman

-Sd-
President / Chief Executive

-Sd-
Director

-Sd-
Director

Condensed Interim Statement Of Changes In Equity (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2015

| | Share Capital | Advance against issue of share capital | Discount on issue of shares | Reserve for bad debts & Contingencies | Statutory reserve | Unappropriated profit | Total |
|---|------------------|--|-----------------------------|---------------------------------------|-------------------|-----------------------|------------------|
| ----- Rupees in `000 ----- | | | | | | | |
| Balance as at January 01, 2014 | 5,279,679 | - | - | - | 210,446 | 24,829 | 5,514,954 |
| Profit after taxation for the quarter ended March 31, 2014 | - | - | - | - | - | 75,540 | 75,540 |
| Transfer from surplus on revaluation of fixed assets-net of tax | - | - | - | - | - | 2,568 | 2,568 |
| Balance as at March 31, 2014 | 5,279,679 | - | - | - | 210,446 | 102,937 | 5,593,062 |
| Profit after taxation for the period ended December 31, 2014 | - | - | - | - | - | 238,110 | 238,110 |
| Issue of right share at discount | 479,042 | - | (79,042) | - | - | - | 400,000 |
| Transferred to Statutory Reserve | - | - | - | - | 62,730 | (62,730) | - |
| Transfer from surplus on revaluation of fixed assets-net of tax | - | - | - | - | - | 4,982 | 4,982 |
| Remeasurements of the net defined benefit liability/ (asset) - net of tax | - | - | - | - | - | (16,353) | (16,353) |
| Balance as at December 31, 2014 | 5,758,721 | - | (79,042) | - | 273,176 | 266,946 | 6,219,801 |
| Profit after taxation for the quarter ended March 31, 2015 | - | - | - | - | - | 71,275 | 71,275 |
| Transferred to reserve for bad debts & Contingencies | - | - | - | 250,000 | - | (250,000) | - |
| Transfer from surplus on revaluation of fixed assets - net of tax | - | - | - | - | - | 2,447 | 2,447 |
| Advance against issue of share capital | - | 92 | - | - | - | - | 92 |
| Balance as at March 31, 2015 | 5,758,721 | 92 | (79,042) | 250,000 | 273,176 | 90,668 | 6,293,615 |

The annexed notes 1 to 25 form an integral part of this condensed interim consolidated financial information.

-Sd-
Chairman

-Sd-
President / Chief Executive

-Sd-
Director

-Sd-
Director



Notes to and Forming Part of the Condensed Interim Financial Information (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2015

1 STATUS AND NATURE OF BUSINESS

- 1.1 BankIslami Pakistan Limited (the Bank) was incorporated in Pakistan as a public limited company on October 18, 2004 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 granted a 'Scheduled Islamic Commercial Bank' license to the Bank on March 18, 2005. The Bank commenced its operations as a Scheduled Islamic Commercial Bank with effect from April 07, 2006, on receiving Certificate of Commencement of Business from the State Bank of Pakistan (SBP) under section 37 of the State Bank of Pakistan Act, 1956. The Bank is principally engaged in corporate, commercial, consumer, retail banking activities and investment activities.

The Bank is operating through 213 branches including 90 sub branches as at March 31, 2015 (December 31, 2014: 213 branches including 90 sub branches). The registered office of the Bank is situated at 11th Floor, Dolmen City, Marine Drive, Block-4, Clifton, Karachi. The shares of the Bank are quoted on the Karachi Stock Exchange Limited.

The Pakistan Credit Rating Agency (Private) Limited (PACRA) has upgraded the Bank's long-term entity rating to 'A+' and the short-term rating has been maintained at 'A1'.

- 1.2 The SBP vide circular no. 07 of 2009 dated April 15, 2009 increased the Minimum Capital Requirement (MCR) for banks upto Rs. 10 billion which was required to be achieved in a phased manner by December 31, 2013. At that time, bank's capital was below the minimum threshold of Rs 6 billion which was required to be achieved by the Bank before December 31, 2009.

In order to meet the initial requirement of Rs 6 billion, the Board of Directors (BOD) in their meeting held on February 07, 2011 agreed to issue right shares to increase Bank's paid up capital but the issuance of right shares was delayed till 2014 due to various reasons. The SBP through various letters granted extension to the Bank in timeline for meeting MCR (free of losses) of Rs 6 billion till March 31, 2013. Further, the Bank was advised by the SBP for submission of time-bound capital injection plan to comply with the prevailing and future capital requirements. In 2013, the Bank submitted a capital injection plan duly approved by the Board of directors to the SBP. Moreover, the SBP through its letter dated March 12, 2014 enhanced capital adequacy ratio (CAR) requirement for the Bank to 18 percent till the time Bank's capital was below Rs. 6 billion.

During the year 2014, the Bank, after obtaining approvals from SBP and SECP raised Rs. 400 million through issuance of 47.9 million shares at a discounted price of Rs. 8.35 per share.

Further, the Board of Directors in their meeting held on October 29, 2014 decided to raise the paid up capital further by Rs. 4.3 billion approximately through a second right issue subject to relaxation from the SBP and SECP from rule 5(i) of the Companies (issue of Capital Rules), 1996, in respect of second right issue within a period of one year. Both the SBP and SECP have granted relaxations from requirement of rule 5(i) of the Companies (issue of Capital Rules), 1996 vide their letters dated November 5, 2014 and December 2, 2014 respectively.

Subsequent to the approval of SBP and SECP, the Board of Directors in their meeting held on December 30, 2014 approved the issuance of 432,040,000 right shares to all the existing shareholders in the proportion of 75.0236 right shares for every 100 ordinary shares held by them. The right issue of Rs 4.3 billion approximately has been fully underwritten and is expected to be completed in the second quarter of 2015. The Bank will be compliant with the MCR (free of losses) of Rs 10 billion after the proposed right issue of 432,040,000 shares.

The paid-up capital of the Bank (free of losses) as at March 31, 2015 amounted to Rs 5.68 billion against the required MCR of Rs 10 billion and its CAR stood at 16.33 percent against 18 percent as advised by SBP.

2 BASIS OF PRESENTATION

- 2.1 The Bank provides financing mainly through Murabaha, Ijarah, Istisna, Diminishing Musharka, Musawama and other Islamic modes.
- 2.2 The purchases and sales under these arrangements are not reflected in this condensed interim financial information as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon. However, income, if any, received which does not comply with the principles of the Islamic Shariah is recognised as charity payable if so directed by the Sharia Advisor of the Bank.

3 STATEMENT OF COMPLIANCE

- 3.1 This condensed interim financial information have been prepared in accordance with the 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 Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, and the directives issued by the SECP and the SBP. Wherever the requirements of the provisions and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, the IFAS notified under the Companies Ordinances, 1984 and the directives issued by the SECP and the SBP differ from the requirements of IFRS, the provisions of and the directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFAS notified under the Companies Ordinance, 1984 and the directives issued by the SECP and the SBP shall prevail.
- 3.2 The SBP through its BSD Circular No. 10 dated August 26, 2002, has deferred the implementation of International Accounting Standard (IAS) 39 - "Financial Instruments: Recognition and Measurement" and IAS 40 - "Investment Property" for Banking Companies in Pakistan, till further instructions. Accordingly, the requirements of these Standards have not been considered in the preparation of these financial statements. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosures" through its S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of this standard have also not been considered in the preparation of these financial statements. 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 the condensed interim financial information have been limited based on the format prescribed by the SBP through BSD Circular Letter No. 2 dated May 12, 2004 and the requirements of IAS 34, "Interim Financial Reporting".

They do not include all of the information required for the full 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, 2014.

- 3.4 IFRS 8 "Operating Segments" was effective for the Bank's accounting period beginning on or after January 1, 2009. All Banking Companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. The management of the Bank believes that as the SBP has defined the segment categorisation in the above mentioned circular, the SBP requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in this condensed interim financial information is based on the requirements laid down by the SBP.
- 3.5 The SBP vide BSD Circular No. 07 dated April 20, 2010 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, only the surplus / (deficit) on revaluation of available for sale (AFS) securities, 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 have been prepared under the historical cost convention, except that certain fixed assets are stated at revalued amounts, certain investments, foreign currency balances and commitments in respect of foreign exchange contracts have been marked to market and are carried at fair value in accordance with the requirement of the SBP. Further, staff retirement benefits have been carried at present values as determined under International Accounting Standard (IAS) 19 (revised) " Employee Benefits".

5 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are 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, 2014.

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, 2014.

| | Note | (Un-audited) March 31, 2015 | (Audited) December 31, 2014 |
|--|------|-----------------------------------|-----------------------------------|
| ----- Rupees in `000 ----- | | | |
| 8 CASH AND BALANCES WITH TREASURY BANKS | | | |
| In hand | | | |
| - local currency | | 1,651,221 | 1,658,420 |
| - foreign currency | | 176,300 | 254,139 |
| | | <u>1,827,521</u> | <u>1,912,559</u> |
| With the State Bank of Pakistan in | | | |
| - local currency current account | | 3,116,190 | 3,262,935 |
| - foreign currency deposit accounts | | | |
| Cash Reserves Account | | 90,937 | 90,937 |
| Special Cash Reserve Account | | 112,951 | 110,029 |
| US Dollar Clearing Account | | 24,693 | 29,915 |
| | | <u>228,581</u> | <u>230,881</u> |
| With the National Bank of Pakistan in | | | |
| - local currency current account | | 687,586 | 955,069 |
| | | <u>5,859,878</u> | <u>6,361,444</u> |
| 9 BALANCES WITH OTHER BANKS | | | |
| In Pakistan | | | |
| - Current accounts | | 8,198 | 8,198 |
| - Deposit accounts | | 89 | 88 |
| | | <u>8,287</u> | <u>8,286</u> |
| Outside Pakistan | | | |
| - Current accounts | | 1,357,572 | 725,237 |
| | | <u>1,365,859</u> | <u>733,523</u> |
| 10 DUE FROM FINANCIAL INSTITUTIONS | | | |
| Sukuk Murahaba | | 6,418 | 6,418 |
| Commodity Murahaba - local currency | 10.1 | 7,349,957 | 7,389,208 |
| | | <u>7,356,375</u> | <u>7,395,626</u> |
| Bai Muajjal | | 10,754,367 | 10,754,366 |
| Provision against Sukuk Murahaba | | (6,418) | (6,418) |
| | | <u>18,104,324</u> | <u>18,143,574</u> |

10.1 The Bank has entered into Commodity Murahaba agreements under which the Bank purchases an underlying commodity from open market through an agent and sells it to a financial institution on credit with profit. The profit rate on the agreement ranges between 7.50% to 9.60% (2014: 9.50 % to 10.00%) per annum and the agreement have a maturity ranging from 1 day to 89 days (2014:2 days to 182 days).

11 INVESTMENTS

11.1 Investments by type

| | (Un-audited) March 31, 2015 | | | (Audited) December 31, 2014 | | |
|---|--------------------------------|------------------------|------------|--------------------------------|------------------------|------------|
| | Held by Bank | Given as collateral | Total | Held by Bank | Given as collateral | Total |
| ----- Rupees in '000 ----- | | | | | | |
| Available for sale securities | | | | | | |
| - Sukuk certificates | 34,001,496 | - | 34,001,496 | 30,641,032 | - | 30,641,032 |
| - Mutual Fund | | | | | | |
| Units of open end mutual funds | 21 | - | 21 | 21 | - | 21 |
| | 34,001,517 | - | 34,001,517 | 30,641,053 | - | 30,641,053 |
| Subsidiary | | | | | | |
| - Bankislami Modaraba Investment Limited - unlisted company | 191,015 | - | 191,015 | 191,015 | - | 191,015 |
| Investments at cost | 34,192,532 | - | 34,192,532 | 30,832,068 | - | 30,832,068 |
| Less : Provision For Diminution In Value Of Investments | (39,207) | - | (39,207) | (39,207) | - | (39,207) |
| Investments (Net of Provisions) | 34,153,325 | - | 34,153,325 | 30,792,861 | - | 30,792,861 |
| Surplus/(Deficit) on revaluation of available for sale securities | 42,752 | - | 42,752 | (138,309) | - | (138,309) |
| Total investments at market value | 34,196,077 | - | 34,196,077 | 30,654,552 | - | 30,654,552 |

(Un-audited) (Audited)
March 31, December
2015 31, 2014

Note ----- Rupees in `000 -----

12 ISLAMIC FINANCING AND RELATED ASSETS

| | | | | |
|--|------|------------|------------|--|
| Financings- In Pakistan | | | | |
| - Murabaha financing and related assets | 12.1 | 15,064,385 | 15,458,980 | |
| - Istisna' financing and related assets | 12.2 | 8,423,157 | 6,946,722 | |
| - Diminishing Musharka-Housing | | 4,124,357 | 3,673,349 | |
| - Diminishing Musharka financing and related assets - Others | | 3,372,922 | 4,121,136 | |
| - Against Bills- Murabaha | | 24,384 | 97,848 | |
| - Post Due Acceptance | | 13,280 | 34,297 | |
| - Musawama financing and related assets | | 6,803,584 | 7,191,343 | |
| - Financings to employees | | 1,215,870 | 1,159,060 | |
| | | 39,041,939 | 38,682,735 | |
| Housing finance portfolio | | 93,123 | 98,282 | |
| Net investment in Ijara financing In Pakistan | | 78,835 | 86,465 | |
| Ijarah financing under IFAS 2 and related assets | | 3,192,599 | 2,830,634 | |
| Gross Financing and related assets | | 42,406,496 | 41,698,116 | |
| Less: Provision for non-performing Islamic Financings and related assets | | | | |
| - Specific | | (521,392) | (524,414) | |
| - General | | (88,748) | (76,644) | |
| Islamic Financing and related assets - net of provisions | | 41,796,356 | 41,097,058 | |

- 12.1 Murabaha financing and related assets includes financing amounting to Rs 202.712 million (2014: Rs Nil) against Murabaha under Islamic Export Refinance Scheme.
- 12.2 Istisna financing and related assets includes financing amounting to Rs 50 million (2014: Rs 80 million) and advance amounting to Rs.524.3 million (2014: 506 million) under Islamic Export Refinance Scheme.
- 12.3 Islamic financing and related assets includes Rs 1,079.911 million (2014: Rs 1,061.929 million) which have been placed under non-performing status as follows:

| March 31, 2015 (Un-audited) | | | | | |
|--|------------------|----------|------------------|--------------------|----------------|
| | Domestic | Overseas | Total | Provision required | Provision held |
| ----- Rupees in '000 ----- | | | | | |
| Category of Classification | | | | | |
| Other Assets especially mentioned (OAEM) | 88,313 | - | 88,313 | - | - |
| Substandard | 119,667 | - | 119,667 | 6,150 | 6,150 |
| Doubtful | 48,637 | - | 48,637 | 4,804 | 4,804 |
| Loss | 823,294 | - | 823,294 | 510,438 | 510,438 |
| | <u>1,079,911</u> | <u>-</u> | <u>1,079,911</u> | <u>521,392</u> | <u>521,392</u> |

| December 31, 2014 (Audited) | | | | | |
|--|------------------|----------|------------------|--------------------|----------------|
| | Domestic | Overseas | Total | Provision required | Provision held |
| ----- Rupees in '000 ----- | | | | | |
| Category of Classification | | | | | |
| Other Assets especially mentioned (OAEM) | 95,067 | - | 95,067 | - | - |
| Substandard | 75,587 | - | 75,587 | 7,259 | 7,259 |
| Doubtful | 56,960 | - | 56,960 | 7,614 | 7,614 |
| Loss | 834,315 | - | 834,315 | 509,541 | 509,541 |
| | <u>1,061,929</u> | <u>-</u> | <u>1,061,929</u> | <u>524,414</u> | <u>524,414</u> |

- 12.4 Particulars of provision against non-performing financings:

| March 31, 2015 (Un-audited) | | | |
|-----------------------------|----------------|---------------|----------------|
| | Specific | General | Total |
| ----- Rupees in '000 ----- | | | |
| Opening balance | 524,414 | 76,644 | 601,058 |
| Charge for the period | 11,484 | 12,104 | 23,588 |
| Reversals | (14,506) | - | (14,506) |
| | (3,022) | 12,104 | 9,082 |
| Closing balance | <u>521,392</u> | <u>88,748</u> | <u>610,140</u> |

| December 31, 2014 (Audited) | | | |
|-----------------------------|----------------|---------------|----------------|
| | Specific | General | Total |
| ----- Rupees in '000 ----- | | | |
| Opening balance | 575,843 | 47,470 | 623,313 |
| Charge for the year | 72,056 | 29,174 | 101,230 |
| Reversals | (123,485) | - | (123,485) |
| | (51,429) | 29,174 | (22,255) |
| Closing balance | <u>524,414</u> | <u>76,644</u> | <u>601,058</u> |

12.4.1 The Bank has maintained a general reserve (provision) in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP.

| | (Un-audited) March 31, 2015 | (Audited) December 31, 2014 |
|---|-----------------------------------|-----------------------------------|
| Note | ----- Rupees in `000 ----- | |
| 13 OPERATING FIXED ASSETS | | |
| Capital work-in-progress | 45,297 | 11,714 |
| Property and equipment | 3,313,169 | 3,329,257 |
| Intangible assets | 38,346 | 39,197 |
| | <u>3,396,812</u> | <u>3,380,168</u> |
| | (Un-audited) Quarter ended | |
| | March 31, 2015 | March 31, 2014 |
| | ----- Rupees in `000 ----- | |
| 13.1 Additions/ Transfer out to operating fixed assets | | |
| Freehold Land | - | 3,587 |
| Furniture and fixture | 5,600 | 121,445 |
| Electrical, office and computer equipments | 68,060 | 79,200 |
| Vehicles | - | - |
| Capital work-in-progress | 33,582 | 51,977 |
| 13.2 Intangibles | | |
| Computer Software | 2,036 | 18,439 |
| 13.3 Disposals of operating fixed assets | | |
| Furniture and fixture | | |
| Electrical, office and computer equipments | 623 | - |
| Vehicles | - | - |
| Leasehold building | - | - |
| | (Un-audited) March 31, 2015 | (Audited) December 31, 2014 |
| Note | ----- Rupees in `000 ----- | |
| 14 DUE TO FINANCIAL INSTITUTIONS | | |
| In Pakistan | 1,711,000 | 561,000 |
| Outside Pakistan | - | - |
| | <u>1,711,000</u> | <u>561,000</u> |

15 DEPOSITS AND OTHER ACCOUNTS

Customers

| | (Un-audited) March 31, 2015 | (Audited) December 31, 2014 |
|-------------------------------------|-----------------------------------|-----------------------------------|
| Fixed deposits | 37,631,510 | 35,087,230 |
| Savings deposits | 36,484,342 | 36,926,200 |
| Current Accounts - Non-remunerative | 17,429,784 | 16,854,088 |
| Margin accounts-Non Remunerative | 164,820 | 152,023 |
| | <u>91,710,456</u> | 89,019,541 |

Financial institutions

| | (Un-audited) March 31, 2015 | (Audited) December 31, 2014 |
|---------------------------|-----------------------------------|-----------------------------------|
| Remunerative deposits | 1,481,293 | 1,113,164 |
| Non-remunerative deposits | 175,914 | 198,292 |
| | <u>1,657,207</u> | 1,311,456 |
| | <u>93,367,663</u> | <u>90,330,997</u> |

16 SHARE CAPITAL

16.1 Authorised capital

| | (Un-audited) March 31, 2015 | (Audited) December 31, 2014 | | (Un-audited) March 31, 2015 | (Audited) December 31, 2014 |
|--|-----------------------------------|-----------------------------------|-------------------------------|-----------------------------------|-----------------------------------|
| | ----- Number of Shares ----- | | | ----- Rupees in `000 ----- | |
| | <u>1,300,000,000</u> | <u>1,300,000,000</u> | Ordinary shares of Rs.10 each | <u>13,000,000</u> | <u>13,000,000</u> |

16.2 Issued, subscribed and paid up capital

| | (Un-audited) March 31, 2015 | (Audited) December 31, 2014 | | (Un-audited) March 31, 2015 | (Audited) December 31, 2014 |
|--|-----------------------------------|-----------------------------------|--|-----------------------------------|-----------------------------------|
| | ----- Number of Shares ----- | | | ----- Rupees in `000 ----- | |
| | | | Ordinary shares of Rs. 10 each fully paid in cash | | |
| | 575,872,090 | 527,967,898 | At beginning of the year | 5,758,721 | 5,279,679 |
| | - | 47,904,192 | Issued during the year-right issue | - | 479,042 |
| | <u>575,872,090</u> | <u>575,872,090</u> | Balance as at | <u>5,758,721</u> | <u>5,758,721</u> |

| | | (Un-audited) March 31, 2015 | (Audited) December 31, 2014 |
|--|-------------|---|--|
| 17 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX | Note | ----- Rupees in '000 ----- | |
| Surplus /(Deficit) on revaluation of : | | | |
| Fixed Assets | 17.1 | 734,863 | 737,310 |
| Available for Sale securities | 17.2 | <u>27,799</u> | <u>(89,891)</u> |
| | | <u>762,662</u> | <u>647,419</u> |
| 17.1 Surplus on revaluation of fixed assets | | | |
| Freehold Land | | 112,220 | 112,220 |
| Building on lease hold land | | <u>957,913</u> | <u>961,677</u> |
| | | <u>1,070,133</u> | <u>1,073,897</u> |
| Related deferred tax liability | | <u>(335,270)</u> | <u>(336,587)</u> |
| | | <u>734,863</u> | <u>737,310</u> |
| 17.2 Surplus on revaluation of available-for-sale securities | | | |
| Federal Government securities - Ijara Sukuk Bonds | | 54,520 | (141,321) |
| Sukuk Certificates -Sukuk Certificates unlisted -Sukuk Certificates listed | | <u>(15,276)</u> 3,478 | <u>(1,510)</u> 4,492 |
| Fully paid up ordinary shares/units - Units of Open end Mutual Funds | | <u>30</u> | <u>30</u> |
| | | <u>42,752</u> | <u>(138,309)</u> |
| Less: Related deferred tax asset / (liability) | | <u>(14,953)</u> | <u>48,418</u> |
| | | <u>27,799</u> | <u>(89,891)</u> |
| 18 CONTINGENCIES AND COMMITMENTS | | | |
| 18.1 Transaction-related Contingent Liabilities | | | |
| Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring Government Others | | 285,305 <u>2,678,580</u> <u>2,963,885</u> | 299,083 2,613,521 <u>2,912,604</u> |
| 18.2 Trade-related contingent liabilities | | | |
| Import letters of Credit Acceptances | | 2,775,617 <u>312,513</u> <u>3,088,130</u> | 2,968,447 108,638 <u>3,077,085</u> |
| 18.3 Suit filed by customers for recovery of alleged losses suffered, which the Bank has not acknowledged as debt | | <u>150,000</u> | 150,000 |
| 18.4 Commitments in respect of promises | | | |
| Purchase | | <u>5,749,826</u> | <u>1,763,272</u> |
| Sale | | <u>5,911,744</u> | <u>1,310,100</u> |
| 18.5 Commitments for the acquisition of operating fixed assets | | <u>102,201</u> | 134,178 |

18.6 The Deputy Commissioner Inland Revenue (DCIR) passed certain assessment orders against the Bank vide letter no 06/97/2012, 07/97/2012 and 08/97/2012, all dated September 25, 2012 under Section 33 of the Federal Excise Duty Act 2005, wherein aggregate demand of federal excise duty of Rs. 69.431 million was raised against the Bank mainly in respect of income from dealing in foreign currencies and certain dispute regarding deposit of the amount amongst Federal and Provincial government.

The Bank filed an appeal for the stay of the above demand before the Appellate Tribunal Inland Revenue (ATIR) after the assessment order were confirmed by the Commissioner Inland Revenue (Appeals). The stay application was heard on February 23, 2013. The ATIR accepted the stay application of the Bank and had verbally directed that no recovery of demand should be initiated against the Bank till the decision of the main case by the ATIR. The Bank deposited an amount of Rs. 10.4 million for filing appeal against the said case. During the current year, the Bank deposited an additional amount of Rs 8 million on the verbal instructions of the authorities. The ATIR has set aside the stay appeal in respect of income from dealing in foreign currencies and remanded back the case to the Commissioner Inland Revenue for fresh reassessment proceedings. The management of the Bank is confident that the above matter will be decided in favour of the Bank and therefore, no provision for any liability which may arise in this respect has been made in these condensed interim financial information.

18.7 Commitments in respect of financing facilities

The Bank makes commitments to extend financing in the normal course of its business but these being mostly revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

| | (Un-audited) March 31, 2015 | (Audited) December 31, 2014 |
|------------------------|-----------------------------------|-----------------------------------|
| | ----- Rupees in `000 ----- | |
| 18.8 Other commitments | | |
| Bills for collection | <u>156,501</u> | <u>191,002</u> |

| | (Un-audited) Quarter ended | |
|--|-------------------------------|-------------------|
| | March 31, 2015 | March 31, 2014 |
| | ----- Rupees in `000 ----- | |

19 PROFIT / RETURN EARNED

| | | |
|--|------------------|------------------|
| On Financings to: | | |
| - Customers | 961,205 | 917,447 |
| - Financial Institutions | <u>373,633</u> | <u>140,597</u> |
| | <u>1,334,838</u> | 1,058,044 |
| On Investments - available for sale securities | 645,043 | 699,057 |
| On deposits / placements with financial institutions | 10,392 | 1,460 |
| Others | <u>12,098</u> | 9,966 |
| | <u>2,002,371</u> | <u>1,768,527</u> |

(Un-audited)
Quarter ended.
March 31, 2015 March 31, 2014
----- Rupees in `000 -----

20 EARNINGS PER SHARE - Basic / Diluted

| | | |
|--|--|--------------------|
| Profit after taxation for the quarter | <u>71,275</u> | <u>75,540</u> |
| | ----- Number of shares ----- | |
| Weighted average number of ordinary shares | <u>575,872,090</u> | <u>534,350,491</u> |
| | ----- Rupees in `000 ----- (Restated) | |
| Basic / diluted earnings per share | <u>0.124</u> | <u>0.141</u> |

There were no convertible / dilutive potential ordinary shares outstanding as at March 31, 2015 and March 31, 2014.

21 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

| | Trading & Sales | Retail Banking | Commercial Banking | Support Center | Total |
|---|----------------------------|-----------------|--------------------|------------------|----------------|
| | ----- Rupees in `000 ----- | | | | |
| For the period ended March 31, 2015 (Un-audited) | | | | | |
| Total Income | 333,719 | 1,008,109 | 781,449 | 31,264 | 2,154,541 |
| Total Expenses | 18,085 | 1,073,562 | 600,409 | 352,967 | 2,045,023 |
| Net income/(loss) before tax | <u>315,634</u> | <u>(65,453)</u> | <u>181,040</u> | <u>(321,703)</u> | <u>109,518</u> |
| As at March 31, 2015 (Un-audited) | | | | | |
| Segment Assets (Gross) | 57,501,166 | 8,017,748 | 38,764,833 | 2,883,793 | 107,167,540 |
| Segment Non Performing Assets | 377,327 | 497,071 | 618,251 | - | 1,492,649 |
| Segment Provision Required | 68,277 | 244,135 | 401,415 | - | 713,827 |
| Segment Liabilities | 1,103,069 | 60,492,739 | 36,215,591 | 1,586,039 | 99,397,438 |
| Segment Return on Assets (ROA) (%) | <u>2.23%</u> | <u>-3.31%</u> | <u>1.89%</u> | <u>-</u> | <u>-</u> |
| Segment Cost of funds (%) | <u>6.63%</u> | <u>5.03%</u> | <u>3.41%</u> | <u>-</u> | <u>-</u> |
| For the period ended March 31, 2014 (Un-audited) | | | | | |
| Total Income | 181,530 | 1,029,927 | 647,939 | 78,324 | 1,937,720 |
| Total Expenses | 43,455 | 967,493 | 491,964 | 317,337 | 1,820,249 |
| Net income/(loss) before tax | <u>138,075</u> | <u>62,434</u> | <u>155,975</u> | <u>(239,013)</u> | <u>117,471</u> |
| As at March 31, 2014 (Un-audited) | | | | | |
| Segment Assets (Gross) | 44,780,711 | 6,280,783 | 34,487,490 | 3,451,761 | 89,000,745 |
| Segment Non Performing Financing | 296,040 | 420,391 | 731,920 | 4,043 | 1,452,394 |
| Segment Provision Required | 19,790 | 224,113 | 429,287 | 4,043 | 677,233 |
| Segment Liabilities | 755,008 | 52,966,652 | 26,793,086 | 1,283,792 | 81,798,538 |
| Segment Return on Assets (ROA) (%) | <u>1.25%</u> | <u>4.03%</u> | <u>1.83%</u> | <u>-</u> | <u>-</u> |
| Segment Cost of funds (%) | <u>8.09%</u> | <u>5.36%</u> | <u>6.99%</u> | <u>-</u> | <u>-</u> |

22 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include a subsidiary company, associated companies with or without common directors, principal shareholders, retirement benefit funds, directors and their close family members, and key management personnel.

The related parties of the Bank comprise related group companies, principal shareholders, key management personnel, companies where directors of the Bank also hold directorship, directors and their close family members and staff retirement funds.

A number of banking transactions are entered into with related parties in the normal course of business. These include financing and deposit transactions. These transactions are executed substantially on the same terms including profit rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than a normal risk.

Contributions to staff retirement benefit plan are made in accordance with the terms of the contribution plan. Remuneration to the executives are determined in accordance with the terms of their appointment.

The details of transactions with related parties and balances with them are given below:

| | (Un-audited) March 31, 2015 | (Audited) December 31, 2014 |
|---|-----------------------------------|-----------------------------------|
| | ----- Rupees in `000 ----- | |
| SUBSIDIARY | | |
| Deposits: | | |
| Opening balance | 126 | 55,877 |
| Deposit during the period | 1 | 251,556 |
| Withdrawal during the period | (120) | (307,307) |
| Closing balance | <u>7</u> | <u>126</u> |
| | (Un-audited) Quarter ended | |
| | March 31, 2015 | March 31, 2014 |
| | ----- Rupees in `000 ----- | |
| Transactions, income and expenses: | | |
| Return on deposits expensed | <u>1</u> | <u>2,856</u> |

(Un-audited) (Audited)
March 31, December
2015 31, 2014
----- Rupees in `000 -----

ASSOCIATES

Islamic Financings and related assets:

| | | |
|---------------------------|---|----------|
| Opening balance | - | 1,830 |
| Accrued during the period | - | 13,001 |
| Repayments | - | (14,831) |
| Closing balance | - | - |

Deposits:

| | | |
|------------------------------|-----------|-------------|
| Opening balance | 596,103 | 314,696 |
| Deposit during the period | 419,082 | 1,789,122 |
| Withdrawal during the period | (207,089) | (1,507,715) |
| Closing balance | 808,096 | 596,103 |

Prepayments:

| | | |
|------------------------------|---------|----------|
| Opening balance | 12,733 | 7,632 |
| Deposit during the period | - | 27,496 |
| Withdrawal during the period | (6,365) | (22,395) |
| Closing balance | 6,368 | 12,733 |

(Un-audited)
Quarter ended
March 31, March 31,
2015 2014
----- Rupees in `000 -----

Transactions, income and expenses:

| | | |
|-----------------------------|-------|--------|
| Profit earned on financing | - | 5,334 |
| Return on deposits expensed | 6,068 | 2,835 |
| Administrative Expense | 8,721 | 21,763 |

(Un-audited) (Audited)
March 31, December
2015 31, 2014
----- Rupees in `000 -----

KEY MANAGEMENT PERSONNEL

Islamic Financings and related assets:

| | | |
|-----------------------------|---------|----------|
| Opening balance | 97,110 | 67,806 |
| Disbursed during the period | - | 55,550 |
| Repaid during the period | (2,337) | (26,246) |
| Closing balance | 94,773 | 97,110 |

Deposits:

| | | |
|------------------------------|----------|-----------|
| Opening balance | 14,819 | 29,778 |
| Deposit during the period | 20,446 | 115,898 |
| Withdrawal during the period | (16,033) | (130,857) |
| Closing balance | 19,232 | 14,819 |



| | (Un-audited) | |
|---|-----------------------------------|------------------|
| | Quarter ended | |
| | March 31, | March 31, |
| | 2015 | 2014 |
| | ----- Rupees in `000 ----- | |
| Transactions, income and expenses: | | |
| Profit earned on financing | 860 | 655 |
| Return on deposits expensed | 56 | 34 |
| Remuneration | 10,400 | 11,120 |
| Employee Benefit plans | | |
| Contribution to Employees Gratuity Fund | 6,250 | 3,180 |
| Contribution to Employees Provident Fund | 12,649 | 8,986 |

23 GENERAL

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

24 Corresponding figures

Corresponding information has been re-classified, re-arranged or additionally incorporated in this condensed interim financial information, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period. There were no significant reclassifications during the current period.

25 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 29, 2015 by the Board of Directors of the Bank.

-Sd-
Chairman

-Sd-
President / Chief Executive

-Sd-
Director

-Sd-
Director

Consolidated Financial Statements
of
BankIslami Pakistan Limited
for the Period Ended
March 31, 2015

DIRECTORS' REPORT (CONSOLIDATED)

On behalf of the Board, I am pleased to present the consolidated financial results of the Group for the period ended March 31, 2015. Following are the highlights:

| | March 31, 2015 | March 31, 2014 | Growth (%) |
|---|-------------------|-------------------|---------------|
|Rupees in 'millions'..... | | | |
| Total Deposits | 93,368 | 77,516 | 20.45 |
| Total Assets | 106,462 | 88,272 | 20.61 |
| Total Financing-net | 41,796 | 37,945 | 10.15 |
| Total Investments | 34,053 | 31,984 | 6.47 |
| Shareholder's Equity (Including revaluation) | 7,062 | 6,531 | 8.13 |
| Branches-Numbers | 213 | 201 | 5.97 |
| Basic Earnings per share - rupees | 0.124 | 0.143 | -13.29 |

Our Group performance remained satisfactory. The Group has been able to post growth in its deposits by 20.45%, financings by 10.15% and total assets by 20.61%.

Finally, we would like to place on record our appreciation to State Bank of Pakistan and Securities and Exchange Commission for their continued support, guidance as well as understanding. Also, we would like to show our gratitude to the employees of BankIslami and BankIslami Modaraba Investment Limited for their contribution towards the Group's progress through their hard work and commitment.

On behalf of the Board,

Hasan A. Bilgrami
Chief Executive Officer
April 29, 2015

Condensed Interim Statement Of Consolidated Financial Position

AS AT MARCH 31, 2015

(Un-audited) (Audited)
March 31, December 31,
2015 2014

Note ----- Rupees in `000 -----

ASSETS

| | | |
|--|--------------------|--------------------|
| Cash and balances with treasury banks | 5,859,883 | 6,361,444 |
| Balances with other banks | 1,480,807 | 847,890 |
| Due from financial institutions | 18,104,324 | 18,143,574 |
| Investments | 34,053,276 | 30,511,422 |
| Islamic financing and related assets - net | 41,796,356 | 41,097,058 |
| Operating fixed assets | 3,404,059 | 3,387,282 |
| Deferred tax assets - net | - | - |
| Other assets - net | 1,763,588 | 1,643,247 |
| | 106,462,293 | 101,991,917 |

LIABILITIES

| | | |
|---|-------------------|-------------------|
| Bills payable | 1,157,562 | 918,435 |
| Due to financial institutions | 1,711,000 | 561,000 |
| Deposits and other accounts | 93,367,655 | 90,330,870 |
| Sub-ordinated loans | - | - |
| Liabilities against assets subject to finance lease | - | - |
| Deferred tax liabilities - net | 270,578 | 199,348 |
| Other liabilities | 2,893,026 | 3,109,455 |
| | 99,399,821 | 95,119,108 |
| NET ASSETS | 7,062,472 | 6,872,809 |

REPRESENTED BY

| | | |
|---|------------------|------------------|
| Share capital | 5,758,721 | 5,758,721 |
| Discount on Issue of shares | (79,042) | (79,042) |
| Advance against issue of share capital | 92 | - |
| Reserve for bad debts and contingencies | 250,000 | - |
| Statutory reserve | 273,176 | 273,176 |
| Unappropriated profit | 93,350 | 269,349 |
| | 6,296,297 | 6,222,204 |
| Surplus on revaluation of assets-net of tax | 766,175 | 650,605 |
| | 7,062,472 | 6,872,809 |

CONTINGENCIES AND COMMITMENTS

The annexed notes 1 to 11 form an integral part of this condensed interim consolidated financial information.

-Sd-
Chairman

-Sd-
President / Chief Executive

-Sd-
Director

-Sd-
Director

Condensed Interim Consolidated Profit And Loss Account (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2015

| | Quarter ended | |
|--|-------------------|-------------------|
| | March 31, 2015 | March 31, 2014 |
| ----- Rupees in `000 ----- | | |
| Profit / return earned | 2,004,966 | 1,769,844 |
| Profit / return expensed | 1,113,861 | 1,047,779 |
| Net spread earned | 891,105 | 722,065 |
| Provision against non-performing Islamic financings and related assets - net | 9,082 | 12,475 |
| Provision for diminution in the value of investments | - | - |
| Bad debts written off directly | - | - |
| | 9,082 | 12,475 |
| Net spread after provisions | 882,023 | 709,590 |
| OTHER INCOME | | |
| Fee, commission and brokerage Income | 97,977 | 87,167 |
| Dividend income | - | - |
| Income from dealing in foreign currencies | 31,578 | 62,396 |
| Gain on sale of securities | 11,853 | - |
| Other income | 10,761 | 19,630 |
| Total other income | 152,169 | 169,193 |
| | 1,034,192 | 878,783 |
| OTHER EXPENSES | | |
| Administrative expenses | 921,341 | 756,164 |
| Other provisions | - | - |
| Other charges | 3,054 | 4,293 |
| Total other expenses | 924,395 | 760,457 |
| | 109,797 | 118,326 |
| Extra ordinary / unusual items | - | - |
| PROFIT BEFORE TAXATION | 109,797 | 118,326 |
| Taxation | | |
| -Current | 21,577 | 19,604 |
| -Prior years | - | - |
| -Deferred | 16,666 | 22,464 |
| | 38,243 | 42,068 |
| PROFIT AFTER TAXATION | 71,554 | 76,258 |
| ----- Rupees----- | | |
| (Restated) | | |
| Basic / diluted earnings per share - (Rupees) | 0.124 | 0.143 |

The annexed notes 1 to 11 form an integral part of this condensed interim consolidated financial information.

-Sd-
Chairman

-Sd-
President / Chief Executive

-Sd-
Director

-Sd-
Director

Condensed Interim Consolidated Statement Of Comprehensive Income (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2015

| | Quarter ended | |
|--|----------------------------|------------------|
| | March 31, 2015 | March 31 2014 |
| | ----- Rupees in `000 ----- | |
| Profit after taxation | 71,554 | 76,258 |
| Comprehensive income transferred to equity | 71,554 | 76,258 |
| Components of comprehensive income not reflected in equity | | |
| Surplus on revaluation of available for sale securities - net of tax | 118,017 | 209,013 |
| Total comprehensive income for the period | 189,571 | 285,271 |

The annexed notes 1 to 11 form an integral part of this condensed interim consolidated financial information.

-Sd-
Chairman

-Sd-
President / Chief Executive

-Sd-
Director
Director
Quarterly Report 2015

Condensed Interim Consolidated Cash Flow Statement (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2015

| | Quarter ended | |
|--|-------------------|------------------|
| | March 31, 2015 | March 31 2014 |
| ----- Rupees in `000 ----- | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 109,797 | 118,326 |
| Adjustments : | | |
| Depreciation - Own assets | 89,596 | 65,184 |
| Depreciation - Operating Ijara assets | 184,746 | 144,803 |
| Amortisation of intangible asset | 2,886 | 5,228 |
| Provision against non-performing Islamic financings and related assets - net | 9,082 | 12,475 |
| Gain on sale of fixed assets | (606) | - |
| | 285,704 | 227,690 |
| | 395,501 | 346,016 |
| (Increase) / decrease in operating assets | | |
| Due from financial institutions | 39,250 | (722,901) |
| Islamic financings and related assets | (893,126) | 206,333 |
| Others assets (excluding advance taxation , defined benefit asset and dividend receivable) | (131,712) | (292,768) |
| | (985,588) | (809,336) |
| Increase / (decrease) in operating liabilities | | |
| Bills payable | 239,127 | 188,678 |
| Due to financial institutions | 1,150,000 | (1,501,000) |
| Deposits and other accounts | 3,036,785 | 2,346,372 |
| Other liabilities (excluding current taxation) | (216,429) | 17,997 |
| | 4,209,483 | 1,052,047 |
| Income tax paid | 3,619,396 | 588,727 |
| Net cash generated from / (used in) operating activities | 3,600,382 | 570,510 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Net investments in available-for-sale securities | (3,360,465) | (234,699) |
| Dividend income received | - | - |
| Investments in operating fixed assets | (109,279) | (274,648) |
| Proceeds realised on disposal of operating fixed assets | 626 | - |
| Net cash (used in) investing activities | (3,469,118) | (509,347) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Advance against issue of share capital | 92 | - |
| Net cash flow from financing activities | 92 | - |
| Increase / (decrease) in cash and cash equivalents | 131,356 | 61,163 |
| Cash and cash equivalents at beginning of the period | 7,209,334 | 5,902,200 |
| Cash and cash equivalents at end of the period | 7,340,690 | 5,963,363 |

The annexed notes 1 to 11 form an integral part of this condensed interim consolidated financial information.

-Sd-
Chairman

-Sd-
President / Chief Executive

-Sd-
Director

-Sd-
Director

Condensed Interim Consolidated Statement Of Changes In Equity (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2015

| | Share Capital | Advance against issue of share capital | Discount on issue of shares | Reserve for bad debts & Contingencies | Statutory reserve | Unappropriated profit | Total |
|--|------------------|--|-----------------------------|---------------------------------------|-------------------|-----------------------|------------------|
| ----- Rupees in `000 ----- | | | | | | | |
| Balance as at January 01, 2014 | 5,279,679 | - | - | - | 210,446 | 27,199 | 5,517,324 |
| Profit after taxation for the quarter ended March 31, 2014 | - | - | - | - | - | 76,258 | 76,258 |
| Transfer from surplus on revaluation of fixed assets-net of tax | - | - | - | - | - | 2,568 | 2,568 |
| Balance as at March 31, 2014 | 5,279,679 | - | - | - | 210,446 | 106,025 | 5,596,150 |
| Profit after taxation for the period ended December 31, 2014 | - | - | - | - | - | 237,182 | 237,182 |
| Issue of right shares at discount | 479,042 | - | (79,042) | - | - | - | 400,000 |
| Transferred to statutory reserve | - | - | - | - | 62,730 | (62,730) | - |
| Transfer from surplus on revaluation of fixed assets-net of tax | - | - | - | - | - | 4,982 | 4,982 |
| Remeasurements of the net defined benefit liability / (asset) - net of tax | - | - | - | - | - | (16,110) | (16,110) |
| Balance as at December 31, 2014 | 5,758,721 | - | (79,042) | - | 273,176 | 269,349 | 6,222,204 |
| Profit after taxation for the quarter ended March 31, 2015 | - | - | - | - | - | 71,554 | 71,554 |
| Transferred to reserve for bad debts & Contingencies | - | - | - | 250,000 | - | (250,000) | - |
| Transfer from surplus on revaluation of fixed assets - net of tax | - | - | - | - | - | 2,447 | 2,447 |
| Advance against issue of share capital | - | 92 | - | - | - | - | 92 |
| Balance as at March 31, 2015 | 5,758,721 | 92 | (79,042) | 250,000 | 273,176 | 93,350 | 6,296,297 |

The annexed notes 1 to 11 form an integral part of this condensed interim consolidated financial information.

-Sd-
Chairman

-Sd-
President / Chief Executive

-Sd-
Director

-Sd-
Director

Notes to The Condensed Interim Consolidated Financial Information (Un-audited)

FOR THE QUARTER ENDED MARCH 31, 2015

1. STATUS AND NATURE OF BUSINESS

- 1.1 BankIslami Pakistan Limited (the Bank) was incorporated in Pakistan as a public limited company on October 18, 2004 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 granted a 'Scheduled Islamic Commercial Bank' license to the Bank on March 18, 2005. The Bank commenced its operations as a Scheduled Islamic Commercial Bank with effect from April 07, 2006, on receiving Certificate of Commencement of Business from the State Bank of Pakistan (SBP) under section 37 of the State Bank of Pakistan Act, 1956. The Bank is principally engaged in corporate, commercial, consumer, retail banking activities and investment activities.

The Bank is operating through 213 branches including 90 sub branches as at March 31, 2015 (December 31, 2014: 213 branches including 90 sub branches). The registered office of the Bank is situated at 11th Floor, Dolmen City, Marine Drive, Block-4, Clifton, Karachi. The shares of the Bank are quoted on the Karachi Stock Exchange Limited.

The Pakistan Credit Rating Agency (Private) Limited (PACRA) has upgraded the Bank's long-term entity rating to 'A+' and the short-term rating has been maintained at 'A1'.

- 1.2 The SBP vide circular no. 07 of 2009 dated April 15, 2009 increased the Minimum Capital Requirement (MCR) for banks upto Rs. 10 billion which was required to be achieved in a phased manner by December 31, 2013. At that time, bank's capital was below the minimum threshold of Rs 6 billion which was required to be achieved by the Bank before December 31, 2009.

In order to meet the initial requirement of Rs 6 billion, the Board of Directors (BOD) in their meeting held on February 07, 2011 agreed to issue right shares to increase Bank's paid up capital but the issuance of right shares was delayed till 2014 due to various reasons. The SBP through various letters granted extension to the Bank in timeline for meeting MCR (free of losses) of Rs 6 billion till March 31, 2013. Further, the Bank was advised by the SBP for submission of time-bound capital injection plan to comply with the prevailing and future capital requirements. In 2013, the Bank submitted a capital injection plan duly approved by the Board of directors to the SBP. Moreover, the SBP through its letter dated March 12, 2014 enhanced capital adequacy ratio (CAR) requirement for the Bank to 18 percent till the time Bank's capital was below Rs. 6 billion.

During the year 2014, the Bank, after obtaining approvals from SBP and SECP raised Rs. 400 million through issuance of 47.9 million shares at a discounted price of Rs. 8.35 per share.

Further, the Board of Directors in their meeting held on October 29, 2014 decided to raise the paid up capital further by Rs. 4.3 billion approximately through a second right issue subject to relaxation from the SBP and SECP from rule 5(i) of the Companies (Issue of Capital Rules), 1996, in respect of second right issue within a period of one year. Both the SBP and SECP have granted relaxations from requirement

of rule 5(i) of the Companies (issue of Capital Rules), 1996 vide their letters dated November 5, 2014 and December 2, 2014 respectively.

Subsequent to the approval of SBP and SECP, the Board of Directors in their meeting held on December 30, 2014 approved the issuance of 432,040,000 right shares to all the existing shareholders in the proportion of 75.0236 right shares for every 100 ordinary shares held by them. The right issue of Rs 4.3 billion approximately has been fully underwritten and is expected to be completed in the second quarter of 2015. The Bank will be compliant with the MCR (free of losses) of Rs 10 billion after the proposed right issue of 432,040,000 shares.

The paid-up capital of the Bank (free of losses) as at March 31, 2015 amounted to Rs 5.68 billion against the required MCR of Rs 10 billion and its CAR stood at 16.33 percent against 18 percent as advised by SBP.

- 1.3 The Bank has acquired 100 percent shares of Bankislami Modaraba Investment Limited (a unquoted public company) on August 31, 2007. The principal activity of the company is to act as modarba management company. Bankislami Modaraba Investment Limited was incorporated in Pakistan on January 22, 1986 as a public unquoted company under the Companies Ordinance, 1984. Later on it was registered as a Modaraba Company with the Registrar of Modaraba Companies and Modarabas, under the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980. The registered office of the company is situated at 10th Floor, Progressive Square, Shahrah-e-Faisal, Karachi.

2 BASIS OF PRESENTATION

- 2.1 The Group provides financing mainly through Murabaha, Ijarah, Istisna, Diminishing Musharka, Musawama and other Islamic modes.
- 2.2 The purchases and sales under these arrangements are not reflected in this condensed interim consolidated financial information as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon. However, income, if any, received which does not comply with the principles of the Islamic Shariah is recognised as charity payable if so directed by the Sharia Advisor of the Group.

3 STATEMENT OF COMPLIANCE

- 3.1 This condensed interim consolidated financial information have been prepared in accordance with the 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 Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, and the directives issued by the SECP and the SBP. Wherever the requirements of the provisions and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, the IFAS notified under the Companies Ordinances, 1984 and the directives issued by the SECP and the SBP differ from the requirements of IFRS, the provisions of and the directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFAS notified under the Companies Ordinance, 1984 and the directives issued by the SECP and the SBP shall prevail.

- 3.2 The SBP through its BSD Circular No. 10 dated August 26, 2002, has deferred the implementation of International Accounting Standard (IAS) 39 - "Financial Instruments: Recognition and Measurement" and IAS 40 - "Investment Property" for Banking Companies in Pakistan, till further instructions. Accordingly, the requirements of these Standards have not been considered in the preparation of these consolidated financial statements. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosures" through its S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of this standard have also not been considered in the preparation of this condensed interim consolidated 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 the condensed interim consolidated financial information have been limited based on the format prescribed by the SBP through BSD Circular Letter No. 2 dated May 12, 2004 and the requirements of IAS 34, "Interim Financial Reporting". They do not include all of the information required for the full annual financial statements and this condensed interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended December 31, 2014.
- 3.4 IFRS 8 "Operating Segments" was effective for the Group's accounting period beginning on or after January 1, 2009. All Banking Companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. The management of the Group believes that as the SBP has defined the segment categorisation in the above mentioned circular, the SBP requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in this condensed interim consolidated financial information is based on the requirements laid down by the SBP.
- 3.5 The SBP vide BSD Circular No. 07 dated April 20, 2010 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, only the surplus / (deficit) on revaluation of available for sale (AFS) securities, is required to 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 consolidated financial information.

4 BASIS OF MEASUREMENT

This condensed interim consolidated financial information have been prepared under the historical cost convention, except that certain fixed assets are stated at revalued amounts, certain investments, foreign currency balances and commitments in respect of foreign exchange contracts have been marked to market and are carried at fair value in accordance with the requirement of the SBP. Further, staff retirement benefits have been carried at present values as determined under International Accounting Standard (IAS) 19 (revised) " Employee Benefits".

5 FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the annual financial statements of the Group for the year ended December 31, 2014.

7 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and the methods used for critical accounting estimates and judgments adopted in this condensed interim consolidated financial information are the same as those applied in the preparation of the annual financial statements of the Group for the year ended December 31, 2014.

8 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Bank and Bankislami Modaraba Investment Limited. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

8.1 Business combinations

Acquisition of subsidiary is accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognized at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

8.2 Goodwill

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash – generating units expected to benefit from the synergies of the combination. Cash – generating units to which goodwill has

been allocated will be tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash – generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

9 GENERAL

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

10 CORRESPONDING FIGURES

Corresponding information has been re-classified, re-arranged or additionally incorporated in this condensed interim consolidated financial information, wherever necessary, to facilitate comparison and to conform with changes in presentation in the current period. There were no significant reclassifications during the current period.

11 DATE OF AUTHORISATION FOR ISSUE

This condensed interim consolidated financial information was authorised for issue on April 29, 2015 by the Board of Directors of the holding Company.

-Sd-
Chairman

-Sd-
President / Chief Executive

-Sd-
Director

-Sd-
Director

