

Consolidated Balance Sheet

As at March 31, 2013

PROPERTY AND ASSETS

Cash in hand

Cash in hand (including foreign currencies)	1,184,561,201	1,082,941,132	101,620,069	9.38%
Balance With Bangladesh Bank and its Agents Banks (including foreign currencies)	12,504,480,242	11,601,779,123	902,701,119	7.78%
Balance with other Banks and Financial Institutions In Bangladesh	13,689,041,443	12,684,720,255	1,004,321,188	7.92%
Outside Bangladesh	2,168,443,472	1,055,597,112	1,112,846,360	105.42%
	1,404,117,168	1,257,383,205	146,733,963	11.67%

Placement with Banks & Other Financial Institutions

Investment in Share & Securities

Government

Others

Investments

General Investments etc.

Bills purchased and discounted

Fixed assets including Premises

Other Assets

Non-Banking Assets

Total Assets

LIABILITIES AND CAPITAL

Liabilities

Placement from Banks & Other Financial Institutions

Deposits and other Accounts:

Mudaraba Savings Deposits	10,079,071,303	9,998,519,808	80,551,495	0.81%
Mudaraba Term Deposits	80,658,079,319	76,618,032,206	4,040,047,113	5.27%
Other Mudaraba Deposits	18,790,106,857	18,208,830,719	581,276,138	3.19%
Al-Wadia Current Accounts and Others Accounts etc.	13,239,377,986	12,898,844,570	340,533,416	2.64%
Bills Payable	1,074,310,163	959,167,532	115,142,631	12.00%
	123,840,945,628	118,683,394,835	5,157,550,793	4.35%

Other Liabilities

Deferred tax Liabilities/ (Assets)

Total Liabilities

Capital/Share holders Equity

Paid up Capital

Proposed Stock dividend 2012

Statutory Reserve

Valuation Reserve

Retained Earnings

Equity attributable to equity holders of the bank

Non-Controlling Interest

Total equity

Total Liability and Share holders equity

OFF BALANCE SHEET ITEMS

Contingent Liabilities

Acceptance and endorsement

Letters of Guarantee

Letters of Credit

Bills for Collection

Other Contingent Liabilities

Total

Other Commitments:

Documentary Credits and other short term trade related transactions

Forward Assets Purchased and forward Deposit placed

Undraw note issuance and Revolving underwriting Facilities

Undraw Formal standing Facilities, Credit lines and others commitments

Total off balance sheet items including Contingent liabilities

Chief Financial Officer

Managing Director

Consolidated Profit & Loss Accounts

For the 1st quarter ended March 31, 2013

	01-01-2013 to 31-03-2013 Taka	01-01-2012 to 31-03-2012 Taka	Growth Taka	Growth %
Investment Income	4,447,578,308	3,250,027,534	1,197,550,774	36.85%
Profit paid on deposits & Borrowing	(3,027,219,904)	(1,996,070,838)	(1,031,149,066)	51.66%
Net Investment Income	1,420,358,404	1,253,956,696	166,401,708	13.27%
Income from Investment in Shares /Securities	29,121,492	1,788,889	27,332,603	1527.91%
Commission, Exchange and Brokerage	251,470,162	256,487,368	(5,017,206)	-1.96%
Other Operating Income	35,654,232	193,128,005	(157,473,773)	-81.54%
Total operating income	316,245,886	451,404,262	(135,158,376)	-29.94%
Salaries and allowances & contribution to P.F	1,736,604,290	1,705,360,958	31,243,332	1.83%
Directors fees & expenses	321,505,680	319,561,330	1,944,350	0.61%
Shariah Supervisory Committee's fees & expenses	2,297,739	2,126,357	171,382	8.06%
Rent, taxes, insurance, lighting etc.	52,312	43,353	8,959	20.67%
Postage, telegram, telephone and stamp etc.	82,933,027	62,061,491	20,871,536	33.63%
Legal charges	11,487,092	12,309,596	(822,504)	6.68%
Auditors' fee	521,484	769,373	(247,889)	-32.22%
Salary & Allowances to the Managing Director	57,500	-	57,500	-
Depreciation and repairs to the bank's properties	2,940,000	3,265,000	(325,000)	-9.95%
Stationery, printing, advertisement etc.	42,879,193	5,764,283	37,114,910	643.88%
Other expenses	15,993,155	18,079,578	(2,086,423)	-11.54%
Total operating expenses	539,947,336	475,744,997	64,202,339	13.50%
Profit/(Loss) before Tax & provision	1,196,656,954	1,229,615,961	(32,959,007)	-2.68%
Provision against Investments & Contingent Liabilities	807,539,000	-	807,539,000	-
Provision for diminution in value of investment	86,400,000	-	86,400,000	-
Other Provision	-	-	-	-
Total provision	893,939,000	-	893,939,000	-
Profit/(Loss) before Tax	302,717,954	1,229,615,961	(926,898,007)	-75.38%
Current tax	508,073,066	504,652,065	3,421,001	0.68%
Deferred tax	-	-	-	-
Provision for Taxation	508,073,066	504,652,065	3,421,001	0.68%
Net Profit/(Loss) after tax	(205,355,112)	724,963,896	(930,319,008)	-128.33%
Net Profit attributable to:				
Equity holders of the bank	(251,206,936)	666,120,381	(917,327,317)	-137.71%
Non-controlling Interest	45,851,824	58,843,515	(12,991,691)	-22.08%
Profit for the year	(205,355,112)	724,963,896	(930,319,008)	-128.33%
Appropriation				
Statutory Reserve	-	209,742,061	(209,742,061)	-100.00%
Non-Controlling Interest	45,851,824	58,843,515	(12,991,691)	-22.08%
Transfer to Retained Earnings	45,851,824	268,585,576	(222,733,752)	-82.93%
Earning per Ordinary Share	(0.35)	0.93	(707,585,256)	-155.04%
			(1.29)	-137.71%

Chief Financial Officer

Managing Director

Consolidated Cash Flow Statement

For the 1st quarter ended March 31, 2013

Cash flows from operating activities

Investment income receipt in Cash	4,473,429,875	2,707,456,067
Profit paid on deposits and borrowing	(3,027,219,904)	(2,047,812,088)
Dividend received	3,249,500	1,788,889
Fees & Commission received in cash	251,470,162	256,487,368
Recoveries from written off investments	20,425	(322,826,330)
Cash payments to employees	(324,445,680)	(18,079,578)
Cash payments to suppliers	(15,993,155)	194,916,894
Received from other operating activities (Item-wise)	35,654,232	(134,839,089)
Paid for other operating activities (Item-wise)	(199,508,501)	(427,192,091)
Advance income tax paid	438,749,646	-

Operating profit before changes in operating assets and liabilities Changing in Operating assets & liabilities

Increase/Decrease of trading securities	(215,134,654)	(275,605,599)
Increase/Decrease of placement to other banks	1,000,000,000	2,900,000,000
Increase/Decrease of investment and advances to customers (other than Banks)	(3,603,212,748)	(8,565,091,948)
Increase/Decrease of other assets (Item-wise)	(1,158,865,799)	185,243,662
Increase/Decrease of placement from other banks and financial institution	(80,000,000)	(500,000,000)
Increase/Decrease of Deposits from customers (other than Banks)	5,157,550,793	8,273,703,427
Increase/Decrease of Other liabilities account of customers	-	-
Increase/Decrease of Trading liabilities (Item-wise)	(369,858,883)	(16,087,321)

Cash receipt from operating activities

A. Net Cash flows from operating activities

Cash flows from investing activities:

Proceeds from sale of securities	-	-
Payments for purchases of securities	-	-
Purchase of property, plant and equipment	(13,234,152)	(345,307,531)
Sales proceeds of Fixed asset	-	-
Purchase-sale of subsidiary	-	-

B. Net cash flows from investing activities

Cash flows from financing activities

Increase in Exchange Equalization Account	-	-
Increase in Share Capital	-	-
Dividend paid	-	-

C. Net cash flows from financing activities

D. Net increase in cash and cash equivalent (A+B+C)

E. Effects of exchange rate changes on cash and cash-equivalents

F. Net increase in cash and cash equivalent D+E

G. Cash & Cash Equivalents at the beginning of the year

H. Cash & Cash Equivalents at the end of the year

01-01-2013 to 31-03-2013 Taka	01-01-2012 to 31-03-2012 Taka
4,473,429,875	2,707,456,067
(3,027,219,904)	(2,047,812,088)
3,249,500	1,788,889
251,470,162	256,487,368
20,425	(322,826,330)
(324,445,680)	(18,079,578)
(15,993,155)	194,916,894
35,654,232	(134,839,089)
(199,508,501)	(427,192,091)
438,749,646	-
1,635,406,600	209,900,042
(215,134,654)	(275,605,599)
1,000,000,000	2,900,000,000
(3,603,212,748)	(8,565,091,948)
(1,158,865,799)	185,243,662
(80,000,000)	(500,000,000)
5,157,550,793	8,273,703,427
-	-
(369,858,883)	(16,087,321)
641,729,063	2,002,162,221
2,277,135,663	2,212,062,263
-	-
-	-
(13,234,152)	(345,307,531)
-	-
-	-
(13,234,152)	(345,307,531)
-	-
-	-
-	-
-	-
2,263,901,511	2,220,978,943
2,263,901,511	1,866,754,732
19,197,700,572	11,567,130,639
21,461,602,083	13,433,885,371


Chief Financial Officer

Managing Director

Cosolidated Statement Of Changes In Equity for the 1st quarter ended March 31, 2013

Particular	Paid up Capital	Statutory Reserve	Retained Earnings	Asset Revaluation Reserve	Total	Non-Controlling Interest	Total Equity
Balance at 31st December 2012	7,130,980,100	3,102,076,966	1,238,380,901	977,548,248	12,448,986,215	1,601,702,801	14,050,689,016
Changes in accounting policy	-	-	-	-	-	-	-
Issue of the share capital	-	-	-	-	-	-	-
Restated balance	7,130,980,100	3,102,076,966	1,238,380,901	977,548,248	12,448,986,215	1,601,702,801	14,050,689,016
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investments	-	-	-	-	-	-	-
Currency translation differences recognized in the income	-	-	-	-	-	-	-
Net gain and losses not recognized in Income Statement	-	-	-	-	-	-	-
Net profit for the year	-	-	(251,206,936)	-	(251,206,936)	45,851,824	(205,355,112)
Cash Dividend	-	-	-	-	-	-	-
Bonus Share - 2012(17.00 %)	1,212,266,610	-	(1,212,266,610)	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-
Transferred to retained earning	-	-	-	-	-	-	-
Appropriations during the year	-	-	-	-	-	-	-
Balance as at March 31, 2013	8,343,246,710	3,102,076,966	(225,092,645)	977,548,248	12,197,779,279	1,647,554,625	13,845,333,904
Balance as at March 31, 2012	5,893,371,990	2,582,574,219	1,959,912,562	64,603,248	10,500,462,019	2,213,611,200	12,714,073,219


Chief Financial Officer


Managing Director

Notes to the Financial Statements For the period ended March 31, 2013

1. The Bank and its activities:

Al-Arafah Islami Bank Limited was established in 1995 under the Companies Act, 1994 as a Banking Company with Limited Liability by shares. It is an interest free Shariah Bank of Bangladesh rendering all types of commercial banking services under the regulation of Bank Companies Act, 1991. The Bank conducts its business on the principles of Musharaka, Bai-Murabaha, Bai-Muazzal and Hire Purchase transactions approved by Bangladesh Bank. Naturally, its modes and operations are substantially different from those of other conventional commercial banks. There is a Shariah Supervisory Committee in the bank who maintains constant vigilance to ensure that the activities of the bank are being conducted on the precepts of Islam. The Shariah Supervisory Committee consists of prominent Ulama, reputed Bankers, renowned Lawyers and eminent Economists. The Bank went for public issue of share in the year 1998 and its share are listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE). Presently the bank has 100 Branches and 2 (two) Subsidiary Companies.

The principle activities of the Bank are to provide a comprehensive range of financial services including commercial banking, consumer banking, trade finance and other related custody and clearing services to the customers following the provisions of Bank Companies Act, 1991, Bangladesh Bank's directives and the principles of Islamic Shariah.

2. Subsidiaries of the Bank:

Al-Arafah Islami Bank Ltd has two subsidiary companies. The financial statements of these subsidiary companies are included in the consolidated financial statements according to BAS-27.

2.1 AIBL Capital Market Services Limited:

Al-Arafah Islami Bank Ltd. owned 60.125% shares of AIBL Capital Market Services Ltd. a subsidiary company of Al-Arafah Islami Bank Limited. AIBL Capital Market Services Ltd. incorporated in Bangladesh on 20 September 2010 as a Public Limited Company. The principal activities of subsidiary company is to provide quality services to the prospective institutional and individual investors in the capital market. The main activities and functions of the company include:

- Share trading in Dhaka Stock Market and Chittagong Stock Market.
- Provide Margin facilities to the client.
- Full service depository participant of Central Depository of Bangladesh Ltd.

2.2 AIBL Capital Management Limited:

Al-Arafah Islami Bank Ltd. owned 98% shares of AIBL Capital Management Limited a subsidiary company of Al-Arafah Islami Bank Limited. AIBL Capital Management Limited has been incorporated under the companies act (Act XVIII) of 1994 as a Private limited Company by share on 25th October 2011. The company was entitled to commence the business also from 25th October 2011 with a view to run and manage the operations of Merchant Banking Services with an authorized Capital of BDT 2 billion and paid up capital of BDT 500 million. It aims to be one of the leading Merchant Banks of the country by rendering quality Merchant Banking Services with a high level of professional expertise and integrity.

3. Basis of preparation and significant accounting policies

3.1 Preparation of financial statements:

The consolidated financial statements of the group and the financial statements of the bank have been prepared on a going concern basis under the historical cost convention and on Generally Accepted Accounting Principles consistently with those of previous years. Although the operation of the Bank are in strict compliance with the rules of Islamic Shariah, the financial statements have been prepared in accordance with the Bank Companies Act 1991, in particular Banking Regulation and Policy Department (BRPD) circular no.15 (09 November 2009) other Bangladesh Bank circulars, the Companies Act 1994, the Securities and Exchange Rules 1987, Dhaka and Chittagong Stock Exchanges Listing Regulations, other laws and rules applicable in Bangladesh and International Accounting Standard (IAS) and International Financial Reporting Standard (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) into Bangladesh Accounting Standard (BAS) and Bangladesh Financial Reporting Standard (BFRS) where relevant to the Bank to the extent that these do not contradict with the applicable statutory provisions and standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions.

3.2 Basis of Consolidation:

A separate set of records for consolidating the Statements of Affairs and Income & Expenditure Statements of the branches are maintained at the Head Office of the Bank in Dhaka from which the financial statement are drawn up. Subsidiaries are entities controlled by the group. Control exists when the group has the power to govern the financial and operating policies of an entity, so as to obtain economic benefits from its activities. The consolidated financial statements incorporate the financial statements of Al-Arafah Islami Bank Limited and the financial statements of subsidiary companies from the date that control commences until the date that control ceases. The financial statements of such subsidiary companies are incorporated on a line by line basis and the investments held by the bank is eliminated against the corresponding share capital of subsidiaries in the consolidated financial statements. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there are no evidence of impairment.

3.3 Cash flow Statement:

Cash flow statement is prepared principally in accordance with BAS-7 "Statement of Cash flow" and the cash flow from the operating activities have been presented under direct method as prescribed by the Securities and Exchange Rules 1987 and considering the provision of paragraph 15(b) of BAS-7 which provides that enterprise are encouraged to report cash flow from operating activities using the direct method.

3.4 Investments:

Investments are stated in the Balance Sheet net of profit receivable/mark-up profit.

a) Investment write-off:

Investments are normally written off, when there is no realistic prospect of recovery of these amounts in accordance with BRPD Circular No.2 (13

January 2003). A separate Investment Administration and Recovery Department (IARD) have been set up at the Head Office, which monitors investment written off and legal action through the Money Court. These write-offs do not undermine or affect the amount Claimed against the borrower by the bank.

The Investment Administration and Recovery Department (IARD) maintain a separate ledger for all individual cases written off by each branch. The IARD follow-up on the recovery efforts of these written off investment and reports to management on a periodic basis. Written off investment are reported to the Credit Information Bureau (CIB) of Bangladesh Bank.

b) Investment in shares and securities:

All investment in shares are revalued at the year end. Unquoted shares are valued based on book value of the most recent audited financial statement. Provisions are made for any loss arising from diminution in value of investments

c) Investment in subsidiaries:

The bank has made investment in subsidiary companies named one AIBL Capital Market Service Ltd Tk. 207.00 crore holding 60.125% shares. The rest of 39.875% shares held by others and another named AIBL Capital Management Ltd. Tk. 49.00 crore holding 98.00% shares. The rest of 2.00% shares held by others.

3.5 Depreciation of Fixed Assets:

The depreciable amount of an item of Fixed Assets has been allocated on a systematic basis over its useful life. The depreciation method is reflected the pattern in which the asset's economic benefits are consumed by the enterprise. The depreciation charge for each period should be recognized as an expense unless it is included in the carrying amount of another asset.

a) Depreciation is charged on monthly basis on straight-line method on all fixed assets at the following rates per annum:

Name of Assets	Rate of Depreciation	Useful Life
Furniture Fixture (Wood)	10.00%	10 Years
Furniture Fixture (Steel)	10.00%	10 Years
Computer	20.00%	5 Years
Computer Accessories	20.00%	5 Years
Motor Car	20.00%	5 Years
Machine Equipment & Appliances	20.00%	5 Years
Books & Library	10.00%	10 Years
Online Hardware	20.00%	5 Years
Land	nil	N/A
Buildings	2.50%	40 Years
Interior Decoration	10.00%	10 Years

b) On addition of fixed assets depreciation is to be charged from the month of acquisition. Whole month depreciation is to be charged if such assets are acquired in the first half of the month and no depreciation is to

be charged if such assets are acquired in the second half of the month.

c) On the month of disposal of fixed assets, no depreciation is to be charged. The cost and accumulated depreciation of disposed assets are eliminated from the fixed assets schedule and gain or loss on such disposal is reflected in the income statement.

3.6 Amortization of Intangible Assets:

The depreciable amount of an item of Intangible Assets has been allocated on a systematic basis over the best estimated of its useful life. The amortization should commence when the assets is available for use.

a) Amortization is charged on monthly basis on straight-line method on all intangible assets at the following rates per annum:

Name of Intangible Assets	Rate of Depreciation	Useful life
Online Software	20.00%	5 Years

b) On addition of intangible assets Amortization is charged from the month of acquisition. Whole month Amortization is charged if such assets are acquired in the first half of the month and no Amortization is charged if such assets are acquired in the second half of the month.

c) On the month of disposal of intangible assets, no Amortization is charged. The cost and accumulated Amortization of disposed assets are eliminated from the fixed assets schedule and gain or loss on such disposal is reflected in the income statement.

4. Reporting period:

The financial statements cover from 1 January 2013 to 31 March 2013.

5. Consolidated Earnings Per Share (EPS)

Earnings per share have been calculated in accordance with BAS - 33: "Earnings Per Share (EPS)".

Particulars	01-01-13 to 31-03-13	01-01-12 to 31-03-12
Net profit after tax	(205,355,112)	724,963,896
Less : Non-Controlling Interest	45,851,824	58,843,515
Net profit after tax Less : Non-Controlling Interest	(251,206,936)	666,120,381
Weighted average number of ordinary shares outstanding	713,098,010	713,098,010
Consolidated earnings per share (CEPS)	(0.35)	0.93

6. General

a. The financial statements have been prepared in accordance with the formats prescribed under the Banking Companies Act, 1991 and in compliance with the rules of Islamic Law (Shariah) related to the banking business activities.

b. The figures appearing in these accounts have been rounded off to the nearest Taka.

c. Wherever necessary previous years' figures have been rearranged to conform to the current years' presentation.