

Albaraka Islamic Bank B.S.C. (c)

BALANCE SHEET

At 31 December 2008

	<i>2008</i> <i>US \$</i>	<i>2007</i> <i>US \$</i>
ASSETS		
Cash and balances with banks	216,028,978	176,360,747
Sales receivables	508,913,704	531,764,090
Mudaraba financing	12,989,281	22,800,961
Ijara Muntahia Bittamleek	44,207,291	70,705,679
Musharaka financing	23,900,235	19,469,240
Investments	140,858,730	155,879,593
Investment properties	1,636,061	5,402,171
Ijara income receivables	22,184,818	24,673,365
Premises and equipment	11,818,214	7,368,622
Other assets	18,924,098	24,405,896
TOTAL ASSETS	1,001,461,410	1,038,830,364
LIABILITIES		
Due to banks and other financial institutions	12,692,962	33,315,885
Current accounts	66,537,321	60,668,407
Other liabilities	29,731,525	24,284,388
TOTAL LIABILITIES	108,961,808	118,268,680
UNRESTRICTED INVESTMENT ACCOUNTS	706,842,162	731,419,482
EQUITY		
Share capital	122,457,800	122,457,800
Reserves	27,673,124	33,273,767
Retained earnings	35,526,516	33,410,635
TOTAL EQUITY	185,657,440	189,142,202
TOTAL LIABILITIES, UNRESTRICTED INVESTMENT ACCOUNTS AND EQUITY	1,001,461,410	1,038,830,364
RESTRICTED INVESTMENT ACCOUNTS	166,983,914	143,530,415
CONTINGENCIES AND COMMITMENTS	132,658,770	125,668,276

Khalid Rashid Al Zayani
Chairman

Adnan Ahmed Yousif
Deputy Chairman

Mohammed Essa Al Mutaweh
Chief Executive & Board Member

These statements have been extracted from financial statements audited by Ernst & Young, who expressed an unqualified opinion on 26-02-2009.

Albaraka Islamic Bank B.S.C. (c)

STATEMENT OF INCOME

For the Year ended 31 December 2008

	2008 US \$	2007 US \$
INCOME		
Income from jointly financed sales	39,862,995	43,743,761
Income from jointly financed, other financings and investments	15,222,140	14,287,334
Joint investment income	55,085,135	58,031,095
Gross Return on unrestricted investment accounts	(40,892,470)	(47,762,553)
Bank's share as a Mudarib	3,679,707	6,516,329
Return on unrestricted investment accounts	(37,212,763)	(41,246,224)
Bank's share of income from Joint financing and Investment accounts	17,872,372	16,784,871
Bank's income from self financed sales	995,383	1,339,408
Bank's income from self financed, other financings and investments	1,707,376	2,869,377
Revenue from banking services	4,987,814	4,554,845
Other revenues	2,534,085	2,354,394
Bank's Mudarib/agency fee from restricted investment accounts	403,207	361,424
TOTAL OPERATING INCOME	28,500,237	28,264,319
OPERATING EXPENSES		
Staff expenses	(13,086,378)	(11,389,877)
Depreciation	(1,341,320)	(1,136,987)
Profit on due to banks and financial institutions	(1,027,036)	(2,347,238)
Other operating expenses	(7,372,734)	(6,527,865)
TOTAL OPERATING EXPENSES	(22,827,468)	(21,401,967)
NET INCOME FOR THE YEAR BEFORE PROVISION FOR IMPAIRMENT AND TAXATION	5,672,769	6,862,352
Provision for impairment - net	(3,299,243)	(1,571,763)
NET INCOME BEFORE TAXATION	2,373,526	5,290,589
Taxation	137,453	(1,136,378)
INCOME FOR THE YEAR	2,510,979	4,154,211

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STATEMENT OF CASH FLOWS

For the Year ended 31 December 2008

	2008 US \$	2007 US \$
OPERATING ACTIVITIES		
Net income before taxation	2,373,526	5,290,589
Adjustments for:		
Depreciation	1,341,320	1,136,987
Provision for impairment - net	3,299,243	1,571,763
Loss (Gain) on sale of premises and equipment	17,471	(41,430)
Gain on sale of investments	(456,157)	(586,169)
Gain on sale of investment properties	(663,851)	(224,166)
Amortisation of income and expenses related to leased assets - net	(176,759)	(176,276)
Unrealised remeasurement loss (gain)	1,791,071	(279,734)
Operating profit before changes in operating assets and liabilities	<u>7,525,864</u>	<u>6,691,564</u>
Net changes in operating assets and liabilities:		
Balances with central banks	-	12,344,508
Sales receivables	63,704,030	(5,966,658)
Mudaraba financing	9,811,680	45,085,285
Ijara Muntahia Bittamleek	26,498,388	(14,632,130)
Musharaka financing	(4,916,146)	(5,854,384)
Ijara income receivables	2,525,716	(8,394,503)
Other assets	739,799	(5,703,050)
Other liabilities	6,699,528	8,316,653
Due to banks and other financial institutions	(20,622,923)	(17,976,124)
Current accounts	5,868,914	27,921,943
Taxation paid	(932,962)	(579,091)
Directors' remuneration	(144,000)	(144,000)
Net cash from operating activities	<u>96,757,888</u>	<u>41,110,013</u>
INVESTING ACTIVITIES		
Purchase of investments	(15,639,802)	(46,345,267)
Sale of investments	27,633,333	10,609,841
Purchase of investment properties	(1,434,774)	(6,214,815)
Sale of investment properties	5,460,478	2,052,908
Purchase of premises and equipment	(6,064,938)	(3,410,074)
Sale of premises and equipment	306,488	67,766
Net cash from (used in) investing activities	<u>10,260,785</u>	<u>(43,239,641)</u>
FINANCING ACTIVITIES		
(Decrease) increase in unrestricted investment accounts	(24,577,320)	34,316,625
Net cash (used in) from financing activities	<u>(24,577,320)</u>	<u>34,316,625</u>
INCREASE IN CASH AND CASH EQUIVALENTS	82,441,353	32,186,997
Cash and cash equivalents at 1 January	<u>178,527,627</u>	<u>146,340,630</u>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	<u>260,968,980</u>	<u>178,527,627</u>

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STATEMENT OF CHANGES IN EQUITY

For the Year ended 31 December 2008

	<i>Reserves</i>						<i>Total equity</i> US \$
	<i>Share capital</i> US \$	<i>Statutory</i> US \$	<i>General</i> US \$	<i>Cumulative changes in fair value</i> US \$	<i>Foreign exchange</i> US \$	<i>Retained earnings</i> US \$	
Balance at 1 January 2008	122,457,800	20,860,008	8,687,143	5,219,580	(1,492,964)	33,410,635	189,142,202
Directors' remuneration paid	-	-	-	-	-	(144,000)	(144,000)
Net movement in cumulative change in fair value of available for sale investments	-	-	-	(1,119,764)	-	-	(1,119,764)
Foreign currency translation reserve	-	-	-	-	(4,731,977)	-	(4,731,977)
Net income for the year	-	-	-	-	-	2,510,979	2,510,979
Transfer to statutory reserve	-	251,098	-	-	-	(251,098)	-
Balance at 31 December 2008	122,457,800	21,111,106	8,687,143	4,099,816	(6,224,941)	35,526,516	185,657,440
Balance at 1 January 2007-restated	110,000,000	20,444,587	8,687,143	4,805,422	(928,550)	42,273,645	185,282,247
Shares issued on acquisition of Al Amin Bank	12,457,800	-	-	-	-	(12,457,800)	-
Directors' remuneration paid	-	-	-	-	-	(144,000)	(144,000)
Net movement in cumulative change in fair value of available for sale investments	-	-	-	414,158	-	-	414,158
Foreign currency translation reserve	-	-	-	-	(564,414)	-	(564,414)
Net income for the year	-	-	-	-	-	4,154,211	4,154,211
Transfer to statutory reserve	-	415,421	-	-	-	(415,421)	-
Balance at 31 December 2007	122,457,800	20,860,008	8,687,143	5,219,580	(1,492,964)	33,410,635	189,142,202