

**Albaraka Banking Group B.S.C.**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**30 JUNE 2010 (UNAUDITED)**

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF  
ALBARAKA BANKING GROUP B.S.C.**

*Introduction*

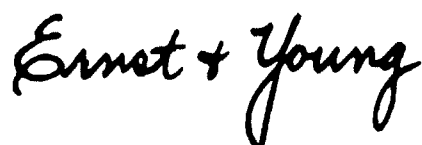
We have reviewed the accompanying interim condensed consolidated financial statements of Albaraka Banking Group B.S.C. [the Bank] and its subsidiaries [the Group] as at 30 June 2010, comprising of the interim consolidated statement of financial position as at 30 June 2010 and the related interim consolidated statements of income, cash flows, changes in equity and changes in restricted investment accounts for the six month period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the accounting policies in note 2. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

*Scope of Review*

We conducted our review in accordance with the 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with the accounting policies in note 2.



11 August 2010  
Manama, Kingdom of Bahrain

# Albaraka Banking Group B.S.C.

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2010 (Unaudited)

		<i>Audited</i>
		<i>30 June</i>
		<i>31 December</i>
		<i>2010</i>
		<i>2009</i>
	<i>Notes</i>	<i>US\$ '000</i>
		<i>US\$ '000</i>
<b>ASSETS</b>		
Cash and balances with banks		3,468,160
Receivables	3	7,142,551
Mudaraba and Musharaka financing	4	960,387
Investments	5	1,092,490
Ijarah Muntahia Bittamleek		395,356
Property and equipment		236,505
Other assets	6	327,788
<b>TOTAL ASSETS</b>		<b>13,623,237</b>
<b>LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS AND EQUITY</b>		
<b>LIABILITIES</b>		
Customer current and other accounts		2,614,543
Due to banks		142,749
Other liabilities	7	510,816
<b>Total liabilities</b>		<b>3,268,108</b>
<b>UNRESTRICTED INVESTMENT ACCOUNTS</b>		<b>8,649,269</b>
<b>EQUITY</b>		
<b>EQUITY ATTRIBUTABLE TO PARENT'S SHAREHOLDERS</b>		
Share capital		790,500
Treasury shares		(6,564)
Share premium		94,991
Reserves		80,666
Cumulative changes in fair values		17,140
Foreign currency translations		(37,991)
Retained earnings		243,100
Proposed appropriations		-
<b>Equity attributable to parent's shareholders</b>		<b>1,181,842</b>
Non-controlling interest		524,018
<b>Total equity</b>		<b>1,705,860</b>
<b>TOTAL LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS AND EQUITY</b>		<b>13,623,237</b>



Saleh Abdullah Kamel  
Chairman



Adnan Ahmed Yousif  
Member of the Board and  
President and Chief Executive

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

# Albaraka Banking Group B.S.C.

## INTERIM CONSOLIDATED STATEMENT OF INCOME

For the six months ended 30 June 2010 (Unaudited)

	<i>Three months ended</i>		<i>Six months ended</i>	
	<b>30 June 2010</b>	<i>30 June 2009</i>	<b>30 June 2010</b>	<i>30 June 2009</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
<b>Income</b>				
Net income from jointly financed contracts and investments	<b>198,137</b>	206,971	<b>394,379</b>	392,154
Gross return on unrestricted investment accounts	<b>(185,714)</b>	(188,884)	<b>(362,913)</b>	(354,429)
Group's share as a Mudarib	<b>56,816</b>	62,333	<b>116,100</b>	114,905
Return on unrestricted investment accounts	<b>(128,898)</b>	(126,551)	<b>(246,813)</b>	(239,524)
Group's share of income from joint financing and investment accounts	<b>69,239</b>	80,420	<b>147,566</b>	152,630
Mudarib share for managing restricted investment accounts	<b>663</b>	3,238	<b>1,107</b>	3,593
Net income from self financed contracts and investments	<b>33,911</b>	19,804	<b>69,724</b>	40,789
Other fees and commission income	<b>34,082</b>	41,065	<b>64,821</b>	69,982
Other operating income	<b>12,536</b>	18,537	<b>24,195</b>	35,304
<b>TOTAL OPERATING INCOME</b>	<b>150,431</b>	163,064	<b>307,413</b>	302,298
Staff expenses	<b>45,099</b>	40,537	<b>89,337</b>	80,352
Depreciation and amortisation	<b>5,663</b>	3,365	<b>11,189</b>	9,852
Other operating expenses	<b>25,985</b>	28,143	<b>55,540</b>	50,626
<b>TOTAL OPERATING EXPENSES</b>	<b>76,747</b>	72,045	<b>156,066</b>	140,830
<b>NET INCOME FOR THE PERIOD BEFORE PROVISIONS AND TAXATION</b>	<b>73,684</b>	91,019	<b>151,347</b>	161,468
Provisions and impairments	<b>(13,300)</b>	(22,948)	<b>(26,547)</b>	(39,338)
<b>NET INCOME FOR THE PERIOD BEFORE TAXATION</b>	<b>60,384</b>	68,071	<b>124,800</b>	122,130
Taxation	<b>(13,785)</b>	(19,048)	<b>(29,859)</b>	(30,144)
<b>NET INCOME FOR THE PERIOD</b>	<b>46,599</b>	49,023	<b>94,941</b>	91,986
Attributable to:				
Equity shareholders of the parent	<b>26,718</b>	25,432	<b>54,409</b>	49,272
Non-controlling interest	<b>19,881</b>	23,591	<b>40,532</b>	42,714
	<b>46,599</b>	49,023	<b>94,941</b>	91,986
Basic and diluted earnings per share - US cents (note 10)	<b>3.40</b>	3.22	<b>6.93</b>	6.23

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

# Albaraka Banking Group B.S.C.

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2010 (Unaudited)

	<b>30 June 2010 US\$ '000</b>	<b>30 June 2009 US\$ '000</b>
<b>OPERATING ACTIVITIES</b>		
Net income for the period before taxation	<b>124,800</b>	122,130
Adjustments for:		
Depreciation and amortisation	<b>11,189</b>	9,852
Depreciation on Ijarah Muntahia Bittamleek	<b>28,758</b>	36,072
Unrealised loss (gain) on trading securities	<b>40</b>	(678)
Gain on sale of property and equipment	<b>(2,082)</b>	(1,103)
Gain on sale of available for sale investments	<b>(9)</b>	-
Gain on sale of trading securities	<b>(24)</b>	-
Provisions and impairments	<b>26,547</b>	39,338
Income from associates	<b>(1,890)</b>	(2,875)
Operating profit before changes in operating assets and liabilities	<b>187,329</b>	202,736
Net changes in operating assets and liabilities:		
Reserves with Central Banks	<b>(182,986)</b>	56,201
Receivables	<b>(134,052)</b>	(242,083)
Mudaraba and Musharaka financing	<b>17,455</b>	(31,736)
Ijarah Muntahia Bittamleek	<b>(88,781)</b>	(51,493)
Other assets	<b>19,697</b>	(37,512)
Customer current and other accounts	<b>6,699</b>	(68,837)
Due to banks	<b>(9,913)</b>	7,865
Other liabilities	<b>86,159</b>	53,098
Taxation paid	<b>(42,015)</b>	(64,587)
Net cash used in operating activities	<b>(140,408)</b>	(176,348)
<b>INVESTING ACTIVITIES</b>		
Net purchase of investments	<b>(22,578)</b>	(173,402)
Net purchase of property and equipment	<b>(17,702)</b>	(57,178)
Dividend received from associates	<b>114</b>	2,457
Net disposal of investment in associates	<b>13,815</b>	-
Net cash used in investing activities	<b>(26,351)</b>	(228,123)
<b>FINANCING ACTIVITIES</b>		
Dividends paid to equity holders of parent (note 11)	<b>(44,640)</b>	(27,900)
Increase in unrestricted investment accounts	<b>415,493</b>	636,803
Movement in treasury shares	<b>(10,661)</b>	-
Net changes in non-controlling interest	<b>(18,887)</b>	(50,246)
Directors remuneration paid	<b>-</b>	(500)
Net cash from financing activities	<b>341,305</b>	558,157
Foreign currency translation adjustments	<b>(47,645)</b>	(5,621)
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>126,901</b>	148,065
Cash and cash equivalents at 1 January	<b>2,550,250</b>	1,735,650
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>2,677,151</b>	1,883,715
For the purpose of the interim consolidated statement of cash flows, cash and cash equivalents comprised of the following:		
Balances with Central Banks (excluding mandatory reserves)	<b>1,729,687</b>	826,061
Balances with other banks	<b>698,357</b>	856,963
Cash and cash in transit	<b>249,107</b>	200,691
	<b>2,677,151</b>	1,883,715

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

# Albaraka Banking Group B.S.C.

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010 (Unaudited)

	Attributable to equity shareholders of the parent											
	Share capital US\$ '000	Treasury shares US\$ '000	Share premium US\$ '000	Statutory reserve US\$ '000	Other reserves US\$ '000	Cumulative changes in fair values US\$ '000	Foreign currency translations US\$ '000	Retained earnings US\$ '000	Proposed appropriations US\$ '000	Total US\$ '000	Non-controlling interest US\$ '000	Total equity US\$ '000
At 1 January 2010	744,000	-	99,390	42,986	39,307	17,301	(9,165)	189,401	91,140	1,214,360	522,485	1,736,845
Dividends paid (note 11)	-	-	-	-	-	-	-	-	(44,640)	(44,640)	-	(44,640)
Bonus shares issued (note 11)	46,500	-	-	-	-	-	-	-	(46,500)	-	-	-
Movement in treasury shares	-	(6,564)	(4,399)	-	-	-	-	302	-	(10,661)	-	(10,661)
Net movement in cumulative change in fair value	-	-	-	-	-	(161)	-	-	-	(161)	(358)	(519)
Net movement in other reserves	-	-	-	-	(1,627)	-	-	(1,012)	-	(2,639)	(935)	(3,574)
Foreign currency translation	-	-	-	-	-	-	(28,826)	-	-	(28,826)	(18,819)	(47,645)
Net income for the period	-	-	-	-	-	-	-	54,409	-	54,409	40,532	94,941
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	(22,249)	(22,249)
Net movement in non-controlling interest	-	-	-	-	-	-	-	-	-	-	3,362	3,362
<b>At 30 June 2010</b>	<b>790,500</b>	<b>(6,564)</b>	<b>94,991</b>	<b>42,986</b>	<b>37,680</b>	<b>17,140</b>	<b>(37,991)</b>	<b>243,100</b>	<b>-</b>	<b>1,181,842</b>	<b>524,018</b>	<b>1,705,860</b>

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

# Albaraka Banking Group B.S.C.

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010 (Unaudited)

	Attributable to equity shareholders of the parent										
	Share capital US\$ '000	Share premium US\$ '000	Statutory reserve US\$ '000	Other reserves US\$ '000	Cumulative changes in fair values US\$ '000	Foreign currency translations US\$ '000	Retained earnings US\$ '000	Proposed appropriations US\$ '000	Total US\$ '000	Non-controlling interest US\$ '000	Total equity US\$ '000
At 1 January 2009	697,500	145,890	33,810	29,650	9,435	(18,118)	157,615	74,900	1,130,682	419,479	1,550,161
Dividends paid (note 11)	-	-	-	-	-	-	-	(27,900)	(27,900)	-	(27,900)
Bonus shares issued (note 11)	46,500	-	-	-	-	-	-	(46,500)	-	-	-
Directors' remuneration	-	-	-	-	-	-	-	(500)	(500)	-	(500)
Net movement in cumulative change in fair value	-	-	-	-	5,161	-	-	-	5,161	1,521	6,682
Net movement in other reserves	-	-	-	11,005	-	-	(2,837)	-	8,168	4,770	12,938
Foreign currency translation	-	-	-	-	-	(4,635)	-	-	(4,635)	(986)	(5,621)
Net income for the period	-	-	-	-	-	-	49,272	-	49,272	42,714	91,986
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	(25,603)	(25,603)
Net movement in non-controlling interest	-	-	-	-	-	-	-	-	-	(25,477)	(25,477)
<b>At 30 June 2009</b>	<b>744,000</b>	<b>145,890</b>	<b>33,810</b>	<b>40,655</b>	<b>14,596</b>	<b>(22,753)</b>	<b>204,050</b>	<b>-</b>	<b>1,160,248</b>	<b>416,418</b>	<b>1,576,666</b>

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

## Albaraka Banking Group B.S.C.

### INTERIM CONSOLIDATED STATEMENT OF CHANGES IN RESTRICTED INVESTMENT ACCOUNTS

For the six months ended 30 June 2010 (Unaudited)

	Cash US\$ '000	Sales receivables US\$ '000	Mudaraba financing US\$ '000	Investment in real estate US\$ '000	Investments US\$ '000	Others US\$ '000	Total US\$ '000
At 1 January 2010	48,482	276,277	17,786	27,156	110,624	29,726	510,051
Deposits	35,938	28,046	47,028	-	15,190	4,057	130,259
Withdrawals	(17,561)	(34,046)	(7,145)	(34)	(17,868)	(921)	(77,575)
Income net of expenses	-	1,290	171	-	474	105	2,040
Mudarib's share	-	(900)	(80)	-	(106)	(21)	(1,107)
Foreign exchange translation	-	-	(399)	-	(23)	-	(422)
<b>At 30 June 2010</b>	<b>66,859</b>	<b>270,667</b>	<b>57,361</b>	<b>27,122</b>	<b>108,291</b>	<b>32,946</b>	<b>563,246</b>
At 1 January 2009	52,815	325,534	33,509	19,314	112,073	27,269	570,514
Deposits	17,415	38,306	2,845	7,872	38,578	2,406	107,422
Withdrawals	(25,165)	(157,262)	(10,413)	(4,439)	(51,485)	(1,939)	(250,703)
Income net of expenses	-	7,771	330	186	3,302	508	12,097
Mudarib's share	-	(2,247)	(203)	(56)	(932)	(155)	(3,593)
Foreign exchange translations	-	-	-	-	(898)	-	(898)
<b>At 30 June 2009</b>	<b>45,065</b>	<b>212,102</b>	<b>26,068</b>	<b>22,877</b>	<b>100,638</b>	<b>28,089</b>	<b>434,839</b>

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

At 30 June 2010

**1 ACTIVITIES**

Albaraka Banking Group B.S.C. [the Bank] is a joint stock company incorporated in the Kingdom of Bahrain on 27 June 2002, under Commercial Registration [CR] number 48915. The Bank is engaged in banking activities in the Middle East, Europe, North African and South African region. The address of the Bank's registered office is P.O. Box 1882, Diplomatic Area, Manama, Kingdom of Bahrain. The Bank is listed on Bahrain Stock Exchange and NASDAQ Dubai.

The Bank operates under an Islamic wholesale banking license issued by the Central Bank of Bahrain [the CBB].

The principal activities of the Bank and its subsidiaries [the Group] comprise of international and commercial banking, financing, treasury and investment activities. The Bank is supervised and regulated by the CBB.

**2 BASIS OF PREPARATION AND ACCOUNTING POLICIES**

**Basis of Preparation**

The interim condensed consolidated financial statements for the six months ended 30 June 2010 have been prepared in accordance with the guidance given by the International Accounting Standard 34 - "Interim Financial Reporting". The interim condensed consolidated financial statements do not contain all information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements as at 31 December 2009. In addition, results for the six months ended 30 June 2010 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2010.

The annual consolidated financial statements for the year ended 31 December 2009 were prepared in accordance with the Financial Accounting Standards [FAS] issued by the Accounting and Auditing Organisation for Islamic Financial Institutions [the AAOIFI], the Shari'a rules and principles as determined by the Shari'a Supervisory Board of the Group, the Bahrain Commercial Companies Law, CBB and Financial Institutions Law. For matters which are not covered by the AAOIFI standards including "Interim Financial Reporting," the Group uses the International Financial Reporting Standards.

The interim condensed consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at and for the period ended 30 June 2010. The financial statements of the subsidiaries are prepared for the same reporting period as the Bank, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

**Significant accounting policies**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2009, except for the following:

***Adoption of new Standards as of 1 January 2010***

*FAS No. 23 Consolidation*

This standard sets out the principles for determining entities that are subject to be included in the consolidated financial statements of a parent and prescribes the accounting for investment in subsidiaries by parent. The adoption of this standard did not have any material impact on the financial position or performance of the Group.

*FAS No. 24 Investments in Associates*

This standard sets out the principles for determining entities that are deemed to be associates and prescribes the accounting treatment for investments in associates by the parent. The adoption of this standard did not have any material impact on the financial position or performance of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

At 30 June 2010

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Accounting policy

Treasury shares

Own equity instruments which are reacquired (treasury shares) are deducted from equity of the parent and accounted for at weighted average cost. Consideration paid or received on the purchase, sale, issue or cancellation of the Group's own equity instruments is recognised directly in equity. No gain or loss is recognised in consolidated statement of income on the purchase, sale, issue or cancellation of own equity instruments.

Movement in treasury shares in interim consolidated statement of changes in equity includes purchase of treasury shares and related bonus shares and cash dividend.

3 RECEIVABLES

	<b>30 June</b>	<i>Audited</i> 31 December
	<b>2010</b>	2009
	<b>US\$ '000</b>	US\$ '000
Sales (Murabaha) receivables	<b>7,046,608</b>	6,882,870
Ijarah receivables	<b>14,500</b>	10,964
Salam receivables	<b>67,150</b>	115,954
Istisna'a receivables	<b>14,293</b>	17,276
	<b>7,142,551</b>	7,027,064

4 MUDARABA AND MUSHARAKA FINANCING

	<b>30 June</b>	<i>Audited</i> 31 December
	<b>2010</b>	2009
	<b>US\$ '000</b>	US\$ '000
Mudaraba financing	<b>709,456</b>	740,798
Musharaka financing	<b>250,931</b>	240,314
	<b>960,387</b>	981,112

5 INVESTMENTS

	<b>30 June</b>	<i>Audited</i> 31 December
	<b>2010</b>	2009
	<b>US\$ '000</b>	US\$ '000
Investment in real estate	<b>98,535</b>	101,324
Investment in associates	<b>26,052</b>	38,091
Trading securities	<b>7,311</b>	8,192
Available for sale investments	<b>321,131</b>	354,297
Held to maturity investments	<b>639,461</b>	586,132
	<b>1,092,490</b>	1,088,036

# Albaraka Banking Group B.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

At 30 June 2010

### 6 OTHER ASSETS

	<b>30 June</b>	<i>Audited</i>
	<b>2010</b>	<i>31 December</i>
	<b>US\$ '000</b>	<i>2009</i>
		<i>US\$ '000</i>
Bills receivables	117,744	153,403
Goodwill and intangible assets	69,302	69,911
Collateral pending sale	52,437	49,625
Prepayments	25,931	17,948
Deferred taxation	29,437	26,998
Good Faith Qard Fund	20,193	18,120
Others	28,252	29,683
	<b>343,296</b>	365,688
Provisions	<b>(15,508)</b>	<b>(16,330)</b>
	<b>327,788</b>	<b>349,358</b>

### 7 OTHER LIABILITIES

	<b>30 June</b>	<i>Audited</i>
	<b>2010</b>	<i>31 December</i>
	<b>US\$ '000</b>	<i>2009</i>
		<i>US\$ '000</i>
Payables	284,793	169,855
Cash margins	100,798	90,245
Other provisions	6,635	6,180
Current taxation	23,395	32,279
Deferred taxation	17,465	18,298
Accrued expenses	24,819	28,729
Charity fund	8,232	10,486
Others	44,679	74,230
	<b>510,816</b>	<b>430,302</b>

### 8 CREDIT RELATED COMMITMENTS

	<b>30 June</b>	<i>Audited</i>
	<b>2010</b>	<i>31 December</i>
	<b>US\$ '000</b>	<i>2009</i>
		<i>US\$ '000</i>
Letters of credit	1,168,639	945,241
Guarantees	2,796,390	2,486,035
Acceptances	97,788	49,251
Undrawn Commitments - maturing in less than one year	390,805	296,392
Others	101,124	48,674
	<b>4,554,746</b>	<b>3,825,593</b>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

At 30 June 2010

**9 RELATED PARTY TRANSACTIONS**

Related parties comprise major shareholders, directors of the Group, entities owned or controlled, jointly controlled or significantly influenced by them and companies affiliated by virtue of shareholding in common with that of the Group.

The income and expenses in respect of related parties were as follows:

	<i>Six months ended</i>	
	<b>30 June 2010 US\$ '000</b>	<i>30 June 2009 US\$ '000</i>
Net income from jointly financed contracts and investments	<b>1,006</b>	826
Net income from self financed contracts and investments	<b>771</b>	356
Return on unrestricted investment accounts	<b>157</b>	6
Other fees and commission income	<b>130</b>	-
Other operating income	<b>14</b>	-

The significant balances with related parties were as follows:

	<b>30 June 2010 US\$ '000</b>	<i>Audited 31 December 2009 US\$ '000</i>
	<b>Assets:</b>	
Cash and balances with banks	<b>15</b>	255
Receivables	<b>21,695</b>	26,816
Mudaraba and Musharaka financing	<b>39,676</b>	32,822
Investments	<b>88,222</b>	89,323
Ijarah Muntahia Bittamleek	<b>159</b>	174
Other assets	<b>1,171</b>	1,324
<b>Liabilities:</b>		
Customer current and other accounts	<b>4,961</b>	12,617
Other liabilities	<b>5</b>	2,382
Unrestricted investment accounts	<b>4,143</b>	7,056
Restricted investment accounts	<b>18,752</b>	8,130

All related party exposures are performing and are free of any provision for possible credit losses.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

At 30 June 2010

**10 BASIC AND DILUTED EARNINGS PER SHARE**

Basic and diluted earnings per share amounts are calculated by dividing net income for the period attributable to equity holders of the parent by the weighted average number of shares outstanding during the period as follows:

	<i>Three months ended</i>		<i>Six months ended</i>	
	<b>30 June 2010</b>	<i>30 June 2009</i>	<b>30 June 2010</b>	<i>30 June 2009</i>
Net income attributable to the equity shareholders of the parent for the period - US\$ '000	<b>26,718</b>	25,432	<b>54,409</b>	49,272
Weighted average number of shares outstanding during the period - (in thousands)	<b>785,093</b>	790,500	<b>785,093</b>	790,500
Earnings per share - US cents	<b>3.40</b>	3.22	<b>6.93</b>	6.23

The weighted average number of shares of the previous year has been adjusted on account of the bonus issue made in 2010 and 2009.

**11 APPROPRIATIONS**

At the Annual General Meeting held on 24 March 2010 (2009: 28 March 2009), the shareholders of the Group resolved to distribute US\$ 44,640 thousand (2009: US\$ 27,900 thousand) as cash dividends and US\$ 46,500 thousand (2009: US\$ 46,500 thousand) as bonus shares.

**12 SEGMENTAL INFORMATION**

Segmental information is presented in respect of the Group's geographical segments. The geographical segments are based upon the location of the units responsible for recording the transactions and reflects the manner in which financial information is evaluated by management and the Board of Directors.

For financial reporting purposes, the Group is divided into the following geographic segments:

- Middle East
- North Africa
- Europe
- Others

The results reported for the geographic segments are based on the Group's internal financial reporting systems. The accounting policies of the segments are the same as those applied in the preparation of the Group's interim condensed consolidated financial statements as set out in note 2. Transactions between segments are conducted at estimated market rates on an arm's length basis.

No business segments are presented as that is not applicable to the Group.

Albaraka Banking Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

At 30 June 2010

12 SEGMENTAL INFORMATION (continued)

Segment assets, liabilities and unrestricted investment accounts were as follows:

	30 June 2010			Audited 31 December 2009		
	Assets US\$ '000	Liabilities US\$ '000	Unrestricted investment accounts US\$ '000	Assets US\$ '000	Liabilities US\$ '000	Unrestricted investment accounts US\$ '000
<b>Segment</b>						
Middle East	6,210,173	1,439,736	3,967,609	6,051,048	1,219,473	4,030,776
North Africa	1,980,198	875,154	810,607	1,855,912	780,986	770,778
Europe	4,365,567	681,965	3,192,749	4,273,508	769,257	3,026,560
Others	1,067,299	271,253	678,304	985,809	421,092	410,510
	<b>13,623,237</b>	<b>3,268,108</b>	<b>8,649,269</b>	<b>13,166,277</b>	<b>3,190,808</b>	<b>8,238,624</b>

Segment operating income, net operating income and net income was as follows:

	30 June 2010			30 June 2009		
	Total operating income US\$ '000	Net operating income US\$ '000	Net income US\$ '000	Total operating income US\$ '000	Net operating income US\$ '000	Net income US\$ '000
<b>Segment</b>						
Middle East	94,852	34,260	13,587	97,879	42,605	14,676
North Africa	56,514	38,365	26,450	51,312	32,695	30,588
Europe	129,278	70,265	47,559	130,346	77,887	43,059
Others	26,769	8,457	7,345	22,761	8,281	3,663
	<b>307,413</b>	<b>151,347</b>	<b>94,941</b>	<b>302,298</b>	<b>161,468</b>	<b>91,986</b>