



Report of the independent auditors

To the members of Albaraka Bank Limited

We have audited the Annual Financial Statements and Group Annual Financial Statements set out on pages 17 to 37 for the year ended 31 December 2004. These financial statements are the responsibility of the company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, these financial statements fairly present, in all material respects, the financial position of the company and the group at 31 December 2004 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act in South Africa.

KPMG Inc.
Registered Accountants and Auditors
Chartered Accountants (SA)

Johannesburg, 23 March 2005

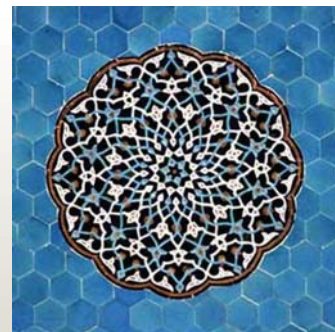
Secretary's declaration

The Secretary certifies that the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act, No. 61 of 1973 as amended, and that such returns are true, correct and up to date.

Adv Mahomed Vahed
Company Secretary

Durban, 23 March 2005

*Tile Work from Esfahan, Safavid era.
In Safavid era, Naskh and Thulth scripts were
used. Works of famous calligraphers,
such as Alireza Abbasi, Mohammad Saleh
Esfahani, Mohammad Reza Imami
and Hossein Banna have been found.*



Report of the directors

The Directors have pleasure in presenting their report for the year ended 31 December 2004.

Nature of the business

Albaraka Bank Limited is a registered bank which was incorporated in the Republic of South Africa and has as its principal objective the operation of its business according to Islamic banking precepts. The bank serves the public through branches in Durban, Laudium (Pretoria), Fordsburg and Lenasia (Johannesburg), and Athlone (Cape Town).

Share capital

In terms of a special resolution dated 30 September 2004, the authorised share capital of the company was increased from 6 million to 15 million ordinary shares of R10 each. The issued share capital is R53 million (2003 : R40 million) comprising of 5,3 million (2003 : 4 million) ordinary shares of R10 each. The reason for the increase in the capital of the bank was to increase its capital adequacy requirements.

Financial results

The results of the company and the group for the year ended 31 December 2004 are set out on pages 18 to 37.

Dividends

No dividends have been declared during the year under review (2003 : Nil).

Directors

The directors of the company are :

A A Yousif, Chairman, appointed 22 March 2005
S A E Chohan, Chief Executive, appointed 13 December 2004
M G McLean, Deputy Chief Executive
M J D Courtiade, Executive Director, appointed 15 December 2004
Y D Asmall
Adv A B Mahomed SC
M S Paruk, appointed 24 June 2004
Y M Paruk, appointed 4 November 2004
S A Randeree
A A Sabbahi
O A Suleiman
E Y Varachia, resigned 30 September 2004
E E Vawda, Chief Executive Officer, retired 23 March 2004
M Youssef

Secretary

Adv M A Vahed

Subsidiary company

The Bank has a wholly owned subsidiary, Albaraka Properties (Proprietary) Limited, which is engaged in property owning and letting.

	2004	2003
	R	R
Shares	100	100
Amount owing	7 366 707	3 204 371
	7 366 807	3 204 471

The bank's share in the loss incurred by its subsidiary amounted to R214 201 (2003 : net income R3 957).

Subsequent events

No events have occurred between the accounting date and the date of this report that materially affect the reported result and financial position of the Albaraka Bank Limited and its subsidiary company.