AlSalam Bank -Sudan

(Public Company)

Unaudited

Financial Statements

For the Three Months Ended

31 March 2013

AUDITORS' REPORT

REVIEW REPORT TO THE SHAREHOLDERS OF
ALSALA BBANK - SUDAN (PUBLIC COMPANY)

INTRODUCTION

We have reviewed the accompanying condensed Statement of Financial Position of AlSalam Bank (the Bank) , as of 30 Ist March 2013 and the related condensed statements of income, cash flows and changes in equity for the three months then ended.

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 " Interim Financial Reporting" 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 standards 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 of material misstatement . A review is limited primarily to enquiries of bank personnel and analytical procedures applied to financial data and thus provides less assurance than an audit . We have not performed and 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 financial accounting standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the International Accounting Standard No 34.

Date: 9/5/2013

IZZELDIN ABD ALLA JUBAL
Partener
Hasibeen Group

Ph.: (83) 784639 - (83) 760319
Fax: (83) 777806 - (83) 776851-P.O.Box:3807-Khartoum-Sudan
E-mail: info@hasibeen.com/hasibeengroup@hotmail.com
Flat 2, 6 th Flour Almubarak Building - Hurria st. Khartoum
Web site: www.hasibeen.com

تلفونات :- ٨٣ ٧٨٤٦٣٩ - ٨٣ ٧٦٠٣١٩
فـــاكس : ٨٣ ٧٧٧٨٠٦ - ٨٣ ٧٧٦٨٥١
ص. ب : ٣٨٠٧ الخرطـــوم - السودان
المقر : شقة رقم (٢) الطابق السادس
عمارة المبارك شارع الحرية - الخرطوم

AlSalam Bank
Statement of Financial Position
As At 31 March 2013

	Note	3/2013 SDG Unaudited	2012 SDG Audited
Assets:-			
Cash & Cash equivalents		114.582.539	225.887.942
Cash reserve with Central bank of Sudan		96.806.400	109.273.384
Sales receivables (net)		542.211.130	539.106.287
Investments in securities and shares held for trading	(3)	41.808.332	35.964.813
Investments in securities and shares held to maturity	(4)	123.625.100	160.368.000
Mudaraba financing	(5)	323.858.348	347.546.013
Musharaka financing	(6)	57.283.808	49.455.475
Investments in shares available for sale	(7)	30.988.050	32.478.735
Investments in real estates		287.830.086	299.549.250
Other assets		36.049.356	13.626.890
Fixed assets (net book value)		38.700.386	34.639.582
Total Assets		**1.693.743.535**	**1.847.896.371**
Liabilities, Unrestricted investment accounts and Owners' Equity :-			
Liabilities :-			
Current Accounts		390.163.732	406.421.119
Other liabilities		207.612.718	271.044.026
Provisions		31.868.480	29.087.614
Total liabilities		629.644.930	706.552.759
Equity of Unrestricted investment accounts holders		405.975.072	473.520.294
Total liabilities & Unrestricted investment accounts		**1.035.620.002**	**1.180.073.053**
Owners' Equity :-			
Paid - up capital		277.758.000	277.758.000
Reserves		219.753.863	228.920.454
Retained earnings		160.611.670	161.144.864
Total owners' equity		658.123.533	667.823.318
Total liabilities, Unrestricted investment accounts and owners' equity		**1.693.743.535**	**1.847.896.371**
Contra accounts	(11)	**1.074.234.390**	**1.060.409.300**

The Attached Notes form an Integral Part of These Statements

Mohammed Omeir Bin Yossef
Chairman Member

Saud Mamoun Al Burair
Board Member

Osman Mokhtar Ahmed
General Manager

AlSalam Bank

Income Statement

for the year ended 31 March 2013

	Note	3/2013 SDG Unaudited	3/2012 SDG Unaudited
Income:-			
Income from Deferred sales		8.217.238	6.595.250
Income from Investments		11.494.819	13.894.050
unrealized re- measurement (Losses) gains on Investments		7.889.056	2.323.608
Total income from finance and Investments		27.601.113	22.812.908
Less			
Return on unrestricted investment accounts		(3.654.100)	(4.063.102)
Investments Risk Reseve		-	-
Bank's share in income from investment (as Mudarib and Fund owner)		23.947.013	18.749.806
Income from banking services		5.320.825	1.120.071
Gains on sales and purchase of foreign currency		105.454	178.788
Gains on foreign exchange valuation		1.033.222	546.778
Other Income		(15.714.736)	20.575
Total revenue		14.691.778	20.616.018
Expenses			
Staff cost		(5.464.822)	(4.361.419)
Operations expenses		(6.357.980)	(6.179.794)
Acomulated depreciation		(741.359)	(970.744)
Mudaraba investment & finance provisions		-	-
BOS Penalties		(4.000)	(5.200)
Total Expenses		(12.568.161)	(11.517.157)
Net Operating income (loss) before provision for zakah & tax		2.123.617	9.098.861
Business profit tax		(2.353.175)	(1.356.668)
Zakah provision for the period		(303.636)	(105.199)
Net income (loss) for the year		(533.194)	7.636.995
Earnings per share		(0.006)	(0.072)

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Mohammed Omeir Bin Yossef
Chairman Member

Saud Mamoun Al Burair
Board Member

Osman Mokhtar Ahmed
General Manager

AlSalam Bank

Statement of Cash Flows

For The Year Ended 31 March. 2013

	Note	3/2013 SDG Unaudited	3/2012 SDG Unaudited
Cash flows from Operating activities :-			
Net income for the period		(533.194)	24.085.227
Adjustments for :-			
Depreciation of fixed assets		741.359	1.015.964
Provisions		2.780.866	(4.190.491)
		2.989.031	20.910.700
Changes in operating assets, liabilities and Unrestricted Investment accounts			
Net cash flows provided by operations			
Central bank of Sudan - Statutory cash reserve		12.466.984	1.937.819
Cash flows from investing activities		(3.104.843)	(15.064.775)
Investments		58.477.877	(4.753.268)
Other assets		(22.422.466)	(5.217.357)
Current accounts		(16.257.387)	(46.500.855)
Equity of Unrestricted investment account holders		(67.545.222)	24.642.935
Dividends paid		-	(29.098.300)
Other liabilities		(63.431.308)	33.543.662
Prior year adjustments		-	-
Cash used in operations		(101.816.365)	(40.510.139)
Net cash flows from operating activities		(98.827.334)	(19.599.439)
Cash flows from Investing activities:-			
Purchases of fixed assets		(4.802.163)	(116.808)
Available for sale investments		1.490.685	(1.460.558)
Net cash flows from (used in) investing activities		(3.311.478)	(1.577.366)
Cash flows from Financing activities:-			
Reserves		(9.166.591)	6.634.785
Net cash flows from financing activities		(9.166.591)	6.634.785
Increase (decrease) in cash & cash equivalents		(111.305.403)	(14.542.020)
Cash and cash equivalents at beginning of the period		225.887.942	152.876.430
Cash and cash equivalent at end of the period		114.582.539	138.334.410

The Attached Notes form an Integral Part of These Statements

Mohammed Omeir Bin Yossef	Saud Mamoun Al Burair	Osman Mokhtar Ahmed
Chairman Member	Board Member	General Manager

Al Salam Bank
Statement of changes in Owners' Equity
Year ended 31/3/2013

Description	Paid up capital	Retained Earnings	Statutory Reserve	Real estate revaluation Reserve	Real estate revaluation Reserve	Foreign investment revaluation	Total
Balance as at 1/1/2013	277.758.000	38.391.035	153.954.430	36.574.985	-	161.144.864	667.823.318
Paid dividends	-	-	-	-	-	-	-
Net income for the year 2012	-	-	-	-	-	(533.194)	(533.194)
Reserves	-	-	455.231	(15.471.822)	5.850.000	-	(9.166.591)
Prior year adjustment	-	-				-	-
Balance as at 31/3/2013	277.758.000	38.391.035	154.409.661	21.103.163	5.850.000	160.611.670	658.123.533
Balance as at 1/1/2012	277.758.000	20.921.654	28.103.280	9.122.326	-	41.370.655	377.275.915
Net income for the period 2012	-	-	-	-	-	7.932.832	7.932.832
Reserves	-	793.283	-	426	-	(793.283)	426
Balance as at 31/3/2012	277.758.000	21.714.937	28.103.280	9.122.752	-	48.510.204	385.209.173

The Attached Notes form an Integral Part of These Statements

Mohammed Omeir Bin Yossef	Saud Mamoun Al Burair	Osman Mokhtar Ahmed
Chairman Member	Board Member	General Manager

1/Incorporation And Activities :-

Al Salam Bank (the bank) was established as a public company with a limited liability in Khartoum in December 28- 2004 under companies Act 1925 with registration certificate number 23335. The bank is providing commercial banking services according to islamic rules and principles.
The Bank started its commercial operations in May 2005, providing its services from its head office, which is located at Al Jamhoria Street and Al Huria Street junction and Al Salam Rotana branch which is at operating from Al Salam Rotana hotel (Africa Street) and Omdorman branch which is was located at, Almawrda street - Omdorman.

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 in Institutions (AAOIFI), and the international Accounting Standards no (34) and the requirements of 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 31/12/2012 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 2013 are not indicative of the results that May be expected for the year ended 31 December 2013.

AlSalam Bank
Notes to the financial statements
Period ended 31/3/2013

	3/2013 SDG Unaudited	2012 SDG Audited

3/ Investments in securities and shares held for trading :-

	3/2013 SDG Unaudited	2012 SDG Audited
Sudatel shares	2.749.021	3.073.344
Al Salam bank - Bahrain shares	23.645.407	16.996.877
King Abdalla city shares	6.695.816	6.540.746
	33.090.244	26.610.967
Unquated Investments		
Investment funds	6.226.862	6.623.824
Aman - Dubai shares	2.491.226	2.730.022
	8.718.088	9.353.846
	41.808.332	35.964.813

4/ Investments in securities and shares held

	3/2013 SDG Unaudited	2012 SDG Audited
Shahama securities	121.625.000	118.714.500
Ijara securities (shihab)	2.000.000	2.000.000
Government securities	100	30.000.000
Ijara securities (shama)	-	9.653.500
	123.625.100	160.368.000

5/ Mudaraba Investments and Agencies :-

	3/2013 SDG Unaudited	2012 SDG Audited
Mudaraba with corporate - customers	227.615.031	240.187.611
Mudaraba with financial institutions	128.034.367	141.156.752
Wakala with financial institutions	-	-
	355.649.398	381.344.363
Less : Provision for finance losses	(31.791.050)	(33.798.350)
	323.858.348	347.546.013

6/ Musharaka financing :-

	3/2013 SDG Unaudited	2012 SDG Audited
Musharaka	57.862.432	49.955.025
Less : Provision for finance losses	(578.624)	(499.550)
	57.283.808	49.455.475

7/ Investments in shares available for sale ownership percentage

	ownership percentage	3/2013 SDG Unaudited	2012 SDG Audited
AlSalam Bank - Algeria	[illegible]	30.938.050	32.428.735
AlSalam real estate Company	50%	50.000	50.000
		30.988.050	32.478.735

8/ Investments Analysis

	3/2013 SDG Unaudited	2012 SDG Audited
Local Investment (note 8/1)	685.009.463	776.517.682
Investments in GCC counties (note 8/2)	149.446.211	150.214.219
Foreign Investments (AlSalam Bank - Algeria)	30.938.050	32.428.735
	865.393.724	959.160.636

8-1/ Local investment :-

Investments in securities and shares held for trading purposes :-

Shahama securities (note 9/1)	-	-
Sudatel shares	2.749.021	3.073.344
	2.749.021	3.073.344

Investments in securities and shares held to maturity :-

Shahama securities	121.625.000	118.714.500
Ijara securities Shihab	2.000.000	2.000.000
Government securities	100	30.000.000
Ijara securities Shama	-	9.653.500
	123.625.100	160.368.000

Mudaraba Investments :-

Mudaraba with local bank	17.647.467	45.890.906
Mudaraba with customers (net)	195.823.981	218.130.707
	213.471.448	264.021.613

Musharka financing :-

Net Musharka	57.283.808	49.455.475

Investments in shares available for sale

AlSalam Real Estate Company	50.000	50.000

Investments in real estate

Local Land	287.830.086	299.549.250
	685.009.463	776.517.682

8-2/ Investments in GCC countries :

Investments in securities and shares held for trading purposes

	3/2013 SDG Unaudited	2012 SDG Audited
AlSalam Bank - Baharain shares	23.645.407	16.996.877
King Abdalla City shares	6.695.816	6.540.746
Investment funds	2.491.226	2.730.022
Aman- Dubai shares	6.226.862	6.623.824
	39.059.311	32.891.469

Investments with banks :

	3/2013 SDG Unaudited	2012 SDG Audited
Emirrates Islamic Bank	110.386.900	117.322.750
AlSalam Bank - Baharain shares	-	-
Abu Dhabi Islamic Bank	-	-
	110.386.900	117.322.750
Mudaraba with Customers (net)	-	-
Total	149.446.211	150.214.219

9/ Segmental Information :
The total finance for the period ending 31/3/2011 amounted to 455.170.446 (December 2010 SDG 421.142.112) and it was distributed according to the economic sector as follows :

Manufacturing	42%	48%
Transportation	2%	4%
Trading	4%	8%
Agriculture	6%	4%
Other sectors	46%	36%
	100%	100%

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 :

Letters of credit	459.731.038	404.935.908
Letters of guarantee	614.503.352	655.473.392
	1.074.234.390	1.060.409.300