Al Salam Bank-Bahrain B.S.C.

Interim Condensed Financial Statements - Period ended 30 September 2008

AL SALAM BANK Bahrain

BALANCE SHEET	30 September 2008 (Reviewed)	31 December 2007 (Audited)
	BD	BD
ASSETS		
Cash and balances with Central Bank of Bahrain	**38,239,762**	15,173,663
Central Bank of Bahrain Sukuk	**24,475,000**	20,380,000
Murabaha with banks	**188,194,457**	224,450,893
Murabaha financing	**84,116,336**	32,641,599
Ijarah Muntahia Bittamleek	**29,223,013**	10,435,863
Non-trading investments	**85,505,935**	62,735,696
Investment in an associate	**8,294,000**	8,272,000
Investment properties	**1,177,528**	1,177,528
Receivables and prepayments	**11,477,314**	10,505,046
Premises and equipment	**2,669,605**	2,979,252
Assets held-for-sale	**122,257,309**	9,024,000
TOTAL ASSETS	**595,630,259**	397,775,540
LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS AND EQUITY		
Liabilities		
Murabaha from banks	**86,992,360**	96,983,041
Murabaha from non-banks	**264,963,989**	106,908,709
Customers' current accounts	**4,777,299**	5,688,686
Other liabilities	**9,973,719**	8,954,642
Total Liabilities	**366,707,367**	218,535,078
UNRESTRICTED INVESTMENT ACCOUNTS	**59,401,433**	19,769,585
EQUITY		
Share capital	**120,000,000**	120,000,000
Reserves and retained earnings	**49,521,459**	38,941,790
Proposed appropriations	**-**	529,087
Total equity	**169,521,459**	159,470,877
TOTAL LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS AND EQUITY	**595,630,259**	397,775,540

STATEMENT OF INCOME	Three months ended 30 September 2008 (Reviewed)	Three months ended 30 September 2007 (Reviewed)	Nine months ended 30 September 2008 (Reviewed)	Nine months ended 30 September 2007 (Reviewed)
	BD	BD	**BD**	BD
OPERATING INCOME				
Income from Murabaha	**1,610,448**	3,079,627	**4,587,419**	5,582,505
Income from other Islamic financing contracts	**2,344,137**	632,195	**5,508,959**	2,918,337
	3,954,585	3,711,822	**10,096,378**	8,500,842
Profit paid on Murabaha from banks	**(917,414)**	(937,813)	**(2,063,513)**	(1,851,314)
Profit paid on Murabaha from non-banks	**(2,635,943)**	(857,620)	**(6,321,618)**	(1,437,714)
Share of profit to unrestricted investment account holders	**(122,708)**	(3,310)	**(242,107)**	(3,677)
	278,520	1,913,079	**1,469,140**	5,208,137
Fees and commission income	**373,680**	691,456	**1,061,235**	3,513,779
Gain on disposal of assets held-for-sale	**6,163,749**	617,132	**23,543,358**	10,213,408
Gains on investments designated as fair value through profit or loss	**4,970,312**	2,128,224	**6,095,900**	5,280,496
Foreign exchange (losses) gains	**(493,309)**	151,737	**328,907**	224,957
Other operating income	**113,752**	223,562	**245,092**	278,658
TOTAL OPERATING INCOME	**11,406,704**	5,725,190	**32,743,632**	24,719,435
OPERATING EXPENSES				
Staff costs	**1,892,935**	1,336,368	**5,511,835**	3,892,238
Premises and equipment cost	**137,558**	98,439	**391,478**	325,054
Depreciation	**227,375**	201,817	**664,613**	523,076
Depreciation on Ijarah Muntahia Bittamleek	**515,617**	265,147	**1,043,651**	772,578
Other operating expenses	**1,258,287**	500,474	**2,474,386**	1,851,484
TOTAL OPERATING EXPENSES	**4,031,772**	2,402,245	**10,085,963**	7,364,430
NET INCOME FOR THE PERIOD	**7,374,932**	3,322,945	**22,657,669**	17,355,005
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	**1,200,000,000**	1,200,000,000	**1,200,000,000**	1,199,914,300
BASIC EARNINGS PER SHARE (FILS)	**6.1**	2.8	**18.9**	14.5

STATEMENT OF CASH FLOWS	Nine months ended 30 September 2008 (Reviewed)	Nine months ended 30 September 2007 (Reviewed)
	BD	BD
Net cash from operating activities	**58,484,011**	83,812,499
Net cash used in investing activities	**(127,831,507)**	(24,709,260)
Net cash from financing activities	**27,631,848**	26,582,823
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(41,715,648)**	85,686,062
Cash and cash equivalents at 1 January	**233,608,190**	92,285,728
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**191,892,542**	177,971,790

STATEMENT OF CHANGES IN EQUITY	Nine months ended 30 September 2008 (Reviewed)	Nine months ended 30 September 2007 (Reviewed)
	BD	BD
Balance at the beginning of the period	**159,470,877**	136,401,589
Dividends	**(12,000,000)**	-
Charitable donations	**(100,000)**	-
Zakah	**(529,087)**	-
Net income for the period	**22,657,669**	17,355,005
Adjustments during the period	**22,000**	-
Sale of treasury stock	-	20,294
Balance at the end of the period	**169,521,459**	153,776,888

The financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on 13th October 2008.

Chairman

Director & CEO

These financial statements were extracted from the financial statements on which Ernst & Young issued an unqualified review report dated 13th October 2008.