

AUDITORS' REPORT TO THE DIRECTORS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Albaraka Islamic Bank B.S.C (C) [Pakistan Operations]** as at 30 June 2010 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statements of cash flows and condensed interim statement of changes in equity, together with the notes forming part thereof for the six-months' period then ended (here-in-after referred to as "condensed interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with 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 financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Lahore: 26 August, 2010

ALBARAKA ISLAMIC BANK B.S.C. (C)
(Incorporated in Bahrain with limited liability)
PAKISTAN BRANCHES
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2010

	Note	(Un-audited) June 30, 2010	(Audited) December 31, 2009
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		4,818,148	3,911,176
Balances with other banks		6,153,200	7,708,198
Due from financial institutions		-	-
Investments	6	1,688,405	1,702,599
Financing and investing assets	7	19,133,987	14,755,162
Operating fixed assets	8	302,280	302,611
Deferred tax assets		-	26,580
Other assets		970,638	898,634
		33,066,658	29,304,960
LIABILITIES			
Bills payable		397,664	194,771
Due to financial Institutions		2,503,367	2,263,689
Deposits and other accounts		25,367,475	22,636,323
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		4,522	-
Other liabilities		1,965,376	1,457,160
		30,238,404	26,551,943
NET ASSETS		2,828,254	2,753,017
REPRESENTED BY			
Head office capital account	9	3,073,310	3,041,775
Reserves		-	-
Accumulated loss		(256,233)	(301,460)
		2,817,077	2,740,315
Surplus on revaluation of assets - net of tax	10	11,177	12,702
		2,828,254	2,753,017
CONTINGENCIES AND COMMITMENTS	11	-	-

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

SHAFQAAT AHMED
Country Head

AYYAZ AHMAD
Chief Financial Officer

ALBARAKA ISLAMIC BANK B.S.C. (C)
(Incorporated in Bahrain with limited liability)
PAKISTAN BRANCHES
CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2010

	Three Months Ended June 30, 2010	Six Months Ended June 30, 2010	Three Months Ended June 30, 2009	Six Months Ended June 30, 2009	
	-----Rupees in '000-----				
Profit / return earned on financings, investments and placements	12	669,540	1,330,609	599,845	1,217,916
Return on deposits and other dues expensed		493,707	957,361	482,419	1,021,157
Net spread earned		175,833	373,248	117,426	196,759
Provision against non-performing financings - net		(3,493)	(62,381)	(144,977)	(333,376)
Provision for diminution in the value of investments		-	-	(8,314)	(17,358)
Bad debts written off directly		-	-	-	-
		(3,493)	(62,381)	(153,291)	(350,734)
Net spread after provisions		172,340	310,867	(35,865)	(153,975)
Non markup income					
Fee, commission and brokerage income		41,737	83,113	31,159	58,522
Dividend income		-	133	718	1,785
Income from dealing in foreign currencies		42,427	67,915	32,899	36,292
Gain on sale of securities - net		-	-	-	-
Unrealized gain/ (loss) on revaluation of investments classified as held for trading		-	-	8,220	33,456
Other income		875	883	-	626
Total non-markup income		85,039	152,044	72,996	130,681
		257,379	462,911	37,131	(23,294)
OTHER EXPENSES					
Administrative expenses		208,753	368,518	160,424	327,183
Other provisions / write offs		-	-	-	-
Other charges		661	691	-	15
Total non-mark up expenses		209,414	369,209	160,424	327,198
		47,965	93,702	(123,293)	(350,492)
Extra ordinary/unusual items		-	-	-	-
PROFIT / (LOSS) BEFORE TAXATION		47,965	93,702	(123,293)	(350,492)
Taxation – Current		13,538	17,204	71	178
- Prior years		-	-	-	-
- Deferred		12,610	31,271	11,547	(59,412)
		26,148	48,475	11,618	(59,234)
PROFIT / (LOSS) AFTER TAXATION		21,817	45,227	(134,911)	(291,258)
Accumulated loss brought forward		(278,050)	(301,460)	(176,259)	(19,912)
Accumulated loss carried forward		(256,233)	(256,233)	(311,170)	(311,170)
Basic and diluted earnings per share	13	-	-	-	-

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

SHAFQAAT AHMED
Country Head

AYYAZ AHMAD
Chief Financial Officer

ALBARAKA ISLAMIC BANK B.S.C. (C)
(Incorporated in Bahrain with limited liability)
PAKISTAN BRANCHES
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2010

	Three Months Ended June 30, 2010	Six Months Ended June 30, 2010	Three Months Ended June 30, 2009	Six Months Ended June 30, 2009
-----Rupees in '000-----				
Profit / (Loss) for the period	21,817	45,227	(134,911)	(291,258)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss)	<u>21,817</u>	<u>45,227</u>	<u>(134,911)</u>	<u>(291,258)</u>

As per the requirement of the State Bank of Pakistan, surplus / (deficit) on revaluation of available-for-sale securities is required to be taken to a separate account 'Surplus / (deficit) on revaluation of assets' shown in the statement of financial position below equity. According, it has not been included in the statement of comprehensive income.

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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Chief Financial Officer

ALBARAKA ISLAMIC BANK B.S.C. (C)
(Incorporated in Bahrain with limited liability)
PAKISTAN BRANCHES
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2010

	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	93,702	(350,492)
Dividend income	(133)	(1,785)
	93,569	(352,277)
Adjustments:		
Depreciation on operating fixed assets	19,652	17,744
Depreciation on Ijarah assets	58,470	39,220
Amortization	577	1,018
Provision against non-performing financings	62,381	333,376
Provision for diminution in the value of investments - net	-	17,358
Gain on sale of fixed assets	(883)	(626)
Unrealized (gain) on revaluation of investments classified as held for trading	-	(33,456)
	140,197	374,634
	233,766	22,357
(Increase) / decrease in operating assets		
Held-for-trading securities	12,500	(7,324)
Financings	(4,499,676)	(950,262)
Others assets (excluding advance taxation)	(18,649)	(206,252)
	(4,505,825)	(1,163,838)
Increase / (decrease) in operating liabilities		
Bills payable	202,893	13,690
Due to financial institutions	239,678	(121,824)
Deposits and other accounts	2,731,152	1,816,190
Other liabilities (excluding current taxation)	508,216	714,678
	3,681,939	2,422,734
	(590,120)	1,281,253
Income tax paid	(70,687)	(59,204)
Net cash used in / generated from operating activities	(660,807)	1,222,049
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend received	261	2,270
Investments in operating fixed assets	(20,182)	(131,419)
Sale proceeds from disposal of fixed assets	1,167	649
Net cash used in investing activities	(18,754)	(128,500)
CASH FLOW FROM FINANCING ACTIVITIES		
Remittances from head office	-	-
Remittances made to head office	-	-
Transfer to State Bank of Pakistan for capital deposit	-	-
Net cash used in financing activities	-	-
(Decrease) / increase in cash and cash equivalents	(679,561)	1,093,549
Cash and cash equivalents at beginning of the period	9,327,599	6,226,363
Cash and cash equivalents at end of the period	8,648,038	7,319,912

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The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

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AYYAZ AHMAD
Chief Financial Officer

ALBARAKA ISLAMIC BANK B.S.C. (C)
(Incorporated in Bahrain with limited liability)
PAKISTAN BRANCHES
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2010

	Head office capital account	(Accumulated loss)	Total
	-----Rupees in '000-----		
Balance as at January 01, 2009	2,420,129	(19,912)	2,400,217
Loss for the period	-	(291,258)	(291,258)
Other comprehensive income	-	-	-
Total comprehensive loss	-	(291,258)	(291,258)
Remittances from head office	-	-	-
Exchange gain on revaluation of capital deposit	48,459	-	48,459
Balance as at June 30, 2009	2,468,588	(311,170)	2,157,418
Profit for the period	-	9,710	9,710
Other comprehensive income	-	-	-
Total comprehensive income	-	9,710	9,710
Remittances from head office	510,601	-	510,601
Exchange gain on revaluation of capital deposit	62,586	-	62,586
Balance as at January 01, 2010	3,041,775	(301,460)	2,740,315
Profit for the period	-	45,227	45,227
Other comprehensive income	-	-	-
Total comprehensive income	-	45,227	45,227
Remittances from head office	-	-	-
Exchange loss on revaluation of capital deposit	31,535	-	31,535
Balance as at June 30, 2010	3,073,310	(256,233)	2,817,077

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

SHAFQAAT AHMED
Country Head

AYYAZ AHMAD
Chief Financial Officer

ALBARAKA ISLAMIC BANK B.S.C. (C)
(Incorporated in Bahrain with limited liability) - PAKISTAN BRANCHES
NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2010

1. STATUS AND NATURE OF BUSINESS

- 1.1 Albaraka Islamic Bank B.S.C. (C.) - Pakistan Branches (the Bank), operates as a branch of a foreign bank incorporated and domiciled in Bahrain on February 21, 1984 and is a member of Al-Baraka Banking Group. The Bank commenced its operations in Pakistan in December 1991. The Pakistan branches operate as scheduled Islamic Bank under a license issued by the State Bank of Pakistan (SBP) and are principally engaged in business of banking as defined in the Banking Companies Ordinance, 1962.
- 1.2 The Registered office of the Bank is situated at 95-B Hali Road Gulberg II, Lahore and it presently operates through 29 branches (2009: 29 branches) in Pakistan.
- 1.3 The SBP vide Circular No. 7 of 2009 dated April 15, 2009 requires the minimum paid capital (free of losses) for Banks / Development Financial Institutions to be raised to Rs. 10 Billion by the year ending 31 December 2013. The raise is to be achieved in a phased manner requiring Rs. 6 Billion paid up capital (free of losses) by the end of financial year 2010. The Bank's paid up capital comprising head office capital account as at June 30, 2010 amounted to Rs. 3.073 billion while its accumulated losses aggregated to Rs. 0.256 billion. consequently net equity of the Bank as at June 30, 2010 amounts to Rs.2.817 billion.

In view of the above the merger of Albaraka Islamic Bank - Pakistan Operations (AIB) and Emirates Global Islamic Bank (EGIBL) has been announced and presently, pending for necessary legal and regulatory approvals. The operations of AIB would be merged with EGIBL and subsequent to the merger, the capital of the merged entity would meet the prescribed minimum capital (net of losses) requirement of up to Rs. 7 billion (USD 81.863 million), If the merger does not get materialize, the Management of AIB has a firm commitment to meet the aforementioned capital requirement by December 31, 2010.

2. BASIS OF PRESENTATION

- 2.1 This condensed interim financial information is prepared in accordance with the requirements of the SBP as prescribed vide BSD Circular Letter No. 2, dated 12 May 2004, vide BSD Circular Letter No. 7 dated April 20, 2010 and International Accounting Standard (IAS) 34 "Interim Financial Reporting" and do not include all the information required in the annual financial statements. Accordingly, this condensed interim financial information should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2009 and approved accounting standards as applicable in Pakistan for Interim Financial Reporting.
- 2.2 The Bank provides financing mainly through shariah compliant financial products. Except for Murabaha transactions (which are accounted for under the Islamic Financial Accounting Standard - 1), the purchases, sales and rentals arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon. Income, if any, received which does not comply with the principles of Islamic Shariah is recognised as charity payable.
- 2.4 During the period, following new / revised standards, amendments and interpretations to accounting standards became effective
- IFRS 2 - Share Based Payments: Amendments relating to Group Cash-settled Share-based payment Transaction.
 - IFRS 3 - Business Combinations (Revised)
 - IAS 27 - Consolidated and Separate Financial Statements (Amendments).
 - IFRIC 17 - Distribution of Non-cash Assets to owners

The adoption of the above standards, amendments and interpretations did not have any affect on the financial statements of the bank.

3. STATEMENT OF COMPLIANCE

- 3.1 This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or directives issued by the SECP and the SBP differ with the requirements of IFRSs or IFASs, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or the requirements of the said directives shall prevail.

ALBARAKA ISLAMIC BANK B.S.C.(C) - PAKISTAN BRANCHES

- 3.2 The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and IAS 40, "Investment Property" for banking companies till further instructions. Further according to a notification of Securities and Exchange Commission of Pakistan dated April 28, 2008, International Financial Reporting Standard (IFRS) 7 "Financial Instruments Disclosure" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirement of various circulars issued by the SBP.

4. BASIS OF MEASUREMENT

This condensed interim financial information is prepared on the historical cost convention except for quoted investments which are stated on a marked to market basis, commitments in respect of forward exchange contracts which are carried at fair value and certain staff retirement benefits being carried at present value.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND RISK MANAGEMENT POLICIES

- 5.1 The accounting policies adopted in the preparation of this condensed interim financial information are the same as applied in the preparation of annual financial statements of the Bank for the year ended December 31, 2009.
- 5.2 The basis for accounting estimates adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2009.
- 5.3 The financial risk management objectives and policies adopted by the Bank are consistent with that disclosed in the financial statements of the Bank for the year ended December 31, 2009.

Note	June 30, 2010			December 31, 2009		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
-----Rupees in '000-----						
6. INVESTMENTS	Investments by types :					
	Available-for-sale securities					
	Investment in mutual funds - open ended			70,000	-	70,000
	Fully paid ordinary shares - unlisted		4,447	4,447	-	4,447
	Government of Pakistan Sukuk		600,000	600,000	-	600,000
			674,447	674,447	-	674,447
	Held-to-maturity securities					
	Sukuk bonds	(6.1)	1,037,500	1,050,000	-	1,050,000
	Investment- at cost		1,711,947	1,724,447	-	1,724,447
	Less: Provision for diminution in value of investments		35,961	35,961	-	35,961
	Investments (net of provisions)		1,675,986	1,688,486	-	1,688,486
	Surplus on revaluation of Available for sale securities		12,419	14,113	-	14,113
	Total investments at market value		1,688,405	1,702,599	-	1,702,599

- 6.1 Sukuk bonds of Rs. 750,000 thousands have been pledged with SBP on account of capital in pursuance of its letter No. BSD/SU-16/607/3350/2006 dated July 06, 2006.

ALBARAKA ISLAMIC BANK B.S.C.(C) - PAKISTAN BRANCHES

	Note	June 30, 2010	December 31, 2009
7 FINANCING AND INVESTING ASSETS		Rupees in '000	
In Pakistan			
Murabaha financing	(7.1)	13,826,988	9,667,814
Export refinance under Islamic scheme		2,795,150	2,577,874
Musharaka financing		1,336,093	1,327,475
Payment against guarantees		5,901	5,674
		17,964,132	13,578,837
Net investment in Ijarah - In Pakistan			
Ijarah financing		965,546	1,323,577
Ijarah assets - net	(7.2)	557,908	319,322
		1,523,454	1,642,899
Financings against bills - payable outside Pakistan		469,813	294,457
Financings - gross		19,957,399	15,516,193
Specific provision for non-performing financing		815,258	752,925
General provision against consumer financing		8,154	8,106
		823,412	761,031
Financings - net of provision		19,133,987	14,755,162

7.1 Murabaha financing includes Rs.4 billion disbursed to Punjab Food Department carrying profit rate ranging from 15.09 % to 15.46 % per annum.

7.2 This represents net book value of the assets given on Ijarah.

7.3 Financings and investing assets include Rs.1,345,980 thousands (2009:Rs.1,383,296 thousands) which have been placed under non-performing status as detailed below:-

<u>Category of Classification</u>	<u>June 30, 2010</u>			
	<u>Classified Financings</u>		<u>Specific Provision</u>	
	<u>Domestic</u>	<u>Overseas</u>	<u>Required</u>	<u>Held</u>
	-----Rupees in '000-----			
Substandard	177,151	-	34,598	34,598
Doubtful	236,793	-	53,722	53,722
Loss	932,036	-	726,938	726,938
	1,345,980	-	815,258	815,258

	Note	June 30, 2010	December 31, 2009
8. OPERATING FIXED ASSETS		Rupees in '000	
Property and equipment	(8.1)	171,416	184,975
Capital work-in-progress		127,797	114,821
Intangible assets		3,067	2,815
		302,280	302,611
8.1 Property and equipment			
Opening book value		184,975	142,614
Add: Additions during the period / year - cost	(8.1.1)	6,379	79,816
		191,354	222,430
Less: Deletion during the period / year	(8.1.2)	1,193	4,862
		190,161	217,568
Less: Depreciation during the period / year		18,745	32,593
Book value at the end of the period / year		171,416	184,975
8.1.1 Additions during the period / year			
Furniture and fixture		479	9,967
Computer and office equipment		4,572	32,697
Vehicles		1,239	10,642
Leasehold improvements		89	26,510
		6,379	79,816
8.1.2 Deletions during the period / year			
Furniture and fixture		12	77
Computer and office equipment		61	536
Vehicles		1,120	4,130
Leasehold improvements		-	119
		1,193	4,862

ALBARAKA ISLAMIC BANK B.S.C.(C) - PAKISTAN BRANCHES

9. HEAD OFFICE CAPITAL ACCOUNT

Note June 30, 2010 December 31, 2009
Rupees in '000

Capital held as:

1. Interest free deposit in cash in Pak Rupees		-	-
2. Interest free deposit in approved foreign exchange :			
i) Revalued remittance from head office	(9.1)	2,291,775	2,180,730
ii) Revaluation surplus allowed by the State Bank of Pakistan		31,535	111,045
		2,323,310	2,291,775
3. Deposit of unencumbered approved securities		750,000	750,000
		3,073,310	3,041,775

9.1 This represents an amount of US Dollar 27.204 (2009: US Dollar 27.204) million deposited with the State Bank of Pakistan in compliance with sub section (3) of section 13 of the Banking Companies Ordinance, 1962.

9.2 The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the Prudential Regulations issued by the SBP.

9.3 The primary objectives of the Bank's capital management are to ensure the Bank complies with externally imposed capital requirements and that the Bank maintains credit ratings and healthy capital ratios in order to support its business.

9.4 The Bank manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Bank may adjust the amount of remittance of profit. No changes were made in the objectives, policies and processes from previous years.

10. SURPLUS ON REVALUATION OF ASSETS

June 30, 2010 December 31, 2009
Rupees in '000

Surplus on revaluation of available-for-sale securities	12,419	14,113
Less: related deferred tax	(1,242)	(1,411)
Net surplus	11,177	12,702

11. CONTINGENCIES AND COMMITMENTS

11.1 Direct credit substitutes - Guarantees of indebtedness

i) Government	3,533,602	2,509,398
ii) Financial institutions	-	-
iii) Others	391,195	181,100
	3,924,797	2,690,498

11.2 Transaction-related contingent liabilities

i) Letters of credit	2,403,793	1,856,629
ii) Others - Shipping Guarantees	29,706	21,308
	2,433,499	1,877,937

11.3 Trade-related contingent liabilities

Acceptances	960,848	863,871
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11.4 Other contingencies

This represents additional income tax amounting to Rs. 404.506 million which has not been acknowledged by the Bank. The Bank has filed appeals before CIT (Appeals) and Income Tax Appellate Tribunal (ITAT) against the orders in respect of tax years 2003 to 2009. Moreover, the Income Tax Department has also filed appeals before ITAT against the orders in respect of assessment years 2001-2002, 2002-2003 and tax year 2003 to 2006 issued by CIT (Appeals). Appeals filed by the Bank and the Income Tax Department are pending for decision. Management of the Bank has evaluated, after consulting their income tax advisor, that the appeals are likely to be decided in favor of the Bank and, hence no provision has been made for the same in these condensed interim financial information.

	June 30, 2010	December 31, 2009
	Rupees in '000	
Purchase	<u>2,765,655</u>	<u>598,884</u>
Sale	<u>3,166,892</u>	<u>708,980</u>

The Bank utilizes foreign exchange instruments to meet the needs of its customers and generates trading revenues as part of its asset and liability management to hedge its own exposure to currency risk. At the year end, all foreign exchange contracts have a remaining maturity of less than one year.

11.6 Other Commitments

The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

Commitment against capital expenditure amounts to Rs. 95.551 million (2009: Rs. 51.901 million).

	June 30, 2010	June 30, 2009
	Rupees in '000	
12. PROFIT / RETURN EARNED ON FINANCINGS, INVESTMENTS AND PLACEMENTS		
On loans and Financings (other than murabaha) to customers	188,864	226,233
On murabaha to customers	761,234	620,495
On held to maturity investments	104,346	76,733
On deposits with financial institutions	276,165	294,455
	<u>1,330,609</u>	<u>1,217,916</u>

13. BASIC AND DILUTED EARNINGS PER SHARE

Albaraka Islamic Bank B.S.C (C)- Pakistan Branches, being branches of a foreign entity do not have share capital. Therefore, no figures of basic and diluted loss / earning per share have been reported in these condensed interim financial information.

	Note	June 30, 2010	June 30, 2009
		Rupees in '000	
14. CASH AND CASH EQUIVALENTS			
Cash and balance with treasury banks	(14.1)	2,494,838	1,463,692
Balance with other banks		6,153,200	5,907,266
Overdrawn nostro accounts		-	(51,046)
		<u>8,648,038</u>	<u>7,319,912</u>
14.1 Cash and balance with treasury banks			
Cash and balances with treasury banks		4,818,148	3,182,280
Foreign currency capital deposit account with SBP		<u>(2,323,310)</u>	<u>(1,718,588)</u>
		<u>2,494,838</u>	<u>1,463,692</u>

15. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and includes key management personnel, retirement benefit funds and head office. A number of banking transactions were entered into with related parties in the normal course of business. These include loans, deposits and foreign currency transactions. These transactions were carried out on commercial terms and at market rates.

	June 30, 2010		December 31, 2009	
	Country Head & Executives	Other related parties	Country Head & Executives	Other related parties
-----Rupees in '000-----				
Assets				
Cash and cash equivalents	-	514,147	-	505,450
Financing	16,034	57,117	16,866	46,142
Other receivables	-	-	-	17,074
Liabilities				
Deposits	40,486	134,141	40,181	91,762
Unremitted head office expenses	-	275,027	-	221,527
Mark-up/ Return payable	3,464	8,860	3,867	6,569

Other significant transactions with related parties during the year were as follows:	June 30, 2010	June 30, 2009
	Rupees in '000	
Deposits received during the year	91,976	133,931
Deposits withdrawn during the year	66,869	2,505,424
Mark-up/return expensed	20,309	31,439
Mark-up/return earned	1,987	938
Head office expenses	53,500	53,747

16. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:-

	Half year ended June 30, 2010 (Un-audited)				
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement
-----Rupees in '000-----					
Total income	104,668	339,237	99,399	938,442	907
Total expenses	31,726	101,054	901,195	403,451	-
Net income / (loss)	72,942	238,183	(801,796)	534,991	907
Segment return on net assets (ROA) (%)	12.26%	12.47%	12.74%	13.63%	-
Segment cost of funds (%)	8.16%	8.16%	8.16%	7.75%	-
-----Rupees in '000-----					
	Half year ended June 30, 2010 (Un-audited)				
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement
-----Rupees in '000-----					
Segment assets (gross)	2,055,894	7,301,821	2,056,062	22,468,139	-
Segment non-performing loans	-	-	11,042	1,334,938	-
Segment provision required	-	-	7,150	808,108	-
Segment liabilities	-	-	25,954,168	3,856,409	427,827

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	Half year ended June 30, 2009 (Un-audited)				
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement
	-----Rupees in '000-----				
Total income	81,006	380,895	128,835	815,799	1,475
Total expenses	40,573	105,454	973,228	580,013	
Net income / (loss)	40,433	275,441	(844,393)	235,786	1,475
Segment return on net assets (ROA) (%)	9.45%	9.79%	16.53%	12.45%	-
Segment cost of funds (%)	10.32%	10.32%	10.32%	6.50%	-

	Half year ended June 30, 2009 (Un-audited)				
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Payment & Settlement
	-----Rupees in '000-----				
Segment assets (gross)	1,272,181	7,072,584	2,066,230	16,643,782	-
Segment non-performing loans	-	-	23,884	1,361,287	-
Segment provision required	-	-	5,974	657,668	-
Segment liabilities	-	-	20,850,250	3,104,277	294,060

17. GENERAL

17.1 Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

17.2 In general captions in respect of which there are no amounts, have not been reproduced in these accounts except in case of condensed interim statement of financial position and condensed interim profit and loss account.

17.3 This condensed interim financial information was authorised for issue on **26 August , 2010**.

SHAFQAAT AHMED
Country Head

AYYAZ AHMAD
Chief Financial Officer