

## Summary Documents of Ordinary and Extraordinary General Meetings

Wednesday 24 March 2010  
Bahrain Conference Center, Crowne Plaza Hotel  
Manama, Kingdom of Bahrain



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Wednesday 24 March 2010  
Bahrain Conference Center, Crowne Plaza Hotel  
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The Consolidated Financial statements have been extracted from the consolidated financial statements audited by Ernst & Young - Bahrain, who expressed an unqualified opinion on 24th February 2010. Full Financial statements are available at ALBaraka website [www.albaraka.com](http://www.albaraka.com) and the registrar office KPMG Fakhroo.



# Invitation to The Ordinary and The Extraordinary General Meetings

The Board of Directors of Al Baraka Banking Group is pleased to invite you to attend the Group's Ordinary and Extraordinary General Meetings to be held successively at 12:30 pm on 24 March 2010 at Bahrain Conference Center, Crowne Plaza Hotel, Diplomatic Area, Manama, Kingdom of Bahrain. In case of the absence of a quorum the second or the third meeting will be held as per the notes below:

## A. The Ordinary General Meeting Agenda:

1. Presentation of the Report of the Board of Directors on the activities of the Bank for the Financial Year ended 31/12/2009.
2. Presentation of the External Auditors' Report for the Financial Year ended 31/12/2009.
3. Presentation of the Sharia Supervisory Board's Report for the Financial Year ended 31/12/2009.
4. To review and approve the Consolidated Financial Statements for the Financial Year ended 31/12/2009.
5. To approve the proposed distribution of profits for the Financial Year ended 31/12/2009, after obtainment of the required official approvals, as follows:
  - (a) To approve the transfer of 10% of the Net Income amounting to US\$ 9,175,786 to the Statutory Reserve.
  - (b) To approve the distribution of cash dividend to the shareholders registered as of the date of this meeting, amounting to US\$ 44,640,000 (6 cents for each share).
  - (c) To approve the transfer of US\$ 37,942,070 to the Retained Earnings.
6. To approve the proposed distribution of one bonus share for every 16 fully paid up shares to the shareholders registered as of the date of this meeting (amounting to US\$ 46,500,000) from the share premium after obtainment of the required official approvals.
7. To absolve the Directors from liability for the Financial Year ended 31/12/2009.
8. To approve a remuneration of US\$ 600,000 to the Members of the Board of Directors.
9. Subject to the approval of the Central Bank of Bahrain, to reappoint Messrs (Ernst and Young) as Auditors for the Financial year ending 31/12/2010 and to authorize the Board of Directors to fix their remuneration.

## B. The Extraordinary General Meeting Agenda:

1. To approve the increase of the issued and paid up share capital by transferring US\$ 46,500,000 from the share premium to the Share capital and issue bonus shares of one share for every 16 fully paid up shares to the shareholders registered as of the date of this meeting.
2. To approve the amendment of the Memorandum and Articles of Association as per the Resolution passed pursuant to item (1) of this Agenda.
3. Amendment of Article (24) (1) of the Articles of Association of Al Baraka Banking Group to increase the maximum number of the members of the Board of Directors from Eleven to fifteen, and to issue a decree for the election of two new members in accordance with Article (213) of the Companies Law no (21) for the year 2001, for the remaining period of the Board.
4. To authorize and empower the Board of Directors or its delegates to take the necessary action, to effect amendment to the Memorandum and Articles of Association for the purpose of publicizing the increase in the share capital, and attesting the necessary amendment to the Memorandum and Articles of Association.



Saleh Abdullah Kamel  
Chairman

### Notes:

1. The Ordinary General Meeting shall be valid if attended by shareholders representing more than 50% of the issued capital. If the said quorum is not obtained, the AGM shall be called for a Second Meeting with the same agenda to be held after a period of seven days. The Second Meeting shall be valid if attended by shareholders representing 30% of the issued capital. If the said quorum is not obtained the Third Meeting shall be valid irrespective of the number of shareholders present after a period of seven days at the same time and place.
2. The Extraordinary General Meeting (EGM) shall be valid if attended by shareholders representing more than two thirds of the issued capital. If the said quorum is not obtained, the EGM shall be called for a Second Meeting with the same agenda to be held after a period of seven days. The Second Meeting shall be valid if attended by shareholders representing one third of the issued capital. If the said quorum is not obtained the Third Meeting shall be valid if attended by shareholders representing one fourth of the issued capital.
3. In case of Proxy, shareholders are required to deposit the Proxy Form (Copy available at our website [www.albaraka.com](http://www.albaraka.com)) at least 24 hours prior to the proposed date for holding the AGM & EGM with the Shares Registrar Messrs KPMG Fakhro - Alhyediy Building No: (2) – 5th floor –Phone: +973 17215080, Fax: +973 17212055 e-mail: (BH-DLSharesusers@kpmg.com.bh).
4. Copies of the Meetings Document will be made available on the meeting date with shares Registrar KPMG Fakhro and at group's website: [www.albaraka.com](http://www.albaraka.com)



## Proxy form for the Ordinary and Extraordinary General Meetings

I, the undersigned....., being a shareholder in Al Baraka Banking Group B.S.C. appoint Mr. / Ms. .... to represent me and vote on my behalf in the Annual General Meeting and the Extraordinary General Meeting to be successively held at Bahrain Conference Center, Crown Plaza Hotel, Diplomatic Area, Manama, Kingdom of Bahrain on Wednesday 24 March 2010, or any subsequent adjournment of these meetings.

### Authorization for the following:

#### A. The Ordinary General Meeting:

	Yes	No
• Presentation of the Report of the Board of Directors on the activities of the Bank for the Financial Year ended 31/12/2009.	<input type="checkbox"/>	<input type="checkbox"/>
• Presentation of the External Audit Report for the Financial Year ended 31/12/2009.	<input type="checkbox"/>	<input type="checkbox"/>
• Presentation of the Sharia Supervisory Board's Report for the Financial Year ended 31/12/2009.	<input type="checkbox"/>	<input type="checkbox"/>
• To review and approve the Consolidated Financial Statements for the Financial Year ended 31/12/2009.	<input type="checkbox"/>	<input type="checkbox"/>
• To approve the proposed distribution of profits for the Financial Year ended 31/12/2009 as follows:		
– To approve the transfer of 10% of the Net Income to the Statutory Reserve amounting to US\$ 9,175,786	<input type="checkbox"/>	<input type="checkbox"/>
– To approve the distribution of cash dividend to the shareholders registered as of the date of this meeting, amounting to US\$ 44,640,000 (6 cents for each share).	<input type="checkbox"/>	<input type="checkbox"/>
– To approve the transfer of US\$ 37,942,070 to the Retained Earnings.	<input type="checkbox"/>	<input type="checkbox"/>
• To approve the proposed distribution of one bonus share for every 16 fully paid up shares to the shareholders registered as of the date of this meeting amounting to US\$ 46,500,000 from the share premium after obtainment of the required official approvals.	<input type="checkbox"/>	<input type="checkbox"/>
• To absolve the Directors from liability for the Financial Year ended 31/12/2009.	<input type="checkbox"/>	<input type="checkbox"/>
• To approve a remuneration of US\$ 600,000 to the Members of the Board of Directors.	<input type="checkbox"/>	<input type="checkbox"/>
• Subject to the approval of the Central Bank of Bahrain, to reappoint Messrs Ernst & Young as Auditors for the Financial year ending 31/12/2010 and to authorize the Board of Directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>



# Proxy form for the Ordinary and Extraordinary General Meetings

## B. The Extraordinary General Meeting:

	Yes	No
• To approve the increase of the issued and paid up share capital by transferring US\$ 46,500,000 from the share premium to the share capital and issue bonus shares of one share for every 16 fully paid up shares to the shareholders registered as of the date of this meeting.	<input type="checkbox"/>	<input type="checkbox"/>
• To approve the amendment of the Memorandum and Articles of Association as per the Resolution passed pursuant to item (1) of this Agenda.	<input type="checkbox"/>	<input type="checkbox"/>
• Amendment of Article (24) (1) of the Articles of Association of Al Baraka Banking Group to increase the maximum number of the members of the Board of Directors from Eleven to fifteen, and to issue a decree for the election of two new members in accordance with Article (213) of the Companies Law no (21) for the year 2001, for the remaining period of the Board.	<input type="checkbox"/>	<input type="checkbox"/>
• To authorize and empower the Board of Directors or its delegate to take the necessary action, to effect amendment to the Memorandum and Articles of Association for the purpose of publicizing the increase in the share capital, and attesting the necessary amendment to the Memorandum and Articles of Association.	<input type="checkbox"/>	<input type="checkbox"/>

Shareholder Name.: .....

No. of Shares: .....

Signature: ..... Date:...../...../2010

### Important Notes to the Shareholders:

- 1- This proxy form should be deposited at least 24 hours prior to the proposed date for holding the AGM an the EGM with the registrars, KPMG, P.O Box 710, Manama, Kingdom of Bahrain, Fax No. 17212055.
- 2- The appointed proxy shall neither be the Chairman nor a director or an employee of the Company and shall not represent as proxy more than 5 % of the issued and paid up share capital of the Company.

P.O Box 1882  
Manama, Kingdom of Bahrain  
Tel: +973 17541122 Fax: +973 17536533  
www.albaraka.com



### Global and Regional Economies

From our vantage point here at the close of 2009, we can view the events of the last two years with a clarity denied to us at a time when the world seemed to have entered systemic shock. We know, without belittling the gravity of the global recession - as it came to be named - that not all economies suffered the same and, indeed, that some proved more resilient than others due to their greater inherent health from the start. Not all economies shared the same weaknesses, and thus not all countries took the same steps to address them, and some have not taken the steps they should have even to this day. We therefore look back on a year which we can only characterise as mixed, in every sense.

As foreseen in last year's Report, some economies - particularly China's and India's with 8.3% and 6.5% GDP growth respectively - managed to maintain momentum, thanks mostly to their strong internal economies and conservative policies. Others - Indonesia, Pakistan, Egypt for example - achieved positive annual growth, even if they began the year in negative territory. As for the major economies, several saw the fruits of their own stimulus efforts at last bear fruit as each began to emerge from recession in the second or third quarter, even though growth was negative over the calendar year: the United States with an impressive +5.7% GDP growth rate for the last quarter and -2.5% for the year as a whole, Japan with a -5.3% fall, Germany -4.9%, France -2.2% (the Euro zone as a whole recording -3.9% negative growth), with the UK not managing to emerge from recession till the fourth quarter and shrinking by -4.7% over the year as a whole. Globally, for the first time since 1945, the global economy shrank, by an estimated -1.0% as the volume of world trade plummeted by 14.4%.

Within our own areas of operations, once again economic performance was essentially mixed. With the exception of Turkey and South Africa - which recorded negative growth of -6.0% and -1.8% respectively, it is interesting to note that all the countries in which the Group has a presence were able to manage positive GDP growth. Lebanon recorded a most impressive estimated 7.0% growth rate while, as mentioned above, Egypt enjoyed 4.7% growth, followed by Sudan with 4.0%, Algeria 3.4%, Tunisia with 3.0%, Jordan 3.0%, Bahrain 3.0% and Pakistan 2.0%. Not all of these are hydrocarbon exporting countries either - a noteworthy observation in its own right.

Our vantage point enables us to scan the immediate future, too, although it remains unclear, even cloudy in places. We can see that with some economies, Britain for example, there remains the danger of slipping back into recession - the feared 'double dip' or 'W-shaped' recession. In Japan, the spectre of deflation has returned to haunt investors and real growth prospects look limited for 2010. Other heavily export-dependent countries, such as Germany, may not find it easy to generate the required momentum on the road to recovery. International oil prices may not decline any further than they have, so depriving the oil consuming countries of the spark to ignite their economies once again.

As always, however, we view the future with optimism, although we are under no illusions that the scale and depth of this global slowdown, and the damage sustained by several major industrial countries around the world, not least in the fiscal and monetary cost of the stimulus they have each had to inject into their economies, will remain with us for many years to come.

Likewise, the international banking industry will have to live with the constraints imposed on it - by regulators and markets alike - as a result of the slowdown in economic activity and in the aftermath of the credit crunch that arose out of the sub-prime crisis and bank failure. In our own region, in the last few months we have experienced the effect that reduced international liquidity combined with over-extension, over-exuberance or over-trading locally can have on some debtors and some financial institutions, whose creditworthiness may once have been regarded as beyond doubt.

As a consequence, we believe, and as mentioned last year, that it is incumbent on all financial institutions in the region to exercise caution, to monitor and conserve their liquidity, and to guard against the possibility of liquidity failure in institutions rebounding on the rest of the sector. It is for this reason that we took appropriate steps in 2009 to grow our financing with caution and in favour of increased liquidity, a policy which we will continue to maintain in 2010. We also took action to contain our operating expenses, among other measures putting our planned branch network expansion on hold for the first half of the year, only returning to organic growth in the second half. Standard & Poor's duly acknowledged this cautious and low risk approach to business by reaffirming our investment grade rating.



### 2009 Review

The Group's income from jointly financed accounts and investments, together with its share as Mudarib, was \$316.7 million. Income from self-financed contracts and investments, plus Mudarib share from managing restricted investment accounts, was \$137.8 million. Including other operating income and revenues from banking services, the Group's total operating income was \$633.5 million, 8.1% higher than that for 2008 and a new record. After operating expenses of \$308.9 million, the net income before provisions and taxation was \$324.6 million, 3.5% above that of 2008. Following the allocation of prudential provisions and taxation, the net income of the Group for the year was \$167.4 million, compared with \$201 million achieved in 2008.

The Group's liquid resources were managed higher in 2009 so that by the end of the year cash and liquid assets totalled \$3.5 billion. For this reason, together with the 16.6% expansion of the financing and investment portfolios, particularly in the second half of the year, its total assets rose by 20.6% to \$13.2 billion. Customer deposits - including URIA - totalled \$11 billion, an increase of 24.0% over 2008.

Following the completion of the necessary formalities we were also pleased to announce the formation of the latest member of the ABG stable, our new banking subsidiary in Syria. In keeping with the ABG philosophy of encouraging local participation in its ventures, this was followed by the launch of a \$35 million IPO, open only to Syrian nationals, in respect of 35% of Al Baraka Bank Syria, which we were delighted to see was greeted with great enthusiasm. The resounding success of the IPO, which was over-subscribed by 4.4 times the amount on offer, provided eloquent affirmation of the high degree of respect and confidence enjoyed by the Albaraka Banking Group, not only in Syria but indeed throughout the region.

In light of the Group's performance in 2009, the Board of Directors has recommended a cash dividend distribution to the shareholders of 6% of the paid up capital, amounting to \$44.6 million, and a bonus dividend of 1 share for every 16 shares held. A transfer of \$9.2 million will be made to legal reserves, with a balance of \$37.94 million being allocated to retained earnings. The Board has also recommended a remuneration distribution of \$600 thousand, which will be charged to expenses, once approved by the shareholders at the Annual General Meeting.

### Looking Ahead...

ABG has emerged from 2009 stronger than before. Its liquidity is sound and its core business is healthy. Having met its early targets, the Group is now well on track to meet its medium term strategic objectives:

- **Planned geographical expansion:** Following the successful IPO in 2009, ABC's new Damascus-based subsidiary is expected to begin operations in the first half of 2010 with the opening of its head office building and main branch; this will be followed over the course of the year by two more branches located in major cities. Furthermore, ABC intends to seek out other opportunities for expansion, particularly in those regions recovering from the economic malaise, where advantage may be taken of currently low asset valuations.
- **Increased profitability:** The groundwork has been laid for sustainable, increasing profitability from all units whilst engaging in cautious organic expansion.
- **Product innovation:** Shari'a-compliant products are continuously being developed, both in the Head Office and in the subsidiaries themselves; the Group has in place a continuous exchange of ideas which enables and encourages new products to be shared quickly and efficiently around the units.
- **Introduction of advanced IT systems and processes:** Intended to meet the Group's demands into the next decade and aimed at achieving optimum management efficiency and customer satisfaction, state of the art systems are currently being implemented at the Head Office and many business units.
- **Further strengthening of our risk management and corporate governance culture:** our risk management processes and corporate governance practices will continue to be upgraded to bring them to the level of best industry practice.



## Directors' Report

(All figures in US dollars unless otherwise stated)

- Unified Corporate Identity: The Group's re-branding exercise initiated in 2008 is now mid-way through its 2-year programme. Subsidiaries have received local regulatory approvals and most have now made the transition, with only three subsidiaries remaining to complete the launch in 2010.

In conclusion, I should like to take this opportunity to extend on behalf of the Board and management our appreciation to our Shari'a Supervisory Board, the Central Bank of Bahrain, the Ministry of Industry and Commerce and all of our subsidiaries' regulatory authorities, for their support and guidance during 2009.

For and on behalf of the Board of Directors



Saleh Abdullah Kamel  
Chairman

# Unified Shari'a Supervisory Board Report Al Baraka Banking Group B.S.C.

For the year ended 31 December 2009

Praise be to Allah and peace be upon our Prophet Mohamed, His Apostles and Companions

## To: Al Baraka Banking Group Shareholders

May peace and God's Mercy and Blessings Be upon You

In accordance with Article (58) of the Articles of Association of Al Baraka Banking Group, we are required to submit the following report:

We have reviewed the principles applied by the Group and reviewed the 2009 Shari'a reports issued by the Group Units' Shari'a Supervisory Boards. We have also reviewed their financial statements when needed. In addition, we examined the Group's financial position as of 31 December 2009 and Statement of Income and their notes. We have queried from some of the Technical's on the points that need explanation and statement. We have also reviewed the process of calculating Zakah in accordance with the Sharia Standard number (35) and Accounting Standard number (9) issued by the Accounting and Audit of the Islamic financial Institutions.

The Group and Units' management are responsible for the execution and implementation of the Unified Shari'a Supervisory Board resolutions and to bring to the attention of the Unified Shari'a Supervisory Board any transactions or issues that require Shari'a approval. The Unified Shari'a Supervisory Board is responsible for supervising the implementation of the resolution from a Shari'a point of view and issue opinion based on the Group and Units' Shari'a reports and financial statements.

The Unit's Shari'a Supervisory Boards, as is clear from their report, have supervised the Units' business activities including examining on test basis documentations and procedures applied by the Group and its Units.

The Units' Shari'a Supervisory Boards, as is clear from their reports, planned and performed reviews so as to obtain all the information and explanations they considered necessary in order to provide them with sufficient evidence to provide reasonable assurance that the Group and its Units have not violated Shari'a Rules and Principles.

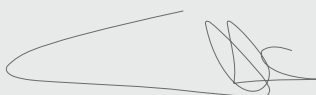
In our opinion:

1. The Contracts, transactions and dealings entered into by the Group and its Units during the year ended 31 December 2009 are made in compliance with Shari'a Rules and Principles.
2. The allocation of profit and charging of losses relating to investment accounts conform to the basis that have been approved by the Units' Shari'a Supervisory Boards in accordance with Shari'a Rules and Principles.
3. All earnings realized from sources or by means prohibited by Islamic Shari'a Rules and Principles have been committed by the Management to dispose it off to Charitable Causes.
4. The attached Zakah calculation was prepared in accordance with the provisions and principles of Islamic Sharia according to the Net Invested Fund Method in accordance to Shari'a Standard number (35) and Accounting Standard number (9) issued by the Accounting and Audit of the Islamic financial Institutions and on the basis set out in the resolution of the International Islamic Fiqh Academy that if a company calculate Zakah, the shareholders is committed to pay his Zakah according to that calculation, whatever his intention was. Since the Group and the Units are not empowered to pay Zakah, shareholders should pay their share of Zakah. The Zakah per share is 2.50 US cents. In case of unavailability of liquidity, it is allowed to postponed the Zakah and become a debt until the liquidity become available.

Praise be to God

Issued on 30 Safar 1431 H, corresponding to 14 February 2010 AD.

Executive Committee of the Unified Shari'a Supervisory Board



**Dr. Abdul Sattar Abu Ghudah**  
President Shari'a Supervisory Board



**Sh. Abdulla Al Mannea**  
Shari'a Supervisory Board's Member



**Dr. Abdullatif Al Mahmood**  
Shari'a Supervisory Board's Member



**Dr. Abdulaziz Al Fowzan**  
Shari'a Supervisory Board's Member



**Dr. Ahmed Mohiyeldin Ahmed**  
Shari'a Supervisory Board's Member

## Zakah Calculation

for the year ended 31 December 2009

	US Dollars ('000)
Equity Attributable to Shareholders	1,214,360
Less: Investment of the parent on the shareholding of Egyptian Saudi Finance Bank and Albaraka Bank Sudan	(133,522)
Net Zakatable Equity Attributable to Shareholders	1,080,838
<b>Less:</b>	
Musharaka underlined by unzakatable assets	(38,341)
Investment in Islamic Sukook underlined by unzakatable assets	(40,581)
Ijarah Muntahia Bittamleek	(59,046)
long-term investment in properties	(17,688)
properties and equipment	(131,045)
Intangible assets	(67,900)
Investment in Associates	(74,142)
<b>Add:</b>	
Shareholders share on Zakatable Assets by Associates	49,138
Murabaha deferred profits	21,419
Sale of long-term investment in properties during the year	397
<b>Zakatable amount</b>	<b>723,049</b>
Zakah Percentage	2.5775%
<b>Total Zakah due</b>	<b>18,637</b>
Number of Shares (thousands)	744,000
<b>Zakah per share (US\$ cents)</b>	<b>2.50</b>



# Independent Auditors' Report to the Shareholders of Al Baraka Banking Group B.S.C.

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We have audited the accompanying consolidated balance sheet of Albaraka Banking Group B.S.C. ("the Bank") and its subsidiaries ("the Group") as of 31 December 2009, and the related consolidated statements of income, cash flows, changes in equity and restricted investment accounts for the year then ended. These consolidated financial statements and the Group undertaking to operate in accordance with Islamic Shari'a Rules and Principles are the responsibility of the Group Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

## **Board of Director's responsibility for the consolidated financial statements**

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions and to operate in accordance with Islamic Shari'a. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## **Auditor's responsibility**

We conducted our audit in accordance with both International Standards on Auditing and Auditing Standards for Islamic Financial Institutions. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

## **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2009, the results of its operations, its cash flows, changes in equity and changes in restricted investment accounts for the year then ended in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions and the Shari'a Rules and Principles as determined by the Shari'a Supervisory Board of the Group.

## **Other regulatory matters**

We confirm that, in our opinion, proper accounting records have been kept by the Group and the consolidated financial statements, and the contents of the Report of the Board of Directors relating to these consolidated financial statements, are in agreement therewith. We further report, to the best of our knowledge and belief, that no violations of the Bahrain Commercial Companies Law, nor of the Central Bank of Bahrain and Financial Institutions Law, nor of the memorandum and articles of association of the Bank, have occurred during the year ended 31 December 2009 that might have had a material adverse effect on the business of the Bank or on its consolidated financial position and that the Bank has complied with the terms of its banking license.



24 February 2010  
Manama, Kingdom of Bahrain



Al Baraka Banking Group B.S.C.  
**Consolidated Balance Sheet**

31 December 2009

	2009 US\$ '000	2008 US\$ '000
<b>ASSETS</b>		
Cash and balances with banks	3,158,273	2,353,852
Receivables	7,027,064	6,188,219
Mudaraba and Musharaka financing	981,112	797,958
Investments	1,088,036	797,366
Ijarah Muntahia Bittamleek	335,333	304,824
Property and equipment	227,101	160,350
Other assets	349,358	317,719
<b>TOTAL ASSETS</b>	<b>13,166,277</b>	<b>10,920,288</b>
<b>LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS AND EQUITY</b>		
<b>LIABILITIES</b>		
Customer current and other accounts	2,607,844	2,078,755
Due to banks	152,662	60,860
Other liabilities	430,302	497,771
<b>Total liabilities</b>	<b>3,190,808</b>	<b>2,637,386</b>
<b>UNRESTRICTED INVESTMENT ACCOUNTS</b>	<b>8,238,624</b>	<b>6,732,741</b>
<b>EQUITY</b>		
<b>EQUITY ATTRIBUTABLE TO PARENT'S SHAREHOLDERS</b>		
Share capital	744,000	697,500
Share premium	99,390	145,890
Reserves	82,293	63,460
Cumulative changes in fair values	17,301	9,435
Foreign currency translations	(9,165)	(18,118)
Retained earnings	189,401	157,615
Proposed appropriations	91,140	74,900
<b>Equity attributable to parent's shareholders</b>	<b>1,214,360</b>	<b>1,130,682</b>
Non-controlling interest	522,485	419,479
<b>Total equity</b>	<b>1,736,845</b>	<b>1,550,161</b>
<b>TOTAL LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS AND EQUITY</b>	<b>13,166,277</b>	<b>10,920,288</b>



**Saleh Abdullah Kamel**  
Chairman



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



**Consolidated Statement of Income**

For the year ended 31 December 2009

	2009 US\$ '000	2008 US\$ '000
<b>Income</b>		
Net income from jointly financed contracts and investments	812,647	726,240
Gross return to unrestricted investment accounts	(709,417)	(652,499)
Group's share as a Mudarib	213,421	190,580
Return on unrestricted investment accounts	(495,996)	(461,919)
Group's share of income from joint financing and investment accounts	316,651	264,321
Mudarib share for managing restricted investment accounts	6,850	13,449
Net income from self financed contracts and investments	130,905	137,016
Other fees and commission income	123,865	115,933
Other operating income	55,242	55,152
<b>TOTAL OPERATING INCOME</b>	<b>633,513</b>	<b>585,871</b>
Staff expenses	179,619	155,196
Depreciation and amortisation	20,882	17,618
Other operating expenses	108,440	99,526
<b>TOTAL OPERATING EXPENSES</b>	<b>308,941</b>	<b>272,340</b>
<b>NET INCOME FOR THE YEAR BEFORE PROVISIONS AND TAXATION</b>	<b>324,572</b>	<b>313,531</b>
Provisions	(104,068)	(48,443)
<b>NET INCOME BEFORE TAXATION</b>	<b>220,504</b>	<b>265,088</b>
Taxation	(53,118)	(64,075)
<b>NET INCOME FOR THE YEAR</b>	<b>167,386</b>	<b>201,013</b>
Attributable to:		
Equity shareholders of the parent	91,758	113,698
Non-controlling interest	75,628	87,315
	<b>167,386</b>	<b>201,013</b>
Basic and diluted earnings per share - US cents	<b>12</b>	<b>15</b>



**Consolidated Statement of Cash Flows**

For the year ended 31 December 2009

	2009 US\$ '000	2008 US\$ '000
<b>OPERATING ACTIVITIES</b>		
Net income before taxation	220,504	265,088
Adjustments for:		
Depreciation and amortisation	20,882	17,618
Impairment loss	353	2,891
Depreciation on Ijarah Muntahia Bittamleek	63,709	97,939
Unrealised (gain) loss on trading securities	(52)	17,700
Gain on sale of property and equipment	(2,347)	(1,243)
Gain on sale of available for sale investments	(273)	(374)
Gain on sale of trading securities	(731)	(986)
Provisions	104,068	48,443
Income from associates	(3,376)	(7,598)
Operating profit before changes in operating assets and liabilities	402,737	439,478
Net changes in operating assets and liabilities:		
Reserves with central banks	10,179	(74,123)
Receivables	(942,645)	(606,342)
Mudaraba and Musharaka financing	(182,445)	(91,374)
Ijarah Muntahia Bittamleek	(94,218)	(54,126)
Other assets	(24,488)	(52,503)
Customer current and other accounts	529,089	286,168
Due to banks	91,802	(8,167)
Other liabilities	(37,451)	18,011
Taxation paid	(87,365)	(36,222)
Directors' remuneration paid	(500)	(500)
Net cash used in operating activities	(335,305)	(179,700)
<b>INVESTING ACTIVITIES</b>		
Net purchase of investments	(272,824)	(100,904)
Net purchase of property and equipment	(83,535)	(11,449)
Net purchase of investment in associate	(13,072)	-
Dividend received from associates	2,457	501
Net cash used in investing activities	(366,974)	(111,852)
<b>FINANCING ACTIVITIES</b>		
Dividends paid to equity holders of parent	(27,900)	(58,590)
Increase in unrestricted investment accounts	1,512,899	523,642
Net changes in non-controlling interest	15,080	(37,247)
Net cash from financing activities	1,500,079	427,805
Foreign currency translation adjustments	16,800	(137,651)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>814,600</b>	<b>(1,398)</b>
Cash and cash equivalents at 1 January	1,735,650	1,737,048
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<b>2,550,250</b>	<b>1,735,650</b>



# Consolidated Statement of Changes in Equity

For the year ended 31 December 2009

	Attributable to equity holders of the parent										
	Share capital US\$ '000	Share premium US\$ '000	Reserves		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
			Statutory reserve US\$ '000	Other reserves US\$ '000							
Balance 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	<b>1,550,161</b>
Bonus shares issued	46,500	-	-	-	-	-	-	(46,500)	-	-	-
Directors' remuneration paid	-	-	-	-	-	-	-	(500)	(500)	-	<b>(500)</b>
Net movement in cumulative change in fair value	-	-	-	-	7,866	-	-	-	7,866	2,634	<b>10,500</b>
Net movement in other reserves	-	-	-	9,657	-	-	(6,156)	-	3,501	1,817	<b>5,318</b>
Foreign currency translation	-	-	-	-	-	8,953	-	-	8,953	7,847	<b>16,800</b>
Total income and expense for the year recognised directly in equity	-	-	-	9,657	7,866	8,953	(6,156)	-	20,320	12,298	<b>32,618</b>
Net income for the year	-	-	-	-	-	-	91,758	-	91,758	75,628	<b>167,386</b>
Total income and expense for the year	-	-	-	<b>9,657</b>	<b>7,866</b>	<b>8,953</b>	<b>85,602</b>	-	<b>112,078</b>	<b>87,926</b>	<b>200,004</b>
Transfer to statutory reserve	-	-	9,176	-	-	-	(9,176)	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	(27,900)	(27,900)	-	<b>(27,900)</b>
Proposed dividends	-	-	-	-	-	-	(44,640)	44,640	-	-	-
Proposed bonus shares	-	(46,500)	-	-	-	-	-	46,500	-	-	-
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	(25,621)	<b>(25,621)</b>
Net movement in non-controlling interest	-	-	-	-	-	-	-	-	-	40,701	<b>40,701</b>
<b>Balance at 31 December 2009</b>	<b>744,000</b>	<b>99,390</b>	<b>42,986</b>	<b>39,307</b>	<b>17,301</b>	<b>(9,165)</b>	<b>189,401</b>	<b>91,140</b>	<b>1,214,360</b>	<b>522,485</b>	<b>1,736,845</b>



# Consolidated Statement of Changes in Equity

For the year ended 31 December 2009

	Attributable to equity holders of the parent										
	Share capital US\$ '000	Share premium US\$ '000	Reserves		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
			Statutory reserve US\$ '000	Other reserves US\$ '000							
Balance at 1 January 2008	651,000	192,390	22,440	1,520	5,883	55,787	109,153	105,590	1,143,763	425,895	<b>1,569,658</b>
Bonus shares issued	46,500	-	-	-	-	-	-	(46,500)	-	-	-
Directors' remuneration paid	-	-	-	-	-	-	-	(500)	(500)	-	<b>(500)</b>
Net movement in cumulative change in fair value	-	-	-	-	3,552	-	-	-	3,552	5,311	<b>8,863</b>
Net movement in other reserves	-	-	-	28,130	-	-	(25,466)	-	2,664	1,950	<b>4,614</b>
Foreign currency translation	-	-	-	-	-	(73,905)	-	-	(73,905)	(63,745)	<b>(137,650)</b>
Total income and expense for the year recognised directly in equity	-	-	-	28,130	3,552	(73,905)	(25,466)	-	(67,689)	(56,484)	<b>(124,173)</b>
Net income for the year	-	-	-	-	-	-	113,698	-	113,698	87,315	<b>201,013</b>
Total income and expense for the year	-	-	-	28,130	3,552	(73,905)	88,232	-	46,009	30,831	<b>76,840</b>
Transfer to statutory reserve	-	-	11,370	-	-	-	(11,370)	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	(58,590)	(58,590)	-	<b>(58,590)</b>
Proposed dividends	-	-	-	-	-	-	(27,900)	27,900	-	-	-
Proposed bonus shares	-	(46,500)	-	-	-	-	-	46,500	-	-	-
Directors' remuneration	-	-	-	-	-	-	(500)	500	-	-	-
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	(21,947)	<b>(21,947)</b>
Net movement in non-controlling interest	-	-	-	-	-	-	-	-	-	(15,300)	<b>(15,300)</b>
Balance at 31 December 2008	<u>697,500</u>	<u>145,890</u>	<u>33,810</u>	<u>29,650</u>	<u>9,435</u>	<u>(18,118)</u>	<u>157,615</u>	<u>74,900</u>	<u>1,130,682</u>	<u>419,479</u>	<b><u>1,550,161</u></b>



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