


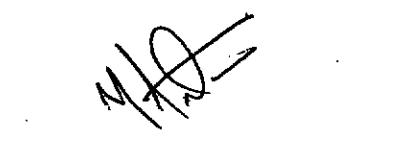
Albaraka Islamic Bank B.S.C. (c)

INTERIM BALANCE SHEET

At 30 June 2008 (Unaudited)

	Note	30 June 2008 US \$	Audited 31 December 2007 US \$
ASSETS			
Cash and balances with banks		179,651,568	163,401,382
Sales receivable		542,455,982	531,764,091
Mudaraba		28,262,888	35,760,326
Ijarah Muntahia Bittamleek		73,528,761	70,705,679
Musharaka financing		26,526,044	19,469,240
Investments		159,769,315	162,130,947
Investment properties		3,646,707	5,402,171
Ijarah income receivable		27,592,562	24,673,365
Premises and equipment		9,110,684	7,368,622
Other assets		22,953,450	24,754,541
TOTAL ASSETS		1,073,497,961	1,045,430,364
LIABILITIES			
Due to banks and other financial institutions		51,076,277	33,305,942
Current accounts		78,805,912	60,678,350
Other liabilities		36,564,263	24,284,388
TOTAL LIABILITIES		166,446,452	118,268,680
UNRESTRICTED INVESTMENT ACCOUNTS		721,401,822	738,019,482
EQUITY			
Share capital		122,457,800	122,457,800
Reserves		27,609,434	33,273,767
Retained earnings		35,582,453	33,410,635
TOTAL EQUITY		185,649,687	189,142,202
TOTAL LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS AND EQUITY		1,073,497,961	1,045,430,364
RESTRICTED INVESTMENT ACCOUNTS		118,767,517	136,930,415
CONTINGENCIES AND COMMITMENTS	3	112,445,370	125,668,276


 Adnan Ahmed Yousif
 Deputy Chairman


 Mohammed Essa Al Mutaweh
 Chief Executive & Board Member

The attached explanatory notes 1 to 6 form part of these interim condensed financial statements.

Albaraka Islamic Bank B.S.C. (c)

INTERIM INCOME STATEMENT

For the period ended 30 June 2008 (Unaudited)

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
	<i>US \$</i>	<i>US \$</i>	<i>US \$</i>	<i>US \$</i>
		<i>Restated</i>		<i>Restated</i>
INCOME				
Income from jointly financed sales	9,797,475	10,454,768	20,127,951	20,629,543
Income from jointly financed, other financings and investments	3,627,528	3,628,685	7,486,061	7,139,747
Joint investment income	13,425,003	14,083,453	27,614,012	27,769,290
Return on unrestricted investment accounts (investors' share of income before Bank's Mudarib share)	(10,735,985)	(12,038,420)	(21,938,124)	(23,426,446)
Bank's Mudarib share	1,704,452	2,020,028	2,733,777	3,439,764
Return on unrestricted investment accounts	(9,031,533)	(10,018,392)	(19,204,347)	(19,986,682)
Bank's share of income from investment accounts (as a Mudarib and as fund owner)	4,393,470	4,065,061	8,409,665	7,782,608
Bank's income from self financed sales	127,769	206,985	267,440	394,290
Bank's income from self financed, other financings and investments	1,699,846	1,568,954	2,146,101	1,939,178
Revenue from banking services	1,995,303	1,064,787	2,915,473	2,001,795
Other revenues	868,432	548,773	1,474,810	963,261
Bank's Mudarib share in restricted investment profit	197,119	97,596	256,151	194,738
TOTAL INCOME	9,281,939	7,552,156	15,469,640	13,275,870
EXPENSES				
Operating expenses	(4,996,387)	(4,214,100)	(10,387,235)	(7,997,124)
Depreciation	(337,528)	(271,244)	(648,825)	(572,945)
Financial charges	(294,792)	(302,134)	(755,260)	(891,503)
TOTAL EXPENSES	(5,628,707)	(4,787,478)	(11,791,320)	(9,461,572)
Net income before provision for impairment and taxation	3,653,232	2,764,678	3,678,320	3,814,298
Provision for impairment - net	(168,294)	(1,085,628)	(995,366)	(1,202,642)
Net income for the period before taxation	3,484,938	1,679,050	2,682,954	2,611,656
Taxation	(240,507)	(433,899)	(367,136)	(683,592)
NET INCOME FOR THE PERIOD	3,244,431	1,245,151	2,315,818	1,928,064

The attached notes 1 to 6 form part of these interim condensed financial statements.

Albaraka Islamic Bank B.S.C. (c)

INTERIM CASH FLOWS STATEMENT

For the period ended 30 June 2008 (Unaudited)

	<i>Six months ended 30 June</i>	
	2008	2007
	US \$	US \$
		<i>Restated</i>
OPERATING ACTIVITIES		
Net income for the period before taxation	2,682,954	2,611,656
Adjustments for :		
Depreciation	648,825	572,945
Profit accrued to participating shareholders	-	2,926,523
Provision for impairment- net	995,366	1,202,642
Amortisation of income and expenses related to leased assets-net	(87,895)	(87,414)
Unrealised remeasurement (gain) loss	(186,085)	-
Ijarah finance cost	151,725	235,411
Loss on disposal of premises and equipment	30,207	-
Gain on disposal of investment	(290,463)	-
Gain on disposal of investment properties	(262,915)	-
	3,681,719	7,461,763
Tax paid	(140,403)	(550,035)
	3,541,316	6,911,728
Changes in:		
Balances with central banks	-	12,344,508
Sales receivable	18,845,522	45,073,131
Mudaraba	7,497,437	25,342,587
Ijarah Muntahia Bittamleek	(2,823,082)	(3,927,667)
Musharaka financing	(7,138,309)	(2,343,058)
Ijarah income receivable	(2,960,014)	(1,256,719)
Other assets	(288,670)	(18,697,300)
Other liabilities	12,149,974	15,434,456
Due to banks and financial institutions	17,770,335	(18,940,667)
Net cash from operating activities	46,594,509	59,940,999
INVESTING ACTIVITIES		
Purchase of investments	(14,775,904)	(25,186,400)
Disposal of investments	14,034,529	3,134,823
Purchase of premises and equipment	(2,417,817)	(1,754,362)
Disposal of premises and equipment	30,570	13,205
Purchase of investment properties	(1,159,992)	-
Disposal of investment properties	3,144,525	-
Net cash used in investing activities	(1,144,089)	(23,792,734)
FINANCING ACTIVITIES		
Decrease in unrestricted investment accounts	(16,617,660)	(30,882,356)
Increase in Current accounts	18,127,562	30,851,420
Ijarah finance cost paid	(155,678)	(238,344)
Directors' remuneration paid	(144,000)	(144,000)
Net cash from (used in) financing activities	1,210,224	(413,280)
INCREASE IN CASH AND CASH EQUIVALENTS	46,660,644	35,734,985
Cash and cash equivalents at beginning of the period	165,568,262	245,859,038
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	212,228,906	281,594,023
For the purpose of the interim cash flow statement, cash and cash equivalents are comprised of the following:		
Cash in hand	6,983,830	5,529,787
Balances with central banks	51,363,349	37,805,648
Balances with other banks and financial institutions	100,200,413	95,865,956
International commodities	53,681,314	142,392,632
	212,228,906	281,594,023

The attached notes 1 to 6 form part of these interim condensed financial statements.

Albaraka Islamic Bank B.S.C. (c)

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period ended 30 June 2008 (Unaudited)

	<i>Reserves</i>					<i>Retained earnings</i>	<i>Total shareholders' equity</i>
	<i>Share capital</i>	<i>Statutory</i>	<i>General</i>	<i>Cumulative changes in fair value</i>	<i>Foreign exchange</i>		
	<i>US \$</i>	<i>US \$</i>	<i>US \$</i>	<i>US \$</i>	<i>US \$</i>	<i>US \$</i>	<i>US \$</i>
Balance at 1 January 2008	122,457,800	20,860,008	8,687,143	5,219,580	(1,492,964)	33,410,635	189,142,202
Directors' remuneration paid	-	-	-	-	-	(144,000)	(144,000)
Net movement in cumulative change in fair value of available for sale investments	-	-	-	(3,579,556)	-	-	(3,579,556)
Foreign currency translation reserve	-	-	-	-	(2,084,777)	-	(2,084,777)
Net income for the period	-	-	-	-	-	2,315,818	2,315,818
Balance at 30 June 2008	122,457,800	20,860,008	8,687,143	1,640,024	(3,577,741)	35,582,453	185,649,687
Balance at 1 January 2007 as previously stated	50,000,000	5,074,360	1,330,350	206,095	(928,550)	523,202	56,205,457
Adjustment on account of acquiring Al Amin Bank	60,000,000	15,370,227	7,356,793	4,599,327	-	41,750,444	129,076,791
Balance at 1 January 2007 - restated	110,000,000	20,444,587	8,687,143	4,805,422	(928,550)	42,273,646	185,282,248
Directors' remuneration paid	-	-	-	-	-	(144,000)	(144,000)
Net movement in cumulative change in fair value of available for sale investments	-	-	-	296,556	-	-	296,556
Foreign currency translation reserve	-	-	-	-	138,940	-	138,940
Net income for the period	-	-	-	-	-	1,928,064	1,928,064
Balance at 30 June 2007 - restated	110,000,000	20,444,587	8,687,143	5,101,978	(789,610)	44,057,710	187,501,808

The attached notes 1 to 6 form part of these interim condensed financial statements.