

**Al Salam Bank-Bahrain B.S.C.**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**30 JUNE 2011**

## REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF AL SALAM BANK-BAHRAIN B.S.C.

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Salam Bank-Bahrain B.S.C. ("the Bank") and its subsidiary (together "the Group") as of 30 June 2011, and the related interim consolidated statements of income, comprehensive income, changes in owners' equity and cash flows for the six-month period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the accounting policies disclosed 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 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. Consequently, it 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 aspects, in accordance with the accounting policies disclosed in note 2.



13 July 2011  
Manama, Kingdom of Bahrain

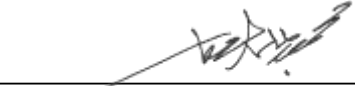
# Al Salam Bank-Bahrain B.S.C.

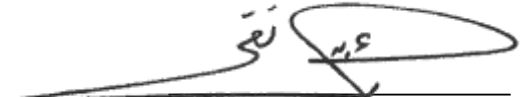
## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2011 (reviewed)

		<i>(Restated)</i>
	<i>Reviewed</i>	<i>Audited</i>
	<i>30 June</i>	<i>31 December</i>
	<i>2011</i>	<i>2010</i>
	<i>BD '000</i>	<i>BD '000</i>
	<i>Note</i>	
<b>ASSETS</b>		
Cash and balances with banks and Central Bank of Bahrain	73,629	95,791
Central Bank of Bahrain Sukuk	104,714	68,632
Murabaha and Wakala receivables from banks	89,422	137,299
Corporate Sukuk	41,084	60,959
Murabaha and Mudaraba financing	152,225	120,812
Ijarah Muntahia Bittamleek	77,340	69,825
Musharaka financing	10,229	8,127
Assets under conversion	39,892	57,432
Non-trading investments	222,089	212,432
Investment in an associate	-	7,578
Investment properties	3,373	3,373
Receivables and prepayments	12,828	12,479
Premises and equipment	1,439	1,859
<b>TOTAL ASSETS</b>	<b>828,264</b>	<b>856,598</b>
<b>LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY</b>		
<b>LIABILITIES</b>		
Murabaha and Wakala payables to banks	98,276	101,300
Wakala from non-banks	436,578	456,447
Customers' current accounts	62,160	57,362
Liabilities under conversion	5,092	5,171
Other liabilities	12,370	15,993
<b>TOTAL LIABILITIES</b>	<b>614,476</b>	<b>636,273</b>
<b>EQUITY OF INVESTMENT ACCOUNTHOLDERS</b>		
<b>OWNERS' EQUITY</b>		
Share capital	149,706	149,706
Treasury stock	(465)	-
Reserves and retained earnings	47,608	48,165
Total equity attributable to shareholders of the Bank	196,849	197,871
Non-controlling interest	4,077	3,989
<b>TOTAL OWNERS' EQUITY</b>	<b>200,926</b>	<b>201,860</b>
<b>TOTAL LIABILITIES, EQUITY OF INVESTMENT ACCOUNTHOLDERS AND OWNERS' EQUITY</b>	<b>828,264</b>	<b>856,598</b>

These interim condensed consolidated financial statements have been authorised for issue in accordance with a resolution of the Board of Directors dated 13 July 2011

  
 Mohamed Ali Rashid Alabbar  
 Chairman

  
 Yousif A. Taqi  
 Director and Chief Executive Officer

The attached notes 1 to 7 form part of these interim condensed consolidated financial statements.

Al Salam Bank-Bahrain B.S.C.

INTERIM CONSOLIDATED INCOME STATEMENT

For the period ended 30 June 2011 (reviewed)

	Note	Three months ended 30 June 2011 BD '000	Three months ended 30 June 2010 BD '000	Six months ended 30 June 2011 BD '000	Six months ended 30 June 2010 BD '000
<b>OPERATING INCOME</b>					
Income from financing contracts	3	6,966	6,271	13,379	11,460
(Loss) income from investments designated as fair value through profit or loss		(187)	125	(488)	638
Gains on disposal of investments		1,044	163	1,737	587
Gains on investments designated as fair value through profit or loss		564	1,756	672	5,969
Dividend income		311	19	559	98
Fees and commissions		348	231	590	555
Foreign exchange gains		375	288	692	435
Other income		-	593	-	922
		<b>9,421</b>	9,446	<b>17,141</b>	20,664
Profit on Murabaha and Wakala payables to banks		(198)	(785)	(364)	(1,487)
Profit on Wakala from non-banks	3	(3,661)	(2,838)	(7,705)	(5,738)
Profit relating to equity of investment accountholders		(31)	(48)	(94)	(106)
Depreciation on Ijarah Muntahia Bittamleek		(1,197)	(1,197)	(1,977)	(1,538)
Total operating income		<b>4,334</b>	4,578	<b>7,001</b>	11,795
<b>OPERATING EXPENSES</b>					
Staff costs		1,544	1,743	3,049	3,294
Premises and equipment cost		289	196	566	353
Depreciation		296	283	603	572
Other operating expenses		884	1,002	1,807	2,179
Total operating expenses		<b>3,013</b>	3,224	<b>6,025</b>	6,398
Share of loss from an associate		-	(28)	-	(20)
<b>NET PROFIT BEFORE PROVISIONS</b>		<b>1,321</b>	1,326	<b>976</b>	5,377
Provision writeback / (charge) for financing facilities		115	-	(353)	-
<b>NET PROFIT FOR THE PERIOD</b>		<b>1,436</b>	1,326	<b>623</b>	5,377
<i>Attributable to:</i>					
Share holders of the Bank		1,371	1,301	518	5,325
Non-controlling interest		65	25	105	52
		<b>1,436</b>	1,326	<b>623</b>	5,377
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>					
		<b>1,493,731,548</b>	1,497,063,825	<b>1,493,731,548</b>	1,497,063,825
<b>BASIC AND DILUTED EARNINGS PER SHARE (FILS)</b>					
		<b>0.9</b>	<b>0.9</b>	<b>0.3</b>	3.6

Al Salam Bank-Bahrain B.S.C.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2011 (reviewed)

	<i>Three months ended 30 June 2011</i>	<i>Three months ended 30 June 2010 (restated)</i>	<i>Six months ended 30 June 2011</i>	<i>Six months ended 30 June 2010 (restated)</i>
<b>NET PROFIT FOR THE PERIOD</b>	<b>1,436</b>	1,326	<b>623</b>	5,377
Other comprehensive income:				
Net change in fair value	(783)	(93)	(1,188)	42
Exchange differences on investment in an associate	-	(161)	-	(124)
Exchange differences on investment in an associate transferred to income statement	-	-	<b>96</b>	-
<b>Other comprehensive loss for the period</b>	<b>(783)</b>	(254)	<b>(1,092)</b>	(82)
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<b>653</b>	1,072	<b>(469)</b>	5,295
<i>Attributable to:</i>				
Equity holders of the Bank	<b>609</b>	1,056	<b>(557)</b>	5,211
Non-controlling interest	<b>44</b>	16	<b>88</b>	84
	<b>653</b>	1,072	<b>(469)</b>	5,295

# Al Salam Bank-Bahrain B.S.C.

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2011 (reviewed)

	(Restated)
	Six months ended
	30 June
	2011
	BD '000
<b>OPERATING ACTIVITIES</b>	
Net profit for the period	5,377
Adjustments:	
Depreciation	572
Gains on investments designated as fair value through profit or loss	(5,969)
Provision for financing facilities	353
Exchange differences on investment in an associate transferred to income statement	96
Share of loss from an associate	20
Operating income before changes in operating assets and liabilities	1,003
<b>Changes in operating assets and liabilities:</b>	
Mandatory reserve with Central Bank of Bahrain	(24)
Central Bank of Bahrain Sukuk	(983)
Murabaha and Wakala receivables from banks with original maturities of 90 days or more	(5,514)
Corporate Sukuk	(12,331)
Murabaha and Mudaraba financing	(28,015)
Ijarah Muntahia Bittamleek	(1,783)
Musharaka financing	(2,702)
Assets under conversion	20,941
Non-trading investments, net	1,485
Receivables and prepayments	13,329
Murabaha and Wakala payables to banks	7,181
Wakala from non-banks	9,739
Customers' current accounts	35,018
Liabilities under conversion	(51,283)
Other liabilities	(1,044)
Net cash used in operating activities	(15,986)
<b>INVESTING ACTIVITIES</b>	
Purchase of premises and equipment	(291)
Purchase of investment property	(2,165)
Net cash used in investing activities	(2,456)
<b>FINANCING ACTIVITIES</b>	
Equity of investment accountholders	30,109
Purchase of treasury stock	-
Dividends	(7,129)
Net movement in non-controlling interests	-
Net cash (used in) from financing activities	22,980
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	4,538
Cash and cash equivalents at 1 January	258,557
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	263,095
<b>Cash and cash equivalents comprise of:</b>	
Cash and other balances with Central Bank of Bahrain	97,029
Balances with other banks	7,280
Murabaha and Wakala receivables from banks with original maturities of less than 90 days	158,786
	263,095

The attached notes 1 to 7 form part of these interim condensed consolidated financial statements.

# Al Salam Bank-Bahrain B.S.C.

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the period ended 30 June 2011 (reviewed)

Amounts in BD '000s

	Attributable to Shareholders of the Bank										Non-controlling interest	Total owners' equity	
	Share capital	Treasury stock	Statutory reserve	Retained earnings	Investment reserve	Changes in fair value	Foreign exchange translation reserve	Share premium reserve	Total reserves	Proposed appropriations			Total
<b>Balance as of 1 January 2011</b>	<b>149,706</b>	-	<b>8,631</b>	<b>4,603</b>	<b>33,039</b>	<b>172</b>	<b>(96)</b>	<b>2,573</b>	<b>48,922</b>	-	<b>198,628</b>	<b>3,997</b>	<b>202,625</b>
Changes due to adoption of FAS 25 (note 2)	-	-	-	<b>33,039</b>	<b>(33,039)</b>	<b>(757)</b>	-	-	<b>(757)</b>	-	<b>(757)</b>	<b>(8)</b>	<b>(765)</b>
<b>As at 1 January 2011 (restated)</b>	<b>149,706</b>	-	<b>8,631</b>	<b>37,642</b>	-	<b>(585)</b>	<b>(96)</b>	<b>2,573</b>	<b>48,165</b>	-	<b>197,871</b>	<b>3,989</b>	<b>201,860</b>
<i>Total comprehensive income for the period:</i>													
Net profit for the period	-	-	-	<b>518</b>	-	-	-	-	<b>518</b>	-	<b>518</b>	<b>105</b>	<b>623</b>
<i>Other comprehensive income:</i>													
Net change in fair value	-	-	-	-	-	<b>(1,171)</b>	-	-	<b>(1,171)</b>	-	<b>(1,171)</b>	<b>(17)</b>	<b>(1,188)</b>
Transfer to income statement	-	-	-	-	-	-	<b>96</b>	-	<b>96</b>	-	<b>96</b>	-	<b>96</b>
<b>Total comprehensive (loss) income</b>	-	-	-	<b>518</b>	-	<b>(1,171)</b>	<b>96</b>	-	<b>(557)</b>	-	<b>(557)</b>	<b>88</b>	<b>(469)</b>
	<b>149,706</b>	-	<b>8,631</b>	<b>38,160</b>	-	<b>(1,756)</b>	-	<b>2,573</b>	<b>47,608</b>	-	<b>197,314</b>	<b>4,077</b>	<b>201,391</b>
Treasury shares purchased	-	<b>(465)</b>	-	-	-	-	-	-	-	-	<b>(465)</b>	-	<b>(465)</b>
<b>Balance at 30 June 2011</b>	<b>149,706</b>	<b>(465)</b>	<b>8,631</b>	<b>38,160</b>	-	<b>(1,756)</b>	-	<b>2,573</b>	<b>47,608</b>	-	<b>196,849</b>	<b>4,077</b>	<b>200,926</b>
Balance as of 1 January 2010	142,577	-	7,910	5,009	26,245	(381)	-	2,573	41,356	14,258	198,191	3,586	201,777
Changes due to adoption of FAS 25 (note 2)	-	-	-	26,245	(26,245)	507	-	-	507	-	507	-	507
<b>As at 1 January 2010 (restated)</b>	<b>142,577</b>	-	<b>7,910</b>	<b>31,254</b>	-	<b>126</b>	-	<b>2,573</b>	<b>41,863</b>	<b>14,258</b>	<b>198,698</b>	<b>3,586</b>	<b>202,284</b>
<i>Total comprehensive income for the period:</i>													
Net profit for the period	-	-	-	5,325	-	-	-	-	5,325	-	5,325	52	5,377
<i>Other comprehensive income:</i>													
Changes on investment in an associate	-	-	-	-	-	(124)	-	-	(124)	-	(124)	-	(124)
Net change in fair value	-	-	-	-	-	10	-	-	10	-	10	32	42
<b>Total comprehensive income</b>	-	-	-	<b>5,325</b>	-	<b>10</b>	<b>(124)</b>	-	<b>5,211</b>	-	<b>5,211</b>	<b>84</b>	<b>5,295</b>
	142,577	-	7,910	36,579	-	136	(124)	2,573	47,074	14,258	203,909	3,670	207,579
Bonus shares issued	7,129	-	-	-	-	-	-	-	-	(7,129)	-	-	-
Dividends paid for 2009	-	-	-	-	-	-	-	-	-	(7,129)	(7,129)	-	(7,129)
<b>Balance at 30 June 2010</b>	<b>149,706</b>	-	<b>7,910</b>	<b>36,579</b>	-	<b>136</b>	<b>(124)</b>	<b>2,573</b>	<b>47,074</b>	-	<b>196,780</b>	<b>3,670</b>	<b>200,450</b>

The attached notes 1 to 7 form part of these interim condensed consolidated financial statements

## 1 INCORPORATION AND PRINCIPAL ACTIVITIES

The parent company, Al Salam Bank-Bahrain B.S.C. ("the Bank") was incorporated in the Kingdom of Bahrain under the Bahrain Commercial Companies Law No. 21/2001 and was registered with Ministry of Industry and Commerce under Commercial Registration Number 59308 on 19 January 2006. The Bank is regulated and supervised by the Central Bank of Bahrain ("the CBB") and has an Islamic retail banking license and is operating under Islamic principles, and in accordance with all the relevant regulatory guidelines for Islamic banks issued by the CBB. The Bank's registered office is P.O. Box 18282, Building 22, Avenue 58, Block 436, Al Seef District, Kingdom of Bahrain.

In 2009, the Bank acquired a 90.31% stake in Bahraini Saudi Bank B.S.C. (BSB), a publicly listed commercial bank in the Kingdom of Bahrain. BSB operates under a retail banking license issued by the Central Bank of Bahrain. BSB has applied for an Islamic retail banking license with the CBB and is awaiting approval. Subsequent to acquisition by the Bank, BSB has discontinued new conventional activities and the conversion into a fully compliant Islamic operations is in progress.

The Bank and its subsidiary, BSB, (together known as "the Group") operate through twelve retail branches in the Kingdom of Bahrain. The Bank offers a full range of Shari'a-compliant banking services and products. The activities of the Bank include managing profit sharing investment accounts, offering Islamic financing contracts, dealing in Shari'a-compliant financial instruments as principal/agent, managing Shari'a-compliant financial instruments and other activities permitted for under the CBB's Regulated Banking Services as defined in the licensing framework. The Bank's ordinary shares are listed in the Bahrain Stock Exchange and Dubai Financial Market.

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

These interim condensed consolidated financial statements have been prepared in accordance with the guidance given by International Accounting Standard 34 - "Interim Financial Reporting". These interim condensed consolidated financial statements incorporate all assets, liabilities and off-balance sheet financial instruments held by the Group. The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2010, except for the adoption of new and amended conceptual framework and Financial Accounting Standard 25 "Investment in sukuk, shares and similar instruments". The annual consolidated financial statements of the Group 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 (AAOIFI) and in conformity with the Bahrain Commercial Companies Law and the Central Bank of Bahrain and Financial Institutions Law. In accordance with AAOIFI, for matters for which no AAOIFI standards exist, including "Interim Financial Reporting", the Group uses the relevant International Financial Reporting Standard.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with AAOIFI. 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 interim condensed consolidated financial statements comprise the financial statements of the Bank and its subsidiary for the period ended 30 June 2011. The financial statements of the Bank's subsidiary is prepared for the same reporting period as the Bank, using consistent accounting policies. All income and expenses of the subsidiary, other than those relating to the assets and liabilities under conversion (note 3) have been consolidated on a line-by-line basis; in accordance with the requirements of AAOIFI consolidation standard.

Non-controlling interest represents the portion of profit or loss and net assets not owned, directly or indirectly, by the Group and is presented separately in the interim consolidated income statement and within owner's equity in the interim consolidated statement of financial position, separately from parent shareholders' equity.

## NEW AND AMENDED ACCOUNTING STANDARD AND FRAMEWORK

During 2010, AAOIFI amended its conceptual framework and issued a new Financial Accounting Standard (FAS 25) "Investment in sukuk, shares and similar instruments", which are effective from 1 January 2011.



30 June 2011 (reviewed)

**2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)****STATEMENT OF FINANCIAL ACCOUNTING NO.1: CONCEPTUAL FRAMEWORK FOR THE FINANCIAL REPORTING BY ISLAMIC FINANCIAL INSTITUTIONS**

The amended conceptual framework provides the basis for the financial accounting standards issued by AAOIFI. The amended framework introduces the concept of substance and form compared to the concept of form over substance. The framework states that it is necessary that information, transaction and other events are accounted for and presented in accordance with their substance and economic reality as well as the legal form.

**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 or equity instruments made by Islamic financial institutions.

The adoption of FAS 25 had an effect on the classification and measurement of the Group's financial assets. As a result of the application of this new standard, the classification of the investment portfolio was revisited and changes were made in classification to be in line with FAS 25. The corporate sukuk held by the Group have been reclassified retrospectively from available-for-sale investments to investments at amortised cost. Accordingly, the fair value adjustments previously recognised on these sukuk have been restated and the impact on the corporate sukuk balance as of 1 January 2011 was a reduction of BD 765 thousand. The adoption of FAS 25, did have not any impact on the non-trading investments held by the Group. The impact on the opening total owners' equity as of 1 January 2011 was a reduction of BD 765 thousand (1 January 2010: increase of BD 507 thousand).

Also, the investment reserve amounting BD 33,039 thousand as of 1 January 2011 (as of 1 January 2010: BD 26,245 thousand), which was previously disclosed as a separate component in the owners' equity, has now been transferred to the retained earnings as this reserve is no longer required to be disclosed separately under the new FAS 25.

**3 ASSETS AND LIABILITIES UNDER CONVERSION**

These represent interest bearing non-Shari'a compliant assets and liabilities of BSB, a majority owned subsidiary of the Bank. As of 30 June 2011, the conversion of the subsidiary into a fully compliant Islamic operations is in progress; accordingly these assets and liabilities have been reported as separate line items on the face of the interim consolidated statement of financial position. The details of these assets and liabilities under conversion are as follows:

	<i>30 June 2011 BD '000</i>	<i>31 December 2010 BD '000</i>
<b>Assets</b>		
Due from banks and financial institutions	<b>678</b>	757
Loans and advances to customers	<b>30,889</b>	47,872
Non-trading-investments	<b>8,325</b>	8,803
	<b>39,892</b>	57,432
<b>Liabilities</b>		
Due to banks and financial institutions	<b>5,092</b>	5,171

Income from financing contracts includes BD 1,135,000 (2010: BD 2,542,000) arising from assets under conversion. Profit on Wakala from non-banks includes BD 9,000 (2010: BD 998,000) arising from liabilities under conversion.

# Al Salam Bank-Bahrain B.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2011 (reviewed)

### 4 SHARE CAPITAL

	<i>30 June 2011 BD '000</i>	<i>31 December 2010 BD '000</i>
Authorised:		
2,000,000,000 (2010: 2,000,000,000) ordinary shares of BD 0.100 each	<b>200,000</b>	200,000
Issued and fully paid:		
Balance at beginning - 1,497,063,825 (2010:1,425,775,075) shares	<b>149,706</b>	142,577
Issued during the period nil (2010:71,288,750) shares	-	7,129
	<b>149,706</b>	149,706

### 5 RELATED PARTY TRANSACTIONS

Related parties comprise major shareholders, directors of the Group, close members of their families, entities owned or controlled by them and companies affiliated by virtue of common ownership or directors with that of the Group. The transactions with these parties were made on commercial terms.

The significant balances with related parties at 30 June 2011 were as follows:

	<i>30 June 2011</i>			
	<i>Associates and joint ventures BD '000</i>	<i>Directors and related entities BD '000</i>	<i>Senior management BD '000</i>	<i>Total BD '000</i>
<b>Assets:</b>				
Murabaha and Mudaraba receivables	25,749	84	83	25,916
Ijarah Muntahia Bittamleek	17,701	-	157	17,858
Musharaka financing	9,831	-	84	9,915
Receivables and prepayments	4,314	4	8	4,326
<b>Liabilities and equity of investment accountholders:</b>				
Wakala from non-banks	1,418	759	1,347	3,524
Customers' current accounts	9,782	118	130	10,030
Equity of investment accountholders	33	174	89	296
Commitments	7,010	-	-	7,010
Contingent liabilities	280	-	-	280

The income and expenses in respect of related parties included in the interim condensed consolidated financial statements are as follows:

	<i>30 June 2011</i>			
	<i>Associates and joint ventures BD '000</i>	<i>Directors and related entities BD '000</i>	<i>Senior management BD '000</i>	<i>Total BD '000</i>
<b>Income:</b>				
Income from other financing contracts	1,891	2	6	1,899
<b>Expenses:</b>				
Profit paid on Wakala from non-banks	29	16	6	51
Profit relating to equity of investment accountholders	1	-	-	1

30 June 2011 (reviewed)

**5 RELATED PARTY TRANSACTIONS (continued)**

The significant balances with related parties at 31 December 2010 were as follows:

	<i>31 December 2010</i>			
	<i>Associates and joint ventures BD '000</i>	<i>Directors and related entities BD '000</i>	<i>Senior management BD '000</i>	<i>Total BD '000</i>
<b>Assets:</b>				
Murabaha and Mudaraba receivables	21,653	54	37	21,744
Ijarah Muntahia Bittamleek	15,068	3,114	175	18,357
Musharaka financing	7,830	-	89	7,919
Assets under conversion	-	-	21	21
Receivables and prepayments	3,260	8	6	3,274
<b>Liabilities and equity of investment accountholders:</b>				
Wakala from non-banks	3,451	1,297	125	4,873
Customers' current accounts	7,428	161	333	7,922
Equity of investment accountholders	35	91	1,292	1,418
Commitments	4,310	-	-	4,310
Contingent liabilities	1,549	63	-	1,612

The income and expenses in respect of related parties included in the interim condensed consolidated financial statements are as follows:

	<i>30 June 2010</i>			
	<i>Associates and joint ventures BD '000</i>	<i>Directors and related entities BD '000</i>	<i>Senior management BD '000</i>	<i>Total BD '000</i>
<b>Income:</b>				
Income from other financing contracts	1,118	191	7	1,316
<b>Expenses:</b>				
Profit paid on Wakala from non-banks	81	16	27	124
Profit relating to equity of investment accountholders	2	-	-	2

30 June 2011 (reviewed)

**6 CONTINGENT LIABILITIES AND COMMITMENTS**

The Group has the following commitments:

	<i>30 June 2011 BD '000</i>	<i>31 December 2010 BD '000</i>
<b>Contingent liabilities on behalf of customers</b>		
Guarantees	5,781	6,773
Letters of credit	2,545	1,645
Acceptances	-	432
	<b>8,326</b>	<b>8,850</b>
<b>Irrevocable Unutilised commitments</b>		
Unutilised financing commitments	34,232	27,970
Unutilised non-funded commitments	8,607	7,583
Unutilised capital commitments	1,534	1,502
	<b>44,373</b>	<b>37,055</b>
	<b>52,699</b>	<b>45,905</b>

Letters of credit, guarantees (including standby letters of credit) commit the Group to make payments on behalf of customers contingent upon their failure to perform under the terms of the contract.

Commitments generally have fixed expiration dates, or other termination clauses. Since commitment may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

**Operating lease commitment - Group as lessee**

The Group has entered into a five-year operating lease for its premises. Future minimal rentals payable under the non-cancellable lease are as follows:

	<i>30 June 2011 BD '000</i>	<i>31 December 2010 BD '000</i>
Within 1 year	626	429
After one year but not more than five years	1,322	85
	<b>1,948</b>	<b>514</b>

30 June 2011 (reviewed)

**7 SEGMENT INFORMATION****Primary segment information**

For management purposes, the Group is organised into four major business segments:

- Banking** - principally managing Shari'a compliant profit sharing investment accounts, and offering Shari'a compliant financing contracts and other Shari'a-compliant products. This segment comprises corporate banking, retail banking and private banking and wealth management.
- Treasury** - principally handling Shari'a-compliant money market, trading and treasury services including short-term commodity Murabaha.
- Investments** - principally the Bank's proprietary portfolio and serving clients with a range of investment products, funds and alternative investments.
- Capital** - manages the undeployed capital of the Group by investing it in high quality financial instruments, incurs all expenses in managing such investments and accounts for the capital governance related expenses.

These segments are the basis on which the Group reports its primary segment information. Transactions between segments are conducted at estimated market rates on an arm's length basis. Transfer charges are based on a pool rate which approximates the cost of funds.

Segment information for the period ended 30 June 2011 was as follows:

	<i>30 June 2011</i>				
	<i>Banking</i>	<i>Treasury</i>	<i>Investments</i>	<i>Capital</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Operating income	3,573	2,687	(1,376)	2,117	7,001
Segment result	<b>653</b>	<b>2,015</b>	<b>(2,383)</b>	<b>338</b>	<b>623</b>
<b>Other information</b>					
Segment assets	<b>217,154</b>	<b>263,408</b>	<b>250,788</b>	<b>96,914</b>	<b>828,264</b>
Segment liabilities, and owners' equity	<b>501,764</b>	<b>106,750</b>	<b>4,534</b>	<b>215,216</b>	<b>828,264</b>

Segment information for the period ended 30 June 2010 was as follows:

	<i>Banking</i>	<i>Treasury</i>	<i>Investments</i>	<i>Capital</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Operating income	3,619	2,809	4,403	944	11,775
Segment result	447	1,899	2,587	444	5,377

Segment information (restated) for the year ended 31 December 2010 was as follows:

	<i>Banking</i>	<i>Treasury</i>	<i>Investments</i>	<i>Capital</i>	<i>Total</i>
	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>	<i>BD '000</i>
Segment assets	195,713	324,322	249,994	86,569	856,598
Segment liabilities, and owners' equity	517,737	120,220	8,318	210,323	856,598

**Secondary segment information**

The Group primarily operates in the GCC and derives substantially all its operating income and incurs all operating expenses in the GCC.