

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

30 SEPTEMBER 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 September 2011, comprising of the interim consolidated statement of financial position as at 30 September 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 nine 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.



13 November 2011
Manama, Kingdom of Bahrain

Al Baraka Banking Group B.S.C.

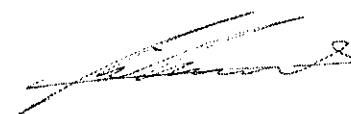
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2011 (Unaudited)

		<i>Restated Audited</i>
	30 September 2011	31 December 2010
	<i>Notes</i>	
	US\$ '000	US\$ '000
ASSETS		
Cash and balances with banks	4,274,720	3,813,903
Receivables	3 7,912,249	8,063,331
Mudaraba and Musharaka financing	4 897,255	1,538,632
Investments	5 2,077,651	1,348,872
Ijarah Muntahia Bittamleek	505,101	439,801
Property and equipment	300,085	298,852
Other assets	6 410,449	374,933
TOTAL ASSETS	16,377,510	15,878,324
LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY		
LIABILITIES		
Customer current and other accounts	3,109,578	2,906,172
Due to banks	924,617	424,477
Other liabilities	7 532,255	490,988
Total liabilities	4,566,450	3,821,637
EQUITY OF INVESTMENT ACCOUNTHOLDERS	10,023,507	10,240,106
OWNERS' EQUITY		
Share capital	869,550	790,500
Treasury shares	(7,224)	(6,528)
Share premium	16,398	15,866
Reserves	100,925	96,738
Cumulative changes in fair values	(10,474)	(3,834)
Foreign currency translations	(100,011)	(24,340)
Retained earnings	332,246	236,750
Proposed appropriations	-	118,575
Equity attributable to parent's shareholders	1,201,410	1,223,727
Non-controlling interest	586,143	592,854
Total owners' equity	1,787,553	1,816,581
TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY	16,377,510	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 nine months ended 30 September 2011 (Unaudited)

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September 2011</i>	<i>30 September 2010</i>	<i>30 September 2011</i>	<i>30 September 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	221,172	196,483	669,053	590,862
Return on equity of investment before Group's share as a Mudarib	(198,937)	(187,918)	(602,417)	(550,831)
Group's share as a Mudarib	59,292	57,193	189,032	173,293
Return on equity of investment accountholders	(139,645)	(130,725)	(413,385)	(377,538)
Group's share of income from equity of investment accountholders (as a Mudarib and Rabalmaal)	81,527	65,758	255,668	213,324
Mudarib share for managing off-balance sheet equity of investment accountholders	302	609	982	1,716
Net income from self financed contracts and investments	49,928	34,001	122,576	103,725
Other fees and commission income	39,865	34,961	119,829	99,782
Other operating income	10,642	21,192	36,019	45,387
TOTAL OPERATING INCOME	182,264	156,521	535,074	463,934
Staff expenses	55,958	47,285	157,514	136,622
Depreciation and amortisation	7,155	5,639	21,514	16,828
Other operating expenses	37,239	28,212	103,653	83,752
TOTAL OPERATING EXPENSES	100,352	81,136	282,681	237,202
NET INCOME FOR THE PERIOD BEFORE PROVISIONS AND TAXATION	81,912	75,385	252,393	226,732
Provisions	(5,731)	(7,994)	(30,948)	(34,541)
NET INCOME FOR THE PERIOD BEFORE TAXATION	76,181	67,391	221,445	192,191
Taxation	(20,202)	(14,839)	(55,412)	(44,698)
NET INCOME FOR THE PERIOD	55,979	52,552	166,033	147,493
Attributable to:				
Equity holders of the parent	33,072	29,074	97,482	83,483
Non-controlling interest	22,907	23,478	68,551	64,010
	55,979	52,552	166,033	147,493
Basic and diluted earnings per share - US cents (note 10)	3.83	3.71	11.30	10.64

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 nine months ended 30 September 2011 (Unaudited)

	30 September 2011 US\$ '000	30 September 2010 US\$ '000
OPERATING ACTIVITIES		
Net income for the period before taxation	221,445	192,191
Adjustments for:		
Depreciation and amortisation	21,514	16,828
Depreciation on Ijarah Muntahia Bittamleek	49,066	40,409
Unrealised gain on investment at fair value through statement of income	(485)	(572)
Gain on sale of property and equipment	(4,496)	(3,978)
Gain on sale of investment properties	(1,327)	-
Gain on sale of investment at fair value through equity	(7,211)	(138)
Loss (gain) on sale of investment at fair value through statement of income	489	(95)
Provisions	30,948	34,541
Income from associates	(2,202)	(1,639)
Operating profit before changes in operating assets and liabilities	<u>307,741</u>	<u>277,547</u>
Net changes in operating assets and liabilities:		
Reserves with Central Banks	(662,441)	(107,479)
Receivables	126,803	(714,736)
Mudaraba and Musharaka financing	645,707	(177,152)
Ijarah Muntahia Bittamleek	(114,367)	(113,434)
Other assets	(51,483)	(10,113)
Customer current and other accounts	203,405	97,992
Due to banks	500,148	182,343
Other liabilities	45,806	69,287
Equity of investment accountholders	(210,947)	1,386,362
Taxation paid	(51,706)	(51,489)
Net cash from operating activities	<u>738,666</u>	<u>839,128</u>
INVESTING ACTIVITIES		
Net purchase of investments	(737,153)	(113,912)
Net purchase of property and equipment	(16,142)	(47,388)
Dividend received from associates	305	244
Net disposal of investment in associates	2,535	12,583
Net cash used in investing activities	<u>(750,455)</u>	<u>(148,473)</u>
FINANCING ACTIVITIES		
Dividends paid to equity holders of the parent (note 11)	(39,525)	(44,640)
Net movement in treasury shares	136	(10,740)
Net changes in non-controlling interest	(24,263)	(16,682)
Net cash used in financing activities	<u>(63,652)</u>	<u>(72,062)</u>
Foreign currency translation adjustments	(126,183)	6,075
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(201,624)</u>	<u>624,668</u>
Cash and cash equivalents at 1 January	2,988,700	2,550,250
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	<u><u>2,787,076</u></u>	<u><u>3,174,918</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)	1,685,996	1,967,336
Balances with other banks	721,920	946,969
Cash and cash in transit	379,160	260,613
	<u><u>2,787,076</u></u>	<u><u>3,174,918</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 nine months ended 30 September 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	-	(696)	532	-	-	-	-	300	-	136	-	136
Net movement in cumulative change in fair value	-	-	-	-	-	(6,640)	-	-	-	(6,640)	(2,221)	(8,861)
Net movement in other reserves	-	-	-	-	4,187	-	-	(2,593)	-	1,594	1,370	2,964
Foreign currency translation	-	-	-	-	-	-	(75,671)	-	-	(75,671)	(50,512)	(126,183)
Net income for the period	-	-	-	-	-	-	-	97,482	-	97,482	68,551	166,033
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	(30,685)	(30,685)
Effects of acquisition of non-controlling interest	-	-	-	-	-	-	-	307	-	307	(307)	-
Net movement in non-controlling interest	-	-	-	-	-	-	-	-	-	-	7,093	7,093
At 30 September 2011	869,550	(7,224)	16,398	53,547	47,378	(10,474)	(100,011)	332,246	-	1,201,410	586,143	1,787,553

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 nine months ended 30 September 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 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	-	(6,585)	(4,457)	-	-	-	-	302	-	(10,740)	-	(10,740)
Net movement in cumulative change in fair value	-	-	-	-	-	2,541	-	-	-	2,541	47	2,588
Net movement in other reserves	-	-	-	-	1,208	-	-	(5,318)	-	(4,110)	(2,635)	(6,745)
Foreign currency translation	-	-	-	-	-	-	2,346	-	-	2,346	3,539	5,885
Net income for the period	-	-	-	-	-	-	-	83,483	-	83,483	64,010	147,493
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-	(22,356)	(22,356)
Net movement in non- controlling interest	-	-	-	-	-	-	-	-	-	-	5,674	5,674
At 30 September 2010 (restated)	790,500	(6,585)	94,933	42,986	40,515	17,842	(6,954)	267,868	-	1,241,105	569,846	1,810,951

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 nine months ended 30 September 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	17,597	79,872	72,333	1,381	20,989	201,772	393,944
Withdrawals	(24,364)	(186,285)	(59,784)	(114)	(28,367)	(221,438)	(520,352)
Income net of expenses	-	306	415	-	312	970	2,003
Mudarib's share	-	(486)	-	-	(81)	(415)	(982)
Foreign exchange translation	-	-	-	-	(519)	(1,036)	(1,555)
At 30 September 2011	38,153	40,500	59,375	29,522	108,391	56,455	332,396
At 1 January 2010	48,482	276,277	17,786	27,156	110,624	29,726	510,051
Deposits	47,187	9,925	168,672	1,596	14,691	7,375	249,446
Withdrawals	(20,938)	(110,778)	(117,796)	(34)	(18,081)	(1,185)	(268,812)
Income net of expenses	-	3,454	718	-	746	167	5,085
Mudarib's share	-	(1,359)	(206)	-	(117)	(34)	(1,716)
Foreign exchange translations	-	-	27	-	(231)	-	(204)
At 30 September 2010	74,731	177,519	69,201	28,718	107,632	36,049	493,850

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2011 (Unaudited)

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 nine months ended 30 September 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 nine months ended 30 September 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 September 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:

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2011 (Unaudited)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

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

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 13 November 2011.

3 RECEIVABLES

	<i>Audited</i>
30 September	31 December
2011	2010
US\$ '000	US\$ '000
Sales (Murabaha) receivables	7,939,881
Ijarah receivables	18,496
Salam receivables	80,292
Istisna'a receivables	24,662
	<u>7,912,249</u>
	<u>8,063,331</u>

4 MUDARABA AND MUSHARAKA FINANCING

	<i>Audited</i>
30 September	31 December
2011	2010
US\$ '000	US\$ '000
Mudaraba financing	1,186,564
Musharaka financing	352,068
	<u>897,255</u>
	<u>1,538,632</u>

5 INVESTMENTS

	<i>Restated</i>
	<i>Audited</i>
30 September	31 December
2011	2010
US\$ '000	US\$ '000
Equity investment - at fair value through statement of income	8,966
Equity investment - at fair value through equity	193,431
Debt type investment - at amortised cost	1,003,295
	<u>1,205,692</u>
Investment in real estate	116,304
Investment in associates	26,876
	<u>2,077,651</u>
	<u>1,348,872</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2011 (Unaudited)

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	-
	713,567	291,839	-	(1,609)	-	1,003,797	-
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
	-	203,070	8,966	-	8,966	-	203,070
Provisions	(502)	(9,639)	-	-	-	(2,306)	(7,835)
	713,065	485,270	8,966	(1,609)	8,966	1,001,491	195,235

6 OTHER ASSETS

	<i>Audited</i>	
	<i>30 September 2011</i>	
	<i>31 December 2010</i>	
	<i>US\$ '000</i>	
	<i>US\$ '000</i>	
Bills receivables	134,903	123,924
Goodwill and intangible assets	87,417	93,770
Collateral pending sale	59,789	60,237
Prepayments	42,210	24,255
Deferred taxation	38,739	43,865
Good Faith Qard Fund	17,562	15,256
Others	43,357	27,897
	423,977	389,204
Provisions	(13,528)	(14,271)
	410,449	374,933

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2011 (Unaudited)

7 OTHER LIABILITIES

	30 September	<i>Audited</i> 31 December
	2011	2010
	US\$ '000	US\$ '000
Payables	239,016	208,024
Cash margins	97,329	96,835
Other provisions	11,625	12,128
Current taxation	43,437	52,643
Deferred taxation	19,528	11,743
Accrued expenses	37,179	48,779
Charity fund	2,172	5,035
Manager's Cheques	13,950	5,788
Others	68,019	50,013
	532,255	490,988

8 COMMITMENTS AND CONTINGENCIES

	30 September	<i>Audited</i> 31 December
	2011	2010
	US\$ '000	US\$ '000
Letters of credit	1,174,238	1,144,767
Guarantees	2,611,679	2,854,794
Acceptances	106,537	72,353
Undrawn Commitments	417,596	361,067
Others	11,839	17,247
	4,321,889	4,450,228

Al Baraka Banking Group B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 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:

	Associated companies US\$ '000	Parent company and its major shareholders US\$ '000	Directors and key management personnel US\$ '000	Other related parties US\$ '000	Nine months ended	
					30 September 2011 US\$ '000	30 September 2010 US\$ '000
Net income from jointly financed contracts and investments	331	213	14	28	586	1,413
Net income from self financed contracts and investments	2	449	-	-	451	1,910
Return on equity of investment accountholders	2	35	232	184	453	38
Other fees and commission income	12	-	-	-	12	205
Other operating income	-	-	-	-	-	14

The significant balances with related parties were as follows:

	Associated companies US\$ '000	Parent company and its major shareholders US\$ '000	Directors and key management personnel US\$ '000	Other related parties US\$ '000	30 September 2011 US\$ '000	Audited 31 December 2010 US\$ '000
Assets:						
Cash and balances with banks	-	-	-	-	-	177
Receivables	12,470	7,530	461	-	20,461	44,394
Mudaraba and Musharaka financing Investments	-	16,383	376	-	16,759	36,763
Ijarah Muntahia Bitamleek	5,163	70,276	-	-	75,439	81,622
Other assets	-	-	93	-	93	121
	-	55	529	-	584	949
Liabilities:						
Customer current and other accounts	17,030	3,233	543	331	21,137	24,323
Other liabilities	-	1,118	-	-	1,118	2,081
Equity of investment accountholders	2,586	6,162	5,196	4,415	18,359	19,096
Off-balance sheet equity of investment accountholders	3,526	8,130	-	-	11,656	19,354

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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 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>Nine months ended</i>	
	<i>30 September 2011</i>	<i>30 September 2010</i>	<i>30 September 2011</i>	<i>30 September 2010</i>
Net income attributable to the equity holders of the parent for the period - US\$ '000	33,072	29,074	97,482	83,483
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)	(615)	(84,849)	(615)	(84,849)
Bonus shares effect (in thousands)*	79,050	79,050	79,050	79,050
Weighted average number of shares outstanding during the period - (in thousands)	862,979	784,701	862,979	784,701
Earnings per share - US cents	3.83	3.71	11.30	10.64

*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 September 2011 (Unaudited)

12 SEGMENTAL INFORMATION (continued)

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

	30 September 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	7,581,796	1,832,968	4,972,632	6,920,049	1,528,672	4,608,896
North Africa	2,185,498	896,962	945,653	2,105,346	852,847	920,957
Europe	5,091,282	1,453,833	3,122,202	5,424,000	1,104,352	3,763,013
Others	1,518,934	382,687	983,020	1,428,929	335,766	947,240
	16,377,510	4,566,450	10,023,507	15,878,324	3,821,637	10,240,106

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

	Nine months ended 30 September 2011			Nine months ended 30 September 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	171,451	72,161	39,757	140,428	50,244	18,815
North Africa	96,021	66,325	46,344	94,593	67,554	48,272
Europe	215,757	101,422	70,526	188,802	97,967	70,931
Others	51,845	12,485	9,406	40,111	10,967	9,475
	535,074	252,393	166,033	463,934	226,732	147,493