

**AL SALAM BANK – Sudan**

(Public Company)

**UNAUDITED**

**FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED**

**31 MARCH 2012**

**Review report and interim Financial Statements  
for the period ended 31 March 2012**

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## **REVIEW REPORT TO THE SHAREHOLDERS OF ALSALAM BANK (Public Company).**

### **Introduction**

We have reviewed the accompanying condensed Statement of Financial Position of ALSALAM BANK (the Bank), for the three months ended on 31<sup>th</sup> of March 2012, and the related condensed statements of income, cash flows and changes in equity for the quarter then ended.

### **Management responsibilities**

The Bank's management is responsible for the preparation and presentation of these condensed financial statements in accordance with the financial accounting standards issued by The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the International Accounting Standard No.34 which addresses the interim financial reporting in accordance with the Shariah requirements. Our responsibility is to issue a report on these condensed financial statements based on our review.

### **Scope of review**

We conducted our review in accordance with the International Standard on Review Engagements 2410. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the condensed financial statements are free to material misstatement. A review is limited primarily to enquiries of bank personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

### **Opinion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed financial statements are not presented fairly, in all material respects, in accordance with the Accounting Standards issues by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the International Accounting Standard No.34.



**Mubarak El-Awad Mohamed – FCCA, FCMA**  
**Partner**  
**Khartoum**  
**22 April 2012**

**AL SALAM BANK**

**CONDENSED STATEMENTS OF FINANCIAL POSITION**

AS AT MARCH 31, 2012

	Notes	March 2012 SDG Unaudited	December 2011 SDG Audited
<b>Assets</b>			
Cash and cash equivalents		189,084,023	218,864,582
Cash reserve with central bank		48,209,374	40,311,392
Sales receivables (net)		301,926,118	279,898,990
Investments in securities and shares held for trading	3	21,872,248	19,510,499
Investments in securities and shares held to maturity	4	175,684,000	131,114,000
Mudaraba financing	5	523,565,978	483,944,702
Musharaka financing	6	32,570,227	28,656,262
Investments in shares available for sale	7	14,980,214	14,980,214
Investments in real estate		162,821,266	162,780,490
Other Assets		30,266,981	22,416,397
Fixed assets		35,190,408	33,605,916
<b>Total assets</b>		<b>1,536,170,837</b>	<b>1,436,083,444</b>
<b>Liabilities, unrestricted investment accounts holders and owners' equity</b>			
<b>Liabilities</b>			
Current accounts		380,114,099	309,467,140
Other liabilities		51,535,434	64,347,462
Provisions		11,891,162	13,838,764
<b>Total liabilities</b>		<b>443,540,695</b>	<b>387,653,366</b>
<b>Equity of unrestricted investment account holders</b>		<b>707,420,969</b>	<b>671,154,163</b>
<b>Owners' equity</b>			
Paid up capital		277,758,000	277,758,000
Reserves		58,940,969	58,147,260
Retained earnings		48,510,204	41,370,655
<b>Total owners' equity</b>		<b>385,209,173</b>	<b>377,275,915</b>
<b>Total liabilities, unrestricted investment accounts and owners' equity</b>		<b>1,536,170,837</b>	<b>1,436,083,444</b>
<b>Contra Accounts</b>	11	<b>881,093,445</b>	<b>878,909,513</b>

Hussein Mohammed AL Meeza  
Vice Chairman

Osman Mokhtar  
General Manager

The attached notes 1 to 11 form an integral part of these condensed financial statements.

**AL SALAM BANK****CONDENSED INCOME STATEMENT**

FOR THE THREE MONTHS ENDED MARCH 31, 2012

	<b>March 2012</b>	March 2011
	<i>SDG</i>	<i>SDG</i>
	<b>Unaudited</b>	Unaudited
<b>Income</b>		
Deferred sales	<b>6,595,250</b>	7,997,783
Income from investments	<b>13,894,050</b>	3,978,279
Unrealized re-measurement (losses) / gains on investments	<b>2,323,608</b>	(1,159,015)
<b>Total income from finance and investments</b>	<b>22,812,908</b>	10,817,047
Less: Return on unrestricted investment accounts	<b>(4,063,102)</b>	(4,583,511)
Bank's share in income from investments (as Mudarib and as fund owner)	<b>18,749,806</b>	6,233,536
Income from banking services	<b>1,120,071</b>	3,469,630
Gain/ loss on sale of foreign currency	<b>178,788</b>	1,078,249
Other income	<b>546,779</b>	669,211
<b>Total Bank's revenue</b>	<b>20,595,444</b>	11,450,626
<b>Expenses</b>		
Staff cost	<b>(4,361,419)</b>	(4,938,254)
Operation expenses	<b>(7,150,538)</b>	(4,850,226)
Central Bank of Sudan penalties	<b>(5,200)</b>	(1,000)
<b>Total expenses</b>	<b>(11,517,157)</b>	(9,789,480)
<b>Net operation profits</b>	<b>9,078,287</b>	1,661,146
<b>Gain / (losses) from revaluation of foreign currencies</b>	<b>20,575</b>	23,825,268
<b>Net income before provision for zakah and tax</b>	<b>9,098,862</b>	25,486,414
Zakah provision for the period	<b>(1,166,030)</b>	(1,401,187)
Business Profit Tax provision for the period	<b>-</b>	-
<b>Net income for the period</b>	<b>7,932,832</b>	24,085,227
<b>Basic earning per share - SDG</b>	<b>0.072</b>	0.219

**AL SALAM BANK****CONDENSED STATEMENT OF CASH FLOWS**

FOR THE THREE MONTHS ENDED MARCH 31, 2012

	<i>March 2012</i>	March 2011
	<i>SDG</i>	<i>SDG</i>
	Unaudited	Unaudited
<b>Cash follows from operating activities</b>		
Net income for the period	<u>7,932,832</u>	<u>24,085,227</u>
Adjustments for:		
Depreciation of fixed assets	970,744	1,015,964
Provisions	<u>(1,947,602)</u>	<u>(4,190,491)</u>
	<u>6,955,974</u>	<u>20,910,700</u>
<b>Changes in operating assets, liabilities and unrestricted investment accounts:</b>		
Cash reserve with Central Bank of Sudan	(7,897,982)	1,937,819
Sales receivables (net)	(22,027,128)	(15,064,775)
Investments	(90,507,766)	(4,753,268)
Other assets	(7,850,584)	(5,217,357)
Current accounts	70,646,959	(46,500,855)
Equity of unrestricted investment accounts	36,266,806	24,642,935
Other liabilities	(12,812,028)	33,543,662
Paid dividends	-	(29,098,300)
<b>Cash (used in) operations</b>	<u>(34,181,723)</u>	<u>(40,510,139)</u>
<b>Net cash (used in) operating activities</b>	<u>(27,225,749)</u>	<u>(19,599,439)</u>
<b>Cash follows from investing activities</b>		
Purchases of fixed assets	(2,555,236)	(116,808)
Investments in affiliates	-	(1,460,558)
<b>Net cash (used in) investing activities</b>	<u>(2,555,236)</u>	<u>(1,577,366)</u>
<b>Cash follows from financing activities</b>		
Reserves	426	6,634,785
<b>Net cash from financing activities</b>	<u>426</u>	<u>6,634,785</u>
<b>Decrease in cash and cash equivalents for the period</b>	<u>(29,780,559)</u>	<u>(14,542,020)</u>
Cash and cash equivalents at the beginning of the period	218,864,582	152,876,430
<b>Cash and cash equivalents at the end of the period</b>	<u>189,084,023</u>	<u>138,334,410</u>

**AL SALAM BANK****CONDENSED STATEMENT OF CHANGES IN OWNERS' EQUITY**

FOR THE THREE MONTHS ENDED MARCH 31, 2012

	<b>Paid up capital</b>	<b>Retained earnings</b>	<b>Statutory reserve</b>	<b>Property revaluation reserve</b>	<b>Investment revaluation reserve</b>	<b>Total</b>
	<i>SDG</i>	<i>SDG</i>	<i>SDG</i>	<i>SDG</i>	<i>SDG</i>	<i>SDG</i>
Balance as at January 1, 2012	277,758,000	41,370,655	20,921,654	28,103,280	9,122,326	377,275,915
Net income for the period	-	7,932,832	-			7,932,832
Reserves	-	(793,283)	793,283		426	426
<b>Balance as at March 31, 2012</b>	<b><u>277,758,000</u></b>	<b><u>48,510,204</u></b>	<b><u>21,714,937</u></b>	<b><u>28,103,280</u></b>	<b><u>9,122,752</u></b>	<b><u>385,209,173</u></b>
Balance as at January 1, 2011	277,758,000	38,964,681	16,965,233	19,396,271	12,039,056	365,123,241
Dividends paid	-	(29,098,300)	-	-	-	(29,098,300)
Net income for the period		24,085,227				24,085,227
Reserves	-	(2,408,523)	2,408,523	-	6,634,785	6,634,785
<b>Balance as at March 31, 2011</b>	<b><u>277,758,000</u></b>	<b><u>31,543,086</u></b>	<b><u>19,373,756</u></b>	<b><u>19,396,271</u></b>	<b><u>18,673,841</u></b>	<b><u>366,744,953</u></b>

## AL SALAM BANK

### NOTES TO CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2012

#### 1) Incorporation and activities

Al Salam Bank (the Bank) was established as a public company with a limited liability in Khartoum on December 28, 2004 under companies law 1925 with registration certificate No. 23335. The Bank is providing commercial banking services according to Islamic rules and principles.

The Bank started its commercial operations on May 2005, Providing its services from the head office, which is located at Aljamhoria street and Alhuria street junction and Alsalam Rotana branch which is placed in Alsalam Rotana Hotel (Africa street).

#### 2) Basis of preparation

##### a) Accounting Standards

The interim condensed financial statements have been prepared in accordance with the Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and the international Accounting Standard no ( 34 ) and the requirements of the the Central Bank of Sudan and the banks' Shari'a Supervisory Board (SSB).

##### b) Accounting Policies

The interim condensed financial statements should be read with financial statements as at December 31,2011 and its attached notes. The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and also the results for the period ended 31 March 2011 are not indicative of the results that may be expected for the year ended 31 December 2011.

##### c) Functional and Presentation currency

The functional currency of these condensed financial statements is Sudanese Geneih (SDG).

	<b>March 2012</b> <i>SDG</i>	December 2011 <i>SDG</i>
	Unaudited	Audited
<b>3) Investments in securities and shares held for trading</b>		
<b>Quoted Investments</b>		
Sudatel shares	2,375,992	2,658,144
AL Salam Bank – Bahrain shares	9,914,977	9,439,919
King Abdalla City shares	5,263,879	3,132,751
	<u>17,554,848</u>	<u>15,230,814</u>
<b>Unquoted Investments</b>		
Investment funds - outside Sudan	1,267,786	1,230,071
Aman –Dubai shares	3,049,614	3,049,614
	<u>4,317,400</u>	<u>4,279,685</u>
	<u>21,872,248</u>	<u>19,510,499</u>



**AL SALAM BANK****NOTES TO CONDENSED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED MARCH 31, 2012

	<b>March 2012</b>	December 2011
	<b>SDG</b>	<b>SDG</b>
	Unaudited	Audited
<b>Investments in securities and shares held to maturity</b>		
Shahama securities	<b>143,684,000</b>	120,114,000
Ijara securities (shihab)	<b>2,000,000</b>	2,000,000
Government securities (sarh)	<b>30,000,000</b>	–
	<b>175,684,000</b>	122,114,000
<b>Mudaraba investment</b>		
Mudaraba with Local Banks	<b>45,890,906</b>	9,993,601
Mudaraba with Customers (net)	<b>115,630,020</b>	–
	<b>161,520,926</b>	9,993,601
	<b>March 2012</b>	December 2011
	Unaudited	Audited
	<b>SDG</b>	<b>SDG</b>
<b>Musharka financing</b>		
Net Musharaka	<b>32,570,227</b>	28,656,262
<b>Investments in shares available for sale</b>		
Al Salam Real Estate Company	<b>50,000</b>	50,000
<b>Investments in real estate</b>		
Local land	<b>162,821,266</b>	162,780,490
<b>Total</b>	<b>535,022,411</b>	326,252,497
<b>8/2 Investments in GCC countries</b>	<b>March 2012</b>	December 2011
	<b>SDG</b>	<b>SDG</b>
	Unaudited	Audited
<b>Investments in securities and shares held for trading purposes</b>		
AL Salam Bank – Bahrain shares	<b>9,914,977</b>	9,439,919
King Abdalla City shares	<b>5,263,879</b>	3,132,751
Investment funds - outside Sudan	<b>1,267,786</b>	1,230,071
Aman –Dubai shares	<b>3,049,614</b>	3,049,614
	<b>19,496,256</b>	16,852,355
<b>Investment with banks</b>		
Emirates Islamic Bank	<b>59,571,675</b>	59,571,675
Almashreq Dubai- Bader Ismalic Bank	<b>10,500,000</b>	–
Abu Dhabi Islamic Bank	<b>291,973,377</b>	291,973,377
	<b>362,045,052</b>	351,545,052
<b>Total</b>	<b>381,541,308</b>	368,397,407

**AL SALAM BANK****NOTES TO CONDENSED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED MARCH 31, 2012

**9) Segmental information**

The total finance for the three months period ending 31 March 2012 amounted to SDG 485,949,009 (December 2011: SDG 420,392,952) and it was distributed according to economic sector as follows:

	<b>March 2012</b>	December 2011
	<b>Unaudited</b>	Audited
Manufacturing	<b>42%</b>	43%
Transportation	<b>2%</b>	4%
Trading	<b>4%</b>	4%
Agriculture	<b>6%</b>	10%
Other sectors	<b>46%</b>	39%
Total	<b>100%</b>	<b>100%</b>

**10) Statutory reserve**

As required by the Central Bank of Sudan, 10 % of net profit attributable to the shareholders for the period has been transferred to a statutory reserve. The Bank may resolve to discontinue such periodical transfers when the reserve equals 100% of the paid up share capital. 10% from the profit of the period was transferred to the statutory reserve .

**11) Contra accounts**

The contra accounts which are not included in the statement of financial position.

	<b>March 2012</b>	December 2011
	<b>SDG</b>	SDG
	<b>Unaudited</b>	Audited
Letters of credit	<b>24,329,596</b>	19,197,336
Letters of guarantee	<b>856,763,849</b>	859,712,177
	<b>881,093,445</b>	878,909,513