



Micro Finance
apna bank
Limited



**Financial Statements with
Accompanying Information
For the Half Year Ended
30 June 2013**



Corporate Information

Board of Directors

Chairman Mr. Mian M. A. Shahid
Directors Mr. Mohammad Azam Cheema
Ms. Shahida Bilquis
Mr. Qamar-uz-Zaman
Mr. Muhammad Saleem Shaikh

President / Chief Executive Mr. Muhammad Saleem Shaikh

Company Secretary Mr. Rafat Abbas

Chief Financial Officer Mr. Abid Saghir Farooqui

Audit Committee of the Board

Chairman Mr. Qamar-uz-Zaman
Members Ms. Shahida Bilquis
Secretary Internal Auditor

Human Resource & Remuneration Committee of the Board

Chairman Mr. Mian M. A. Shahid
Members Mr. Mohammad Azam Cheema
Member/ Secretary Country Head HR

Auditors Riaz Ahmad & Co.
Chartered Accountants

Tax/ Legal Advisor Ernst & Young Ford Rhodes Sidat Hyder
Agha Law Associates

Bankers Bank Al-Falah Ltd
KASB Bank Ltd
Oman International Bank S.A.O.G.
Silk Bank Ltd
Summit Bank Ltd
Tameer Microfinance Bank Ltd

Registered & Head Office K-4/3 & 4/4 Ch. Khaliq-uz- Zaman Road,
Gizri Karachi.

PABX Tel: +92 21 35865352-55
Fax: +92 21 35865017
Website: www.apnabank.com.pk

Share Registrar Technology Trade (Pvt.) Ltd.
Dagia House,
241-C, Block-2, P.E.C.H.S.
Off. Shahrah-e-Quaideen, Karachi.
Phone 021-34391316 - 17
Fax 021-34391318

Branches

Model Branch Gizri Tel: 021-35865021-24
Shahrah-e-Faisal, Branch Tel: 021-34324656-59
I.I Chundrigar Branch Tel: 021-32623667-68-69-70
Bhens Colony Branch Tel: 021-35081281-82-85.
Napier Road Branch Tel: 021-32527041-44
Korangi Industrial Area Branch Tel: 021-35013400-02
Liaquat Market, Malir Branch Tel: 021-34113781-83
Mehmoodabad Branch Tel: 021-35319240-41-42
Shah Faisal Colony Branch Tel: 021-34601749-50
North Karachi Branch Tel: 021-36961067-68-71
Orangi Town Branch Tel: 021-36652095-103

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, 2013.

Operational and Financial Review

The Bank posted a loss before taxes of PKR 28.688 million during the half year ended June 30, 2013 as compared to a loss of PKR 19.591 million in the corresponding period last year. The equity (net of losses) of the Bank stood at PKR.383.733 million and total assets grew to PKR 956.131 million from PKR.800.380 million as at December 31st, 2012. The loss per share for the half year ended June 30, 2013 is PKR (0.98) in comparison to Half year ended June 30, 2012: PKR. (0.66).

As per Bank's plan to increase advances during the year 2013 and as expected, the advances portfolio has shown a healthy growth and has increased to PKR 226.530 million in comparison to December 31, 2012 of PKR125.859 million. The Bank's deposits have increased to PKR.552.248 million in comparison to December 31st, 2012 of PKR.468.025 million. The bank's liquidity profile remains strong at PKR 606.789 million in liquid assets which is approximately 63.47% of our total assets.

Mark-up/returns on advances, investments and placements was PKR 59.073 million as compared to PKR.13.255 million in the corresponding period last year June 30th, 2012, whereas mark-up/return/interest expensed on deposits stood at PKR 23.401 million as comparison to PKR 1.569 million in the corresponding period last year June 30th, 2012.

The Bank focused on reducing the cost of deposits and is now relying on low cost deposits. During the half year ended June 30th, 2013 management focused on the growing business volume and quality and achieved the desired results. Focus was also accorded on the support functions to achieve efficiencies and improve customer service.

The Bank has continued to focus upgrading the core banking application in order to enhance the competitiveness of the Bank to reach standard level of operations.

Future Outlook

The bank has opened six more branches in Karachi located in un-served, lower middle class segment of the society. All the branches have been successfully completed and are fully operational which have increased its out reach in the Microfinance sector. The expansion in network is reflected in the widening and deepening of Apna Banks' account base, where deposits, advances and number of customers have shown a remarkable increase. The expansion in branches has resulted in awareness about Apna Microfinance Bank, and now the Bank is well known in the community and sector.

As a result of hard work and dedication shown by the management, the State Bank of Pakistan has approved a grant of PKR 36.081 million under Institutional Strengthening Fund (IFS) for Advancement of Banking Software and Human Resource Development. The agreement for the same has been signed on April 15h, 2013. The first trench of PKR.9.020 million has been disbursed by SBP on 6th August 2013 for advancement of banking software.

During the year under review the bank has setup its ATM facility, and completed all formalities from obtaining Issuer Identification Number till installation of ATM Machines. All the necessary testing by One Link for encryption and data connectivity has been tested and confirmed. Finally the ATM operation has started from March 13th, 2013 and successfully going on, the ATM facility is available for its employees and customers. The ATM is connected with member banks of 1-Link and MNET.

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.

Matter of Emphasis

Reference to the note 1.2 of the condensed financial information for minimum capital requirement, the SBP has advised the bank to submit a capital enhancement plan for meeting the regulatory capital requirement which the management intends to do so in due course. However, the sponsors have deposited PKR 153 million and an investor has deposited PKR 100 million in share deposit money against which right shares will be issued. The right share procedures will be completed in due course of time. Further, we are hopeful to meet the minimum capital requirement of provincial level by December 2013 and at National level by December 2014.

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: September 7th, 2013

On behalf of the Board



Muhammad Saleem Shaikh
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 ("the Bank") as at 30 June 2013 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 six-month period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 30 June 2013 and 30 June 2012 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 six-month period ended 30 June 2013.

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 six-month period ended 30 June 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

As more fully explained in Note 1.2 to the condensed interim financial information, as at the reporting date, the Bank does not comply with the minimum capital requirement of Rupees 250 million set by Prudential Regulations for Microfinance Banks issued by State Bank of Pakistan. However, due to receipt of share deposit money of Rupees 253 million, that will be converted to paid-up capital through proposed right issue, and other plans mentioned in the aforesaid note, the management is confident to meet the minimum capital requirement for its planned level of operations in the foreseeable future.

Our opinion is not qualified in respect of this matter.

Riaz Ahmad & Company
Chartered Accountants

Name of the engagement partner:
Muhammad Kamran Nasir

Date: September 7th, 2013
Karachi




**APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT JUNE 30, 2013**

	Note	June 30, 2013 ----- Rupees ----- (Un-audited)	December 31, 2012 ----- Rupees ----- (Audited)
ASSETS			
Cash and balances with SBP	5	84,192,405	46,166,761
Balances with other banks / MFBs	6	236,852,556	395,535,805
Lending to financial institutions		-	-
Investment	7	285,743,819	154,951,281
Advances-net of provisions	8	217,203,993	121,788,004
Operating fixed assets		74,838,465	56,755,305
Other assets		57,299,322	25,183,210
Deferred tax assets		-	-
Total assets		956,130,560	800,380,366
LIABILITIES			
Deposits and other accounts	9	552,248,411	468,024,864
Borrowings		-	-
Subordinated debt		-	-
Other liabilities		16,406,308	19,353,370
Deferred tax liabilities		-	-
Total liabilities		568,654,719	487,378,234
NET ASSETS		387,475,841	313,002,132
REPRESENTED BY:			
Share capital		300,000,000	300,000,000
Statutory reserves		50,011	50,011
Accumulated losses		(169,307,640)	(139,997,003)
		130,742,371	160,053,008
Surplus/(deficit) on revaluation of investments		3,733,470	(50,876)
Deferred grants		-	-
Share deposit money		253,000,000	153,000,000
Total capital		387,475,841	313,002,132


MEMORANDUM/OFF BALANCE SHEET ITEMS 10

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.


Muhammad Saleem Shaikh
President/Chief Executive


Mian M. A. Shahid
Chairman


Shahida Bilquis
Director


Qamar-uz-Zaman
Director



APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2013

	Note	Half year ended 30 June		Quarter ended 30 June	
		2013	2012	2013	2012
Rupees					
Mark-up/return/interest earned	11	59,072,927	13,255,959	32,826,757	7,270,064
Mark-up/return/interest expensed		(23,401,495)	(1,569,034)	(12,679,371)	(1,492,068)
Net mark-up/interest income		35,671,432	11,686,925	20,147,386	5,777,996
Provision against non-performing loans and advances	8.2	(6,317,258)	(175,338)	(4,478,452)	18,016
Provision for diminution in the value of investments		-	-	-	-
Recovery against written off advances		450,308	1,998,890	240,440	1,018,438
Bad debts written off directly		-	-	-	-
		(5,866,950)	1,823,552	(4,238,012)	1,036,454
Net mark-up/interest income after provisions		29,804,482	13,510,477	15,909,374	6,814,450
Non mark-up/non interest income					
Fee, commission and brokerage income		2,129,903	337,138	1,149,699	337,138
Other income		1,026,050	41,050	662,131	27,958
Total non-mark-up/non interest income		3,155,953	378,188	1,811,830	365,096
		32,960,435	13,888,665	17,721,204	7,179,546
Non mark-up/non interest expenses					
Administrative expenses		(60,766,039)	(33,479,987)	(32,801,842)	(20,035,632)
Other provisions/write offs		-	-	-	-
Other charges		(882,744)	-	(882,744)	-
Total non mark-up/non interest expenses		(61,648,783)	(33,479,987)	(33,684,586)	(20,035,632)
		(28,688,348)	(19,591,322)	(15,963,382)	(12,856,086)
Extra ordinary/unusual items		-	-	-	-
Loss before taxation		(28,688,348)	(19,591,322)	(15,963,382)	(12,856,086)
Taxation - Current	12	(622,289)	(132,560)	(372,435)	(72,701)
Prior year		-	-	-	-
Deferred		-	-	-	-
Loss after taxation		(29,310,637)	(19,723,882)	(16,335,817)	(12,928,787)
Accumulated losses brought forward		(139,997,003)	(94,244,880)	(152,971,823)	(101,039,975)
Accumulated losses carried forward		(169,307,640)	(113,968,762)	(169,307,640)	(113,968,762)
Loss per share - basic and diluted	13	(0.98)	(0.66)	(0.54)	(0.43)

The annexed notes 1 to 18 form an integral part of these condensed interim financial information.

Muhammad Saleem Shaikh
President/Chief Executive

Mian M. A. Shahid
Chairman

Shahida Bilquis
Director

Qamar-uz-Zaman
Director



APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2013

	Half year ended 30 June		Quarter ended 30 June	
	2013	2012	2013	2012
	----- Rupees -----			
Loss after taxation	(29,310,637)	(19,732,882)	(16,335,817)	(12,928,787)
Other comprehensive income				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be subsequently reclassified to profit or loss	-	-	-	-
Total comprehensive loss for the period	(29,310,637)	(19,732,882)	(16,335,817)	(12,928,787)

The annexed notes 1 to 18 form an integral part of these condensed interim financial information.

Muhammad Saleem Shaikh
President/Chief Executive

Mian M. A. Shahid
Chairman

Shahida Bilquis
Director

Qamar-uz-Zaman
Director



APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2013

	June 30, 2013	June 30, 2012
	----- Rupees -----	----- Rupees -----
	(Un-audited)	(Un-audited)
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before taxation	(28,688,348)	(19,591,322)
Adjustments for non-cash items		
Depreciation	3,316,470	1,156,822
Amortization	1,384,736	298,115
Provision against non-performing advances	6,317,258	175,338
Amortization of premium on government securities	882,744	-
Gain on sale of fixed assets	(578,003)	(13,225)
	<u>11,323,205</u>	<u>1,617,050</u>
	(17,365,143)	(17,974,272)
Increase in operating assets		
Advances	(101,733,247)	(25,309,239)
Other assets	(32,116,112)	(7,906,900)
	<u>(133,849,359)</u>	<u>(33,216,139)</u>
(Decrease) / increase in operating liabilities		
Deposits	84,223,547	119,312,262
Other liabilities	(2,947,062)	831,979
	<u>81,276,485</u>	<u>120,144,241</u>
Income tax paid	(69,938,017)	68,953,830
	<u>(622,289)</u>	<u>(103,574)</u>
Net cash inflow from / used in operating activities	<u>(70,560,306)</u>	<u>68,850,256</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(142,844,373)	-
Net investments in held for trading securities	9,812,500	-
Net investments in held to maturity securities	-	(12,500,365)
Investments in operating fixed assets	(17,493,140)	(5,599,642)
Investments in intangible assets	(7,113,440)	(5,592,992)
Sale proceeds from disposal of operating fixed assets	2,400,217	22,000
	<u>(155,238,236)</u>	<u>(23,670,999)</u>
Net cash used in investing activities		
CASH FLOW FROM FINANCING ACTIVITIES		
	100,000,000	-
Share deposit money	100,000,000	-
Net cash flow from financing activities		
(Decrease) / increase in cash and cash equivalents for the period	<u>(125,798,542)</u>	<u>45,179,257</u>
Cash and cash equivalents at the beginning of the period	<u>446,843,503</u>	<u>5,157,939</u>
Cash and cash equivalents at the end of the period	<u>321,044,961</u>	<u>50,337,196</u>

The annexed notes form an integral part of these condensed interim financial statements.

Muhammad Saleem Shaikh
President/Chief Executive

Mian M. A. Shahid
Chairman

Shahida Bilquis
Director

Qamar-uz-Zaman
Director



APNA MICROFINANCE BANK LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2013

	Share capital	Statutory Reserve	Accumulated Losses	Total
	----- Rupees -----			
Balance as at 31 December 2011	300,000,000	50,011	(94,244,880)	205,805,131
Comprehensive loss for the period				
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 30 June 2012	<u>300,000,000</u>	<u>50,011</u>	<u>(113,968,762)</u>	<u>186,081,249</u>
Balance as at 31 December 2012	300,000,000	50,011	(139,997,003)	160,053,008
Comprehensive loss for the period				
Loss after taxation	-	-	(29,310,637)	(29,310,637)
Other Comprehensive Income	-	-	-	-
Total comprehensive loss for the period	-	-	(29,310,637)	(29,310,637)
Balance as at 30 June 2013	<u>300,000,000</u>	<u>50,011</u>	<u>(169,307,640)</u>	<u>130,742,371</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

Muhammad Saleem Shaikh
President/Chief Executive

Mian M. A. Shahid
Chairman

Shahida Bilquis
Director

Qamar-uz-Zaman
Director



APNA MICROFINANCE BANK LIMITED
NOTES OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2013

1. STATUS AND NATURE OF BUSINESS

- 1.1 Apna Microfinance Bank Limited ("the Bank") was incorporated on 08 May 2003 as a public limited company under the Companies Ordinance, 1984. The Bank 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 11 branches as at 30 June 2013 (30 June 2012: 5 branches) and is licensed to operate on district level. Its registered office is situated at K-4/3 and 4/4, Ch. Khaliq-uz-Zaman Road, Gizri, Karachi.
- 1.2 Prudential Regulations for Microfinance Banks (MFBs) prescribe the Minimum Capital Requirements. The Regulation 4 inter alia requires that all MFBs which are licensed to operate in a specified district have to maintain minimum paid up capital of at least Rupees 300 million free of losses. Where MFBs do not meet the aforesaid minimum paid up capital requirement, they were advised to enhance their Capital during three years from the year ended 31 December 2011 to the year ending 31 December 2013. As at 30 June 2013, minimum capital requirement for the Bank was Rupees 250 million. However, the Bank's capital (free of losses) stood at Rupees 130.742 million as at 30 June 2013. The extension obtained from State Bank of Pakistan (SBP) vide letter No. BSD/BAID/608/ 6180/2012 dated 18 May 2012 to meet the minimum capital requirement up to 31 December 2012 has expired. In pursuit of meeting the minimum capital requirement, the sponsor directors of the Bank have deposited an amount of Rupees 153 million with the Bank on 21 December 2012 as Share Deposit Money that was also informed to SBP by the management vide letter No. AMBL/CEO/OSED/646/12 dated 21 December 2012. During the period, the Bank has received further Share Deposit Money of Rupees 100 million from an investor. The Bank, vide its letter No. SBP/AMBL/CS/928-13 dated 26 August 2013, has communicated its intention to SBP to phase-wise raise the equity and attain provincial level bank's status by December 2013, and national level bank's status by December 2014. Accordingly, the share deposit money aggregating to Rupees 253 million will be converted into paid-up share capital upon completion of required formalities. The management is also proactively negotiating with certain other potential investors for further equity injection. The management, directors and sponsor shareholders of the Bank are confident that the shortfall against minimum capital requirement is temporary and in view of management's plan for expansion of banking operations to national level, the Bank will be in compliance with the minimum capital requirement and earning profits in the foreseeable future.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial report of the Bank for the half year ended 30 June 2013 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.

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.

2.2 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 2012. This condensed interim financial information is unaudited but subject to limited scope review by the statutory auditors.

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this unconsolidated condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Bank's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Bank's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Bank for the year ended 31 December 2012.

4. 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 2012.



5. CASH AND BALANCE WITH SBP

	Note	June 30, 2013 (Un-audited)	December 31, 2012 (Audited)
----- Rupees -----			
Cash in hand – local currency		26,954,957	13,844,703
Balance with State Bank of Pakistan	5.1	57,237,448	32,322,058
		<u>84,192,405</u>	<u>46,166,761</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 Regulations.

6. BALANCES WITH OTHER BANKS / MFBs

In Pakistan			
- on current account		4,484	4,484
- on deposit account	6.1	108,848,072	95,831,321
- on fixed deposit account	6.2	128,000,000	299,700,000
		<u>236,852,556</u>	<u>399,535,805</u>

6.1 These carry mark-up rates ranging from 7.50% to 9% per annum (31 December 2012: 8% to 10%) per annum.

6.2 These carry mark-up rate ranging from 7.50% to 10.50% per annum (31 December 2012: 11.50% per annum). These are placed for a period of one month on roll over basis.

7. INVESTMENT

Held-for-trading

Term Finance Certificates	7.1	68,687,500	78,500,000
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Held-to-maturity

Federal Government Securities			
- Market Treasury Bills		-	5,140,937

Available-for-sale

Federal Government Securities			
- Pakistan Investment Bonds (PIBs)	7.2	213,322,849	71,361,220
- Surplus/(deficit) on remeasurement at fair value		3,733,470	(50,876)
		<u>217,056,319</u>	<u>71,310,344</u>
		<u>285,743,819</u>	<u>154,951,281</u>

7.1 These represent Term finance certificates of Jahangir Siddiqui Company Limited. These carry mark-up at the rate of 6 Months KIBOR + 2.4% per annum.

7.2 These represent PIBs issued for a period of three to five years having maturity dates from 19 July 2015 to 22 July 2015. These carry interest ranging from 11.25% to 11.50% per annum (31 December 2012: 11.25% per annum).

8. ADVANCES - NET OF PROVISIONS

	June 30, 2013		December 31, 2012	
	No. of Loans	Rupees	No. of Loans	Rupees
	Outstanding (Un-audited)		Outstanding (Audited)	
Micro credit	5,851	226,529,765	3,064	125,858,687
Provision held:				
- Specific		7,248,380		2,914,337
- General		2,077,392		1,156,346
		<u>9,325,772</u>		<u>4,070,683</u>
Advances – net of provision	<u>5,851</u>	<u>217,203,993</u>	<u>3,064</u>	<u>121,788,004</u>



8.1 Particulars of non-performing advances

Advances include Rupees 46,945,528 (31 December 2012: Rupees 15,554,983) which have been placed under non performing status as detailed below:

Category of classification	June 30, 2013			December 31, 2012		
	Amount Outstanding	Provision Required	Provision Held	Amount Outstanding	Provision Required	Provision Held
	----- Rupees -----					
	----- (Un-audited) -----			----- (Audited) -----		
OAEM	28,889,290	-	-	7,856,113	-	-
Sub-standard	8,889,361	2,222,340	2,222,340	4,236,005	1,059,001	1,059,001
Doubtful	8,281,675	4,140,838	4,140,838	3,215,059	1,607,530	1,607,530
Loss	885,202	885,202	885,202	247,806	247,806	247,806
	<u>46,945,528</u>	<u>7,248,380</u>	<u>7,248,380</u>	<u>15,554,983</u>	<u>2,914,337</u>	<u>2,914,337</u>

8.2 Particulars of provisions against non-performing advances

Category of classification	June 30, 2013			December 31, 2012		
	Specific	General	Total	Specific	General	Total
	----- Rupees -----					
	----- (Un-audited) -----			----- (Audited) -----		
Opening balance	2,914,337	1,156,346	4,070,683	2,021,701	29,456	2,051,157
Charge for the period	5,396,212	921,046	6,317,258	2,878,836	1,126,890	4,005,726
Amount written off	(1,062,169)	-	(1,062,169)	(1,986,200)	-	(1,986,200)
	<u>7,248,380</u>	<u>2,077,392</u>	<u>9,325,772</u>	<u>2,914,337</u>	<u>1,156,346</u>	<u>4,070,683</u>

8.3 Particulars of write offs:

	June 30, 2013	Dec 31, 2012
	----- Rupees -----	
Against provision	<u>1,062,169</u>	<u>1,986,200</u>

9. DEPOSITS AND OTHER ACCOUNTS

	June 30, 2013		December 31, 2012	
	Number	Rupees	Number	Rupees
Fixed deposits	869	289,997,987	375	113,827,000
Saving deposits	3,534	123,801,046	2,993	194,160,659
Current deposits	22,963	138,449,378	18,631	160,037,205
	<u>27,366</u>	<u>552,248,411</u>	<u>21,999</u>	<u>468,024,864</u>

9.1 Particulars of deposits by ownership

	June 30, 2013		December 31, 2012	
	Number	Rupees	Number	Rupees
Individual depositors	27,304	529,290,640	21,912	444,411,748
Institutional depositors	-	-	-	-
- Corporation / firm	54	10,701,647	83	8,033,202
- Banks and financial institutions	8	12,256,125	4	15,579,915
	<u>27,366</u>	<u>552,248,412</u>	<u>21,999</u>	<u>468,024,865</u>

9.2 Includes deposits from related parties amounting to Rupees 500,262 (31 December 2012: Rupees 785,900).



10 MEMORANDUM/OFF BALANCE SHEET ITEMS

There were no contingent liabilities as at 30 June 2013

	Half year ended 30 June		Quarter ended 30 June	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	Rupees	Rupees	Rupees	Rupees
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
11. MARK-UP/RETURN/INTEREST EARNED				
Mark-up on loans and advances	32,605,869	1,255,330	18,675,216	1,007,045
Mark-up on investments in government securities	11,987,902	11,030,955	6,597,979	5,595,044
Mark-up on deposit accounts	14,479,156	969,674	7,553,562	667,975
	<u>59,072,927</u>	<u>13,255,959</u>	<u>32,826,757</u>	<u>7,270,064</u>

12. TAXATION

12.1 Current tax

The tax liability of the Bank for the period has been calculated under the normal provisions of the Income Tax Ordinance, 2001 upon expiry of period of exemption from tax under clause 66 (XVIII) of part I of the second schedule of the Income Tax Ordinance, 2001 (the Ordinance) for five years starting from 01 day of July 2007. In view of the tax loss for the period, provision for minimum tax @ 1 % of turnover under section 113 'minimum tax on income of certain persons' of the Income Tax Ordinance, 2001 has been made in this condensed interim financial information.

12.2 Deferred tax

Deferred tax asset amounting to Rupees 49,043,706 has not been accounted for in this condensed interim financial information. The management expects that it is not probable that taxable profits / taxable temporary differences would be available in near future against which the deferred tax asset can be utilized.

	Half year ended		Quarter ended	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	Rupees	Rupees	Rupees	Rupees
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
13. Loss per share - basic & diluted				
There is no dilutive effect on the basic loss per share which is based on:				
Loss for the period	(29,310,637)	(19,723,882)	(16,335,817)	(12,928,787)
	----- (Numbers of Shares) -----			
Weighted average number of shares	30,000,000	30,000,000	30,000,000	30,000,000
	Rupees	Rupees	Rupees	Rupees
Basic loss per share	(0.98)	(0.66)	(0.54)	(0.43)



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 2013 ----- Rupees ----- (Un-audited)	Dec 31 2012 ----- Rupees ----- (Audited)
Balances as at period/year end		
Associates:		
Deposits	-	-
Key management personnel:		
Deposits	500,262	785,900
	June 30 2013 ----- Rupees ----- (Un-audited)	June 30 2012 ----- Rupees ----- (Un-audited)
Transactions for the period		
Associates:		
Deposits		
Withdrawals	-	-
Mark-up on deposit paid	-	-
Placements		
Placements	-	-
Repayments	-	-
Mark-up on deposits earned	-	-
Other Related Parties:		
Contribution to Staff Provident Fund	176,212	288,560
Key management personnel:		
Deposits		
Deposits received	25,672,406	18,572,157
Withdrawals	25,958,044	16,912,829
Remuneration to Chief Executive Officer	2,400,000	1,500,000
Remuneration to Executives	2,245,000	3,000,000
Mark-up on deposit paid	1,245,777	58,408

Muhammad Saleem Shaikh
President/Chief Executive

Mian M. A. Shahid
Chairman

Shahida Bilquis
Director

Qamar-uz-Zaman
Director



15. 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, 2013 (Un-audited)				
Total income	11,987,902	14,479,156	36,212,130	62,679,188
Total expenses	882,744	40,172,319	50,934,762	91,989,825
Net income/(loss)	11,105,158	(25,693,163)	(14,722,632)	(29,310,637)
Segment asset(gross)	217,056,319	389,732,461	349,341,780	956,130,560
Segment non performing loans	-	-	46,945,528	46,945,528
Segment provision required	-	-	9,325,772	9,325,772
Segment liabilities	-	552,248,411	16,406,308	568,654,719
Half year ended June 30, 2012 (Un-audited)				
Total income	11,030,955	969,674	3,632,408	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)
Year Ended December 31st, 2012 (Audited)				
Segment assets(gross)	154,951,281	441,702,566	203,726,519	800,380,366
Segment non - performing loans	-	-	15,554,983	15,554,983
Segment provision required	-	-	4,070,683	4,070,683
Segment liabilities	-	471,190,324	16,187,910	487,378,234

16. FINANCIAL RISK MANAGEMENT

The Bank's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Bank for the year ended 31 December 2012.

17. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved and authorised for issue by the Board of Directors on September 7th, 2013.

18. GENERAL

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

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



Head Office:
K-4/3 & 4/4, Ch. Khaliq-uz-Zaman Road,
Gizri, Karachi-Pakistan.
Tel: +92 21 35865352-55 Fax: +92 21 35865017
E-mail: info@apnabank.com.pk
Website: www.apnabank.com.pk