

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	30 June 2012 (Un-Audited) (Rupees in '000)	31 December 2011 (Audited)
ASSETS			
Cash and balances with treasury banks		4,116,905	3,279,813
Balances with other banks		153,278	64,398
Lendings to financial institutions		6,173,683	782,528
Investments	4	1,342,017	1,484,124
Advances	5	91,467	26,423
Operating fixed assets		282,438	294,316
Deferred tax assets		-	-
Other assets		275,138	20,762
		12,434,926	5,952,364
LIABILITIES			
Bills payable		-	22,397
Borrowings		-	-
Deposits and other accounts	6	7,703,289	1,524,071
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		1,558,605	1,395,584
		9,261,894	2,942,052
NET ASSETS		3,173,032	3,010,312
REPRESENTED BY:			
Head Office - capital account		3,413,023	3,192,892
Reserves		-	-
Accumulated losses		(239,503)	(184,338)
		3,173,520	3,008,554
(Deficit) / Surplus on revaluation of assets - net of tax		(488)	1,758
		3,173,032	3,010,312


CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Manager Finance

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2012

	Half year ended 30 June 2012	Quarter ended 30 June 2012
	----- (Rupees in '000) -----	
Mark-up / return / interest earned	319,426	109,401
Mark-up / return / interest expensed	(297,941)	(101,027)
Net mark-up / return / interest income	21,485	8,374
Provision against non-performing loans and advances	-	-
Provision for diminution in the value of investments	-	-
Bad debts written off directly	-	-
Net mark-up / return / interest income after provisions	21,485	8,374
NON MARK-UP / INTEREST INCOME		
Fee, commission and brokerage income	32,236	4,486
Dividend income	-	-
Income from dealing in foreign currencies	31,913	(933)
Gain / (loss) on sale / redemption of securities - net	-	-
Unrealised gain / (loss) on revaluation of investments classified as held for trading	-	-
Other income	-	-
Total non mark-up / interest income	64,149	3,553
	85,634	11,927
NON MARK-UP / INTEREST EXPENSES		
Administrative expenses	(140,799)	(71,807)
Other provisions / write-offs	-	-
Other charges	-	-
Total non mark-up / interest expenses	(140,799)	(71,807)
	(55,165)	(59,880)
Extraordinary / unusual items	-	-
LOSS BEFORE TAXATION	(55,165)	(59,880)
Taxation - Current	-	-
- Prior years	-	-
- Deferred	-	-
LOSS AFTER TAXATION	(55,165)	(59,880)
Basic and diluted loss per share - Rupees	(0.16)	(0.18)

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.


Chief Executive Officer


Manager Finance

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2012

	Half year ended 30 June 2012	Quarter ended 30 June 2012
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
Loss after taxation for the period	(55,165)	(59,880)
Other comprehensive income	-	-
Total comprehensive loss for the period	<u>(55,165)</u>	<u>(59,880)</u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.


 Chief Executive Officer


 Manager Finance

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2012

30 June
2012
(Rupees in '000)

CASH FLOW FROM OPERATING ACTIVITIES

Loss before taxation (55,165)

Adjustments for non-cash changes:

Depreciation 12,389
(42,776)

Increase in operating assets

Advances (65,044)
Lendings to financial institutions (5,391,155)
Other assets (254,376)
(5,710,575)

Increase / (decrease) in operating liabilities

Bills payable (22,397)
Borrowings -
Deposits and other accounts 6,179,218
Other liabilities (excluding provision for taxation) 163,021
6,319,842
566,491

Net cash generated from operating activities

CASH FLOW FROM INVESTING ACTIVITIES

Net investments in operating fixed assets (511)
Proceeds from investments in available-for-sale securities (net) 139,861
Net cash generated from investing activities 139,350

CASH FLOW FROM FINANCING ACTIVITIES

Remittance received from Head Office 54,509
Net cash generated from financing activities 54,509
Exchange adjustment on translation of remittance received from Head Office 165,622
Increase in cash and cash equivalents 925,972
Cash and cash equivalents at the beginning of the period 3,344,211
Cash and cash equivalents at the end of the period 4,270,183

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.


Chief Executive Officer


Manager Finance

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2012

	Head Office Account		
	Capital account	Accumulated losses (Rupees in '000)	Total
Balance as at 31 December 2011	3,192,892	(184,338)	3,008,554
Received from Head Office during the period	54,509	-	54,509
Exchange adjustment on revaluation of capital	165,622	-	165,622
Total comprehensive loss for the period	-	(55,165)	(55,165)
Balance as at 30 June 2012	<u>3,413,023</u>	<u>(239,503)</u>	<u>3,173,520</u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Manager Finance

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED - PAKISTAN BRANCHES
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2012

1. STATUS AND NATURE OF BUSINESS

- 1.1 Industrial and Commercial Bank of China Limited - Pakistan Branches (the Bank) has been established and commenced operations in Pakistan with effect from August 18, 2011. The Bank is a branch of Industrial and Commercial Bank of China Limited (Head Office) which is incorporated in the People's Republic of China.
- 1.2 The Bank presently operates through two branches in Pakistan and is engaged in banking activities permissible under the Banking Companies Ordinance, 1962. The registered office of the Bank is located at Parsa Tower, P.E.C.H.S, Main Shahrah-e-Faisal, Karachi.

- 1.3 Credit rating assigned to the Head Office of the Bank by Moody's Investor Services Inc. are as follows:

Long Term Rating	A1
Short Term Issuer Level Rating	P-1

2. STATEMENT OF COMPLIANCE

- 2.1 These condensed interim financial statements of the Bank have been prepared, in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.
- 2.2 The SBP vide BSD Circular No. 10, dated 26 August 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" for banking companies till further instructions. Further, according to the notification of SECP dated 28 April 2008, IFRS - 7 "Financial Instruments: Disclosure" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified, accounted for and valued in accordance with the requirement of various circulars issued by the SBP.
- 2.3 The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2, dated 12 May 2004 and IAS 34 "Interim Financial Reporting" and do not include all the information required in the annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements of the Bank for the period ended 31 December 2011.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those of the previous financial year except as follows:

New and amended standards and interpretations

The Bank has adopted the following new amended IFRS which became effective during the period:

IAS 12 – Income Taxes (Amendment) - Recovery of Underlying Assets

The adoption of the above amendment did not have any effect on the condensed interim financial statements of the Bank.

30 June 2012 (Un-Audited)	31 December 2011 (Audited)
(Rupees in '000)	

4. INVESTMENTS

Investments by type - Available-for-sale securities

Market Treasury Bills - at cost	1,342,505	1,482,366
Surplus on revaluation of available for sale investments	(488)	1,758
Total investments after revaluation	<u>1,342,017</u>	<u>1,484,124</u>

- 4.1 These Market Treasury Bills will mature by the year 2013 and carries yield ranging from 11.40% to 12.71% (31 December 2011: 11.90% to 12.71%) per annum.

30 June
2012
(Un-Audited)
31 December
2011
(Audited)
(Rupees in '000)

5. ADVANCES

Loans, cash credits, running finances, etc.

In Pakistan

Outside Pakistan

-	-
-	-
-	-

Bills discounted and purchased (excluding market treasury bills)

Payable in Pakistan

Payable outside Pakistan

91,467	26,423
-	-
91,467	26,423
91,467	26,423

Advances - gross

Provision against non-performing loans and advances

- Specific provision

- General provision

-	-
-	-
-	-

Advances - net of provisions

91,467	26,423
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6. DEPOSITS AND OTHER ACCOUNTS**Customers**

Fixed deposits

Savings deposits

Current accounts - non-remunerative

7,071,880	1,502,274
521,665	18,472
109,744	3,325
7,703,289	1,524,071

7. CONTINGENCIES AND COMMITMENTS**7.1 Direct Credit Substitutes**

Government

Others

6,869,425	251,156
7,481,653	830,789
14,351,078	1,081,945

7.2 Trade-related Contingent Liabilities

Letters of credit

91,466,612	26,423,409
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7.3 Commitments in respect of forward exchange contracts

Purchase

Sale

52,460,742	-
52,518,634	-

The maturities of above contracts are spread over a period upto one year.

8. RELATED PARTY TRANSACTIONS

Transactions with related parties comprise of transactions in the normal course of the business with the Head Office, other related parties and key management personnel.

Transaction for the period / year and balances outstanding as at the period / year end with related parties are summarised below:

	Half year ended 30 June 2012 (Un-Audited) (Rupees in '000)	Quarter ended 30 June 2012 (Un-Audited) (Rupees in '000)
8.1 Transactions		
Remittance received from Head Office	54,509	54,509
Key management remuneration	37,665	21,754
	30 June 2012 (Un-Audited) (Rupees in '000)	31 December 2011 (Audited) (Rupees in '000)
8.2 Balances		
Current account balance with Head Office	127,599	61,891
Call lendings to Head Office	378,195	629,619
Accrued interest on lendings to Head Office	804	2,198
Payable to Head Office	1,314,417	1,304,393

9. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue by the Chief Executive Officer / Manager Finance of the Bank on _____.

10. GENERAL

- 10.1** Figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended 30 June 2012 have not been subjected to limited scope review by the auditors.
- 10.2** The Bank has commenced commercial operations on 18 August 2011. Accordingly, there are no comparative figures to report in the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement.
- 10.3** Figures have been rounded off to the nearest thousand rupees.


Chief Executive Officer


Manager Finance

AUDITORS' REPORT TO THE DIRECTORS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Industrial and Commercial Bank of China Limited - Pakistan Branches (the Bank) as at 30 June 2012 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity and explanatory notes (here-in-after referred to as the "interim financial information") for the six-month period then ended. Management is responsible for the preparation and presentation of this 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 interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

A handwritten signature in dark ink, appearing to read 'Arslan Khalid', written in a cursive style.

Chartered Accountants

Engagement Partner: Arslan Khalid

Date: 28 August 2012

Karachi