



Micro Finance
apna bank
Limited
formerly Network Microfinance Bank Limited



*Financial Statements with
Accompanying Information
For the Half Year Ended
30 June 2012*



Corporate Information

Board of Directors

Chairman
Directors

Mr. Jamshad Iqbal Cheema
Mr. Mohammad Azam Cheema
Mr. Mohammad Akram Shahid
Mr. Shoaib Ahmad Butt
Ms. Shahida Bilquis
Mr. Qamar-uz-Zaman
Mr. Ejaz Ahmed Khan

President / CEO

Company Secretary

Mr. Rafat Abbas

Audit Committee of the Board

Chairman
Members

Mr. Shoaib Ahmad Butt
Mr. Qamar-uz-Zaman
Ms. Shahida Bilquis
Internal Auditor

Secretary

Auditors

Riaz Ahmed & Company
Chartered Accountants

Bankers

KASB Bank Ltd.
Bank Alfalah Ltd.
Silk Bank Ltd.
Tameer Microfinance Bank Ltd
Summit Bank Ltd.

Registered & Head Office

202, Azayam Plaza,
Opp, FTC Building, S.M.C.H.S.
Shahrah-e-Faisal, Karachi, Pakistan
PABX :34311723-24,34554502
Fax: 34311722
Website www.networkmicrobank.com

Main Branch

201, Azayam Plaza,
Opp. FTC Building, S.M.C.H.S.
Shahrah-e-Faisal, Karachi, Pakistan
PABX: 34311723-25, 34554502
Fax: 34311722

Share Registrar

Technology Trade (Pvt.) Ltd.
Dagia House, 241-C, Block-2,
P.E.C.H.S., Off. Shahrah-e-Quaideen,
Karachi.
Phone :34391316-17
Fax: 34391318

Directors' Review

On behalf of the Board of Directors, I am pleased to present the un-audited Financial Statements of the Bank for the half year ended June 30, 2012

Change in the Composition of the Board of Directors and Change of Management

On January 24, 2012 a Group of Investors (GOI) acquired 70.82% shareholding of the Bank from Jahangir Siddiqui Company Limited (JSCL), 11.20% from KASB Bank (KASB) and 9% via a public offer raising the combined shareholding of the GOI to 91%. Consequently, the Board of the Bank was reconstituted on January 24, 2012 and the management of the Bank was transferred to the GOI.

On March 06, 2012 the name of the Bank was changed from Network Microfinance Bank Limited to APNA Microfinance Bank Limited.

Operational and Financial Review

The Bank posted a loss before taxes of PKR 19.59 million during the half year ended of 2012 as compared to a loss of PKR 7.58 million in the corresponding period last year. The increase in losses during the period was mainly due to one time expense of PKR 3 million relating to increase in authorized capital of the Bank, settlement expense relating to the previous management of PKR 1 million and general increase in overall Human Resource Cost of the Bank since the new management has undertaken restructuring of the Bank in order to gear the Bank for national level operations and make the Bank a viable institution. Furthermore, the bank has incurred capital expenditure of PKR 4.5 million for up-gradation of software system. The loss per share for the half year ended June 30, 2012 was Rs.0.66 (Half Year Ended June 30, 2011: Rs. 0.26).

As per Bank's plan to increase lending in the second quarter of 2012 and as expected, the advances portfolio has shown a healthy growth and has increased to PKR 23.69 million in comparison to December 31, 2011 of Rs.4.97 million. The bank's liquidity profile remains strong at PKR 264.5 million in liquid assets which is approximately 83% of our total assets.

The Bank has also upgrading the core banking application of the Bank in order to enhance the competitiveness of the Bank and reach national level scale of operations.

Future Outlook

The Bank plans to enhance its capital to PKR1 billion and acquire a National Level License from the State Bank of Pakistan by December 31, 2012 which would enable the Bank to expand its operations at National Level, and build the Bank's image as a commercially viable Microfinance Bank. For the time being approval in principal has been obtained from the SBP to open six more branches in Karachi to increase our out reach to poor and unserved segment of the society. These branches will be opened and operative before December 31, 2012

As a first step to acquiring the National Level License from the State Bank of Pakistan, on February 14, 2012 the Bank held its Extra Ordinary General Meeting wherein it enhanced the authorized capital of the Bank from the present level of PKR500 million to PKR1,500 million.

Credit Rating

The Pakistan Credit Rating Agency (Pvt) Ltd has maintained the long term and short term ratings for the Bank to 'BBB' (Triple B) and "A3" (A Three) respectively, with, a "Positive future Outlook ". The ratings denote an adequate capacity for timely payment of financial commitments

Acknowledgement

We would like to take this opportunity to thank our valued clients, shareholders and other stakeholders for their patronage and confidence and our management and employees for their dedication and hard work.

We would also like to express our gratitude to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and the Karachi Stock Exchange for their continued guidance and support.

Karachi: August 15, 2012

On behalf of the Board



Ejaz Ahmed Khan
President and CEO

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of APNA MICROFINANCE BANK LIMITED {formerly, Network Microfinance Bank Limited} ("the Bank") as at 30 June 2012 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim cash flow statement 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 for the quarter ended 30 June 2012 and 30 June 2011 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 30 June 2012.

Scope of review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed 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 30 June 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The condensed interim financial information of the Bank for the half year ended 30 June 2011 and the financial statements for the year ended 31 December 2011 were reviewed and audited, respectively, by another firm of Chartered Accountants who had expressed an unqualified conclusion and unqualified opinion thereon vide their review report dated 11 August 2011 and audit report dated 03 March 2011 respectively.

Riaz Ahmad & Company
Chartered Accountants

Name of the engagement partner:
Muhammad Kamran Nasir

Date:
Karachi



APNA MICROFINANCE BANK LIMITED
(FORMALLY NETWORK MICROFINANCE BANK LIMITED)
CONDENSED INTERIM BALANCE SHEET
AS AT JUNE 30, 2012


	Note	June 30, 2012 ----- Rupees ----- (Un-audited)	December 31, 2011 (Audited)
ASSETS			
Cash and balances with SBP	5	11,282,452	1,861,782
Balances with other banks / NBFIs / MFBs	6	39,054,744	3,296,157
Lending to financial institutions		-	-
Investment	7	214,178,508	201,678,143
Advances-net of provisions	8	28,050,069	2,916,117
Operating fixed assets		17,645,424	7,916,554
Other assets		9,615,926	1,738,011
Deferred tax assets		-	-
Total assets		319,827,123	219,406,764
LIABILITIES			
Deposits and other assets	9	130,740,431	11,428,169
Borrowings		-	-
Subordinated debt		-	-
Other liabilities		3,005,443	2,173,464
Deferred tax liabilities		-	-
Total liabilities		133,745,874	13,601,633
NET ASSETS		186,081,249	205,805,131
REPRESENTED BY:			
Share capital		300,000,000	300,000,000
Statutory and general reserves		50,011	50,011
Accumulated losses		(113,968,762)	(94,244,880)
		186,081,249	205,805,131
Surplus/(deficit) on revaluation of assets		-	-
Deferred grants		-	-
Total capital		186,081,249	205,805,131

MEORANDUM/OFF BALANCE SHEET ITEMS

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The annexed notes 1 to 16 form an integral part of these condensed interim financial information.


Ejaz Ahmed Khan
President/Chief Executive


Jamshed Iqbal Cheema
Chairman


Qamar-uz-Zaman
Director



Muhammad Akram Shahid
Director

APNA MICROFINANCE BANK LIMITED
(FORMALLY NETWORK MICROFINANCE BANK LIMITED)
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2012

		Half year ended 30 June		Quarter ended 30 June	
	Note	2012	2011	2012	2011
		----- Rupees -----			
Mark-up/return/interest earned	11	13,255,959	18,645,460	7,270,064	8,616,507
Mark-up/return/interest expensed		(1,569,034)	(610,681)	(1,492,068)	(288,182)
Net mark-up/interest income		11,686,925	18,034,779	5,777,996	8,328,325
Provision against non-performing loans and advances	8.2	(175,338)	(5,510,898)	18,016	(2,648,940)
Provision for diminution in the value of investments		-	-	-	-
Recovery against written off advances		1,998,890	1,448,717	1,018,438	807,325
Bad debts written off directly		-	(71,146)	-	(71,146)
		1,823,552	(4,133,327)	1,036,454	(1,912,761)
Net mark-up/interest income after provisions		13,510,477	13,901,452	6,814,450	6,415,564
Non mark-up/non interest income					
Fee, commission and brokerage income		337,138	-	337,138	-
Other income		41,050	60,295	27,958	53,561
Total non-mark-up/non interest income		378,188	60,295	365,096	53,561
		13,888,665	13,961,747	7,179,546	6,469,125
Non mark-up/non interest expenses					
Administrative expenses		(33,479,987)	(21,546,012)	(20,035,632)	(10,795,401)
Other provisions/write offs		-	-	-	-
Other charges		-	-	-	-
Total non mark-up/non interest expenses		(33,479,987)	(21,546,012)	(20,035,632)	(10,795,401)
		(19,591,322)	(7,584,265)	(12,856,086)	(4,326,276)
Extra ordinary/unusual items		-	-	-	-
Loss before taxation		(19,591,322)	(7,584,265)	(12,856,086)	(4,326,276)
Taxation - Current	12	(132,560)	(186,455)	(72,701)	(86,165)
Prior year		-	-	-	-
Deferred		-	-	-	-
Loss after taxation		(19,723,882)	(7,770,720)	(12,928,787)	(4,412,441)
Accumulated losses brought forward		(94,244,880)	(79,926,144)	(101,039,975)	(83,284,423)
Accumulated losses carried forward		(113,968,762)	(87,696,864)	(113,968,762)	(87,696,864)
Loss per share - basic and diluted		(0.66)	(0.26)	(0.43)	(0.15)

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.


Ejaz Ahmed Khan
President/Chief Executive


Jamshed Iqbal Cheema
Chairman


Qamar-uz-Zaman
Director


Muhammad Akram Shahid
Director




APNA MICROFINANCE BANK LIMITED
(FORMERLY NETWORK MICROFINANCE BANK LIMITED)
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2012

	Half year ended 30 June		Quarter ended 30 June	
	2012	2011	2012	2011
	----- Rupees -----			
Loss after taxation	(19,723,882)	(7,770,720)	(12,928,787)	(4,412,441)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	<u>(19,723,882)</u>	<u>(7,770,720)</u>	<u>(12,928,787)</u>	<u>(4,412,441)</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.


Ejaz Ahmed Khan
President/Chief Executive


Jamshed Iqbal Cheema
Chairman


Qamar-uz-Zaman
Director


Muhammad Akram Shahid
Director





APNA MICROFINANCE BANK LIMITED
(FORMALLY NETWORK MICROFINANCE BANK LIMITED)
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2012

	June 30, 2012 ----- Rupees ----- (Un-audited)	June 30, 2011 ----- (Un-audited)
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(19,591,322)	(7,584,265)
Adjustments for non-cash items		
Depreciation	1,156,822	1,074,861
Amortization	298,115	235,548
Provision against non-performing advances- net	175,338	5,510,898
Gain on sale of fixed assets	(13,225)	(18,332)
	<u>1,617,050</u>	<u>6,802,975</u>
	(17,974,272)	(781,290)
(Increase) / decrease in operating assets		
Advances	(25,309,239)	29,355,645
Other assets	(7,906,900)	1,406,975
	(33,216,139)	30,762,088
(Decrease) / increase in operating liabilities		
Deposits	119,312,262	(14,863,671)
Other liabilities	831,979	(156,516)
	<u>120,144,241</u>	<u>(15,020,187)</u>
	68,953,830	14,960,611
Income tax paid	(103,574)	(71,802)
Net cash inflow from / (used in) operating activities	<u>68,850,256</u>	<u>14,888,809</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in held-to-maturity securities	(12,500,365)	(21,396,904)
Investments in operating fixed assets	(5,599,642)	(17,110)
Investments in intangible assets	(5,592,992)	-
Sales proceeds from disposal of operating assets	22,000	26,000
Net cash inflow from / (used in) investing activities	<u>(23,670,999)</u>	<u>(21,388,014)</u>
(Decrease) / increase in cash and cash equivalents for the period	<u>45,179,257</u>	<u>(6,499,205)</u>
Cash and cash equivalents at the beginning of the period	<u>5,157,939</u>	<u>12,791,931</u>
Cash and cash equivalents at the end of the period	<u><u>50,337,196</u></u>	<u><u>6,292,726</u></u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.


Ejaz Ahmed Khan
President/Chief Executive


Jamshed Iqbal Cheema
Chairman


Qamar-uz-Zaman
Director



Muhammad Akram Shahid
Director

APNA MICROFINANCE BANK LIMITED
(FORMALLY NETWORK MICROFINANCE BANK LIMITED)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2012

	Share capital	Statutory Reserve	Accumulated Losses	Total
	Rupees			
Balance as at January 01, 2011	300,000,000	50,011	(79,926,144)	220,123,867
Profit after taxation	-	-	(7,770,720)	(7,770,720)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(7,770,720)	(7,770,720)
Balance as at June 30, 2011	<u>300,000,000</u>	<u>50,011</u>	<u>(87,696,864)</u>	<u>212,353,147</u>
Balance as at December 31, 2011	300,000,000	50,011	(94,244,880)	205,805,131
Loss after taxation	-	-	(19,723,882)	(19,723,882)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(19,723,882)	(19,723,882)
Balance as at June 30, 2012	<u>300,000,000</u>	<u>50,011</u>	<u>(113,968,762)</u>	<u>186,081,249</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.


Ejaz Ahmed Khan
President/Chief Executive


Jamshed Iqbal Cheema
Chairman


Qamar-uz-Zaman
Director


Muhammad Akram Shahid
Director



APNA MICROFINANCE BANK LIMITED
(FORMERLY NETWORK MICROFINANCE BANK LIMITED)
NOTES OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2012

1. STATUS AND NATURE OF BUSINESS

Apna Microfinance Bank Limited (formerly, Network Microfinance Bank Limited) (the Bank) was incorporated on 08 May 2003 as a public limited company under the Companies Ordinance, 1984 and was granted a certificate of commencement of business on 28 December 2004. Its operations started from 01 January 2005. Its shares are listed on Karachi Stock Exchange. The Bank's principal business is to provide microfinance services to the poor and underserved segment of the society as envisaged under the Microfinance Institutions Ordinance, 2001. The Bank operates five branches and is currently licensed to operate on district level. The Bank's registered office is situated at 202, Azayam Plaza, S.M.C.H.S., Shahrah-e- Faisal, Karachi.

1.1 The name of the Bank was changed from Network Microfinance Bank Limited to Apna Microfinance Bank Limited on 06 March 2012.

1.2 During the last year, a public announcement was made by a group of investors (GOI) with respect of its intention to acquire 82% of shares of Network Microfinance Bank Limited (NMBL). On 12 September 2011, majority stakeholders of the Bank, Jahangir Siddiqui Company Limited (JSCL) and KASB Bank (KASB) signed a Share Purchase Agreement with the GOI for sale of their entire holding of 70.82% and 11.20% respectively to the GOI. As per the requirements of Regulation 8 of the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations 2008 the GOI made a Public Offer to acquire 9% capital of the Bank from the remaining shareholders on 24 October 2011. The transaction was completed on 24 January 2012 and 27,302,124 shares which included shares purchased via public offer and the share purchase agreement with JSCL and KASB representing 91 % of the issued share capital of the Bank were transferred to the GOI. Consequently, the Board of the Bank has been reconstituted effective from 24 January 2012 and the management of the Bank has been transferred to the GOI during the period.

1.3 As at June 30, 2012, the bank's paid up capital, net of losses, was Rupees 186.081 million against the minimum paid up capital of Rupees 200 million required to be maintained in accordance with the Prudential Regulations. However, the Bank has obtained extension from State Bank of Pakistan till 31 December 2012 to meet the minimum capital requirement in view of its plan to extend the operations at national level and to enhance the paid up share capital. The required regulatory approvals for 283.333% right issue of share capital have been obtained during the period whereby 85 million ordinary shares will be issued at par value of Rupees 10 each in the ensuing period.

1.4 During the period, authorized share capital of the bank was increased from Rupees 500 million to Rupees 1,500 million.

2. BASIS OF PREPARATION

2.1 Statement of compliance This condensed interim financial report of the Bank for the half year ended 30 June 2012 has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', provisions of the Companies Ordinance, 1984, the Microfinance Institution Ordinance, 2001, the Prudential Regulations for Microfinance Banks/Institutions and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case where the requirements differ, the provisions of Companies Ordinance, 1984, the Microfinance Institution Ordinance 2001, the Prudential Regulations of Microfinance Banks/Institutions or the requirements of the said directives have been followed.

2.2 SBP has deferred the applicability of International Accounting Standards (IAS) 39 'Financial Instruments Recognition and Measurement' and International Accounting Standards (IAS) 40 'Investment Property' for Banking Companies through BSD Circular No. 10 dated 26 August 2002. Further, the Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" through its notification S.R.O 411(1) / 2008 dated 28 April 2008. Accordingly, the requirements of these standards have not been considered in the preparation of this condensed interim financial information.

2.3 Basis of Presentation

This condensed interim financial information is prepared in accordance with BSD Circular No. 11 dated 30 December 2003 issued by the State Bank of Pakistan (SBP) and IAS - 34 'Interim Financial Reporting' and hence do not include all the information required in the annual financial statements. Accordingly, this condensed interim financial information should be read in conjunction with the annual financial statements of the Bank for the year ended 31 December 2011. This condensed interim financial information is unaudited but subject to limited scope review by the statutory auditors

- 2.4 This condensed interim financial information is presented in Pak Rupees, which is the Company's functional and presentation currency.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements for the year ended 31 December 2011.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Judgments and estimates made by the management in preparation of this condensed interim financial information are the same as those applied to the annual financial statements for the year ended 31 December 2011.

5. CASH AND BALANCE WITH SBP

	Note	June 30, 2012 ----- Rupees ----- (Un-audited)	December 31, 2011 (Audited)
Cash in hand – local currency		4,396,240	975,209
Balance with State Bank of Pakistan	5.1	6,886,212	886,573
		<u>11,282,452</u>	<u>1,861,782</u>

- 5.1 Represents balance maintained in current account with the State Bank of Pakistan to meet the requirements of maintaining a minimum balance equivalent to 5% of the Bank's time and demand liabilities in accordance with Regulation 6 of the Prudential Regulation.

6. BALANCES WITH OTHER BANKS / NBFIs / MFBs

		June 30, 2012 ----- Rupees ----- (Un-audited)	December 31, 2011 ----- Rupees ----- (Audited)
In Pakistan			
- on current account		4,484	4,484
- on deposit account	6.1	39,050,260	3,291,673
		<u>39,054,744</u>	<u>3,296,157</u>

6.1 These carry mark-up rates ranging from 5 to 11 percent (2011:5 to 12 percent) per annum

7. INVESTMENTS

Held-to-maturity

Federal Government Securities

- Market Treasury Bills	7.1	<u>214,178,508</u>	<u>201,678,143</u>
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7.1 These are for a period of three to seven months. The effective yield of these bills ranges from 11.76 to 11.92 percent (2011:11.65 to 13.73 percent) per annum with maturities from July 2012 to December 2012.

8. ADVANCES - NET OF PROVISIONS

		June 30, 2012 No. of Loans Outstanding (Un-audited)	Rupees (Un-audited)	December 31, 2011 No. of Loans Outstanding (Audited)	Rupees (Audited)
Micro credit	695	28,673,390	662	4,857,980	
Micro lease	1	13,522	5	109,294	
		<u>28,686,912</u>		<u>4,967,274</u>	
Provision held:					
- Specific		353,509		2,021,701	
- General		283,334		29,456	
		<u>636,843</u>		<u>2,051,157</u>	
Advances – net of provision	696	<u>28,050,069</u>	667	<u>2,916,117</u>	

8.1 Advance include Rupees 3,049,817 (31 December 2011: Rupees 3,704,397) which have been placed under non performing status as detailed below.

	June 30, 2012			December 31, 2011		
	Amount Outstanding	Provision Required	Provision Held	Amount Outstanding	Provision Required	Provision Held
Category of classification	----- Rupees ----- ----- (Un-audited) -----			----- (Audited) -----		
OAEM	2,317,080	-	-	527,314	-	-
Sub-standard	131,050	32,763	32,763	558,634	139,659	139,659
Doubtful	588,926	294,463	294,463	1,472,815	736,408	736,408
Loss	26,283	26,283	26,283	1,145,634	1,145,634	1,145,634
	<u>3,063,339</u>	<u>353,509</u>	<u>353,509</u>	<u>3,704,397</u>	<u>2,021,701</u>	<u>2,021,701</u>

8.2 Particulars of provisions against non-performing advances

	June 30, 2012			December 31, 2011		
	Specific	General	Total	Specific	General	Total
	----- Rupees -----			----- Rupees -----		
	----- (Un-audited) -----			----- (Audited) -----		
Opening balance	2,035,223	29,456	2,064,679	11,479,420	752,293	12,231,713
Charge for the period	(78,541)	253,879	175,338	10,802,585	(722,837)	10,079,748
Amounts written off	(1,603,174)	-	(1,603,174)	(20,246,782)	-	(20,246,782)
	<u>353,508</u>	<u>283,335</u>	<u>636,843</u>	<u>2,035,223</u>	<u>29,456</u>	<u>2,064,679</u>

				30 June, 2012	31 December, 2011
Particulars of write offs:				----- Rupees -----	----- Rupees -----
				(Un-audited)	(Audited)
Against provision				<u>1,603,174</u>	<u>20,246,782</u>

9. DEPOSITS AND OTHER ACCOUNTS

	June 30, 2012		December 31, 2011	
	Number	Rupees	Number	Rupees
Fixed deposits	100	47,767,000	-	-
Saving deposits	2,188	27,854,395	1,765	8,046,479
Current deposits	14,550	55,119,036	13,467	3,381,690
	<u>16,838</u>	<u>130,740,431</u>	<u>15,232</u>	<u>11,428,169</u>

9.1 Particulars of deposits by ownership

	June 30, 2012		December 31, 2011	
	Number	Rupees	Number	Rupees
Individual depositors	16,763	84,464,957	15,162	4,179,499
Institutional depositors				
- Corporation / firm	59	15,388,901	66	1,404,175
- Banks and financial institutions	16	30,886,574	4	5,844,495
	<u>16,838</u>	<u>130,740,432</u>	<u>15,232</u>	<u>11,428,169</u>

9.2 Includes deposits from related parties amounting to Rupees Nil (2011: Rupees 5,840,384).

10 MEMORANDUM/OFF BALANCE SHEET ITEMS

There were no contingent liabilities as at 30 June 2012

	30 June, 2012	30 June, 2011
	----- Rupees -----	----- Rupees -----
	(Un-audited)	(Audited)
11 MARK-UP/ RETURN / INTEREST EARNED		
Mark-up on loans and advances	1,255,330	6,052,652
Mark-up on investment in government securities	11,030,955	12,205,263
Mark-up on deposit accounts	969,674	387,545
	<u>13,255,959</u>	<u>18,645,460</u>

12. TAXATION

The income of the Bank is exempt from tax under clause 66 (XVIII) of part I of the second schedule of the Income Tax Ordinance, 2001 (the Ordinance) for a period of five years starting from 01 day of July 2007, subject to the condition that the Bank shall not distribute its profits to its shareholders and that profits will be utilised for microfinance operations only. However, under section 113 'minimum tax on income of certain persons' of the Income Tax Ordinance, 2001, the bank is required to make a provision for taxation. Therefore, provision for minimum taxation amounting to Rupees 132,560 has been made during the period.

13. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Investment In Government Securities	Retail Banking	Micro Finance Banking	Total
	----- Rupees -----			
Half year ended June 30, 2012 (Unaudited)				
Total income	11,030,955	969,674	3,632,674	15,633,037
Total expenses	-	9,939,031	25,417,888	35,356,919
Net income / (loss)	11,030,955	(8,969,357)	(21,785,480)	(19,723,882)
Segment assets (gross)	214,178,508	50,712,315	57,003,292	321,894,115
Segment non performing loans	-	-	3,063,339	3,063,339
Segment provision required	-	-	636,843	636,843
Segment liabilities	-	132,695,291	1,050,583	133,745,874

Half year ended June 30, 2011 (Unaudited)

Total income	12,205,263	387,546	7,561,663	20,154,472
Total expenses	-	5,997,183	21,928,009	27,925,192
Net income / (loss)	12,205,263	(5,609,637)	(14,366,346)	(7,770,720)

Year ended December 31, 2011

(Audited)

Segment assets (gross)	201,678,143	5,157,939	14,621,839	221,457,921
Segment non performing loans	-	-	3,704,397	3,704,397
Segment provision required	-	-	2,021,701	2,021,701
Segment liabilities	-	12,174,801	1,426,832	13,601,633

14. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Bank comprise group companies, staff retirement benefits, key management personnel and major shareholders of the bank. The details of transactions with related parties other than those disclosed elsewhere in this condensed interim financial information is as under:

	June 30 2012 ----- Rupees ----- (Un-audited)	December 31 2011 ----- (Audited)
<u>Transactions as at period/year end</u>		
Associates:		
Deposits	-	2,288,591
Key management personnel:		
Deposits	2,265,727	547,991

	June 30, 2012	June 30, 2011
	----- Rupees -----	
	(Un-audited)	
Transactions for the period		
Associates:		
Deposits		
Withdrawals	-	5,023,395
Mark-up on deposit paid	-	482,130
Placements		
Placements	-	67,932,469
Repayments	-	71,981,288
Mark-up on deposits earned	-	136,430
Other Related Parties:		
Contribution to Staff Provident Fund	288,560	283,560
Key management personnel:		
Deposits		
Deposits received	18,572,157	4,032,579
Withdrawals	16,912,829	3,752,170
Remuneration to Chief Executive Officer	1,500,000	2,223,941
Remuneration to Executive	3,000,000	3,127,841
Mark-up on deposits paid	58,408	2,180

15. DATE OF AUTHORISATION FOR ISSUE


This condensed interim financial information was approved and authorised for issue by the Board of Directors on

16. GENERAL

16.1 No significant reclassification / rearrangement of the corresponding figures has been made.

16.2 Figures have been rounded off to the nearest rupee unless otherwise stated.


 Ejaz Ahmed Khan
 President/Chief Executive


 Jamshed Iqbal Cheema
 Chairman


 Qamar-uz-Zaman
 Director


 Muhammad Akram Shahid
 Director



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