

AL SALAM BANK-BAHRAIN B.S.C.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2010

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

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Al Salam Bank-Bahrain B.S.C. ("the Bank") and its subsidiary (together "the Group") as of 30 September 2010, and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine-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 as set out in note 2. Our responsibility is to issue 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 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 aspects, in accordance with the accounting policies as set out in note 2.



18 October 2010
Manama, Kingdom of Bahrain

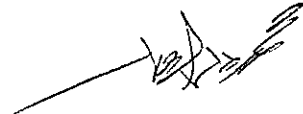
Al Salam Bank-Bahrain B.S.C.

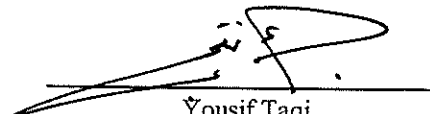
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2010 (reviewed)

	(Reviewed) 30 September 2010 BD	(Audited) 31 December 2009 BD
ASSETS		
Cash and balances with Central Bank of Bahrain	96,246,545	126,739,202
Central Bank of Bahrain Sukuk	51,541,695	32,907,875
Murabaha receivables from banks	157,472,028	149,303,782
Corporate Sukuk	36,712,556	16,949,546
Murabaha and Mudaraba receivables	150,271,907	87,273,825
Ijarah Muntahia Bittamleek	62,683,670	46,314,651
Musharaka financing	8,350,326	5,384,369
Assets under conversion	4 64,890,117	98,305,000
Non-trading investments	190,673,368	184,679,822
Investment in an associate	7,425,677	7,659,055
Investment properties	3,372,980	1,177,528
Receivables and prepayments	13,547,941	26,902,192
Premises and equipment	2,015,135	2,337,436
TOTAL ASSETS	845,203,945	785,934,283
LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS AND EQUITY		
LIABILITIES		
Murabaha and Wakala payables to banks	102,942,035	89,397,722
Wakala from non-banks	412,318,713	317,369,585
Customers' current accounts	47,448,512	32,699,944
Liabilities under conversion	4 50,978,000	120,402,000
Other liabilities	12,510,083	14,877,262
TOTAL LIABILITIES	626,197,343	574,746,513
UNRESTRICTED INVESTMENT ACCOUNTS	16,353,197	9,409,467
EQUITY		
Share capital	5 149,706,383	142,577,508
Reserves and retained earnings	49,243,504	41,356,388
Proposed appropriations	-	14,257,750
Total equity attributable to shareholders of the Bank	198,949,887	198,191,646
Non-controlling interest	3,703,518	3,586,657
TOTAL EQUITY	202,653,405	201,778,303
TOTAL LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS AND EQUITY	845,203,945	785,934,283

These interim condensed consolidated financial statements have been authorised for issue in accordance with a resolution of the Board of Directors dated 18 October 2010


Mohamed Ali Rashid Alabbar
Chairman


Yousif Taqi
Director & Chief Executive Officer

The attached notes 1 to 8 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 September 2010 (reviewed)

	<i>Three months ended 30 September 2010 BD</i>	<i>Three months ended 30 September 2009 BD</i>	<i>Nine months ended 30 September 2010 BD</i>	<i>Nine months ended 30 September 2009 BD</i>
OPERATING INCOME				
Income from financing contracts	6,115,434	4,021,582	15,033,335	10,955,044
Income relating to assets under conversion	883,000	-	3,425,000	-
Gains on disposal of investments	614,769	4,356,734	1,201,302	17,700,815
Gains on investments designated as fair value through profit or loss	359,921	3,455,954	6,328,826	7,417,224
Income from investments designated as fair value through profit or loss	124,976	-	762,570	-
Other operating income	1,462,063	489,975	3,472,270	1,236,867
	9,560,163	12,324,245	30,223,303	37,309,950
Less: Profit paid and payable on Murabaha and Wakala from banks	(158,106)	(177,763)	(458,777)	(453,707)
Less: Profit on Wakala from non-banks	(3,431,448)	(3,685,014)	(9,357,741)	(10,256,242)
Less: Profit on unrestricted investment accounts	(32,145)	(33,841)	(138,201)	(93,511)
Less: Expenses arising from liabilities under conversion	(327,000)	-	(1,325,000)	-
Less: Depreciation on Ijarah Muntahia Bittamleek	(1,507,465)	(757,052)	(3,045,501)	(2,229,176)
TOTAL OPERATING INCOME	4,103,999	7,670,575	15,898,083	24,277,314
OPERATING EXPENSES				
Staff costs	1,498,362	1,845,813	4,792,818	5,512,566
Premises and equipment cost	547,465	187,542	900,131	573,578
Depreciation	274,553	255,942	846,373	767,713
Other operating expenses	522,134	642,301	2,700,637	2,038,737
TOTAL OPERATING EXPENSES	2,842,514	2,931,598	9,239,959	8,892,594
PROFIT BEFORE RESULTS OF ASSOCIATE				
	1,261,485	4,738,977	6,658,124	15,384,720
Share of loss from an associate	-	(178,628)	(19,712)	(178,628)
NET PROFIT FOR THE PERIOD	1,261,485	4,560,349	6,638,412	15,206,092
<i>Attributable to:</i>				
Shareholders of the Bank	1,247,435	4,560,349	6,572,714	15,206,092
Non-controlling interest	14,050	-	65,698	-
	1,261,485	4,560,349	6,638,412	15,206,092
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING				
	1,497,063,829	1,260,000,000	1,497,063,829	1,260,000,000
BASIC AND DILUTED EARNINGS PER SHARE (FILS)				
	0.8	3.6	4.4	12.1

The attached notes 1 to 8 form part of these interim condensed consolidated financial statements.

Al Salam Bank-Bahrain B.S.C.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2010 (reviewed)

	<i>Three months ended 30 September 2010 BD</i>	<i>Three months ended 30 September 2009 BD</i>	<i>Nine months ended 30 September 2010 BD</i>	<i>Nine months ended 30 September 2009 BD</i>
NET PROFIT FOR THE PERIOD	1,261,485	4,560,349	6,638,412	15,206,092
Other comprehensive income:				
Net change in fair value	1,128,574	-	1,579,231	-
Exchange differences on investment in an associate	(89,642)	(13,331)	(213,666)	(75,902)
Other comprehensive income for the period	1,038,932	(13,331)	1,365,565	(75,902)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,300,417	4,547,018	8,003,977	15,130,190
<i>Attributable to:</i>				
Shareholders of the Bank	2,269,991	4,547,018	7,887,116	15,130,190
Non-controlling interest	30,426	-	116,861	-
	2,300,417	4,547,018	8,003,977	15,130,190

The attached notes 1 to 8 form part of these interim condensed consolidated financial statements.

Al Salam Bank-Bahrain B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 September 2010 (reviewed)

	<i>Nine months ended 30 September 2010 BD</i>	<i>Nine months ended 30 September 2009 BD</i>
OPERATING ACTIVITIES		
Net profit for the period	6,638,412	15,206,092
Adjustments:		
Depreciation	846,373	767,713
Unrealised gains on investments designated as fair value through profit or loss	(6,328,826)	(7,417,224)
Share of loss from an associate	19,712	178,628
Operating income before changes in operating assets and liabilities	<u>1,175,671</u>	<u>8,735,209</u>
Changes in operating assets and liabilities:		
Mandatory reserve with Central Bank of Bahrain	(1,163,000)	(263,000)
Central Bank of Bahrain Sukuk	(18,633,820)	(3,224,413)
Murabaha receivables from banks with original maturities of 90 days or more	(12,031,639)	1,496,602
Corporate Sukuk	(18,429,109)	-
Murabaha and Mudaraba receivables	(62,998,082)	(16,559,843)
Ijarah Muntahia Bittamleek	(16,369,019)	(4,543,145)
Musharaka financing	(2,965,957)	-
Assets under conversion	33,660,213	-
Non-trading investments, net	335,280	4,950,391
Receivables and prepayments	13,354,251	(30,609,624)
Assets held-for-sale	-	28,164,080
Murabaha and Wakala payables to banks	13,544,313	63,561,355
Wakala from non-banks	75,002,128	15,140,595
Customers' current accounts	14,748,568	718,272
Liabilities under conversion	(49,477,000)	-
Other liabilities	(2,367,179)	570,548
Net cash (used in) from operating activities	<u>(32,614,381)</u>	<u>68,137,027</u>
INVESTING ACTIVITIES		
Purchase of premises and equipment	(524,072)	(203,518)
Purchase of investment property	(2,195,452)	-
Net cash used in investing activities	<u>(2,719,524)</u>	<u>(203,518)</u>
FINANCING ACTIVITIES		
Unrestricted investment accounts	6,943,730	1,607,980
Share issue expenses	-	(134,371)
Dividends	(7,128,875)	(9,758,946)
Net cash used in financing activities	<u>(185,145)</u>	<u>(8,285,337)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(35,519,050)</u>	<u>59,648,172</u>
Cash and cash equivalents at 1 January	<u>258,557,278</u>	<u>156,204,000</u>
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	<u><u>223,038,228</u></u>	<u><u>215,852,172</u></u>
Cash and cash equivalents comprise of:		
Cash and other balances with Central Bank of Bahrain	77,716,545	56,827,783
Murabaha receivables from banks with original maturities of less than 90 days	145,321,683	159,024,389
	<u><u>223,038,228</u></u>	<u><u>215,852,172</u></u>

The attached notes 1 to 8 form part of these interim condensed consolidated financial statements.

Al Salam Bank-Bahrain B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2010 (reviewed)

	Attributable to Shareholders of the Bank										
	Share capital	Statutory reserve	Retained earnings	Investment reserve	Changes in fair value	Foreign exchange translation reserve	Share premium reserve	Proposed appropriations	Total	Non-controlling interest	Total equity
	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD	BD
Balance as of 1 January 2010	142,577,508	7,910,175	5,009,400	26,245,001	(381,437)	376	2,572,873	14,257,750	198,191,646	3,586,657	201,778,303
<i>Total comprehensive income for the period:</i>											
Net profit for the period	-	-	6,572,714	-	-	-	-	-	6,572,714	65,698	6,638,412
Other comprehensive income:											
Changes on investment in an associate	-	-	-	-	-	(213,666)	-	-	(213,666)	-	(213,666)
Net change in fair value	-	-	-	-	1,528,068	-	-	-	1,528,068	51,163	1,579,231
Total comprehensive income	-	-	6,572,714	-	1,528,068	(213,666)	-	-	7,887,116	116,861	8,003,977
Transfer to investment reserve	142,577,508	7,910,175	11,582,114	26,245,001	1,146,631	(213,290)	2,572,873	14,257,750	206,078,762	3,703,518	209,782,280
Bonus shares issued (note 3)	-	-	(5,944,343)	5,944,343	-	-	-	-	-	-	-
Dividends paid for 2009 (note 3)	7,128,875	-	-	-	-	-	-	(7,128,875)	-	-	-
	-	-	-	-	-	-	-	(7,128,875)	(7,128,875)	-	(7,128,875)
Balance at 30 September 2010	149,706,383	7,910,175	5,637,771	32,189,344	1,146,631	(213,290)	2,572,873	-	198,949,887	3,703,518	202,653,405
Balance as of 1 January 2009	120,000,000	6,514,137	12,575,078	20,472,731	-	99,010	-	12,822,525	172,483,481	-	172,483,481
<i>Total comprehensive income for the period:</i>											
Net profit for the period	-	-	15,206,092	-	-	-	-	-	15,206,092	-	15,206,092
Other comprehensive income:											
Changes on investment in an associate	-	-	-	-	-	(75,902)	-	-	(75,902)	-	(75,902)
Total comprehensive income	-	-	15,206,092	-	-	(75,902)	-	-	15,130,190	-	15,130,190
Transfer to investment reserve	120,000,000	6,514,137	27,781,170	20,472,731	-	23,108	-	12,822,525	187,613,671	-	187,613,671
Zakah	-	-	(7,417,224)	7,417,224	-	-	-	-	-	-	-
Dividends paid for 2008	-	-	-	-	-	-	-	(822,525)	(822,525)	-	(822,525)
Shares issued	22,577,508	-	-	-	-	-	-	(12,000,000)	(12,000,000)	-	(12,000,000)
Share issue expenses	-	-	-	-	-	-	2,709,300	-	2,528,608	-	25,286,808
	-	-	-	-	-	-	(134,371)	-	(134,371)	-	(134,371)
Balance at 30 September 2009	142,577,508	6,514,137	20,363,946	27,889,955	-	23,108	2,574,929	-	199,943,583	-	199,943,583

The attached notes 1 to 8 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 eight 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 accepting money market placements, 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.

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 2009 which 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 nine months ended 30 September 2010 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2010.

The interim condensed consolidated financial statements comprise the financial statements of the Bank and its subsidiary for the period ended 30 September 2010. 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 4) have been consolidated on a line-by-line basis; in accordance with the requirements of the new 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 equity in the interim consolidated statement of financial position, separately from parent shareholders' equity.

3 DIVIDENDS AND BONUS SHARES

At the annual general meeting of the shareholders held on 8 March 2010, a cash dividend of 5 fils per share (2008: 10 fils per share) amounting to BD 7,128,875 (2008: BD 12,000,000) was approved and paid during the period.

Further, the shareholders approved to utilize BD 7,128,875 (5% of the paid up capital) to issue one bonus share for every twenty shares held.

Al Salam Bank-Bahrain B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2010 (reviewed)

4 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 September 2010, 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 September 2010 BD</i>	<i>31 December 2009 BD</i>
Assets		
Due from banks and financial institutions	-	6,839,000
Loans and advances to customers	56,110,117	63,770,000
Non-trading-investments	8,780,000	27,696,000
	<u>64,890,117</u>	<u>98,305,000</u>
Liabilities		
Due to banks and financial institutions	5,281,000	20,912,000
Customers' deposits	45,697,000	99,490,000
	<u>50,978,000</u>	<u>120,402,000</u>

5 SHARE CAPITAL

	<i>30 September 2010 BD</i>	<i>31 December 2009 BD</i>
Authorised:		
2,000,000,000 (2009: 2,000,000,000) ordinary shares of BD 0.100 each	<u>200,000,000</u>	<u>200,000,000</u>
Issued and fully paid:		
Balance at beginning - 1,425,775,075 (2009:1,200,000,000) shares	142,577,508	120,000,000
Issued during the period - 71,288,750 (2009:225,775,075) shares	7,128,875	22,577,508
	<u>149,706,383</u>	<u>142,577,508</u>

Pursuant to a shareholders' resolution during the period (note 3), the Bank issued one bonus share for every twenty shares held. This amounts to 5% of the paid-up capital resulting in an utilization of BD 7,128,875 from the retained earnings to this effect.

30 September 2010 (reviewed)

6 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 September 2010 were as follows:

	<i>30 September 2010</i>			
	<i>Associates and joint ventures BD</i>	<i>Directors and related entities BD</i>	<i>Senior management BD</i>	<i>Total BD</i>
Assets:				
Murabaha and Mudaraba receivables	14,161,776	57,561	44,198	14,263,535
Ijarah Muntahia Bittamleek	15,755,980	3,157,154	182,968	19,096,102
Musharaka financing	8,070,648	-	91,650	8,162,298
Assets under conversion	-	-	24,000	24,000
Receivables and prepayments	3,481,607	-	14,302	3,495,909
Liabilities:				
Wakala from non-banks	9,683,910	1,337,646	515,829	11,537,385
Customers' current accounts	4,274,198	80,468	25,307	4,379,973
Liabilities under conversion	-	-	1,262,000	1,262,000
Unrestricted investment accounts	33,252	216,340	91,137	340,729
Commitments	6,110,398	-	-	6,110,398
Contingent liabilities	6,083,177	60,141	-	6,143,318

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

	<i>30 September 2010</i>			
	<i>Associates and joint ventures BD</i>	<i>Directors and related entities BD</i>	<i>Senior management BD</i>	<i>Total BD</i>
Income:				
Income from other Islamic financing contracts	1,937,706	192,978	12,626	2,143,310
Expenses:				
Profit paid on Wakala from non-banks	106,055	27,713	10,282	144,050
Share of profits on unrestricted investment accounts	3,337	773	561	4,671
Expenses arising from liabilities under conversion	-	-	25,000	25,000

Al Salam Bank-Bahrain B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2010 (reviewed)

6 RELATED PARTY TRANSACTIONS (continued)

The significant balances with related parties at 31 December 2009 were as follows:

	31 December 2009			
	<i>Associates and joint ventures BD</i>	<i>Directors and related entities BD</i>	<i>Senior management BD</i>	<i>Total BD</i>
Assets:				
Murabaha and Mudaraba receivables	9,540,472	28,061	67,378	9,635,911
Ijarah Muntahia Bittamleek	14,097,973	3,595,657	178,189	17,871,819
Musharaka financing	5,234,068	-	99,165	5,333,233
Assets under conversion	-	-	27,000	27,000
Receivables and prepayments	2,733,999	8,795	14,672	2,757,466
Liabilities:				
Wakala from non-banks	15,593,252	511,091	311,761	16,416,104
Customers' current accounts	7,012,381	257,252	35,253	7,304,886
Liabilities under conversion	-	-	1,017,000	1,017,000
Unrestricted investment accounts	116,178	65,428	61,771	243,377
Commitments	4,623,584	-	-	4,623,584
Contingent liabilities	11,402,034	55,792	-	11,457,826

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

	30 September 2009			
	<i>Associates and joint ventures BD</i>	<i>Directors and related entities BD</i>	<i>Senior management BD</i>	<i>Total BD</i>
Income:				
Income from other Islamic financing contracts	2,176,716	44,805	6,089	2,227,610
Expenses:				
Profit paid on Wakala from non-banks	216,995	26,052	10,916	253,963
Share of profits on unrestricted investment accounts	-	813	652	1,465

30 September 2010 (reviewed)

7 CONTINGENT LIABILITIES AND COMMITMENTS

The Group has the following commitments:

	<i>30 September</i>	<i>31 December</i>
	<i>2010</i>	<i>2009</i>
	<i>BD</i>	<i>BD</i>
Contingent liabilities on behalf of customers		
Guarantees	11,626,488	19,077,412
Letters of credit	1,156,963	1,674,596
Acceptances	472,000	409,000
	<u>13,255,451</u>	<u>21,161,008</u>
Irrevocable Unutilised commitments		
Unutilised financing commitments	15,452,235	13,473,354
Unutilised non-funded commitments	8,640,859	7,424,343
Unutilised capital commitments	1,500,001	5,681,007
	<u>25,593,095</u>	<u>26,578,704</u>
	<u>38,848,546</u>	<u>47,739,712</u>

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 September</i>	<i>31 December</i>
	<i>2010</i>	<i>2009</i>
	<i>BD</i>	<i>BD</i>
Within 1 year	397,260	664,515
After one year but not more than five years	71,357	85,435
	<u>468,617</u>	<u>749,950</u>

30 September 2010 (reviewed)

8 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 Bank 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 September 2010 was as follows:

	<i>30 September 2010</i>				
	<i>Banking BD</i>	<i>Treasury BD</i>	<i>Investments BD</i>	<i>Capital BD</i>	<i>Total BD</i>
Operating income	5,773,162	4,705,410	4,145,245	1,254,554	15,878,371
Segment result	1,042,207	3,720,678	1,815,979	59,548	6,638,412
Other information					
Segment assets	247,165,942	321,294,991	178,367,010	98,376,002	845,203,945
Segment liabilities, and equity	483,677,134	154,160,150	104,274	207,262,387	845,203,945

Segment information for the period ended 30 September 2009 was as follows:

	<i>Banking BD</i>	<i>Treasury BD</i>	<i>Investments BD</i>	<i>Capital BD</i>	<i>Total BD</i>
Operating income	6,953,445	1,972,235	10,344,581	4,828,425	24,098,686
Segment result	3,436,057	1,006,821	7,531,543	3,231,671	15,206,092

Segment information for the year ended 31 December 2009 was as follows:

	<i>Banking BD</i>	<i>Treasury BD</i>	<i>Investments BD</i>	<i>Capital BD</i>	<i>Total BD</i>
Segment assets	208,248,481	336,170,782	171,962,098	69,552,922	785,934,283
Segment liabilities, and equity	471,408,521	103,403,261	984,408	210,138,093	785,934,283

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.