

MCB Bank Limited
Condensed Interim Profit and Loss Account (Unaudited)
For the six months period ended June 30, 2006

Note	Quarter ended June 30, 2006	Half year ended June 30, 2006	Quarter ended June 30, 2005 (Restated)	Half year ended June 30, 2005 (Restated)
----- (Rupees in '000) -----				
Mark-up / return / interest earned	6,179,662	12,010,569	4,079,145	7,186,847
Mark-up / return / interest expensed	1,044,761	1,907,611	628,519	1,140,956
Net mark-up / interest income	5,134,901	10,102,958	3,450,626	6,045,891
(Reversal) / provision against non-performing loans and advances - net	(92,409)	140,626	312,785	430,834
Provision for diminution in the value of investments	20,851	20,851	-	-
Bad debts written off directly	1,075	1,129	490	1,881
	(70,483)	162,606	313,275	432,715
Net mark-up / interest income after provisions	5,205,384	9,940,352	3,137,351	5,613,176
NON MARK-UP/INTEREST INCOME				
Fee, commission and brokerage income	515,437	1,111,401	571,457	1,143,718
Dividend income	36,401	176,496	22,512	111,595
Income from dealing in foreign currencies	252,011	394,053	109,310	215,864
Income / gain on investments	104,380	435,755	178,681	561,068
Gain / (loss) on trading in government securities	(2)	33	(572)	338
Other income	169,302	281,038	105,370	235,046
Total non mark-up / interest income	1,077,529	2,398,776	986,758	2,267,629
	6,282,913	12,339,128	4,124,109	7,880,805
NON MARK-UP/INTEREST EXPENSE				
Administrative expenses	1,776,260	3,617,604	1,902,428	3,741,819
Other provisions	9,910	9,910	-	(92,512)
Other charges - net	1,435	2,645	1,944	4,270
Total non mark-up/interest expenses	1,787,605	3,630,159	1,904,372	3,653,577
	4,495,308	8,708,969	2,219,737	4,227,228
Exceptional Item	-	-	-	-
PROFIT BEFORE TAXATION	4,495,308	8,708,969	2,219,737	4,227,228
Taxation - current	1,497,044	2,742,838	766,226	1,431,606
- prior years	174,105	174,105	-	-
- deferred	85,799	50,866	(183,973)	(243,992)
	1,756,948	2,967,809	582,253	1,187,614
PROFIT AFTER TAXATION	2,738,360	5,741,160	1,637,484	3,039,614
Unappropriated profit brought forward	2,940,371	4,990,260	1,309,749	502,388
Transfer from surplus on revaluation of fixed assets - net of tax	4,189	31,378	4,193	27,030
	2,944,560	5,021,638	1,313,942	529,418
Profit available for appropriation	5,682,920	10,762,798	2,951,426	3,569,032
APPROPRIATIONS				
Transfer to:				
Statutory reserve	273,836	574,116	23,535	303,961
Capital reserves	-	-	-	-
General reserve	1,500,000	5,000,000	-	-
Reserve for issue of bonus shares 2005 @ 20% (2004: 10%)	-	853,065	-	337,180
Final cash dividend 2005 @ Re. 1 per share - (2004: Re. Nil)	-	426,533	-	-
Interim cash dividend - March 2006 @ Rs 2 per share - (2005: Rs 1.75)	1,023,679	1,023,679	649,072	649,072
	2,797,515	7,877,393	672,607	1,290,213
Unappropriated profit carried forward	2,885,405	2,885,405	2,278,819	2,278,819
Earnings per share - Basic and Diluted	5.35	11.22	3.20	5.94

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

Mohammad Aftab Manzoor
President and
Chief Executive

S.M. Muneer
Director

Tariq Rafi
Director

Aftab Ahmad Khan
Director

MCB Bank Limited
Condensed Interim Cash Flow Statement (Unaudited)
For the six months period ended June 30, 2006

	June 30, 2006	June 30, 2005
	(Rupees '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	8,708,969	4,227,228
Less: Dividend income	<u>(176,496)</u>	<u>(111,595)</u>
	8,532,473	4,115,633
Adjustments for non-cash charges		
Depreciation / Amortization	377,879	287,358
Provision against non-performing loans and advances	140,626	430,834
Provision for diminution in the value of investments	20,851	-
Provision / (Reversal) of provision on other assets	9,910	(92,512)
Bad debts written off directly	1,129	1,881
Gain on disposal of fixed assets	(12,457)	(1,193)
Surplus on revaluation of held-for-trading securities	40,795	-
	<u>578,733</u>	<u>626,368</u>
	9,111,206	4,742,001
(Increase) / decrease in operating assets		
Lendings to financial institutions	(11,260,915)	8,579,339
Held-for-trading securities	(198,097)	-
Advances - net	(5,176,210)	(19,183,698)
Other assets -net	<u>(3,075,605)</u>	<u>(1,346,821)</u>
	(19,710,827)	(11,951,180)
Increase / (decrease) in operating liabilities		
Bills payable	(623,243)	(780,383)
Borrowings from financial institutions	(14,630,237)	16,949,572
Deposits	26,666,244	21,495,264
Other liabilities	141,918	296,442
	<u>11,554,682</u>	<u>37,960,895</u>
	955,061	30,751,716
Income tax paid	<u>(2,176,219)</u>	<u>(148,150)</u>
Net cash flows from operating activities	<u>(1,221,158)</u>	<u>30,603,566</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(9,471,294)	(23,962,754)
Net investments in held-to-maturity securities	16,398,868	(7,149,227)
Net investments in subsidiary companies	(299,980)	-
Dividends income received	153,609	209,639
Investments in operating fixed assets - net of disposals	<u>(769,434)</u>	<u>(514,797)</u>
Net cash flows from investing activities	6,011,769	(31,417,139)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of sub-ordinated loan	(320)	(320)
Issue of right shares	-	1,390,868
Dividend paid	<u>(1,437,811)</u>	<u>(396,469)</u>
Net cash flows from financing activities	<u>(1,438,131)</u>	<u>994,079</u>
Exchange difference on translation of net investments in foreign branches	<u>642</u>	<u>10,527</u>
Increase in cash and cash equivalents	3,353,122	191,033
Cash and cash equivalents at beginning of the period	<u>25,134,882</u>	<u>29,541,576</u>
Cash and cash equivalents at end of the period	<u><u>28,488,004</u></u>	<u><u>29,732,609</u></u>

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

Mohammad Aftab Manzoor
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 Director

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Aftab Ahmad Kh
 Director

MCB Bank Limited
Condensed Interim Statement of Changes in Equity (Unaudited)
For the six months period ended June 30, 2006

	Capital Reserves				Other Reserves		Total	
	Share capital	Share premium	Reserve for issue of bonus shares	Exchange translation reserve	Statutory reserve	General reserve		Unappropriated profit
----- (Rupees in '000) -----								
Balance as at January 01, 2005	3,371,800	473,673	337,180	(56,354)	3,107,054	1,800,000	165,208	9,198,561
Effect of change in accounting policy								
Transferred to reserve for issue of bonus shares - final	-	-	(337,180)	-	-	-	337,180	-
Balance as at January 01, 2005 - restated	3,371,800	473,673	-	(56,354)	3,107,054	1,800,000	502,388	9,198,561
Effect of change in accounting policy								
Transferred to reserve for issue of bonus shares - final	-	-	337,180	-	-	-	(337,180)	-
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	27,030	27,030
Profit after taxation for six months period ended June 30, 2005	-	-	-	-	-	-	3,039,614	3,039,614
Exchange difference on translation of net investments in foreign branches	-	-	-	10,527	-	-	-	10,527
Total recognised income and expense for the period				10,527			3,066,644	3,077,171
Transferred to statutory reserve	-	-	-	-	303,961	-	(303,961)	-
Transferred to general reserve	-	-	-	-	-	-	-	-
Issue of bonus shares	337,180	-	(337,180)	-	-	-	-	-
Interim cash dividend	-	-	-	-	-	-	(649,072)	(649,072)
Issue of right shares	556,347	834,521	-	-	-	-	-	1,390,868
Balance as at June 30, 2005 - restated	4,265,327	1,308,194	-	(45,827)	3,411,015	1,800,000	2,278,819	13,017,528
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	56,719	56,719
Profit after taxation for six months period ended December 31, 2005	-	-	-	-	-	-	5,882,801	5,882,801
Exchange difference on translation of net investments in foreign branches	-	-	-	(6,722)	-	-	-	(6,722)
Total recognised income and expense for the period				(6,722)			5,939,520	5,932,798
Transferred to statutory reserve	-	-	-	-	588,280	-	(588,280)	-
Transferred to general reserve	-	-	-	-	-	2,000,000	(2,000,000)	-
Interim cash dividend	-	-	-	-	-	-	(639,799)	(639,799)
Balance as at December 31, 2005 - restated	4,265,327	1,308,194	-	(52,549)	3,999,295	3,800,000	4,990,260	18,310,527
Proposed cash dividend - final	-	-	-	-	-	-	(426,533)	(426,533)
Transferred from surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	-	31,378	31,378
Profit after taxation for six months ended June 30, 2006	-	-	-	-	-	-	5,741,160	5,741,160
Exchange difference on translation of net investments in foreign branches	-	-	-	642	-	-	-	642
Total recognised income and expense for the period				642			5,772,538	5,773,180
Transferred to statutory reserve	-	-	-	-	574,116	-	(574,116)	-
Transferred to general reserve	-	-	-	-	-	5,000,000	(5,000,000)	-
Issue of bonus shares	853,065	-	-	-	-	-	(853,065)	-
Interim cash dividend	-	-	-	-	-	-	(1,023,679)	(1,023,679)
Balance as at June 30, 2006	5,118,392	1,308,194	-	(51,907)	4,573,411	8,800,000	2,885,405	22,633,495

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

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President and
Chief Executive

S.M. Muneer
Director

Tariq Rafi
Director

Aftab Ahmad Khan
Director

MCB Bank Limited

Notes to the Condensed Interim Financial Statements (Unaudited)

For the six months period ended June 30, 2006

1. STATUS AND NATURE OF BUSINESS

MCB Bank Limited is a banking company incorporated in Pakistan and is engaged in commercial banking and related services. The bank is listed on all the stock exchanges in Pakistan. The bank's registered office and principal office are situated at MCB Building, Jinnah Avenue, Islamabad and MCB Tower, I.I. Chundrigar Road, Karachi respectively. The bank operates 959 branches including 5 Islamic banking branches (June 30, 2005: 940) inside Pakistan and 5 (June 30, 2005: 5) branches outside Pakistan (including the Karachi Export Processing Zone Branch).

2. BASIS OF PRESENTATION

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.

The financial results of the Islamic banking branches have been consolidated in these financial statements for reporting purposes, after eliminating material intra branch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in note 15 to these financial statements.

3. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and the directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or the requirements of the said directives take precedence.

The disclosures made in these condensed interim financial statements have, however, been limited based on the format prescribed by the State Bank of Pakistan vide BSD Circular Letter No. 2 dated May 12, 2004 and the requirements of International Accounting Standard 34, 'Interim Financial Reporting'.

4. BASIS OF MEASUREMENT

These condensed interim financial statements have been prepared under the historical cost convention except that certain fixed assets are stated at revalued amounts. Certain investments, commitments in respect of certain forward exchange contracts and derivative financial instruments have been marked to market and are carried at fair value and certain staff retirement benefits are carried at present value.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the bank for the year ended December 31, 2005 except for the following:

During the period the Institute of Chartered Accountants of Pakistan issued a Circular Number 06-2006 dated June 19, 2006 which requires that all declarations of dividend to holders of equity instruments including declaration of bonus issues and other appropriations except appropriations which are required by law after the balance sheet date should not be recognised as liabilities or change in reserves at the balance sheet date. Previously all declarations of dividends to holders of equity instruments and transfers to reserves relating to profit for the year although declared subsequent to year end, were accounted for in the year to which those related. This change has been applied retrospectively and comparatives have been restated. The change in accounting policy had following impact on these condensed interim financial statements:

	June 30, 2006	December 31, 2005
	(Rupees in '000)	
- Decrease in General Reserve	-	3,500,000
- Decrease in Reserve for Issue of Bonus Shares	-	853,065
- Increase in unappropriated profit	-	4,779,598
- Decrease in other liabilities (proposed cash dividend)	-	426,533

The effect of change in accounting policy has been reflected in the statement of changes in equity. The change in accounting policy has not resulted in any change in the profit for the current year.

6. SIGNIFICANT ACCOUNTING ESTIMATES

The basis for accounting estimates adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the bank for the year ended December 31, 2005.

7. INVESTMENTS - NET

		<u>Held by bank</u>	<u>Given as collateral</u>
----- (Rupees in '000)			
As on June 30, 2006	7.1	<u>59,660,581</u>	<u>4,383,195</u>
As on December 31, 2005		<u>49,963,020</u>	<u>19,518,467</u>

7.1 INVESTMENTS BY TYPES

----- June 30, 2006			
Held-for-trading securities		264,153	-
Available-for-sale securities	7.2	38,198,429	4,386,008
Held-to-maturity securities		17,611,023	-
		56,073,605	4,386,008
Associates	7.3	1,006,900	-
Subsidiaries		357,532	-
		1,364,432	-
		<u>57,438,037</u>	<u>4,386,008</u>
Less: Provision for diminution in the value of investments		(560,791)	-
Surplus on revaluation of investments		2,822,496	(2,813)
Deficit on revaluation of held-for-trading investments		(39,161)	-
Investments - net		<u>59,660,581</u>	<u>4,383,195</u>

7.2 Investments include Pakistan Investment bonds amounting to Rs. 232.600 million (December 31, 2005: Rs. 232.600 million) earmarked by the State Bank of Pakistan and National Bank of Pakistan against discounting facilities and demand note facilities sanctioned by the bank. In addition, Pakistan Investment Bonds amounting to Rs. 5 million (December 31, 2005: Rs. 5 million) have been pledged with the Central Military Accounts on the account of Regimental Fund Account. Further Euro bonds issued by Government of Pakistan amounting to US Dollar 29 Million (Face Value) are earmarked by Mashreqbank PSC against facilities obtained by the bank.

7.3 Investment in Admajee Insurance Company Limited has been carried at cost amounting to Rs. 943.600 million as at June 30, 2006 (December 31, 2005: Rs. 943.600 million). The market value of the investment as at June 30, 2006 amounted to Rs. 3,242.702 million (December 31, 2005: Rs. 3,296.847 million).

8. ADVANCES - net

**June 30,
2006
(Rupees)**

Loans, cash credits, running finances, etc

- In Pakistan	176,423,394
- Outside Pakistan	3,978,725
	180,402,119

Net Investment in Finance Lease

- In Pakistan	5,445,428
- Outside Pakistan	85,311
	5,530,739

Bills discounted and purchased (excluding treasury bills)

- Payable in Pakistan	3,584,222
- Payable outside Pakistan	3,565,796
	7,150,018

193,082,876

Less: Provision for non - performing loans and advances

- Specific provision	8.1	(5,265,420)
- General provision		(2,200,000)
- Potential lease losses		(3,903)
General provision against consumer loans		(256,345)
		(7,725,668)

185,357,208

8.1 Advances include Rs. 8,173.738 million (December 31, 2005: Rs 8,395.989 million) which have been under non-performing status as detailed below:

Category of Classification	Domestic	Overseas	Total	Provision required
----- Rupees in '000 -----				
Other Assets Especially Mentioned	8.1.1 59,776	-	59,776	-
Substandard	357,165	-	357,165	83,994
Doubtful	298,509	-	298,509	132,446
Loss	4,781,389	2,676,899	7,458,288	5,048,980
	5,496,839	2,676,899	8,173,738	5,265,420

8.1.1 This represents non-performing portfolio of agricultural financing classified as OAEM as per the requirements of the Prudential Regulation for Agricultural Financing issued by the State Bank of Pakistan.

Total
64,043,776
<u>69,481,487</u>

264,153
42,584,437
17,611,023
<u>60,459,613</u>

1,006,900
357,532
<u>1,364,432</u>

61,824,045
(560,791)
2,819,683
(39,161)
<u>64,043,776</u>

.005:
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 Controller of
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.600 million
 : as at

December 31,
2005
in '000)

174,625,232
3,755,036
178,380,268

3,897,184
93,330
3,990,514

2,386,952
3,381,943
5,768,895

188,139,677

(5,534,376)
(2,098,053)
(3,941)
(180,554)
(7,816,924)

180,322,753

een placed

Provision held

-

83,994

132,446

5,048,980

5,265,420

equirements

9. CONTINGENCIES AND COMMITMENTS	June 30,	December 31,
	2006	2005
	(Rupees in '000)	
9.1 Transaction-related Contingent Liabilities / Commitments		
Guarantees in favour of:		
- Government	3,716,443	3,864,070
- Banks and financial institutions	35,761	37,673
- Others	2,596,968	1,901,102
Suppliers credit / payee guarantee	1,533,975	1,428,642
	7,883,147	7,231,487
9.2 Trade-related Contingent Liabilities	41,414,888	39,189,177
9.3 Other Contingencies	225,420	492,420
9.4 Commitments to extend credit		
The bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.		
9.5 Commitments in respect of forward foreign exchange contracts		
Purchase	20,126,489	13,646,165
Sale	25,354,382	16,263,722
	45,480,871	29,909,887
9.6 Commitments for the acquisition of operating fixed assets	1,390,960	587,242
9.7 Commitments in respect of:		
Forward Lending	700,000	-
Forward Borrowing	-	-
	700,000	-

10. CREDIT RATING

PACRA has assigned long-term credit rating of AA+ (double A plus) and short-term credit rating of A1+ (A one plus) to the bank.

11. OTHER INCOME

Other income includes claim of the bank amounting to Rs. 44.802 million in respect of compensation on delayed tax refunds under section 171 of the Income Tax Ordinance, 2001 (parallel to section 102 of the repealed Income Tax Ordinance, 1979) for the assessment years 1992-93 to 2002-03 and tax year 2004. This compensation has been calculated at the rate of 6-15 percent per annum on the amount of the refund for the period commencing at the end of three months of refund becoming due to the bank and ending on the date of payment / adjustment by the income tax authorities.

12. STAFF RETRENCHMENT COST

During the period 689 employees in the Non-clerical staff cadre were retrenched with effect from June 01, 2006. The bank has incurred an expense of Rs. 443.620 million, in addition to payments under the staff retirement funds.

13. EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation attributable to ordinary shareholders	5,741,160	3,039,614
	(Number of shares)	
Weighted average number of shares outstanding during the period	511,839,290	511,839,290
	(Rupees)	
Earnings per share	11.22	5.94

14. RELATED PARTY TRANSACTIONS

The bank has related party relationship with its associated undertakings, subsidiary companies, employee benefit plans, and its directors and executive officers (including their associates).

Banking transactions between the bank and its related parties are executed substantially on commercial terms.

Contributions to and accruals in respect of staff retirement and other benefit plans are made in accordance with the actuarial valuation / terms of the contribution plan. There are no transactions with key management personnel other than under their terms of employment. Remuneration to the executives and key management personnel are determined in accordance with the terms of their appointment.

Details of transactions with related parties except those under the terms of employment and balances with them as at the period-end were as follows:

Type of related party	Directors		Associated companies		Subsidiary companies		Other Related Parties	
	Six months period ended June 30, 2006	Year ended Dec 31, 2005	Six months period ended June 30, 2006	Year ended Dec 31, 2005	Six months period ended June 30, 2006	Year ended Dec 31, 2005	Six months period ended June 30, 2006	Year ended Dec 31, 2005
----- (Rupees '000) -----								
Deposits								
Deposits at the beginning of the period	61,996	2,030	785,634	227,631	5,311	5,239	211,409	270,188
Deposits received during the period	286,306	697,586	7,121,530	7,274,635	333,130	60,941	9,675,199	23,140,725
Deposits repaid during the period	(345,594)	(637,620)	(7,562,802)	(6,716,632)	(28,572)	(60,869)	(9,514,082)	(23,199,504)
Deposits at the end of the period	<u>2,708</u>	<u>61,996</u>	<u>344,362</u>	<u>785,634</u>	<u>309,869</u>	<u>5,311</u>	<u>372,526</u>	<u>211,409</u>
							June 30, 2006	December 31, 2005
							(Rupees in '000)	
Receivable from Pension Fund							3,039,538	1,973,998
	Directors		Associated companies		Subsidiary companies		Other Related Parties	
	June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005
----- (Rupees '000) -----								
Adamjee Insurance Company Ltd.								
- Insurance premium paid	-	-	45,475	67,266	-	-	-	-
- Insurance claim settled	-	-	13,042	28,749	-	-	-	-
- Dividend Received	-	-	36,097	-	-	-	-	-
- Rent Income Received	-	-	1,176	1,176	-	-	-	-
MNET Services (Private) Limited								
- Outsourcing service expenses	-	-	-	-	15,000	9,789	-	-
- Networking service expenses	-	-	-	-	2,829	4,119	-	-
Muslim Commercial Financial Services (Private) Limited								
- Custodian charges	-	-	-	-	-	6,710	-	-
MCB Asset Management Company Limited								
- Capital injection	-	-	-	-	299,980	-	-	-
MCB Employees Foundation								
- Service expenses	-	-	-	-	-	-	7,662	6,456
- Cash sorting expenses	-	-	-	-	-	-	4,919	1,781
- Cash in transit expenses	-	-	-	-	-	-	1,713	1,797
MCB Employees Security System & Services (Private) Limited								
- Security guard expenses	-	-	-	-	-	-	38,844	37,018

Details of remuneration, including all benefits to key management personnels i.e. Chief Executive, Directors and Senior Management, as at the period-end were as follows:

	Six months period ended June 30, 2006		
	Chief Executive	Directors	Senior Management
	----- (Rupees in '000)'-----		
Fees	10	40	-
Managerial remuneration	11,530	717	53,656
Retirement benefits	333	-	1,800
Rent and house maintenance	1,892	-	9,723
Utilities	400	-	2,160
Medical	100	-	308
Conveyance	152	-	1,732
	<u>14,417</u>	<u>757</u>	<u>69,379</u>
Number of persons	<u>1</u>	<u>9</u>	<u>11</u>

The Chief Executive and Senior Management are provided with free use of the bank's maintained cars and household equipment in accordance with the terms of their appointment.

15. ISLAMIC BANKING BRANCH

	June 30, 2006	December 31, 2005
	(Rupees in '000)	
ASSETS		
Cash and balances with treasury banks	75,261	87,027
Investments	800,000	-
Advances - net	2,212,610	2,287,561
Other assets - net	525,310	63,484
Operating fixed assets	-	21,019
	3,613,181	2,459,091
LIABILITIES		
Bills payable	20,379	4,644
Borrowings from MCB	2,550,000	1,600,000
Deposits and other accounts	579,971	443,501
Other liabilities	130,653	163,484
	3,281,003	2,211,629
NET ASSETS	332,178	247,462
REPRESENTED BY		
Islamic Banking Fund	230,000	230,000
Retained earnings	102,178	17,462
	332,178	247,462
Surplus on revaluation of assets - net of tax	-	-
	332,178	247,462

16. CORRESPONDING FIGURES

Comparative information has been restated to give effect to the change in accounting policy as disclosed in note 5 to these condensed interim financial statements. Further, certain other corresponding figures have been reclassified for the purpose of comparison.

17. GENERAL

17.1 The Board of Directors in its meeting held on August 24, 2006 has approved cash dividend for the six months period ended June 30, 2006 at Rs. 2.00 per share (June 30, 2005: cash dividend of Rs. Nil per share) resulting in total distribution of Rs. 1,023.679 million. In addition, the Board of Directors has also approved appropriation to general reserves amounting to Rs.1,000 million (June 30, 2005: Rs.1,000 million). The condensed interim financial statements for the six months period ended June 30, 2006 do not include the effect of these appropriations which will be accounted for in the annual financial statements for the year ending December 31, 2006.

17.2 Figures have been rounded off to the nearest thousand rupees.

18. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on August 24, 2006 by the Board of Directors of the bank.

Mohammad Aftab Manzoor
President and
Chief Executive

S.M. Muneer
Director

Tariq Rafi
Director

Aftab Ahmad Khan
Director

MUSLIM COMMERCIAL BANK LIMITED
BALANCE SHEET
AS AT MARCH 31, 2005

(Un-audited) (Audited)
Note March December
31, 2005 31, 2004
----- (Rupees '000) -----

ASSETS

Cash and balances with treasury banks		21,151,129	23,833,253
Balances with other banks		1,878,768	5,708,323
Lendings to financial institutions		7,235,576	10,965,297
Investments - net	7	95,210,392	67,194,971
Advances - net	8	139,698,495	137,317,773
Other assets - net		5,914,908	6,265,397
Operating fixed assets		8,179,517	7,999,821
		279,268,785	259,284,835

LIABILITIES

Bills payable		7,986,249	7,566,684
Borrowings from financial institutions		12,988,243	8,693,965
Deposits and other accounts		235,043,913	219,966,057
Sub-ordinated loan		1,598,400	1,598,720
Other liabilities		6,147,753	6,398,239
Deferred tax liabilities - net		208,853	314,154
		263,973,411	244,537,819

NET ASSETS

15,295,374	14,747,016
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REPRESENTED BY

Share capital		3,708,980	3,371,800
Reserves		5,612,491	5,661,553
Retained earnings		854,809	359,340
		10,176,280	9,392,693
Surplus on revaluation of assets - net of tax		5,119,094	5,354,323
		15,295,374	14,747,016

CONTINGENCIES AND COMMITMENTS

9

The annexed notes 1 to 16 form an integral part of these financial statements.

Mohammad Aftab Manzoor
President and Chief Executive

Mohammad Arshad
Director

Sarmad Amin
Director

Aftab Ahmad Khan
Director