



بنك المؤسسة العربية المصرفية الإسلامية (ش.م.ب.م)

ABC Islamic Bank (E.C.)

# YEAR END 2008 FINANCIAL RESULTS

(Audited by Ernst & Young, Kingdom of Bahrain)

## CONSOLIDATED BALANCE SHEET

31 December 2008

	2008 US\$ 000s	2007 US\$ 000s
<b>ASSETS</b>		
Cash and bank balances	410	3,453
Available-for-sale investments	324,990	328,920
Murabaha receivables	692,171	730,373
Ijarah receivables	1,683	-
Musharaka financing	3,616	2,084
Mudaraba	803	-
Ijarah	427,949	265,061
Equipment	40	75
Other assets	9,683	34,916
<b>TOTAL ASSETS</b>	<b>1,461,345</b>	<b>1,364,882</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Other liabilities	10,940	14,296
Murabaha payables	1,297,361	1,131,494
	1,308,301	1,145,790
<b>Equity</b>		
Share capital	132,500	132,500
Retained earnings and reserves	20,544	86,592
	153,044	219,092
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,461,345</b>	<b>1,364,882</b>
<b>MEMORANDUM ITEMS</b>	<b>124,849</b>	<b>346,909</b>

## CONSOLIDATED STATEMENT OF INCOME

Year ended 31 December 2008

	2008 US\$ 000s	2007 US\$ 000s
Income from available-for-sale investments	17,533	21,382
Income from Murabaha receivables	36,479	37,648
Income from Musharaka financing	279	88
Ijarah income – net	15,499	11,871
	69,790	70,989
Profit on Murabaha payables	(43,896)	(51,959)
	25,894	19,030
Gain on sale of available-for-sale investments - net	2,022	32,866
Fees and commission income	5,906	4,619
	33,822	56,515
Staff costs	3,222	3,534
Depreciation	51	72
Other expenses	1,709	2,084
	4,982	5,690
(Provision for credit losses)/Recoveries	(3,000)	303
Profit for the year before Zakah	25,840	51,128
Zakah	(260)	(250)
<b>PROFIT FOR THE YEAR AFTER ZAKAH</b>	<b>25,580</b>	<b>50,878</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2008

	2008 US\$ 000s	2007 US\$ 000s
<b>OPERATING ACTIVITIES</b>		
Profit for the year after Zakah	25,580	50,878
Adjustment for:		
Depreciation	51	72
Gain on sale of available-for-sale investments	(2,022)	(32,866)
Provision for credit losses/(Recoveries)	3,000	(303)
	26,609	17,781
Changes in:		
Murabaha receivables	38,202	(311,440)
Ijarah receivables	(1,683)	-
Musharaka financing	(1,532)	(2,084)
Mudaraba	(803)	-
Ijarah	(162,888)	(137,215)
Other assets	25,233	(27,262)
Other liabilities	(3,356)	6,511
Murabaha payables	165,867	418,845
Net cash from (used in) operating activities	85,649	(34,864)
<b>INVESTING ACTIVITIES</b>		
Purchase of available-for-sale investments	(90,869)	(199,896)
Proceeds from sale/redemption of available-for-sale investments	22,193	186,350
Purchase of equipment	(16)	(19)
Net cash used in investing activities	(68,692)	(13,565)
<b>FINANCING ACTIVITIES</b>		
Increase in paid-up capital	-	50,000
Dividends paid	(20,000)	-
Net cash (used in) from financing activities	(20,000)	50,000
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,043)</b>	<b>1,571</b>
Cash and cash equivalents at 1 January	3,453	1,882
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<b>410</b>	<b>3,453</b>
<b>OPERATIONAL CASH FLOWS FROM PROFITS</b>		
Profit paid	50,365	47,111
Profit received	76,153	67,530

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2008

	Share capital US\$ 000s	Statutory reserve US\$ 000s	Available-for-sale reserve US\$ 000s	Retained earnings US\$ 000s	Total equity US\$ 000s
Balance at 1 January 2008	132,500	9,441	17,652	59,499	219,092
Cumulative changes in fair values					
Transfer to profit and loss	-	-	(18,450)	-	(18,450)
Change in fair values	-	-	(53,178)	-	(53,178)
	-	-	(71,628)	-	(71,628)
Profit for the year – 2008	-	-	-	25,580	25,580
Net income recognised during the year	-	-	(71,628)	25,580	(46,048)
Dividends paid	-	-	-	(20,000)	(20,000)
Transfer to statutory reserve	-	2,558	-	(2,558)	-
<b>Balance at 31 December 2008</b>	<b>132,500</b>	<b>11,999</b>	<b>(53,976)</b>	<b>62,521</b>	<b>153,044</b>
Balance at 1 January 2007	82,500	4,353	2,312	13,709	102,874
Cumulative changes in fair values					
Transfer to profit and loss	-	-	(11,556)	-	(11,556)
Change in fair values	-	-	26,896	-	26,896
	-	-	15,340	-	15,340
Profit for the year – 2007	-	-	-	50,878	50,878
Net income recognised during the year	-	-	15,340	50,878	66,218
Increase in share capital	50,000	-	-	-	50,000
Transfer to statutory reserve	-	5,088	-	(5,088)	-
<b>Balance at 31 December 2007</b>	<b>132,500</b>	<b>9,441</b>	<b>17,652</b>	<b>59,499</b>	<b>219,092</b>

The above Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity have been extracted from the Consolidated Financial Statements of ABC Islamic Bank (E.C.) for the year ended 31 December 2008, on which an unqualified audit opinion was issued by Ernst & Young, Kingdom of Bahrain, on 23 February 2009.