

Financial Results

30 September 2008 (unaudited)

Consolidated Balance Sheet

	30 Sep 2008 BD 000s	Audited 31 Dec 2007 BD 000s
ASSETS		
Cash and balances with banks and Central Bank of Bahrain	75,988	23,640
Murabaha and Mudaraba contracts with banks	115,919	80,685
Murabaha, Musharaka, Istisna'a and Ijarah Muntahia Bittamleek contracts relating to customers	529,652	276,061
Investments	142,898	141,872
Investment in associates	74,629	41,356
Investment properties	127,763	105,097
Receivables, prepayments and other assets	116,401	40,658
Goodwill and intangibles	9,597	6,927
Premises and equipment	21,765	18,995
	1,214,612	735,291
Assets of investment held for sale	39,770	-
TOTAL ASSETS	1,254,382	735,291
LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS & EQUITY		
LIABILITIES		
Murabaha contracts with banks	223,875	77,329
Murabaha contracts with non-banks	247,382	287,269
Customers' current accounts	69,083	107,150
Other liabilities	33,013	46,191
	573,353	517,939
Liabilities of investment held for sale	25,205	-
	598,558	517,939
UNRESTRICTED INVESTMENT ACCOUNTS	304,491	53,091
EQUITY ATTRIBUTABLE TO SHARE HOLDERS OF THE PARENT		
Share capital	161,037	70,016
Share premium	71,403	15,040
Statutory reserve	8,238	8,238
General reserve	27,597	20,173
Foreign currency translation reserve	(1,040)	-
Investment revaluation reserve	30,266	22,390
Retained earnings	19,569	17,925
	317,070	153,782
MINORITY INTEREST	32,267	10,479
MINORITY INTEREST IN INVESTMENT HELD FOR SALE	1,996	-
	351,333	164,261
TOTAL LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS & EQUITY	1,254,382	735,291
RESTRICTED INVESTMENT ACCOUNTS	84,423	66,066
CREDIT COMMITMENTS AND CONTINGENT ITEMS	75,750	59,372

Consolidated Statement of Income

	Three months ended 30 Sep		Nine months ended 30 Sep	
	2008 BD 000s	2007 BD 000s	2008 BD 000s	2007 BD 000s
(Loss)/income from investment activities	(675)	6,776	14,498	13,994
Income from retail and corporate banking activities	9,229	8,561	26,219	18,491
Share of income of associates	11,327	1,018	19,762	11,100
Other income	2,371	489	6,129	1,106
	22,252	16,844	66,608	44,691
Less: Profit on Murabaha contracts	2,973	4,662	9,790	10,289
	19,279	12,182	56,818	34,402
Staff costs	2,512	1,620	7,917	4,461
Depreciation	536	487	2,633	1,374
Provisions	539	240	1,863	635
Other operating expenses	2,953	2,194	8,665	6,632
	6,540	4,541	21,078	13,102
NET INCOME BEFORE PROFIT ON UNRESTRICTED INVESTMENT ACCOUNTS	12,739	7,641	35,740	21,300
Less: Profit on unrestricted investment accounts	3,037	384	5,870	1,211
NET INCOME FOR THE PERIOD	9,702	7,257	29,870	20,089
Attributable to:				
Share holders of the parent	9,245	6,916	27,446	20,123
Minority interest	457	341	2,424	(34)
	9,702	7,257	29,870	20,089

Consolidated Statement of Cash Flows

	Nine months ended	
	30 Sep 2008 BD 000s	31 Dec 2007 BD 000s
OPERATING ACTIVITIES		
Net income for the period	29,870	20,089
Adjustment for:		
Provisions	1,863	635
Depreciation	2,633	1,374
Unrealised loss/(gain) on investments	142	(1,383)
Share of income of associates	(19,762)	(11,100)
Unrealised gain on investment properties	(10,672)	(7,602)
Loss on sale of investments	61	-
Gain on sale of investment properties	(3)	(2,326)
Operating income (loss) before changes in operating assets and liabilities	4,132	(313)
Changes in operating assets and liabilities:		
Mandatory reserve with Central Bank of Bahrain	(19,454)	(3,575)
Murabaha and Mudaraba contracts with banks	-	4,712
Murabaha, Musharaka, Ijarah Muntahia Bittamleek contracts relating to customers	(255,454)	(87,360)
Receivables, prepayments and other assets	(44,906)	(10,830)
Murabaha contracts with banks	146,546	(46,151)
Murabaha contracts with non-banks	(42,500)	160,172
Customers current accounts	(38,067)	22,265
Other liabilities	(14,674)	29,694
Net cash flows (used in) from operating activities	(264,377)	68,614
INVESTING ACTIVITIES		
Acquisition of subsidiaries	(8,758)	-
Purchase of investments	(17,993)	(36,998)
Purchase of investment in associate	(12,700)	(14,470)
Purchase of investment held for sale	(13,609)	-
Proceeds from sale of investments	4,932	-
Purchase of investment properties	(12,176)	(54,273)
Proceeds from sale of investment properties	264	4,701
Purchase of intangibles	(2,670)	(3,765)
Purchase of property and equipment	(5,403)	(2,547)
Net cash flows used in investing activities	(68,113)	(107,352)
FINANCING ACTIVITIES		
Proceeds from issue of shares	136,882	35,280
Increase in unrestricted investment accounts	251,400	59,188
Cash contributed by minority interest in new subsidiaries	12,337	-
Net cash from financing activities	400,619	94,468
INCREASE IN CASH AND CASH EQUIVALENTS	68,129	55,730
Cash and cash equivalents at 1 January	92,510	77,610
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	160,639	133,340

Consolidated Statement of Changes in Equity

	Attributable to shareholders of the Parent							Total BD 000s	Minority Interest BD 000s	Minority interest in investment held for sale BD 000s	Total equity BD 000s
	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				
Balance at 1 January 2008	70,016	15,040	8,238	20,173	22,390	-	17,925	153,782	10,479	-	164,261
Income for the period	-	-	-	-	-	-	27,446	27,446	2,424	-	29,870
Transfer to investment revaluation reserve	-	-	-	-	8,524	-	(8,524)	-	-	-	-
Transfer to retained earnings on sale of investments and investment property	-	-	-	-	(648)	-	648	-	-	-	-
Increase in minority interest due to new subsidiaries	-	-	-	-	-	-	-	-	17,305	1,996	19,301
Other movement in minority interest	-	-	-	-	-	-	-	-	2,059	-	2,059
Transfer to general reserve	-	-	-	17,926	-	-	(17,926)	-	-	-	-
Share capital issued	80,519	56,363	-	-	-	-	-	136,882	-	-	136,882
Bonus shares issued	10,502	-	-	(10,502)	-	-	-	-	-	-	-
Cumulative change due to exchange rate fluctuation	-	-	-	-	-	(1,040)	-	(1,040)	-	-	(1,040)
Balance at 30 September 2008	161,037	71,403	8,238	27,597	30,266	(1,040)	19,569	317,070	32,267	1,996	351,333
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 period	-	-	-	-	-	-	20,123	20,123	-	-	20,123
Transfer to investment revaluation reserve	-	-	-	-	8,987	-	(8,987)	-	-	-	-
Transfer to retained earnings on sale of investments	-	-	-	-	(1,385)	-	1,385	-	-	-	-
Net movement in minority interest	-	-	-	-	-	-	-	-	4,417	-	4,417
Transfer to general reserve	-	-	-	10,829	-	-	(10,829)	-	-	-	-
Bonus shares issued	4,456	-	-	(4,456)	-	-	-	-	-	-	-
Increase in share capital	21,000	14,280	-	-	-	-	-	35,280	-	-	35,280
Balance at 30 September 2007	70,016	15,040	5,098	20,173	19,660	-	12,519	142,506	6,848	-	149,354

These statements have been extracted from the interim condensed consolidated financial statements for the period ended 30 September 2008, reviewed by Ernst & Young.

Bader Abdul Muhsen Al-Mukhaizeem
Chairman

Mohammed AlShaikh Ishaq
Vice Chairman

Abdulhakeem Yaqoub Alkhayat
Chief Executive Officer and Managing Director

