1. Capital Adequacy

Introduction
Albaraka Bank Limited is a registered bank domiciled in South Africa and is subject to regulatory capital adequacy requirements under Basel II in terms of the Banks Act, No. 94 of 1990, as amended and Regulations relating thereto.

The bank has a wholly-owned subsidiary, which is a property owning company. The subsidiary is consolidated for accounting purposes and group annual financial statements are prepared annually. The subsidiary is consolidated for regulatory purposes in accordance with Regulation 36(2) of the Banks Act and Regulations.

Funds owned by the bank are subject to South African Exchange Control Regulations.

Capital structure
The capital base of the bank provides the foundation for financing, off-balance sheet transactions and other activities. The capital adequacy of the bank is measured in terms of the Banks Act, which dictates the requirements on how the bank must maintain a minimum level of capital based on its risk adjusted assets and off-balance sheet exposures, as determined by the provisions of Basel II. The capital structure of the bank is as follows:

	2012	2011
	R'000	R'000
Regulatory capital		
Tier 1		
Share capital	**225 000**	225 000
Share premium	**29 866**	29 866
Retained income	**106 011**	81 043
Less: Unappropriated profits	**(8 322)**	(596)
Total capital & reserves	**352 555**	335 313
Less: Prescribed deductions against capital and reserve funds	**(19 570)**	(19 007)
Total Tier 1 capital	**332 985**	316 306
Tier 2		
Portfolio impairment (net of deferred tax)	**7 779**	7 201
Total eligible capital	**340 764**	323 507
Capital adequacy ratios (Tier 1 %)	**12,16%**	12,81%
Capital adequacy ratios (Total %)	**12,44%**	13,10%
Minimum regulatory requirement ratios (Total %)	**9,50%**	9,50%

The bank's capital strategy plays an important role in growing shareholder value, and has contributed significantly to growth in the current year. The objective of active capital management is to:

- Enable growth in shareholder value; and
- Protect the capital base.

The bank's risk and capital management committee is responsible for the formulation, implementation and maintenance of the bank's capital management framework in order to achieve the above objectives and operates in terms of a board-approved capital management framework. It assists the board in reviewing the bank's capital requirements and management thereof.

The bank is committed to maintaining sound capital and strong liquidity ratios. The overall capital needs are continually reviewed to ensure that its capital base appropriately supports current and planned business and regulatory capital requirements.

In assessing the adequacy of the bank's capital to support current and future activities, the group considers a number of factors, including:

- An assessment of growth prospects;
- Current and potential risk exposures across all the major risk types;
- Sensitivity analysis of growth assumptions;
- The ability of the bank to raise capital; and
- Peer group analysis.

At 31 December 2012, the minimum capital requirements and risk-weighted assets of the bank for credit risk, equity risk, market risk and other risks as calculated under the standardised approach and for operational risk as calculated under the basic indicator approach in terms of the Banks Act and Regulations were as follows:

	Capital requirements		**Risk-weighted assets**	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
Credit risk	**227 834**	201 097	**2 398 252**	2 116 811
Operational risk	**20 697**	18 887	**217 866**	198 811
Equity risk	**-**	2 149	**-**	22 621
Market risk	**177**	1 610	**1 860**	16 950
Other risk	**11 520**	10 831	**121 258**	114 012
	260 228	234 574	**2 739 236**	2 469 205

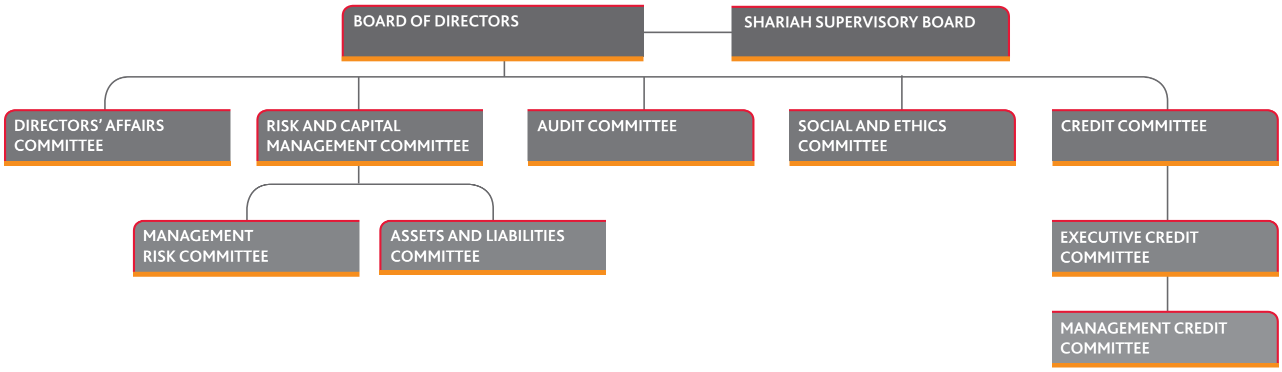
2. Risk management and assessment

Whilst the board is ultimately responsible for risk management and to determine the type and level of risk which the bank is willing to accept in conducting its banking activities, the effective management of risk has been delegated to five board committees, namely, the risk and capital management committee, the audit committee, the credit committee, the directors' affairs committee and the social and ethics committee. These committees are assisted by management committees (more particularly the assets and liabilities committee, the executive credit committee, the management risk committee) to discharge their responsibilities effectively. The composition, terms of reference and delegated powers of authority of the board and management committees are set by the board and are reviewed annually.

The board and management committees are responsible for developing and monitoring risk management policies and programmes in their specified areas. These policies and programmes are established to identify and analyse risks faced by the bank, to set appropriate risk limits and controls and to monitor risks and adherence to limits. The risk management policies and programmes are reviewed regularly to reflect changes in market conditions and products offered. In addition, the bank has adopted a strategy that seeks to entrench at all levels within Al Baraka Bank a culture that is risk-management orientated.

2. Risk management and assessment (continued)

The structure and organisation of the risk management function is provided in diagrammatic form below:



The audit committee and risk and capital management committee are responsible for monitoring compliance with the risk management policies and programmes and for reviewing the adequacy of the risk management framework in relation to the risks faced by the bank. The audit committee is assisted in these functions by internal audit which undertakes regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The following are the major forms of risks to which the bank is exposed:
- Credit risk;
- Market risk;
- Equity risk;
- Liquidity risk;
- Profit rate risk;
- Shariah risk;
- Operational risk;
- Compliance risk; and
- Other risk.

2.1 Credit risk

Credit risk refers to the potential loss that the bank could sustain as a result of counter-party default and arises principally from advances to customers and other banks. The bank manages its credit risk within a governance structure supported by delegated powers of authority as approved by the board. The credit approval process is graduated, whereby increasingly higher levels of authorisation are required depending on the type and value of the transactions concerned. Applications for credit may therefore be considered progressively by line management, senior and executive management, the management credit committee, the executive credit committee, the board credit committee and the board itself.

A separate credit division, reporting to the chief executive and the credit committee of the board, is responsible for the oversight of the bank's credit risk, including:
- Formulating credit policies covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements;
- Establishing the authorisation structure for the approval and renewal of credit facilities;
- Reviewing and assessing credit risk;
- Limiting concentrations of exposure to counterparties and by product; and
- Developing and maintaining risk gradings in order to categorise exposures to the degree of risk of financial loss faced and to focus management on the relevant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework is described under the section dealing with portfolio measures of risk.

Credit exposures are monitored primarily on performance. Defaulting accounts receive prompt attention. Initially they are dealt with by line management and, in instances where further degeneration occurs, they are handed over to the bank's collections and legal specialists.

Depending on the type of credit exposure, account reviews, which include the re-performance of qualitative and quantitative assessments, are performed annually.

The credit risk management process needs to identify all risk factors to enable such risks to be quantified and their impact on the pricing or credit risk to be taken into account. Pricing for credit risk is, therefore, a critical component of the risk management process. The main risk of default by the counter-party is mitigated by means of collateral security obtained from the debtor concerned.

For internal risk management and risk control purposes, credit risk is measured in terms of potential loss that could be suffered, taking into account the quantum of the exposures, the realisable value of the collateral security and the value, if any, that could be placed on the sureties.

The executive and board credit committees constantly monitor the credit quality of counter-parties and the exposure to them. Detailed risk reports are submitted to the aforementioned committees and also to the management credit committee on a regular basis.

Portfolio measures of credit risk
Credit loss expense is reported in accordance with International Accounting Standard (IAS) 39 Financial instruments: Recognition and measurement. Under these rules, losses are recognised and charged to the profit for the year in the statement of comprehensive income in the period in which they arise.

The occurrence of actual credit losses is erratic in both timing and amount and those that arise usually relate to transactions entered into in previous accounting periods. In order to make the business accountable for any credit losses suffered in a portfolio of advances that have not yet been individually identified as impaired, a credit impairment for incurred, but not reported losses, is created based on historic loss and estimated emergence patterns. Based on the performance of individual customers and the results of assessments performed, credit exposures are classified under five main categories, or risk gradings, which are Standard, Special Mention, Sub-standard, Doubtful and Loss.

- Exposures that are current and where full repayment of the principal and profit is expected are classified under the Standard category;
- Exposures where evidence exists that the debtor is experiencing some difficulties that may threaten the bank's position, but where ultimate loss is not expected - but could occur if adverse conditions continue - are classified under the Special Mention category;
- Exposures that show underlying, well-defined weaknesses that could lead to probable loss if not corrected are classified under the Sub-standard category. The risk that such exposures may become impaired is probable and the bank relies to a large extent on available security;
- Exposures that are considered to be impaired, but are not yet considered total losses because of some pending factors that may strengthen the quality of such exposures are classified under the Doubtful category;
- Exposures that are considered to be uncollectable and where the realisation of collateral and institution of legal proceedings have been unsuccessful are classified under the Loss category. These exposures are considered to be of such little value that they should no longer be included in the net assets of the bank;
- Exposures that are classified under the Sub-standard, Doubtful and Loss categories are regarded as non-performing; and
- Exposures that have not met their individual repayment terms are classified as past due exposures.

A default is considered to have occurred with regard to a particular obligor when either of the following events have taken place:
- The bank considers that the obligor is unlikely to pay its credit obligations to the bank, without recourse by the bank to actions such as realising security (if held); and
- The obligor is past due more than 90 days on any material credit obligation to the bank.

	Group and Company	
	2012	2011
	R'000	R'000
2. Risk management and assessment (continued)		
2.1 Credit risk (continued)		
Credit exposures		
Advances to customers	**2 735 213**	2 378 647
Advances and balances with banks	**598 088**	516 224
Advances and balances with central bank	**253 398**	219 552
Letters of credit, guarantees and confirmations	**143 670**	125 516
Total exposure	**3 730 369**	3 239 939
Impairment of advances	**(16 509)**	(16 319)
Net exposure	**3 713 860**	3 223 620

The group monitors concentrations of credit risk by geographical location, industry and product distribution.

Geographical distribution of exposures		
Customer exposure		
KwaZulu-Natal	**1 493 802**	1 367 204
Gauteng	**955 099**	772 659
Western Cape	**429 982**	364 300
Total customer exposure	**2 878 883**	2 504 163
Bank exposure		
KwaZulu-Natal	**14 158**	7 586
Gauteng	**836 432**	728 190
United States of America	**896**	
Total bank exposure	**851 486**	735 776
Total exposure	**3 730 369**	3 239 939
Industry distribution of exposures		
Banks and financial institutions	**851 486**	735 776
Individuals	**865 570**	711 337
Other services	**2 013 313**	1 792 826
Total exposure	**3 730 369**	3 239 939

		Group and Company	
		2012	2011
		R'000	R'000
Product distribution analysis			
Property (Musharaka and Murabaha)		**1 929 112**	1 619 299
Equity finance		**548 088**	461 480
Instalment sales		**410 003**	397 834
Trade		**395 235**	360 771
Balances with local and central banks		**303 398**	274 296
Letters of credit		**152**	3 279
Guarantees and confirmations		**143 518**	122 237
Other		**863**	743
Total exposure		**3 730 369**	3 239 939
Residual contractual maturity of book			
Within 1 month	- equity finance	**271 961**	282 392
	- other	**407 398**	339 074
From 1 to 3 months	- equity finance	**276 127**	179 088
	- other	**345 395**	306 517
From 3 months to 1 year		**416 729**	393 006
From 1 year to 5 years		**1 071 415**	986 731
More than 5 years		**941 344**	753 131
Total exposure		**3 730 369**	3 239 939

	Group and Company							
	Advances to customers		Advances and balances with banks		Other exposures		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000	**R'000**	R'000	**R'000**	R'000
2. Risk management and assessment (continued)								
2.1 Credit risk (continued)								
Past due and individually impaired								
Standard category	**-**	-	**-**	-	**-**	-	**-**	-
Special mention category	**-**	-	**-**	-	**-**	-	**-**	-
Sub-standard category	**12 559**	11 032	**-**	-	**-**	-	**12 559**	11 032
Doubtful category	**4 262**	1 367	**-**	-	**-**	-	**4 262**	1 367
Loss category	**13 564**	15 957	**-**	-	**-**	-	**13 564**	15 957
Gross amount	**30 385**	28 356	**-**	-	**-**	-	**30 385**	28 356
Specific impairment	**(5 705)**	(6 316)	**-**	-	**-**	-	**(5 705)**	(6 316)
Carrying amount	**24 680**	22 040	**-**	-	**-**	-	**24 680**	22 040
Past due but not impaired								
Standard category	**536 495**	435 930	**-**	-	**-**	-	**536 495**	435 930
Special mention category	**177 272**	228 014	**-**	-	**-**	-	**177 272**	228 014
Sub-standard category	**8 686**	19 270	**-**	-	**-**	-	**8 686**	19 270
Doubtful category	**2 047**	4 803	**-**	-	**-**	-	**2 047**	4 803
Loss category	**16 258**	23 753	**-**	-	**-**	-	**16 258**	23 753
Carrying amount	**740 758**	711 770	**-**	-	**-**	-	**740 758**	711 770
Neither past due nor impaired								
Standard category	**1 964 070**	1 638 520	**851 486**	735 776	**143 670**	125 516	**2 959 226**	2 499 812
Carrying amount	**1 964 070**	1 638 520	**851 486**	735 776	**143 670**	125 516	**2 959 226**	2 499 812
Total carrying amount before portfolio impairment	**2 729 508**	2 372 330	**851 486**	735 776	**143 670**	125 516	**3 724 664**	3 233 622
Portfolio impairment - Standard category	**(10 804)**	(10 002)	**-**	-	**-**	-	**(10 804)**	(10 002)
Net carrying amount	**2 718 704**	2 362 328	**851 486**	735 776	**143 670**	125 516	**3 713 860**	3 223 620

The bank holds collateral against advances to customers in the form of mortgage interests over property or other registered securities over assets and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of the advance and are updated for commercial property and residential property supporting a revolving facility which are assessed on a three-year interval based on independent valuations. In other instances collateral is re-assessed when an advance is individually assessed as impaired. Collateral is generally not held over advances to banks. Financial assets classified as neither past due nor impaired are well diversified with 65% invested in property transactions, 17% in instalment sale transactions (equipment and motor vehicle) and 18% in trade finance transactions. All of the above exposures are collateralised in the form of property, assets, personal sureties and company guarantees. The maximum exposure to credit risk is calculated as being the maximum amount payable by customers, banks and other financial institutions (refer to note 29).

	Group and Company	
	Credit Exposure	**Collateral cover**
	2012	**2012**
	R'000	**R'000**

Collateral is held specifically in respect of advances and these predominantly comprise mortgage bonds over fixed property, notarial bonds over moveable property, cessions over cash deposits, insurance policies, book debts and unit trusts, as well as personal sureties and company guarantees.

Collateral is allocated per asset class as follows:

Standard Asset	**2 500 565**	**2 072 407**
Special Mention Asset	**177 272**	**193 436**
Sub-standard Asset	**21 245**	**23 830**
Doubtful Asset	**6 309**	**6 166**
Loss Asset	**29 822**	**35 319**
	2 735 213	**2 331 158**

	Group and Company	
	2012	2011
	R'000	R'000
A distribution analysis of past due advances, impaired and past due and not impaired, is disclosed below:		
Past due and individually impaired		
- Individuals	**16 691**	13 183
- Other customers	**13 694**	15 173
	30 385	28 356
Past due but not impaired		
- Individuals	**246 266**	182 509
- Other customers	**494 493**	529 261
	740 759	711 770

2. Risk management and assessment (continued)

2.1 Credit risk (continued)

An aging analysis of past due advances which have not been impaired is disclosed below:

	Group and Company									
	Less than 30 days		30 to 60 days		60 to 180 days		Greater than 180 days		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000	**R'000**	R'000	**R'000**	R'000	**R'000**	R'000
Individuals	**207 972**	144 804	**27 739**	24 814	**4 312**	5 077	**6 243**	7 814	**246 266**	182 509
Other customers	**426 781**	488 807	**47 503**	22 925	**11 626**	7 893	**8 582**	9 636	**494 492**	529 261
	634 753	633 611	**75 242**	47 739	**15 938**	12 970	**14 825**	17 450	**740 758**	711 770

2.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate resulting in losses due to movements in observable market variables such as profit rates, exchange rates and equity markets. In addition to these and other general market risk factors, the risk of price movements specific to individual issuers of securities is considered market risk. Al Baraka Bank's exposure to market risk is limited in that the bank does not trade in marketable securities other than those that it is required to hold for liquid asset purposes, which are usually held to maturity and foreign currency, held in terms of its foreign exchange licence.

The bank's exposure to market risk at year end is tabled below:

		Group and Company	
		2012	2011
		R'000	R'000
Assets held under interest rate risk	- Treasury bills	**64 656**	53 691
Assets held under exchange rate risk	- Foreign currency held	**1 860**	1 356
		66 516	55 047

In accordance with Islamic banking principles, the bank does not levy interest on finance provided and is, therefore, not exposed to interest rate risk.

2.3 Equity risk

Equity risk relates to the risk of loss that the bank would suffer due to material fluctuations in the fair values of equity investments. Equity risk in the case of Al Baraka Bank, relates to its 100% investment in Albaraka Properties Proprietary Limited, a property-owning subsidiary, which sole assets are properties held in Athlone (Cape Town) and Kingsmead (Durban). In addition the bank owns 9,4% in Kiliminjaro Investments Limited, a property holding company which owns a property in Durban. The fair values of the underlying properties are obtained by an independent valuation on a periodic basis and compared to the cost of these investments to identify any need for impairment. The bank also has an investment in unit trusts which is classified as fair-value-through-profit-or-loss and is subject to regular monitoring by management and the board, but is not currently significant in relation to the overall results and financial position of the group.

2.4 Liquidity risk

Liquidity risk relates to the potential inability to repay deposits, fund asset growth or to service debt or other expense payments.

Liquidity risk is managed mainly by ensuring that the funding of the bank is sourced from a wide range of retail deposits with an appropriate spread of short, medium and long-term maturities. Exposure to large deposits is strictly controlled. ALCO monitors and reviews the maturity profiles of the bank's assets and liabilities on a regular basis to ensure that appropriate liquidity levels are maintained to meet future commitments.

The bank also has a policy of maintaining liquidity buffers (in the form of Treasury Bills and cash surpluses held on call) comfortably in excess of regulatory requirements. Refer to note 29 for details relating to liquidity risk management.

2.5 Profit rate risk

The bank is not exposed to interest rate risk. In keeping with Islamic banking principles, the bank does not levy interest on finance provided to debtors, but instead earns income either by means of buying the item to be financed from the supplier and on-selling the item to the bank's clients at an agreed mark-up or by entering into arrangements with the debtor in terms of which the bank shares in the profit generated by the debtor at an agreed profit sharing ratio. In a similar fashion, the bank's depositors do not earn interest on deposits placed with the bank, but instead earn income on their deposits based on their proportionate share of the profits earned from customers by the bank. There is no mismatch in terms of the earning profile of depositors and that of the bank. As the mark-up and profit sharing ratios are fixed, the bank is not subject to the risk of fluctuations in the fair value or cash flows as a result of these instruments.

2.6 Shariah risk

Shariah risk relates to the possibility that the bank may enter into or conclude transactions that may not be compliant with Islamic banking principles. It also relates to the risk of non-compliance with the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) Standards, to which the bank subscribes. In this regard, Shariah risk is closely linked to and embraces the following risks:

- Reputational risk;
- Profit rate risk;
- Liquidity risk; and
- Market risk.

Shariah risk is managed by monitoring, reviewing and supervising the activities of the bank to ensure that Shariah procedures, as prescribed by the Shariah Supervisory Board, are implemented and adhered to. The bank seeks to manage and minimise its exposure to Shariah risk by ensuring that the following measures are effectively implemented:

- The employment of adequate resources to manage and effectively mitigate, to the fullest possible extent, risk which could compromise Shariah compliance;
- Shariah reviews are carried out appropriately, and in a timely manner in accordance with Shariah Supervisory Board policies and plans;
- Confirmation that profits earned from clients and profits paid to depositors are strictly in accordance with Shariah principles;
- Profit distribution is managed by the bank in accordance with Shariah guidelines, as defined by the Shariah Supervisory board;
- Obtaining written Shariah Supervisory Board approval prior to the implementation of any new product or service and any proposed amendment to an existing bank product;
- The disposal of non-permissible income in terms of Shariah Supervisory Board rulings;
- The effective management and/or investment, in a Shariah-compliant manner, of excess liquidity; and
- The employment of a programme of continuous update by the bank of new developments, changes and amendments with regards to AAOIFI Shariah Standards.

2.7 Operational risk

Operational risk refers to those risks that do not have a direct financial impact as opposed to the pure financial risks, such as credit risk, liquidity risk and profit rate risk. Operational risk is the risk of loss that could arise as a result of breakdowns in internal controls and processes, system inefficiencies, theft and fraud.

The bank seeks to minimise its exposure to operational risk by various means, including the following:

- The establishment of an independent compliance function to monitor compliance with relevant laws and regulations and to facilitate compliance awareness within the bank;
- The establishment of board and management risk committees;
- The establishment of an independent internal audit function;
- The compilation of board-approved delegated powers of authority;
- The compilation of a policies and procedures manual;
- The provision of staff training (including fraud awareness programmes) and ensuring that staff are well versed with the bank's policies and procedures;
- Implementing comprehensive security measures to protect the bank's staff and to safeguard the bank's assets; and
- The establishment of a comprehensive insurance programme to protect the bank against material losses that may arise.

2.8 Compliance risk

Compliance risk refers to the risk that the bank could be exposed to for non-compliance with statutory, regulatory and supervisory requirements. These risks are addressed in the compliance report.

2.9 Other risk

Other risk relates to the bank's investment in fixed, moveable and other sundry assets.

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
3. Property and Equipment				
Cost				
Land and buildings	**76 237**	76 237	**63 444**	63 444
Vehicles	**3 085**	2 914	**3 085**	2 914
Equipment and computers	**24 151**	41 083	**24 151**	41 083
Leasehold improvements	**10 511**	12 786	**11 050**	13 325
Tank containers	**7 145**	7 145	**7 145**	7 145
Capital work in progress	**1 034**	2 337	**1 034**	2 337
	122 163	142 502	**109 909**	130 248
Accumulated depreciation and impairment	**(23 508)**	(42 067)	**(36 901)**	(51 231)
Land and buildings	**-**	-	**(13 393)**	(9 164)
Vehicles	**(1 695)**	(1 390)	**(1 695)**	(1 390)
Equipment and computers	**(12 074)**	(27 767)	**(12 074)**	(27 767)
Leasehold improvements	**(5 151)**	(8 629)	**(5 151)**	(8 629)
Tank containers	**(4 588)**	(4 281)	**(4 588)**	(4 281)
Carrying value	**98 655**	100 435	**73 008**	79 017
Land and buildings comprise the following commercial properties as described below:				
1. Commercial property in Cape Town described as Erf no. 33983 Cape Town in extent 610 square metres independently valued at R9,8 million in 2010. The property is leased partly to the bank and partly to third parties. The leases contain an initial non-cancellable period of three years. Commercial property comprises land and buildings at cost.	**3 655**	3 655		
2. Commercial property in Durban described as Portion 6 of Erf 12445 Durban, Registration Division FU, Province of KwaZulu-Natal, in extent 3 316 square metres. The property is leased to the bank. The lease contains an initial non-cancellable period of ten years. The property was independently valued at R100,4 million in 2012. Commercial property comprises land at a cost of R3,5 million (2011: R3,5 million) and buildings thereon at a cost of R69,1 million (2011: R69,1 million).	**72 582**	72 582		
3. Land and buildings held under finance leases comprise Portion 6 of Erf 12445 Durban, Registration Division FU, Province of KwaZulu-Natal, in extent 3 316 square metres. The property is measured at the present value of the minimum lease payments and is fully depreciated over the period of the lease. In determining the fair value of the property, the minimum lease payments were discounted taking into consideration an unguaranteed residual of R72,0 million (2011: R72 ,0 million) and calculating a rate intrinsic in the lease 14,3% (2011: 14,3%).			**50 051**	54 280
	76 237	76 237	**50 051**	54 280

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
Carrying value at beginning of year	**76 237**	76 066	**54 280**	58 511
Additions	**-**	171	**-**	-
Depreciation	**-**	-	**(4 229)**	(4 231)
Carrying value at end of year	**76 237**	76 237	**50 051**	54 280

The residual value of buildings on a group basis exceeds their cost and hence no depreciation has been provided on buildings.

	Land and buildings	Vehicles	Equipment and computers	Leasehold improvements	Tank containers	Capital work in progress	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Movement in property and equipment							
Group							
2012							
Net carrying value at beginning of year	**76 237**	**1 524**	**13 316**	**4 157**	**2 864**	**2 337**	**100 435**
Additions	**-**	**178**	**1 885**	**474**	**-**	**3 951**	**6 488**
Transfers	**-**	**-**	**(558)**	**1 477**	**-**	**(5 254)**	**(4 335)**
Disposals	**-**	**-**	**(21)**	**-**	**-**	**-**	**(21)**
Assets written-off	**-**	**-**	**(280)**	**-**	**-**	**-**	**(280)**
Depreciation for the year	**-**	**(312)**	**(2 265)**	**(748)**	**(307)**	**-**	**(3 632)**
Net carrying value at end of year	**76 237**	**1 390**	**12 077**	**5 360**	**2 557**	**1 034**	**98 655**
2011							
Net carrying value at beginning of year	76 066	1 689	14 081	3 875	3 171	-	98 882
Additions	171	206	2 111	2 458	-	2 077	7 023
Transfers	-	-	-	-	-	260	260
Disposals	-	-	(24)	-	-	-	(24)
Depreciation for the year	-	(371)	(2 845)	(2 176)	(307)	-	(5 699)
Impairment for the year	-	-	(7)	-	-	-	(7)
Net carrying value at end of year	76 237	1 524	13 316	4 157	2 864	2 337	100 435

	Land and buildings	Vehicles	Equipment and computers	Leasehold improvements	Tank containers	Capital work in progress	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
3. Property and Equipment (continued)							
Movement in property and equipment (continued)							
Company							
2012							
Net carrying value at beginning of year	**54 280**	**1 524**	**13 316**	**4 696**	**2 864**	**2 337**	**79 017**
Additions	**-**	**178**	**1 885**	**474**	**-**	**3 951**	**6 488**
Transfers	**-**	**-**	**(558)**	**1 477**	**-**	**(5 254)**	**(4 335)**
Disposals	**-**	**-**	**(21)**	**-**	**-**	**-**	**(21)**
Assets written-off	**-**	**-**	**(280)**	**-**	**-**	**-**	**(280)**
Depreciation for the year	**(4 229)**	**(312)**	**(2 265)**	**(748)**	**(307)**	**-**	**(7 861)**
Net carrying value at end of year	**50 051**	**1 390**	**12 077**	**5 899**	**2 557**	**1 034**	**73 008**
2011							
Net carrying value at beginning of year	58 511	1 689	14 081	4 414	3 171	-	81 866
Additions	-	206	2 111	2 458	-	2 077	6 852
Transfers	-	-	-	-	-	260	260
Disposals	-	-	(24)	-	-	-	(24)
Depreciation for the year	(4 231)	(371)	(2 845)	(2 176)	(307)	-	(9 930)
Impairment for the year	-	-	(7)	-	-	-	(7)
Net carrying value at end of year	54 280	1 524	13 316	4 696	2 864	2 337	79 017

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
4. Investment properties				
Balance at beginning of year	**10 682**	10 339		
Additions	**22**	343		
Depreciation	**(152)**	-		
Balance at end of year	**10 552**	10 682		

Investment properties are only applicable at a group level and comprise the following land as described below:
Land in Durban described as Portion 4 of Erf 12445 Durban, Registration Division FU, Province of KwaZulu-Natal, in extent 2 140 square metres and Portion 5 of Erf 12445 Durban, Registration Division FU, Province of KwaZulu-Natal, in extent 1 528 square metres. The group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000

The group carries investment properties at historic cost less provision for depreciation and impairment. The cost of the properties was considered to be equal to their fair value at the time of acquisition. The investment property was independently valued at R11,4 million as at 31 December 2011.

At the end of the 2011 financial period, capital expenditure was incurred to facilitate the generation of future income by the property. These costs were brought into use during the 2012 financial period, resulting in the depreciation charge depicted above.

5. Intangible assets

	Group 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
Cost				
Computer software	**1 801**	1 578	**1 801**	1 578
Capitalised project costs	**24 730**	24 843	**24 730**	24 843
Capital work in progress	**2 484**	-	**2 484**	-
	29 015	26 421	**29 015**	26 421
Accumulated amortisation and impairment	**(9 445)**	(7 414)	**(9 445)**	(7 414)
Computer software	**(779)**	(946)	**(779)**	(946)
Capitalised project costs	**(8 666)**	(6 468)	**(8 666)**	(6 468)
	19 570	19 007	**19 570**	19 007

Movement in intangible assets

Group and company

	Computer software R'000	Capitalised project costs R'000	Capital work in progress R'000	Total R'000
2012				
Net carrying value at beginning of year	**632**	**18 375**	**-**	**19 007**
Additions	**663**	**93**	**-**	**756**
Transfers	**(54)**	**1 107**	**2 484**	**3 537**
Assets written off	**(29)**	**(321)**	**-**	**(350)**
Amortisation for the year	**(190)**	**(3 190)**	**-**	**(3 380)**
Net carrying value at end of year	**1 022**	**16 064**	**2 484**	**19 570**

	Computer software R'000	Capitalised project costs R'000	Capital work in progress R'000	Total R'000
5. Intangible assets (continued)				
Movement in intangible assets (continued)				
Group and company				
2011				
Net carrying value at beginning of year	631	22 082	-	22 713
Additions	328	73	-	401
Transfers	-	(266)	-	(266)
Amortisation for the year	(327)	(3 514)	-	(3 841)
Net carrying value at end of year	632	18 375	-	19 007

	Company 2012 R'000	Company 2011 R'000
6. Investment in and amount due by subsidiary company		
Albaraka Properties Proprietary Limited is 100% (2011: 100%) owned by Albaraka Bank Limited.		
The issued share capital of Albaraka Properties Proprietary Limited comprises 100 shares of R1 each (2011: 100 shares of R1 each).		
Shares at cost	*	*
Due by subsidiary	**22 903**	15 045
- Amounts owing by subsidiary	**92 609**	83 097
- Finance lease liability (note 30.3)	**(69 706)**	(68 052)
	22 903	15 045

* Amount less than R1 000.

The amount due by the subsidiary is profit-free.

The balance of the finance lease liability has been set off against the balance on the loan account as the bank has a legally enforceable right to set off these amounts in terms of the lease contract and intends to realise the asset and settle the liability simultaneously. The remaining balance is repayable on demand.

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000

7. Deferred tax asset

Balance at beginning of year	**3 019**	5 831	**8 755**	9 578
Transfers to profit for the year	**(2 864)**	(745)	**1 005**	3 033
Recognition/(derecognition) of temporary differences arising on finance lease			**3 856**	(3 856)
Reversal of impairment/(impairment) of accumulated tax credits in subsidiary	**2 067**	(2 067)		
Balance at end of year	**2 222**	3 019	**13 616**	8 755

The deferred tax asset comprises the following:

Temporary differences arising on finance lease			**1 647**	3 856
Recognition/(derecognition) of temporary differences arising on finance lease			**3 856**	(3 856)
Deferred tax on accumulated tax credits in subsidiary	**2 458**	3 190		
Impairment of accumulated tax credits in subsidiary	**-**	(2 067)		
Temporary differences on financial assets	**(243)**	56	**(243)**	56
Impairment for doubtful advances	**1 198**	1 326	**1 198**	1 326
Other provisions	**11 665**	9 280	**11 684**	9 300
Prepaid expenses	**(139)**	(100)	**(133)**	(93)
Intangible assets, plant and equipment	**(12 717)**	(8 666)	**(4 393)**	(1 834)
	2 222	3 019	**13 616**	8 755

The expected manner of recovery of the deferred tax asset will be through the use thereof at tax rates applicable to companies at the time of such recovery. The temporary differences that arose on the finance lease between the bank and its subsidiary were derecognised in the prior period due the intended dissolution of Albaraka Properties Proprietary Limited. These temporary differences were recognised in the current year as Albaraka Properties Proprietary Limited returned to a going concern status and is therefore expected to generate sufficient future taxable profit to realise the deferred tax asset.

Further to this, the deferred tax asset created by the accumulated tax credits in the bank's subsidiary, which was impaired by the group in the prior year, was recognised in the current year to the extent that it is probable that the asset will be recovered through future taxable profits.

8. Investment securities

Unit trust investments				
Fair value at beginning of year	**4 976**	4 639	**4 976**	4 639
Additions at cost	**77**	42	**77**	42
Fair value gains	**1 066**	295	**1 066**	295
Fair value at end of year	**6 119**	4 976	**6 119**	4 976
Unlisted investments				
Kiliminjaro Investment Limited, at cost	**2 600**	2 600	**2 600**	2 600
	8 719	7 576	**8 719**	7 576

8. Investment securities (continued)

The bank's investment in unit trusts comprise 415 053 units (2011: 409 055 units) in the Old Mutual Albaraka Equity Fund. The cost of this investment is R5,3 million (2011: R5,2 million) and has been designated as a fair-value-through-profit-or-loss financial instrument on initial recognition. The investment is treated in this manner in order to eliminate any potential recognition inconsistencies that may arise on changes in the fair value of this instrument, had the instrument been classified on an alternate basis. The fair value of this investment is determined by quoted market prices and changes in fair value are recorded in profit or loss for the year.

Kiliminjaro Investments Limited is a property owning company of which the bank owns 9,4% (2011: 9,4%). The investment is classified as an available-for-sale financial instrument which is measured at cost, due to the fair value being indeterminable as there is no active market for unlisted shares of this nature.

9. Advances and other receivables

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
9.1 Sectoral analysis				
Advances to customers				
Property (Musharaka and Murabaha)	**1 929 112**	1 619 299	**1 929 112**	1 619 299
Instalment sale	**410 003**	397 834	**410 003**	397 834
Trade	**395 235**	360 771	**395 235**	360 771
Other	**863**	743	**863**	743
Gross advances to customers	**2 735 213**	2 378 647	**2 735 213**	2 378 647
Provision for impairment of doubtful advances	**(16 509)**	(16 319)	**(16 509)**	(16 319)
	2 718 704	2 362 328	**2 718 704**	2 362 328
Advances to banks				
Equity finance	**548 088**	461 480	**548 088**	461 480
Net advances	**3 266 792**	2 823 808	**3 266 792**	2 823 808
Other receivables	**2 530**	1 879	**2 341**	1 721
	3 269 322	2 825 687	**3 269 133**	2 825 529

Included under property are Musharaka advances amounting to R1 873,1 million (2011: R1 548,7 million)

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
9.2 Maturity analysis				
Advances to customers				
Within 1 month	**201 206**	147 813	**201 206**	147 813
From 1 month to 3 months	**257 517**	235 756	**257 517**	235 756
From 3 months to 1 year	**363 796**	341 116	**363 796**	341 116
From 1 year to 5 years	**1 054 920**	973 161	**1 054 920**	973 161
More than 5 years	**857 774**	680 801	**857 774**	680 801
	2 735 213	2 378 647	**2 735 213**	2 378 647
Equity finance				
Within 1 month	**271 961**	282 392	**271 961**	282 392
From 1 month to 3 months	**276 127**	179 088	**276 127**	179 088
	548 088	461 480	**548 088**	461 480
9.3 Analysis of impairment for doubtful advances				
9.3.1 Specific impairments	**5 705**	6 316	**5 705**	6 316
Balance at beginning of year	**6 316**	6 434	**6 316**	6 434
Charge to profit for the year	**3 252**	(5)	**3 252**	(5)
Bad debts written off	**(3 863)**	(113)	**(3 863)**	(113)
9.3.2 Portfolio impairments	**10 804**	10 002	**10 804**	10 002
Balance at beginning of year	**10 002**	8 271	**10 002**	8 271
Charge to profit for the year	**802**	1 731	**802**	1 731
	16 509	16 318	**16 509**	16 318
9.3.3 Impairment for credit losses				
Specific impairments	**3 252**	(5)	**3 252**	(5)
Portfolio impairments	**802**	1 731	**802**	1 731
Bad debts recovered	**(204)**	(831)	**(204)**	(831)
	3 850	895	**3 850**	895

There was a net increase in specific impairments of R3 252 433 for the year which was a result of impairments of R3 433 969 being raised and a further R181 536 being released.

10. South African Revenue Service

	Group 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
Income tax	**649**	1 899	**649**	1 899
Value added taxation			**22**	-
	649	1 899	**671**	1 899

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
11. Cash and cash equivalents				
Cash on hand	**3 154**	3 096	**3 154**	3 096
Government and other stock	**64 656**	53 691	**64 656**	53 691
Balances with Central Bank	**188 742**	165 861	**188 742**	165 861
Placements with other banks	**50 000**	54 744	**50 000**	54 744
	306 552	277 392	**306 552**	277 392
The following banking facilities are available to the group:				
Letters of credit and guarantees	**5 000**	20 000	**5 000**	20 000
Foreign exchange facilities	**129 849**	2 752	**129 849**	2 752
Settlement facilities	**7 000**	14 200	**7 000**	14 200
	141 849	36 952	**141 849**	36 952

Deposits with the Central Bank of R133,5 million (2011: R112,3 million) and in Government stock of R64,7 million (2011: R53,7 million) represent mandatory reserve deposits and are therefore not available for use in the bank's daily operations.

	Group		Company	
12. Share capital and share premium				
12.1 Authorised share capital				
30 000 000 (2011: 30 000 000) ordinary shares of R10 each	**300 000**	300 000	**300 000**	300 000
12.2 Issued and fully paid share capital				
22 500 000 (2011: 22 500 000) ordinary shares of R10 each	**225 000**	225 000	**225 000**	225 000
12.3 Share premium				
Balance at beginning of year	**29 866**	-	**29 866**	-
Increase due to rights issue	**-**	30 000	**-**	30 000
Costs related to rights issue	**-**	(134)	**-**	(134)
Balance at end of year	**29 866**	29 866	**29 866**	29 866

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000

13. Welfare and charitable funds

Gross income from non-Islamic activities during the year	**6 764**	7 261	**6 764**	7 261
Normal tax thereon	**(935)**	(1 149)	**(935)**	(1 149)
Net income from non-Islamic activities during the year	**5 829**	6 112	**5 829**	6 112
Donations and advances	**(4 206)**	(6 129)	**(4 206)**	(6 129)
Balance at beginning of year	**2 795**	2 812	**2 795**	2 812
Balance at end of year	**4 418**	2 795	**4 418**	2 795

14. Accounts payable

Sundry creditors	**15 571**	4 608	**15 526**	4 608
Accruals	**7 628**	5 183	**6 578**	4 490
	23 199	9 791	**22 104**	9 098

Terms and conditions of the above financial liabilities:
Sundry creditors are non-interest bearing and are normally settled on 30-day terms.

Accruals are non-interest bearing and have an average term of six months.

15. South African Revenue Service

Value Added Taxation	**73**	179		134
South African Revenue Service liability	**158**	915	**158**	915
	231	1 094	**158**	1 049

Payables to the South African Revenue Service in terms of Value Added Taxation are settled within 30 days to avoid penalties and interest.

The South African Revenue Service liability represents PAYE due to the revenue authorities and is expected to be settled within the following 6 months.

16. Provision for leave pay

Balance at beginning of year	**4 341**	3 609	**4 341**	3 609
Accrued and utilised during the year	**770**	732	**770**	732
Balance at end of year	**5 111**	4 341	**5 111**	4 341

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000

17. Deposits from customers

Participation investment accounts	**1 514 592**	1 361 008	**1 514 592**	1 361 008
Savings accounts	**9 922**	15 437	**9 922**	15 437
Monthly investment plan	**115 425**	99 338	**115 425**	99 338
Haj investment scheme	**102 946**	91 106	**102 946**	91 106
Regular income provider	**1 370 425**	1 166 620	**1 370 425**	1 166 620
Electronic banking	**140 649**	104 744	**140 649**	104 744
Profits distributable to depositors	**25 511**	18 622	**25 511**	18 622
Other	**42 034**	24 153	**42 034**	24 153
	3 321 504	2 881 028	**3 321 504**	2 881 028
Maturity analysis				
Within 1 month	**1 209 748**	1 029 379	**1 209 748**	1 029 379
From 1 month to 3 months	**729 934**	693 407	**729 934**	693 407
From 3 months to 1 year	**1 353 670**	1 137 699	**1 353 670**	1 137 699
Greater than 1 year	**2 640**	1 921	**2 640**	1 921
More than 5 years	**25 512**	18 622	**25 512**	18 622
	3 321 504	2 881 028	**3 321 504**	2 881 028

The maturity of the deposit products offered by the bank range from current to 720 days. As such, amounts reflected as more than 5 years are representative of funds held as an investment risk reserve for the benefit of the total depositor pool. These funds are reserved for the protection of depositor monies should the need arise.

18. Income paid to depositors

Income paid to depositors is based on the profit sharing ratio agreed upon between the depositor and the bank at the time of the initial investment. On maturity, this income is either paid out to the depositor on instruction or reinvested on the depositors' behalf within the category of the initial deposit.

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000

19. Net non-Islamic income

Interest income	**6 762**	7 066	**6 762**	7 066
Other non-Shariah-compliant income	**2**	195	**2**	195
	6 764	7 261	**6 764**	7 261
Amount transferred to welfare and charitable funds	**(6 764)**	(7 261)	**(6 764)**	(7 261)
	-	-	**-**	-

20. Fee and commission income

Service fees	**15 311**	12 416	**15 311**	12 416
Commission received on sale of unit trusts	**2 589**	2 112	**2 589**	2 112
Profit from foreign currency trading	**3 485**	3 095	**3 485**	3 095
Management fee from subsidiary			**200**	200
	21 385	17 623	**21 585**	17 823

21. Other operating income

Property rental income	**440**	438	**190**	161
Net parking income from investment property	**469**	30		
Tank container rental income	**834**	684	**834**	684
Dividend income	**317**	448	**18 317**	4 448
Fair value gain on financial instrument	**1 066**	295	**1 066**	295
Other	**1 030**	411	**1 030**	411
	4 156	2 306	**21 437**	5 999

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
22. Operating expenditure				
Operating expenditure includes:				
Auditor's remuneration				
Audit fees – current year	**2 208**	1 745	**2 168**	1 745
– prior year under provision	**299**	54	**299**	54
Fees for other services				
Tax consultancy	**54**	88	**54**	79
Other	**175**	382	**175**	329
	2 736	2 269	**2 696**	2 207
Consultancy fees	**3 296**	1 555	**3 234**	1 506
Depreciation of property and equipment	**3 632**	5 699	**7 861**	9 930
Depreciation on investment property	**152**	-		
Amortisation of intangible assets	**3 380**	3 841	**3 380**	3 841
Assets written off	**407**	-	**407**	-
Impairment of property and equipment	**-**	7	**-**	7
Loss on disposal of property and equipment	**17**	11	**17**	11
Change in estimate – VAT refund (note 32)	**1 296**	-	**1 296**	-
Operating lease charges	**1 884**	1 737	**2 137**	1 992
Research costs	**632**	-	**632**	-
Staff costs	**60 331**	53 200	**60 331**	53 200
Directors' emoluments			**4 194**	4 639
Executive services			**2 978**	3 374
Non-executive directors' fees			**1 216**	1 265

	Salary	Other benefits	Total
	R'000	R'000	R'000
Directors' emoluments			
22.1 Executive services			
Company only			
2012			
SAE Chohan - Chief executive	**1 669**	**99**	**1 768**
MG McLean - Deputy chief executive	**-**	**-**	**-**
MJD Courtiade - Financial director	**1 160**	**50**	**1 210**
	2 829	**149**	**2 978**
2011			
SAE Chohan - Chief executive	1 546	101	1 647
MG McLean - Deputy chief executive	206	442	648
MJD Courtiade - Financial director	1 079	-	1 079
	2 831	543	3 374

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
22.2 Non-executive directors' fees				
AA Yousif			**129**	124
Adv. AB Mahomed SC			**147**	145
F Kassim			**98**	90
A Lambat			**136**	131
MS Paruk			**179**	178
YM Paruk			**126**	123
SA Randeree			**150**	128
OA Suleiman			**-**	120
M Youssef Baker			**138**	122
MG McLean			**113**	104
			1 216	1 265

23. Taxation

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
South African tax				
Normal - current year	**8 306**	7 563	**8 306**	7 563
- prior year	**-**	105	**-**	105
Attributable to income from non-Islamic activities (refer accounting policy 11 and note 13)	**(935)**	(1 149)	**(935)**	(1 149)
Deferred tax - current year	**797**	2 912	**(4 861)**	924
- prior year	**-**	(101)	**-**	(101)
Secondary tax on companies	**971**	632	**971**	632
Taxation attributable to Islamic activities	**9 139**	9 962	**3 481**	7 974
Reconciliation of taxation charge	**%**	%	**%**	%
Effective tax rate	**26,6**	38,6	**9,0**	48,3
Secondary tax on companies	**(2,8)**	(2,4)	**(2,5)**	(3,8)
Adjustable items:				
Non-taxable income and non-deductible expenditure	**(1,8)**	(0,1)	**11,5**	7,0
Recognition/(derecognition) of temporary differences on the finance lease			**10,0**	(23,4)
Reversal/(impairment) of deferred tax asset	**6,0**	(8,0)		
Current tax adjustment - prior year		(0,5)		(0,7)
Deferred tax adjustment - prior year		0,4		0,6
	28,0	28,0	**28,0**	28,0

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
24. Earnings per share				
Basic and diluted earnings per share are calculated on after tax income attributable to ordinary shareholders and a weighted average number of 22 500 000 (2011: 20 625 000) ordinary shares in issue during the year (cents)	**112,2**	76,9		
Headline earnings per share are calculated on headline earnings and a weighted number of 22 500 000 (2011: 20 625 000) ordinary shares in issue during the year (cents)	**114,1**	76,9		
Headline earnings per share are derived from:				
Profit for the year	**25 255**	15 851		
Loss arising on disposal of property and equipment	**17**	11		
Write-off of property, equipment and intangible assets	**407**	-		
Impairment of property and equipment	**-**	7		
	25 679	15 869		
25. Dividends				
A dividend of 45 cents per share (2011: 45 cents) was paid on 29 June 2012 to shareholders registered on the shareholders register of the bank at close of business on 8 June 2012.	**10 125**	6 750	**10 125**	6 750

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
26. Statement of cash flows				
26.1 Cash generated from operations				
Profit before taxation	**34 394**	25 813	**38 574**	16 514
Adjustment for non-cash items:				
Depreciation of property and equipment	**3 632**	5 699	**7 861**	9 930
Depreciation of investment property	**152**	-		
Dividend income	**(317)**	(448)	**(18 317)**	(4 448)
Impairment of property and equipment	**-**	7	**-**	7
Amortisation of intangible assets	**3 380**	3 841	**3 380**	3 841
Loss on disposal of property and equipment	**17**	11	**17**	11
Assets written-off	**407**	-	**407**	-
Straight-lining of operating leases	**1**	44	**4**	70
Provision for leave pay	**770**	732	**770**	732
Impairment for credit losses	**(4 054)**	(1 726)	**(4 054)**	(1 726)
Fair value gain on financial instruments	**(1 066)**	(295)	**(1 066)**	(295)
	37 316	33 678	**27 576**	24 636
26.2 Changes in working capital				
Increase in deposits from customers	**440 476**	310 414	**440 476**	310 414
Increase/(decrease) in accounts payable	**12 646**	(4 694)	**12 213**	(3 350)
Increase in welfare and charitable funds	**2 559**	1 134	**2 559**	1 134
Increase in advances and other receivables	**(439 582)**	(429 403)	**(439 573)**	(429 366)
	16 099	(122 549)	**15 675**	(121 168)
26.3 Taxation paid				
Amount receivable at beginning of year	**1 899**	3 082	**1 899**	3 082
Amount charged to profit for the year	**(8 342)**	(7 139)	**(8 342)**	(7 139)
Amount charged to welfare and charitable funds	**(935)**	(1 161)	**(935)**	(1 161)
Amount receivable at end of year	**(649)**	(1 899)	**(649)**	(1 899)
	(8 027)	(7 117)	**(8 027)**	(7 117)
26.4 Dividends paid				
Amount outstanding at beginning of year	**-**	-	**-**	-
Dividends declared and paid	**(10 125)**	(6 750)	**(10 125)**	(6 750)
Amount outstanding at end of year	**-**	-	**-**	-
	(10 125)	(6 750)	**(10 125)**	(6 750)

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
26. Statement of cash flows (continued)				
26.5 Purchase of property and equipment				
Land and buildings	**-**	(171)	**-**	-
Vehicles	**(178)**	(206)	**(178)**	(206)
Equipment and computers	**(1 764)**	(2 111)	**(1 764)**	(2 111)
Leasehold improvements	**(474)**	(2 458)	**(474)**	(2 458)
Work in progress	**(3 951)**	(2 077)	**(3 951)**	(2 077)
Change in accounting estimate – VAT on capital expenditure (note 32)	**307**	-	**307**	-
	(6 060)	(7 023)	**(6 060)**	(6 852)
26.6 Purchase of investment properties				
Land	**(22)**	(343)		
	(22)	(343)		
26.7 Purchase of intangible assets				
Computer software	**(663)**	(328)	**(663)**	(328)
Capitalised project costs	**(93)**	(73)	**(93)**	(73)
Change in accounting estimate – VAT on capital expenditure (note 32)	**491**	-	**491**	-
	(265)	(401)	**(265)**	(401)

27. Letters of credit, guarantees and confirmations

	Group 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
Guarantees and confirmations	**140 218**	122 237	**143 518**	122 237
Letters of credit	**152**	3 279	**152**	3 279
	140 370	125 516	**143 670**	125 516

The above letters of credit, guarantees and confirmations are directly linked to the company's core activities and payments relating thereto will be made in the ordinary course of business.

28. Capital commitments

	Group 2012 R'000	Group 2011 R'000	Company 2012 R'000	Company 2011 R'000
Authorised but not yet contracted for	**-**	-	**-**	-
Authorised and contracted for				
- Property and equipment	**34**	1 075	**34**	1 075
- Intangible assets	**-**	9	**-**	9
	34	1 084	**34**	1 084

The expenditure will be financed from funds on hand and generated internally.

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000

29. Financial instruments

29.1 Credit risk management - maximum exposure to credit risk				
Advances to customers (note 9.1)	**2 735 213**	2 378 647	**2 735 213**	2 378 647
Advances and balances with banks	**598 088**	516 224	**598 088**	516 224
Advances and balances with Central Bank	**253 398**	219 552	**253 398**	219 552
Letters of credit, guarantees and confirmations	**140 370**	125 516	**143 670**	125 516
	3 727 069	3 239 939	**3 730 369**	3 239 939

29.2 Currency risk management				
The group's exposure to currency risk was as follows:				
Cash and cash equivalents				
- EUR	**57**	48	**57**	48
- GBP	**64**	20	**64**	20
- SAR	**31**	92	**31**	92
- USD	**1 620**	1 149	**1 620**	1 149
- Others	**88**	47	**88**	47
	1 860	1 356	**1 860**	1 356

29.3 Derivative instruments

The group did not trade in any derivative instruments during the year under review.

29. Financial instruments (continued)

29.4 Liquidity risk management

The table below shows an analysis of financial and non-financial assets and liabilities analysed according to when they are expected to be recovered or settled. The fair value of assets in the group and company are not materially different and thus only group disclosures have been presented.

	Carrying amount	Within 1 Month	1 to 3 months	3 months to 1 year	1 to 5 Years	More than 5 years
	R'000	R'000	R'000	R'000	R'000	R'000
Group						
2012						
Assets						
Advances and other receivables	**3 269 322**	**473 589**	**534 487**	**365 062**	**1 054 920**	**841 264**
South African Revenue Service	**649**	**-**	**-**	**649**	**-**	**-**
Investment securities	**8 719**	**-**	**-**	**-**	**-**	**8 719**
Cash and cash equivalents	**306 552**	**192 814**	**46 692**	**-**	**-**	**67 046**
	3 585 242	**666 403**	**581 179**	**365 711**	**1 054 920**	**917 029**
Liabilities						
Deposits from customers	**3 321 504**	**1 209 748**	**729 934**	**1 353 670**	**2 640**	**25 512**
Accounts payable	**23 199**	**22 539**	**348**	**173**	**-**	**139**
South African Revenue Service	**231**	**73**	**-**	**158**	**-**	**-**
Provision	**5 111**	**426**	**852**	**3 833**	**-**	**-**
Letters of credit, guarantees and confirmations	**140 370**	**16 532**	**41 187**	**49 632**	**16 495**	**16 524**
	3 490 415	**1 249 318**	**772 321**	**1 407 466**	**19 135**	**42 175**
Net liquidity gap	**94 827**	**(582 915)**	**(191 142)**	**(1 041 755)**	**1 035 785**	**874 854**
2011						
Assets						
Advances and other receivables	2 825 687	432 417	413 570	342 055	973 161	664 484
South African Revenue Service	1 899	-	-	1 899	-	-
Investment securities	7 576	-	-	-	-	7 576
Cash and cash equivalents	277 392	180 378	40 720	56 294	-	-
	3 112 554	612 795	454 290	400 248	973 161	672 060
Liabilities						
Deposits from customers	2 881 028	1 029 379	693 407	1 137 699	1 921	18 622
Accounts payable	9 791	9 005	417	210	-	159
South African Revenue Service	1 094	179	-	915	-	-
Provision	4 341	362	724	3 255	-	-
Letters of credit, guarantees and confirmations	125 516	13 978	30 041	51 890	13 570	16 037
	3 021 770	1 052 903	724 589	1 193 969	15 491	34 818
Net liquidity gap	90 784	(440 108)	(270 299)	(793 721)	957 670	637 242

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
29.5 Market risk				
The exposure to market risk is as follows:				
Investment securities - fair-value-through-profit-or-loss	**6 119**	4 976	**6 119**	4 976
Investment securities - available-for-sale	**2 600**	2 600	**2 600**	2 600
	8 719	7 576	**8 719**	7 576

29.6 Intrinsic rate risk

Loans and borrowings subject to intrinsic rate risk

	Intrinsic rate	Maturity	Company 2012 R'000	Company 2011 R'000
Current portion – less than 12 months			**8 179**	68 052
Non-current portion – greater than 12 months			**61 527**	-
Total obligations under finance leases (note 30.3)	**14,3%**	**2024**	**69 706**	68 052

Intrinsic rate risk is limited to the finance lease between the bank and its wholly-owned subsidiary. The total value of the finance lease liability has been classified as current in the 2011 financial year due to the intended dissolution of the subsidiary in that year.

29.7 Accounting classification and fair values

The fair value of assets in the group and company are not materially different and thus only group disclosures have been presented.

Fair value of financial assets and liabilities not carried at fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

Financial instruments for which fair value approximates carrying value

For financial assets and financial liabilities that have a short-term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to demand deposits and savings accounts without a specific maturity.

Fixed rate financial instruments

The fair value of fixed rate financial assets and financial liabilities carried at amortised cost, are estimated by comparing market profit rates when they were first recognised, with current market rates for similar financial instruments. The estimated fair value of fixed profit bearing deposits is based on discounted cash flows using prevailing money-market profit rates for debts with similar credit risk and maturity. For those notes issued where quoted market prices are not available, a discounted cash flow model is used, based on a current profit rate yield curve appropriate for the remaining term to maturity and credit spreads. For other variable rate instruments, an adjustment is also made to reflect the change in required credit spread since the instrument was first recognised.

Set out herein is a comparison, by class, of the carrying amounts and fair values of the bank's financial instruments that are not carried at fair value in the financial statements.

	Non-financial instruments	Advances and receivables	Available-for-sale	Held to maturity	Fair-value-through-profit-or-loss	Carrying amount	Fair Value
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
29. Financial instruments (continued)							
Group							
2012							
Assets							
Advances and other receivables	**2 530**	**3 266 792**	**-**	**-**	**-**	**3 269 322**	**3 269 322**
South African Revenue Service	**649**	**-**	**-**	**-**	**-**	**649**	**649**
Investment securities	**-**	**-**	**2 600**	**-**	**6 119**	**8 719**	**8 719**
Cash and cash equivalents	**-**	**241 896**	**-**	**64 656**	**-**	**306 552**	**306 552**
	3 179	**3 508 688**	**2 600**	**64 656**	**6 119**	**3 585 242**	**3 585 242**
Liabilities							
Deposits from customers	**-**	**-**	**-**	**-**	**3 321 504**	**3 321 504**	**3 321 504**
Accounts payable	**-**	**-**	**-**	**-**	**23 199**	**23 199**	**23 199**
South African Revenue Service	**-**	**-**	**-**	**-**	**231**	**231**	**231**
Provision for leave pay	**-**	**-**	**-**	**-**	**5 111**	**5 111**	**5 111**
	-	**-**	**-**	**-**	**3 350 045**	**3 350 045**	**3 350 045**
2011							
Assets							
Advances and other receivables	1 879	2 823 808	-	-	-	2 825 687	2 825 687
South African Revenue Service	1 899	-	-	-	-	1 899	1 899
Investment securities	-	-	2 600	-	4 976	7 576	7 576
Cash and cash equivalents	-	223 701	-	53 691	-	277 392	277 392
	3 778	3 047 509	2 600	53 691	4 976	3 112 554	3 112 554
Liabilities							
Deposits from customers	-	-	-	-	2 881 028	2 881 028	2 881 028
Accounts payable	-	-	-	-	9 791	9 791	9 791
South African Revenue Service	-	-	-	-	1 094	1 094	1 094
Provision for leave pay	-	-	-	-	4 341	4 341	4 341
	-	-	-	-	2 896 254	2 896 254	2 896 254

29.8 Fair value hierarchy
The fair value of assets in the group and company are not materially different and thus only group disclosures have been presented. The group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis by class of financial instruments recorded at fair value by level of the fair value hierarchy:

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Group				
2012				
Financial assets				
Investment securities – fair-value-through-profit-or-loss				
- Unit trust investments	**6 119**	**-**	**-**	**6 119**
	6 119	**-**	**-**	**6 119**
Financial liabilities	**-**	**-**	**-**	**-**
2011				
Financial assets				
Investment securities – fair-value-through-profit-or-loss				
- Unit trust investments	4 976	-	-	4 976
	4 976	-	-	4 976
Financial liabilities	-	-	-	-

Financial instruments recorded at fair value
The following is a description of the determination of fair value for financial instruments which are recorded at fair value using quoted (unadjusted) prices.

Financial investments – Fair-value-through-profit-or-loss
Fair-value-through-profit-or-loss financial assets which are valued using quoted (unadjusted) prices consist of quoted equities.

	Group		Company	
	2012 R'000	2011 R'000	**2012 R'000**	2011 R'000
30. Leases				
Operating leases				
30.1 Leases as lessee				
Non-cancellable operating lease rentals payable are as follows:				
Less than one year	**1 761**	1 301	**2 038**	1 429
Between one and five years	**233**	955	**539**	955
	1 994	2 256	**2 577**	2 384

The rentals disclosed above relate to the leasing of commercial premises, occupied by retail and corporate branches of Albaraka Bank Limited. These leases have an average life of between one and three years with renewal options included in the contracts. The inter-group operating lease rentals payable have only been disclosed in the comparative year up to the anticipated date of dissolution of the subsidiary. With the termination of the dissolution, the current period's disclosure extends to the expiration of the lease contracts. Operating lease rentals are accounted for on a straight line basis over the period of the lease.

	Group		Company	
	2012	2011	**2012**	2011
	R'000	R'000	**R'000**	R'000
30. Leases (continued)				
30.2 Leases as lessor				
Non-cancellable operating lease rentals receivable are as follows:				
Less than one year	**41**	247		
Between one and five years	**-**	41		
	41	288		

Operating lease rentals receivable relate to building premises owned by Albaraka Properties Proprietary Limited. The associated rental income is accounted for on a straight line basis over the period of the lease.

	2012		2011	
	Minimum payments	**Present value of payments**	Minimum payments	Present value of payments
Finance leases				
30.3 Leases as lessee – company				
Less than one year	**8 729**	**8 179**	72 890	68 052
Between one and five years	**42 479**	**27 881**		
More than five years	**110 823**	**33 646**		
Total minimum lease payments	**162 031**	**69 706**	72 890	68 052
Less amounts representing finance charges	**(92 325)**		(4 838)	
Present value of minimum lease payments (note 6)	**69 706**	**69 706**	68 052	68 052

Albaraka Bank Limited has entered into a finance lease with its wholly-owned subsidiary, Albaraka Properties Proprietary Limited for the use of its property as the bank's corporate head office.

This lease is for an initial period of ten years with a five year renewal option. Rentals are escalated annually at 8%. No purchase option exists. Renewals are at the option of the bank.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are stated above. The rate intrinsic in the lease is 14,3% (2011: 14,3%) after considering the unguaranteed residual value of R72,0 million (2011: R72,0 million) which will be realised at the end of the lease. The minimum payments have all been classified as current in the 2011 comparative period due to the intended dissolution of the bank's subsidiary.

31. Retirement benefits

Albaraka Bank Limited contributes to the Albaraka Bank Provident Fund, a defined contribution plan.

The Fund is registered under and governed by the Pension Funds Act, 1956, as amended. Employee benefits are determined according to each member's equitable share of the total assets of the Fund.

The company's contribution for the year was R2,0 million (2011: R1,9 million).

32. Change in accounting estimate

As part of the annual assessment of the remaining useful lives of property and equipment and intangible assets, it was ascertained that, based on the pattern of use of a major part of these assets, an extension to the estimated useful lives was required due to the economic benefits associated with these assets being utilised over a significantly longer period than initially estimated.

The reason for this extended life is closely associated with the regular maintenance, upgrade and repair of these assets as well as business decisions to prolong the use of these assets to the point where maximum benefit is gained from them.

The results of this assessment were treated as a change in accounting estimate in terms of IAS 8 – Accounting policies, changes in accounting estimates and errors. The effect on the current period's depreciation charge were reductions of R1,8 million on property and equipment and R0,6 million on intangible assets.

During the 2012 financial period, the bank conducted a Value Added Tax (VAT) review, based on the Value Added Tax Act, No. 89 of 1991, in order to identify potential VAT savings.

The review revealed that the bank had not applied the VAT legislation to its best advantage, specifically where technical and specialised interpretations were required, which resulted in the bank having under-claimed VAT to the value of R2,1 million over the period evaluated, comprising R1,3 million on revenue expenditure and R0,8 million on capital expenditure.

The additional VAT claim was accepted by the taxation authorities and the full refund was received in December 2012.

The results of the assessment were treated as a change in accounting estimate in terms of IAS 8 – Accounting policies, changes in accounting estimates and errors.

The revenue component of the refund is presented within operating expenditure (note 22).

The capital component is presented within property and equipment and intangible assets (note 3 and note 5) under the transfers line.

The capital component resulted in a revision of the depreciation charge for the year in the sum of R0,6 million, which is presented within the depreciation and amortisation line in note 3 and note 5 respectively.

33. Related party information

The holding company of Albaraka Bank Limited at 31 December 2012 is Al Baraka Banking Group B.S.C. which is a company registered in the Kingdom of Bahrain and which holds 62.2% (2011: 61.8%) of the company's ordinary shares.

DCD Holdings (SA) Proprietary Limited and DCD London & Mutual Plc, a company incorporated in England and Wales, jointly hold 12,6% (2011: 12,6%) of the company's ordinary shares.

The Iqraa Trust is a registered trust whose beneficiaries are charitable, welfare and educational institutions.

The trust is one of various beneficiaries of the bank's charitable activities. Four of the bank's directors are also trustees of the trust.

The subsidiary of the bank and the related inter-company balances are identified in note 6.

The property rentals paid to the subsidiary for the year amounted to R255 099 (2011: R255 099). The bank also made finance lease repayments amounting to R8 082 183 (2011: R7 483 503) for the year.

As the subsidiary does not maintain a physical bank account, all revenue and expenditure transactions are facilitated by Albaraka Bank Limited and are accounted for via the inter-company account.

The remuneration paid to the directors is disclosed in note 22.

The management fee charged to the subsidiary is disclosed in note 20.

Albaraka Bank Limited enters into financial transactions, including normal banking relationships, with companies in which the directors of the bank have a beneficial interest. These transactions are governed by terms no less favourable than those arranged with third parties and are subject to the bank's normal credit approval policies and procedures.

Directors are required to declare their interest in such transactions and recuse themselves from participating in any meeting at which these matters are discussed. Any transactions, irrespective of size, have to be reviewed by the board.

In order to avoid conflicts of interest and with a view to ensuring transparency at all times, a register of directors' interests in companies containing the nature of such interests, as well as the nature and extent of the beneficial shares held in the companies is submitted to the board of directors annually for reviewing and updating.

Balances owing by/(to) related parties, including loans to executive and non-executive directors, are disclosed herein:

	Company	
	2012	2011
	R'000	R'000
Property finance - Musharaka and Murabaha		
Balance outstanding at beginning of year	**9 072**	4 741
Advances granted during the year	**-**	6 480
Repayments during the year	**(3 318)**	(2 881)
Profit earned	**1 583**	732
	7 337	9 072
Profit mark-up range for the year	**5,0% - 9,5%**	5,0% - 9,5%

The profit mark-up of 5% is in respect of advances to executive directors at subsidised rates which, at year end amounted to R108 049 (2011: R219 894)

Instalment sale		
Balance outstanding at beginning of year	**914**	1 134
Advances granted during the year	**1 000**	130
Repayments during the year	**(625)**	(491)
Profit earned	**101**	141
	1 390	914
Profit mark-up range for the year	**9,0% - 15,0%**	9,5% - 15,0%
Trade finance		
Balance outstanding at beginning of year	**4 387**	3 800
Advances granted during the year	**8 158**	9 847
Repayments during the year	**(10 384)**	(9 484)
Profit earned	**1 630**	224
	3 791	4 387
Profit mark-up range for the year	**8,5% - 9,5%**	8,5% - 9,0%
Iqraa Trust		
Balance due to the trust at beginning of year	**(15)**	(1)
Funds received on behalf of the trust	**(4)**	(14)
Funds paid over to the trust	**14**	-
Balance due to the trust at end of year	**(5)**	(15)

During the year, the bank donated an amount of R2 455 837 (2011: R4 760 584) to the trust.

At 31 December 2012 funds deposited by the trust with the bank amounted to R31 980 711 (2011: R29 276 625)

Total exposure to related parties	**12 513**	14 358

Staff advances are conducted at subsidised profit rates. The amount subject to the subsidised profit rate is dependent on the staff member's position within the entity.

The total staff advances outstanding at the end of the period amounted to	**34 069**	27 200

34. Contingent liability

It was identified that certain contributions made by employees to third parties had been incorrectly classified by the bank. This could result in a possible obligation by the employees which the bank may bear. Discussions have been held by the bank and the relevant authority, as to how the obligation will be extinguished going forward and an independent tax advice has been obtained which supports the remedial actions proposed by the bank. Therefore the bank has determined that the likelihood of a future obligation materialising is not probable based on the information available at the date of the annual financial statements, and therefore no provision has been recognised. However it is possible that a further liability may arise.

35. Standards and interpretations not yet effective

	Effective Date
At the date of authorisation of the annual financial statements for the year ended 31 December 2012, the following accounting standards, interpretations and amendments were in issue, but not yet effective. These standards will be adopted at their effective dates, with no early adoption intended.	
IAS 27 Separate Financial Statements This revised standard is required for years commencing on or after 1 January 2013 and is not expected to have a significant impact on the current activities of the group.	1 Jan 2013
IAS 28 Investments in Associates and Joint Ventures This standard is required for years commencing on or after 1 January 2013 and is not expected to have a significant impact on the current activities of the group.	1 Jan 2013
IFRS 9 Financial Instruments The standard addresses the classification, measurement and derecognition of financial assets and financial liabilities. The effect of this standard on the group financial statements is in the process of being evaluated.	1 Jan 2015
IFRS 10 Consolidated Financial Statements This standard introduces a new single control model as the basis for consolidation applicable to all investees. It also introduces a changed definition of control. The effect of this standard on the group financial statements is in the process of being evaluated.	1 Jan 2013
IFRS 11 Joint Arrangements This standard establishes principles for the financial reporting by parties to a joint arrangement. The standard is not expected to affect the group financial statements.	1 Jan 2013
IFRS 12 Disclosure of Interests in Other Entities This standard combines, enhances and replaces disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard is not expected to affect the group financial statements.	1 Jan 2013
IFRS 13 Fair Value Measurement This standard applies when other IFRS require or permit fair value measurements. It defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. The group will modify its disclosures accordingly.	1 Jan 2013
IAS 19 Employee Benefits This standard combines changes to the corridor method and expected returns on plan assets This standard is not expected to affect the group financial statements.	1 Jan 2013

	Effective Date
IAS 32 Offsetting Financial Assets and Financial Liabilities This standard was amended to clarify the meaning of "legally enforceable right". This is not expected to impact the group financial statements.	1 Jan 2014
IFRS 10 Transitional Guidance amendments and Investment Entities The amendments clarify that an entity is not required to make adjustments to the previous accounting for its involvement with entities if the consolidation conclusion reached at the date of initial application is the same when applying IAS 27 and when applying IFRS 10.This is not expected to have an impact on the group financial statements.	1 Jan 2013
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine This applies to all types of natural resources that are extracted using the surface mining activity process. This standard is not expected to affect the group financial statements.	1 Jan 2013
IAS 1 Presentation of Items of Other Comprehensive Income The amendments to IAS 1 change the grouping of items presented in Other Comprehensive Income. This is not expected to affect the group financial statements.	1 Jul 2012
IFRS 1 First Time Adoption of IFRS The amendment clarifies the guidance relating to the repeat application of IFRS 1. This does not impact the group financial statements.	1 Jan 2013
IAS 1 Presentation of Financial Statements The amendment clarifies that comparative information in respect of the previous period forms part of a complete set of financial statements.	1 Jan 2013
IAS 16 Property, Plant and Equipment The amendment clarifies that servicing equipment is Property, Plant and Equipment when used during more than one period. This does not have an impact on the group financial statements.	1 Jan 2013
IAS 34 Interim Financial Reporting This amendment aligns the disclosure requirements in IAS 34 with those of IAS 8 Operating Segments. This is not expected to have an impact on the group financial statements.	1 Jan 2013

36. Adoption of new standards

	Effective Date
The following amendments to standards and new interpretations were adopted during the year, as they became effective for years commencing on or after 1 January 2012.	
IAS 12 Recovery of Underlying Assets	1 Jan 2012
IFRS 7 Transfers of Financial Assets	1 Jul 2011
IFRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 Jul 2011