

Al Baraka Banking Group B.S.C.
INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

30 JUNE 2011 (UNAUDITED)

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Al Baraka Banking Group B.S.C. [the Bank] and its subsidiaries [the Group] as at 30 June 2011, comprising of the interim consolidated statement of financial position as at 30 June 2011 and the related interim consolidated statements of income, cash flows, changes in owners' equity and changes in off-balance sheet equity of investment accountholders for the six month period then ended and explanatory notes. The Board of Directors and management 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.



10 August 2011
Manama, Kingdom of Bahrain

Al Baraka Banking Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011 (Unaudited)

		30 June 2011	<i>Restated Audited</i> 31 December 2010
	Notes	US\$ '000	US\$ '000
ASSETS			
Cash and balances with banks		3,909,216	3,813,903
Receivables	3	8,369,052	8,063,331
Mudaraba and Musharaka financing	4	921,859	1,538,632
Investments	5	2,027,128	1,348,872
Ijarah Muntahia Bittamleek		485,470	439,801
Property and equipment		307,559	298,852
Other assets	6	440,929	374,933
TOTAL ASSETS		16,461,213	15,878,324
LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY			
LIABILITIES			
Customer current and other accounts		3,039,800	2,906,172
Due to banks		594,484	424,477
Other liabilities	7	552,494	490,988
Total liabilities		4,186,778	3,821,637
EQUITY OF INVESTMENT ACCOUNTHOLDERS		10,444,548	10,240,106
OWNERS' EQUITY			
Share capital		869,550	790,500
Treasury shares		(7,151)	(6,528)
Share premium		16,443	15,866
Reserves		99,055	96,738
Cumulative changes in fair values		(6,785)	(3,834)
Foreign currency translations		(43,709)	(24,340)
Retained earnings		301,362	236,750
Proposed appropriations		-	118,575
Equity attributable to parent's shareholders		1,228,765	1,223,727
Non-controlling interest		601,122	592,854
Total owners' equity		1,829,887	1,816,581
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY		16,461,213	15,878,324



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.

Al Baraka Banking Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the six months ended 30 June 2011 (Unaudited)

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Income				
Net income from jointly financed contracts and investments	229,465	198,137	447,881	394,379
Return on equity of investment accountholders before Group's share as a Mudarib	(202,603)	(185,714)	(403,480)	(362,913)
Group's share as a Mudarib	66,837	56,816	129,740	116,100
Return on equity of investment accountholders	(135,766)	(128,898)	(273,740)	(246,813)
Group's share of income from equity of investment accountholders (as a Mudarib and Rabalmaal)	93,699	69,239	174,141	147,566
Mudarib share for managing off-balance sheet equity of investment accountholders	363	663	680	1,107
Net income from self financed contracts and investments	35,423	33,911	72,648	69,724
Other fees and commission income	40,681	34,082	79,964	64,821
Other operating income	12,783	12,536	25,377	24,195
TOTAL OPERATING INCOME	182,949	150,431	352,810	307,413
Staff expenses	52,306	45,099	101,556	89,337
Depreciation and amortisation	7,304	5,663	14,359	11,189
Other operating expenses	36,575	25,985	66,414	55,540
TOTAL OPERATING EXPENSES	96,185	76,747	182,329	156,066
NET INCOME FOR THE PERIOD BEFORE PROVISIONS AND TAXATION	86,764	73,684	170,481	151,347
Provisions	(11,249)	(13,300)	(25,217)	(26,547)
NET INCOME FOR THE PERIOD BEFORE TAXATION	75,515	60,384	145,264	124,800
Taxation	(18,924)	(13,785)	(35,210)	(29,859)
NET INCOME FOR THE PERIOD	56,591	46,599	110,054	94,941
Attributable to:				
Equity holders of the parent	33,689	26,718	64,410	54,409
Non-controlling interest	22,902	19,881	45,644	40,532
	56,591	46,599	110,054	94,941
Basic and diluted earnings per share - US cents (note 10)	3.90	3.40	7.46	6.93

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

Al Baraka Banking Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2011 (Unaudited)

	30 June 2011 US\$ '000	30 June 2010 US\$ '000
OPERATING ACTIVITIES		
Net income for the period before taxation	145,264	124,800
Adjustments for:		
Depreciation and amortisation	14,359	11,189
Depreciation on Ijarah Muntahia Bittamleek	44,888	28,758
Unrealised (gain) loss on trading securities	(713)	40
Gain on sale of property and equipment	(3,731)	(2,082)
Gain on sale of investment properties	(1,172)	-
Gain on sale of available for sale investments	(207)	(9)
Gain on sale of trading securities	(8)	(24)
Provisions	25,217	26,547
Income from associates	(2,090)	(1,890)
Operating profit before changes in operating assets and liabilities	<u>221,807</u>	<u>187,329</u>
Net changes in operating assets and liabilities:		
Reserves with Central Banks	(631,208)	(182,986)
Receivables	(321,654)	(134,052)
Mudaraba and Musharaka financing	621,308	17,455
Ijarah Muntahia Bittamleek	(90,557)	(88,781)
Other assets	(67,319)	19,697
Customer current and other accounts	133,628	6,699
Due to banks	170,009	(9,913)
Other liabilities	63,281	86,159
Equity of investment accountholders	208,250	415,493
Taxation paid	(45,865)	(42,015)
Net cash from operating activities	<u>261,680</u>	<u>275,085</u>
INVESTING ACTIVITIES		
Net purchase of investments	(685,932)	(22,578)
Net purchase of property and equipment	(17,939)	(17,702)
Dividend received from associates	305	114
Net disposal of investment in associates	2,455	13,815
Net cash used in investing activities	<u>(701,111)</u>	<u>(26,351)</u>
FINANCING ACTIVITIES		
Dividends paid to equity holders of the parent (note 11)	(39,525)	(44,640)
Net movement in treasury shares	254	(10,661)
Net changes in non-controlling interest	(26,875)	(18,887)
Net cash used in financing activities	<u>(66,146)</u>	<u>(74,188)</u>
Foreign currency translation adjustments	(30,318)	(47,645)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(535,895)</u>	<u>126,901</u>
Cash and cash equivalents at 1 January	<u>2,988,700</u>	<u>2,550,250</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u><u>2,452,805</u></u>	<u><u>2,677,151</u></u>
For the purpose of the interim consolidated statement of cash flows, cash and cash equivalents comprise of the following:		
Balances with Central Banks (excluding mandatory reserves)	1,505,241	1,729,687
Balances with other banks	671,750	698,357
Cash and cash in transit	275,814	249,107
	<u><u>2,452,805</u></u>	<u><u>2,677,151</u></u>

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

Al Baraka Banking Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the six months ended 30 June 2011 (Unaudited)

	Attributable to the equity holders 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 owners' equity US\$ '000
At 1 January 2011	790,500	(6,528)	15,866	53,547	43,191	(2,876)	(24,360)	236,750	118,575	1,224,665	593,525	1,818,190
Changes due to adoption of FAS 25	-	-	-	-	-	(958)	20	-	-	(938)	(671)	(1,609)
At 1 January 2011 (restated)	790,500	(6,528)	15,866	53,547	43,191	(3,834)	(24,340)	236,750	118,575	1,223,727	592,854	1,816,581
Dividends paid (note 11)	-	-	-	-	-	-	-	-	(39,525)	(39,525)	-	(39,525)
Bonus shares issued (note 11)	79,050	-	-	-	-	-	-	-	(79,050)	-	-	-
Net movement in treasury shares	-	(623)	577	-	-	-	-	300	-	254	-	254
Net movement in cumulative change in fair value	-	-	-	-	-	(2,951)	-	-	-	(2,951)	(1,091)	(4,042)
Net movement in other reserves	-	-	-	-	2,317	-	-	(642)	-	1,675	1,413	3,088
Foreign currency translation	-	-	-	-	-	-	(19,369)	-	-	(19,369)	(10,949)	(30,318)
Net income for the period	-	-	-	-	-	-	-	64,410	-	64,410	45,644	110,054
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	(30,633)	(30,633)
Effects of acquisition of non-controlling interest	-	-	-	-	-	-	-	544	-	544	(544)	-
Net movement in non-controlling interest	-	-	-	-	-	-	-	-	-	-	4,428	4,428
At 30 June 2011	869,550	(7,151)	16,443	53,547	45,508	(6,785)	(43,709)	301,362	-	1,228,765	601,122	1,829,887

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

Al Baraka Banking Group B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the six months ended 30 June 2011 (Unaudited)

Attributable to the equity holders of the parent

	Reserves											
	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 owners' 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
Changes due to adoption of FAS 25	-	-	-	-	-	(2,000)	(135)	-	-	(2,135)	(918)	(3,053)
At 1 January 2010 (restated)	744,000	-	99,390	42,986	39,307	15,301	(9,300)	189,401	91,140	1,212,225	521,567	1,733,792
Dividends paid (note 11)	-	-	-	-	-	-	-	-	(44,640)	(44,640)	-	(44,640)
Bonus shares issued (note 11)	46,500	-	-	-	-	-	-	-	(46,500)	-	-	-
Net movement in treasury shares	-	(6,564)	(4,399)	-	-	-	-	302	-	(10,661)	-	(10,661)
Net movement in cumulative change in fair value	-	-	-	-	-	(3,775)	-	-	-	(3,775)	(1,585)	(5,360)
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
At 30 June 2010 (restated)	790,500	(6,564)	94,991	42,986	37,680	11,526	(38,126)	243,100	-	1,176,093	521,873	1,697,966

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

Al Baraka Banking Group B.S.C.

INTERIM STATEMENT OF CHANGES IN OFF-BALANCE SHEET EQUITY OF INVESTMENT ACCOUNTHOLDERS

For the six months ended 30 June 2011 (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 2011	44,920	147,093	46,411	28,255	116,057	76,602	459,338
Deposits	16,141	73,760	47,062	1,212	20,169	153,690	312,034
Withdrawals	(25,447)	(80,626)	(45,742)	(89)	(26,038)	(167,296)	(345,238)
Income net of expenses	-	271	244	-	197	720	1,432
Mudarib's share	-	(311)	-	-	(81)	(288)	(680)
Foreign exchange translation	-	-	-	-	(568)	(530)	(1,098)
At 30 June 2011	35,614	140,187	47,975	29,378	109,736	62,898	425,788
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 translations	-	-	(399)	-	(23)	-	(422)
At 30 June 2010	66,859	270,667	57,361	27,122	108,291	32,946	563,246

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

1 ACTIVITIES

Al Baraka 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 Bourse 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 2011 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 2010. In addition, results for the six months ended 30 June 2011 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2011.

The annual consolidated financial statements for the year ended 31 December 2010 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, and the CBB regulations (as contained in Volume II of CBB rulebook) and directives. 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 2011. 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 2010, except for the following:

New accounting standards

During 2010, AAOIFI issued new Financial Accounting Standard (FAS 25) "Investment in sukuk, shares and similar instruments", which is effective as of 1 January 2011.

Financial accounting standard (FAS 25) "Investment in sukuk, shares and similar instruments"

The Group has adopted FAS 25 issued by AAOIFI which covers the recognition, measurement, presentation and disclosure of investment in sukuk, shares and similar investments that exhibit characteristics of debt and equity instruments made by the Islamic financial institutions.

30 June 2011 (Unaudited)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)**Financial accounting standard (FAS 25) "Investment in sukuk, shares and similar instruments"**

The adoption of FAS 25 had no effect on the classification and measurement of the Groups financial assets except for the restatement as disclosed in note 5.

Approval of the Interim Condensed Consolidated Financial Statements

These interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 10 August 2011.

3 RECEIVABLES

	<i>Audited</i>	<i>Audited</i>
	<i>30 June</i>	<i>31 December</i>
	<i>2011</i>	<i>2010</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Sales (Murabaha) receivables	8,253,912	7,939,881
Ijarah receivables	23,806	18,496
Salam receivables	62,138	80,292
Istisna'a receivables	29,196	24,662
	8,369,052	8,063,331

4 MUDARABA AND MUSHARAKA FINANCING

	<i>Audited</i>	<i>Audited</i>
	<i>30 June</i>	<i>31 December</i>
	<i>2011</i>	<i>2010</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Mudaraba financing	557,743	1,186,564
Musharaka financing	364,116	352,068
	921,859	1,538,632

5 INVESTMENTS

	<i>Restated</i>	<i>Audited</i>
	<i>30 June</i>	<i>31 December</i>
	<i>2011</i>	<i>2010</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Equity investment - at fair value through statement of income	7,090	8,966
Equity investment - at fair value through equity	230,831	193,431
Debt type investment - at amortised cost	1,641,925	1,003,295
	1,879,846	1,205,692
Investment in real estate	121,119	116,304
Investment in associates	26,163	26,876
	2,027,128	1,348,872

5 INVESTMENTS (continued)

RECLASSIFICATION OF INVESTMENTS

Adoption of FAS 25 resulted in the following adjustment to the carrying value as of 31 December 2010:

	<i>Before adopting FAS 25</i>				<i>On adopting FAS 25</i>		
	<i>Held to maturity</i>	<i>Available for sale</i>	<i>Held for Trading</i>	<i>FAS 25 adjustment</i>	<i>Fair value through statement of income</i>	<i>Amortised Cost</i>	<i>Fair value through equity</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Debt type							
<i>Quoted investments</i>							
Sukuk	-	55,858	-	(1,609)	-	54,249	-
<i>Unquoted investments</i>							
Sukook and similar items	713,567	235,981	-	-	-	949,548	-
	<u>713,567</u>	<u>291,839</u>	<u>-</u>	<u>(1,609)</u>	<u>-</u>	<u>1,003,797</u>	<u>-</u>
Equity type							
<i>Quoted investments</i>							
Equities	-	25,263	8,966	-	8,966	-	25,263
Managed funds	-	45,967	-	-	-	-	45,967
<i>Unquoted investments</i>							
Equities	-	99,723	-	-	-	-	99,723
Managed funds	-	32,117	-	-	-	-	32,117
	<u>-</u>	<u>203,070</u>	<u>8,966</u>	<u>-</u>	<u>8,966</u>	<u>-</u>	<u>203,070</u>
Provisions	(502)	(9,639)	-	-	-	(2,306)	(7,835)
	<u>713,065</u>	<u>485,270</u>	<u>8,966</u>	<u>(1,609)</u>	<u>8,966</u>	<u>1,001,491</u>	<u>195,235</u>

6 OTHER ASSETS

	<i>Audited</i>	<i>Audited</i>
	<i>30 June 2011</i>	<i>31 December 2010</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Bills receivables	168,115	123,924
Goodwill and intangible assets	92,036	93,770
Collateral pending sale	58,668	60,237
Prepayments	27,295	24,255
Deferred taxation	52,824	43,865
Good Faith Qard Fund	19,345	15,256
Others	35,599	27,897
	<u>453,882</u>	<u>389,204</u>
Provisions	(12,953)	(14,271)
	<u>440,929</u>	<u>374,933</u>

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7 OTHER LIABILITIES

	<i>Audited</i>	<i>Audited</i>
	<i>30 June</i>	<i>31 December</i>
	<i>2011</i>	<i>2010</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Payables	260,829	208,024
Cash margins	98,398	96,835
Other provisions	14,421	12,128
Current taxation	45,684	52,643
Deferred taxation	17,005	11,743
Accrued expenses	33,047	48,779
Charity fund	2,911	5,035
Manager's Cheques	13,799	5,788
Others	66,400	50,013
	552,494	490,988

8 COMMITMENTS AND CONTINGENCIES

	<i>Audited</i>	<i>Audited</i>
	<i>30 June</i>	<i>31 December</i>
	<i>2011</i>	<i>2010</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Letters of credit	1,355,216	1,144,767
Guarantees	2,794,594	2,854,794
Acceptances	99,655	72,353
Undrawn Commitments	436,913	361,067
Others	12,223	17,247
	4,698,601	4,450,228

Al Baraka Banking Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2011 (Unaudited)

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 and Shari'a supervisory board members.

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

	Six months ended			
	Parent company and its major shareholders US\$ '000	Directors and key management personnel US\$ '000	Other related parties US\$ '000	30 June 2010 US\$ '000
Net income from jointly financed contracts and investments	847	147	28	1,006
Net income from self financed contracts and investments	-	344	-	771
Return on equity of investment accountholders	-	28	118	157
Other fees and commission income	21	-	-	13
Other operating income	-	-	-	14

The significant balances with related parties were as follows:

	Six months ended			Audited 31 December 2010 US\$ '000
	Parent company and its major shareholders US\$ '000	Directors and key management personnel US\$ '000	Other related parties US\$ '000	
Assets:				
Cash and balances with banks	16	-	-	177
Receivables	-	444	-	44,394
Mudaraba and Musharaka financing	16,304	-	-	36,763
Investments	71,091	-	-	81,622
Ijarah Muntahia Bittamleek	-	87	-	121
Other assets	46	206	-	949
Liabilities:				
Customer current and other accounts	4,164	587	331	24,323
Other liabilities	13	-	-	2,081
Equity of investment accountholders	1,255	2,070	3	19,096
Off-balance sheet equity of investment accountholders	8,130	-	-	19,354

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

Al Baraka Banking Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATE

30 June 2011 (Unaudited)

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>	
	<i>30 June</i> <i>2011</i>	<i>30 June</i> <i>2010</i>	<i>30 June</i> <i>2011</i>	<i>30 June</i> <i>2010</i>
Net income attributable to the equity shareholders of the parent for the period - US\$ '000	33,689	26,718	64,410	54,409
Weighted average number of shares outstanding at the beginning of the year (in thousands)	784,544	790,500	784,544	790,500
Treasury shares effect (in thousands)	(472)	(84,455)	(472)	(84,455)
Bonus shares effect (in thousands)*	79,050	79,050	79,050	79,050
Weighted average number of shares outstanding during the period - (in thousands)	863,122	785,095	863,122	785,095
Earnings per share - US cents	3.90	3.40	7.46	6.93

*The weighted average number of shares of the previous period has been adjusted on account of the bonus issue made in 2011 and 2010.

11 APPROPRIATIONS

At the Annual General Meeting held on 23 March 2011 (2010: 24 March 2010), the shareholders of the Group resolved to distribute US\$ 39,525 thousand (2010: US\$ 44,640 thousand) as cash dividends and US\$ 79,050 thousand (2010: US\$ 46,500 thousand) as bonus shares. The dividends were distributed on 27 April 2011.

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2011 (Unaudited)

12 SEGMENTAL INFORMATION (continued)

Segment assets, liabilities and equity of investment accountholders were as follows:

	30 June 2011			Restated Audited 31 December 2010		
	Assets US\$ '000	Liabilities US\$ '000	Equity of investment accountholders US\$ '000	Assets US\$ '000	Liabilities US\$ '000	Equity of investment accountholders US\$ '000
Segment						
Middle East	7,329,434	1,694,814	4,866,767	6,920,049	1,528,672	4,608,896
North Africa	2,251,555	967,902	946,429	2,105,346	852,847	920,957
Europe	5,331,065	1,145,624	3,619,963	5,424,000	1,104,352	3,763,013
Others	1,549,159	378,438	1,011,389	1,428,929	335,766	947,240
	16,461,213	4,186,778	10,444,548	15,878,324	3,821,637	10,240,106

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

	Six months ended 30 June 2011			Six months ended 30 June 2010		
	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
Segment						
Middle East	106,485	43,686	25,135	94,852	34,260	13,587
North Africa	65,386	46,608	31,716	56,514	38,365	26,450
Europe	147,121	71,801	47,113	129,278	70,265	47,559
Others	33,818	8,386	6,090	26,769	8,457	7,345
	352,810	170,481	110,054	307,413	151,347	94,941