

Financial Results

December 2008

Consolidated Balance Sheet

	2008 BD 000s	2007 BD 000s
ASSETS		
Cash and balances with banks and Central Bank of Bahrain	69,791	23,640
Murabaha due from banks	64,421	80,685
Financing contracts with customers	578,482	276,061
Investments	204,643	141,872
Investment in associates	71,180	41,356
Investment properties	124,984	105,097
Receivables, prepayments and other assets	97,776	40,658
Goodwill and intangibles	10,599	6,927
Premises and equipment	31,409	18,995
	1,253,285	735,291
Assets of disposal group classified as held for sale	31,390	-
TOTAL ASSETS	1,284,675	735,291
LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS & EQUITY		
LIABILITIES		
Murabaha and due to banks	301,452	77,329
Murabaha contracts with non-banks	224,880	287,269
Customers' current accounts	53,236	107,150
Other liabilities	26,268	46,191
	605,836	517,939
Liabilities directly associated with disposal group classified as held for sale	19,532	-
Total liabilities excluding unrestricted investment accounts	625,368	517,939
Unrestricted investment accounts	310,474	53,091
Total liabilities including unrestricted investment accounts	935,842	571,030
EQUITY ATTRIBUTABLE TO SHARE HOLDERS OF THE PARENT		
Share capital	161,036	70,016
Share premium	71,403	15,040
Statutory reserve	11,807	8,238
General reserve	27,596	20,173
Investment revaluation reserve	32,995	22,390
Foreign currency translation reserve	(1,383)	-
Retained earnings	16,743	17,925
	320,197	153,782
MINORITY INTEREST	26,997	10,479
MINORITY INTEREST IN DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE	1,639	-
	348,833	164,261
TOTAL LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS & EQUITY	1,284,675	735,291
RESTRICTED INVESTMENT ACCOUNTS	93,269	66,066
CREDIT COMMITMENTS AND CONTINGENT ITEMS	198,017	59,372

Consolidated Statement of Income

	2008 BD 000s	2007 BD 000s
Income from retail and corporate banking activities	38,664	26,304
Income from investment activities	30,428	29,467
Share of income of associates	21,034	14,173
Other income	8,386	2,049
	98,512	71,993
Less: Profit on Murabaha due to banks and non-banks	14,870	14,639
	83,642	57,354
Staff costs	10,848	8,106
Depreciation	3,519	1,871
Provisions	8,453	3,233
Other operating expenses	12,523	9,812
	35,343	23,022
NET INCOME BEFORE PROFIT ON UNRESTRICTED INVESTMENT ACCOUNTS	48,299	34,332
Less: Profit on unrestricted investment accounts	9,865	1,662
	38,434	32,670
Attributable to:		
Share holders of the parent	35,686	31,399
Minority interest	2,748	1,271
	38,434	32,670

Consolidated Statement of Cash Flows

	2008 BD 000s	2007 BD 000s
OPERATING ACTIVITIES		
Net Income for the year	38,434	32,670
Adjustments for:		
Provisions	8,453	3,233
Depreciation	3,519	1,871
Amortisation	58	31
(Gain) / loss on sale of investment properties	(2,026)	(2,736)
(Gain) / loss on sale of investments	302	(1,305)
Share of income of associates	(21,034)	(14,173)
Unrealised gain on investments	(9,783)	(7,147)
Unrealised gain on investment properties	(9,220)	(9,625)
Operating income before changes in operating assets and liabilities	8,703	2,819
Changes in operating assets and liabilities:		
Mandatory reserve with Central Bank of Bahrain	(19,909)	(6,100)
Murabaha due from banks	-	4,408
Financing contracts with customers	(305,942)	(124,089)
Receivables, prepayments and other assets	(28,760)	(24,022)
Murabahas and due to banks	224,123	(26,135)
Murabaha due to non-banks	(65,002)	169,686
Customers' current accounts	(53,914)	61,455
Other liabilities	984	7,661
Net cash (used in) flows from operating activities	(239,717)	65,683
INVESTING ACTIVITIES		
Acquisition of subsidiary – net of cash and bank balances	(8,758)	(2,236)
Additional investment in acquired subsidiary	-	(8,892)
Purchase of investments	(74,904)	(35,873)
Purchase of investment in associates	(13,999)	(16,315)
Purchase of subsidiary classified as held for sale	(11,602)	-
Payments for purchase of investment properties	(42,206)	(21,730)
Proceeds from sale of investments	5,607	-
Proceeds from sale of investment properties	8,315	4,037
Purchase of intangibles	(4,859)	(1,583)
Purchase of premises and equipment	(15,933)	(7,534)
	(158,339)	(90,126)
FINANCING ACTIVITIES		
Proceeds from issue of shares	136,881	35,280
Cash contributed by minorities in new subsidiaries	13,770	-
Increase in unrestricted investment accounts	257,383	8,716
Net movement in minority interests	-	(4,653)
Net cash flows from financing activities	408,034	39,343
INCREASE IN CASH AND CASH EQUIVALENTS	9,978	14,900
Cash and cash equivalents at 1 January	92,510	77,610
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	102,488	92,510

Consolidated Statement of Changes in Equity

	Attributable to share holders of the Parent										
	Share capital BD 000s	Share premium BD 000s	Statutory reserve BD 000s	General reserve BD 000s	Investment revaluation reserve BD 000s	Foreign currency translation reserve BD 000s	Retained earnings BD 000s	Total BD 000s	Minority Interest BD 000s	Minority interest in investment held for sale BD 000s	Total equity BD 000s
Balance at 1 January 2007	44,560	760	5,098	13,800	12,058	-	10,827	87,103	2,431	-	89,534
Income for the year	-	-	-	-	-	-	31,399	31,399	1,271	-	32,670
Transfer to investment revaluation reserve	-	-	-	-	11,717	-	(11,717)	-	-	-	-
Transfer to retained earnings on sale of investments	-	-	-	-	(1,385)	-	1,385	-	-	-	-
Net movement in minority interest	-	-	-	-	-	-	-	-	6,777	-	6,777
Transfer to general reserve	-	-	-	10,829	-	-	(10,829)	-	-	-	-
Bonus shares issued	4,456	-	-	(4,456)	-	-	-	-	-	-	-
Issue of new shares	21,000	14,280	-	-	-	-	-	35,280	-	-	35,280
Transfer to statutory reserve	-	-	3,140	-	-	-	(3,140)	-	-	-	-
Balance at 31 December 2007	70,016	15,040	8,238	20,173	22,390	-	17,925	153,782	10,479	-	164,261
Balance at 1 January 2008	70,106	15,040	8,238	20,173	22,390	-	17,925	153,782	10,479	-	164,261
Foreign currency translation	-	-	-	-	-	(1,383)	-	(1,383)	-	(618)	(2,001)
Fair value change on available for sale investments*	-	-	-	-	(4,769)	-	-	(4,769)	-	-	(4,769)
Net expense directly recognized in equity	-	-	-	-	(4,769)	(1,383)	-	(6,152)	-	(618)	(6,770)
Income for the year	-	-	-	-	-	-	35,686	35,686	2,748	-	38,434
Total recognized income and expense for the year	-	-	-	-	(4,769)	(1,383)	35,686	29,534	2,748	(618)	31,664
Transfer to investment revalutaion reserve	-	-	-	-	17,119	-	(17,119)	-	-	-	-
Transfer to retained earnings on sale of investments	-	-	-	-	(1,745)	-	1,745	-	-	-	-
Increase in minority interest due to new subsidiaries	-	-	-	-	-	-	-	-	13,770	2,257	16,027
Transfer to general reserve	-	-	-	17,925	-	-	(17,925)	-	-	-	-
Bonus shares issued	10,502	-	-	(10,502)	-	-	-	-	-	-	-
Issue of new shares	80,518	56,363	-	-	-	-	-	136,881	-	-	136,881
Transfer to statutory reserve	-	-	3,569	-	-	-	(3,569)	-	-	-	-
Balance at 31 December 2008	161,036	71,403	11,807	27,596	32,995	(1,383)	16,743	320,197	26,997	1,639	348,833

Note: Included in retained earnings is a non-distributable reserve amounting to BD 906 (2007: BD 349) thousand relating to subsidiaries of the Bank.
* This includes share of fair value change on available for sale investments held by an associate amounting to BD 3,177 thousand.

These statements have been extracted from the consolidated financial statements for the year ended 31 December 2008, audited by Ernst & Young.

Bader Abdul Muhsen Al-Mukhaizeem
Chairman

Mohammed Alshaikh Ishaq
Vice Chairman

Abdulkhaeem Yaqub Alkhayyat
Managing Director & Chief Executive Officer

