


Al Salam Bank-Bahrain B.S.C. Interim Consolidated Financial Statements for the period ended 30 June 2010

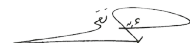
These consolidated financial statements were extracted from the consolidated financial statements on which Ernst & Young issued an unqualified review report dated 8th July 2010.

INTERIM CONSOLIDATED INCOME STATEMENT	Three months ended 30 June 2010 (Reviewed)	Three months ended 30 June 2009 (Reviewed)	Six months ended 30 June 2010 (Reviewed)	Six months ended 30 June 2009 (Reviewed)
	BD	BD	BD	BD
OPERATING INCOME				
Income from financing contracts	5,019,848	3,767,094	8,917,901	6,933,462
Income relating to assets under conversion	1,252,000	-	2,542,000	-
Gains on disposal of investments	162,660	3,992,748	586,533	13,344,081
Gains on investments designated as fair value through profit or loss	1,755,697	1,950,449	5,968,905	3,961,270
Income from investments designated as fair value through profit or loss	125,356	-	637,594	-
Other operating income	1,130,760	327,091	2,010,207	746,892
	9,446,321	10,037,382	20,663,140	24,985,705
Less: Profit paid and payable on Murabaha and Wakala from banks	(785,159)	(157,787)	(1,486,731)	(275,944)
Less: Profit on Wakala from non-banks	(2,446,491)	(3,370,878)	(4,740,233)	(6,571,228)
Less: Profit on unrestricted investment accounts	(48,293)	(28,729)	(106,056)	(59,670)
Less: Expenses arising from liabilities under conversion	(392,000)	-	(998,000)	-
Less: Depreciation on Ijarah Muntahia Bittamleek	(1,197,169)	(714,927)	(1,538,036)	(1,472,124)
TOTAL OPERATING INCOME	4,577,209	5,765,061	11,794,084	16,606,739
OPERATING EXPENSES				
Staff costs	1,742,983	1,812,669	3,294,456	3,666,753
Premises and equipment cost	195,626	213,981	352,666	386,036
Depreciation	282,647	258,654	571,820	511,771
Other operating expenses	1,001,904	741,043	2,178,503	1,396,436
TOTAL OPERATING EXPENSES	3,223,160	3,026,347	6,397,445	5,960,996
PROFIT BEFORE RESULTS OF ASSOCIATE	1,354,049	2,738,714	5,396,639	10,645,743
Share of loss from an associate	(27,717)	-	(19,712)	-
NET PROFIT FOR THE PERIOD	1,326,332	2,738,714	5,376,927	10,645,743
<i>Attributable to:</i>				
Equity holders of the Bank	1,301,138	2,738,714	5,325,279	10,645,743
Non-controlling interest	25,194	-	51,648	-
	1,326,332	2,738,714	5,376,927	10,645,743
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	1,497,063,829	1,260,000,000	1,497,063,829	1,260,000,000
BASIC AND DILUTED EARNINGS PER SHARE (FILS)	0.9	2.2	3.6	8.4

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Three months ended 30 June 2010 (Reviewed)	Three months ended 30 June 2009 (Reviewed)	Six months ended 30 June 2010 (Reviewed)	Six months ended 30 June 2009 (Reviewed)
	BD	BD	BD	BD
NET PROFIT FOR THE PERIOD	1,326,332	2,738,714	5,376,927	10,645,743
Other comprehensive income:				
Net change in fair value	(11,638)	-	450,657	-
Exchange differences on investment in an associate	(161,314)	213,997	(124,024)	(62,571)
Other comprehensive income for the period	(172,952)	213,997	326,633	(62,571)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,153,380	2,952,711	5,703,560	10,583,172
<i>Attributable to:</i>				
Equity holders of the Bank	1,138,553	2,952,711	5,617,125	10,583,172
Non-controlling interest	14,827	-	86,435	-
	1,153,380	2,952,711	5,703,560	10,583,172

These interim condensed consolidated financial statements have been authorised for issue in accordance with a resolution of the Board of Directors dated 8th July 2010.


Habib Ahmed Kassem
Vice Chairman


Youusif Abdulla Taqi
Director & CEO

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION	30 June 2010 (Reviewed)	31 December 2009 (Audited)
	BD	BD
ASSETS		
Cash and balances with Central Bank of Bahrain	121,699,842	126,739,202
Central Bank of Bahrain Sukuk	33,890,695	32,907,875
Murabaha receivables from banks	164,418,701	149,303,782
Corporate Sukuk	29,655,334	16,949,546
Murabaha and Mudaraba receivables	115,289,148	87,273,825
Ijarah Muntahia Bittamleek	48,097,170	46,314,651
Musharaka financing	8,086,799	5,384,369
Assets under conversion	77,440,117	98,305,000
Non-trading investments	189,163,618	184,679,822
Investment in an associate	7,515,319	7,659,055
Investment properties	3,342,319	1,177,528
Receivables and prepayments	13,572,731	26,902,192
Premises and equipment	2,057,300	2,337,436
TOTAL ASSETS	814,229,093	785,934,283
LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS AND EQUITY		
LIABILITIES		
Murabaha and Wakala payables to banks	96,578,967	89,397,722
Wakala from non-banks	327,108,741	317,369,585
Customers' current accounts	67,718,148	32,699,944
Liabilities under conversion	69,119,000	120,402,000
Other liabilities	13,833,100	14,877,262
TOTAL LIABILITIES	574,357,956	574,746,513
UNRESTRICTED INVESTMENT ACCOUNTS	39,518,149	9,409,467
EQUITY		
Share capital	149,706,383	142,577,508
Reserves and retained earnings	46,973,513	41,356,388
Proposed appropriations	-	14,257,750
Total equity attributable to shareholders of the Bank	196,679,896	198,191,646
Non-controlling interest	3,673,092	3,586,657
TOTAL EQUITY	200,352,988	201,778,303
TOTAL LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS AND EQUITY	814,229,093	785,934,283

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	Six months ended 30 June 2010 (Reviewed)	Six months ended 30 June 2009 (Reviewed)
	BD	BD
Net cash (used in) from operating activities	(15,986,002)	52,676,795
Net cash used in investing activities	(2,456,475)	(186,874)
Net cash from (used in) financing activities	22,979,807	(47,483,790)
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,537,330	5,006,131
Cash and cash equivalents at 1 January	258,557,278	156,204,000
CASH AND CASH EQUIVALENTS AT 30 JUNE	263,094,608	161,210,131

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Six months ended 30 June 2010 (Reviewed)	Six months ended 30 June 2009 (Reviewed)
	BD	BD
Balance at 1 January	201,778,303	172,483,481
Net profit for the period	5,376,927	10,645,743
Changes on investment in an associate	(124,024)	(62,571)
Net change in fair value	450,657	-
Zakah	-	(822,525)
Dividends paid	(7,128,875)	(12,000,000)
Balance at 30 June	200,352,988	170,244,128