

Annual Financial Statements



AL SALAM BANK
البحرين Bahrain

STATEMENT OF INCOME	Year ended 31	Year ended 31
	December 2008	December 2007
	BD	BD
Income from financing contracts	11,763,159	11,429,773
Gains on disposal of assets held-for-sale	30,266,556	11,017,492
Gains on investments designated as fair value through profit or loss	5,259,691	11,079,352
Other operating income	2,300,596	4,950,608
Total operating income	49,590,002	38,477,225
Less: Profit on unrestricted investment accounts	(219,939)	(245,414)
Less: Profit on Murabaha contracts	(11,768,805)	(5,519,638)
Net operating income	37,601,258	32,712,173
Staff costs	6,854,616	5,312,083
Premises and equipment cost	582,745	423,905
Depreciation	902,526	745,138
Other operating expenses	3,438,451	2,981,195
	11,778,338	9,462,321
OPERATING PROFIT	25,822,920	23,249,852
Share of loss from an associate	(280,239)	(100,858)
NET PROFIT FOR THE YEAR	25,542,681	23,148,994
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	1,200,000,000	1,199,935,900
BASIC EARNINGS PER SHARE (FILS)	21.3	19.3

BALANCE SHEET	31 December	31 December
	2008	2007
	BD	BD
ASSETS		
Cash and balances with Central Bank of Bahrain	83,533,981	15,173,663
Central Bank of Bahrain Sukuk	31,095,000	20,380,000
Murabaha with banks	87,167,449	224,450,893
Murabaha financing	72,483,745	32,641,599
Ijarah Muntahia Bittamleek	41,530,784	10,435,863
Non-trading investments	116,929,500	62,735,696
Investment in an associate	8,011,913	8,193,142
Investment properties	1,177,528	1,177,528
Receivables and prepayments	21,032,829	10,505,046
Premises and equipment	2,583,796	2,979,252
Assets held-for-sale	88,934,033	9,024,000
TOTAL ASSETS	554,480,558	397,696,682
LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS AND EQUITY		
LIABILITIES		
Murabaha from banks	32,880,685	96,983,041
Murabaha from non-banks	289,004,770	106,908,709
Customers' current accounts	3,231,303	5,688,686
Other liabilities	10,755,559	8,875,784
Total liabilities, excluding unrestricted investment accounts	335,872,317	218,456,220
UNRESTRICTED INVESTMENT ACCOUNTS	46,124,760	19,769,585
Total liabilities, including unrestricted investment accounts	381,997,077	238,225,805
EQUITY		
Share capital	120,000,000	120,000,000
Reserves and retained earnings	39,660,956	38,941,790
Proposed appropriations	12,822,525	529,087
	172,483,481	159,470,877
TOTAL LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS AND EQUITY	554,480,558	397,696,682

Financial Highlights

Total Assets	
2008	554,480,558 Increase 39%
2007	397,696,682 Increase 111%
2006	188,058,536


Customers Deposits	
2008	338,360,833 Increase 156%
2007	132,366,980 Increase 413%
2006	25,785,779

Basic Earnings Per Share (Fils)	
2008	21.3 Increase 10%
2007	19.3 Increase 28%
2006	15.1

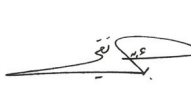
STATEMENT OF CHANGES IN EQUITY	Year ended 31	Year ended 31
	December 2008	December 2007
	BD	BD
Balance as of 1 January	159,470,877	136,401,589
Charitable donations	(100,000)	(100,000)
Changes on investment in an associate	99,010	-
Net profit for the year	25,542,681	23,148,994
Zakah paid	(529,087)	-
Dividends	(12,000,000)	-
Sale of treasury stock	-	20,294
Balance at 31 December	172,483,481	159,470,877

STATEMENT OF CASH FLOWS	Year ended 31	Year ended 31
	December 2008	December 2007
	BD	BD
Net cash (used in) from operating activities	(91,252,296)	129,529,447
Net cash (used in) investing activities	(507,070)	(7,996,864)
Net cash from financing activities	14,355,176	19,789,879
NET CHANGE IN CASH AND CASH EQUIVALENTS	(77,404,190)	141,322,462
Cash and cash equivalents at 1 January	233,608,190	92,285,728
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	156,204,000	233,608,190

These financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on 24th January, 2009.


Mohamed Ali Rashid Alabbar
Chairman


Hussein Mohammed Al Meeza
Vice Chairman


Yousif Taqi
Director & Chief Executive Officer

These financial statements were extracted from the audited financial statements on which Ernst & Young issued an unqualified opinion dated 24th January 2009.