AlSalam Bank -Sudan

(Public Company)

Unaudited
Financial Statements
For the Six Months ended
30 June 2013

Hasibeen Group
Chartered Certified Accountants
Management & Financial Consultants
Chartered Certified Accountants UK

مجموعة حاسبين
محاسبون ومراجعون قانونيون
مستشارون إداريون وماليون
زملاء الجمعية الملكية للمحاسبين القانونيين - المملكة المتحدة

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 30th June 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: 4/8/2013

IZZELDIN ABD ALLA JUBAL
Partener
Hasibeen Group

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ص . ب : ٣٨٠٧ الخرطوم - السودان
المقر : شقة رقم (٢) الطابق السادس
عمارة المبارك شارع الحرية الخرطوم

AlSalam Bank
Statement of Financial Position
As At 30 June 2013

	Note	30/6/2013 SDG Unaudited	31/12/2012 SDG Audited
Assets:-			
Cash & Cash equivalents		258.441.531	225.887.942
Cash reserve with Central bank of Sudan		97.232.136	109.273.384
Sales receivables (net)		548.667.105	539.106.287
Investments in securities and shares held for trading	(3)	45.723.155	35.964.813
Investments in securities and shares held to maturity	(4)	142.621.000	160.368.000
Mudaraba financing	(5)	316.674.578	347.546.013
Musharaka financing	(6)	42.944.636	49.455.475
Investments in shares available for sale	(7)	30.655.300	32.478.735
Investments in real estates		285.852.927	299.549.250
Other assets		30.454.810	13.626.890
Fixed assets (net book value)		38.834.201	34.639.582
Total Assets		**1.838.101.379**	**1.847.896.371**
Liabilities, Unrestricted investment accounts holders and Owners' Equity :-			
Liabilities :-			
Current Accounts		440.150.768	406.421.119
Other liabilities		228.293.967	271.044.026
Provisions		20.866.373	29.087.614
Total liabilities		689.311.108	706.552.759
Equity of Unrestricted investment accounts holders		486.953.993	473.520.294
Total liabilities & Unrestricted investment accounts holders		**1.176.265.101**	**1.180.073.053**
Owners' Equity :-			
Paid - up capital		310.668.350	277.758.000
Reserves		218.033.672	228.920.454
Retained earnings		133.134.256	161.144.864
Total owners' equity		661.836.278	667.823.318
Total liabilities, Unrestricted investment accounts and owners' equity		**1.838.101.379**	**1.847.896.371**
Contra accounts	(11)	**1.086.814.960**	**1.060.409.300**

The Attached Notes form an Integral Part of These Statements

Abdelbasit Hamza Al Hassan
Board Member

Osman Mokhtar Ahmed
General Manager

AlSalam Bank

Income Statement

for the Six Months ended 30 June 2013

	For Three Months ended 30 June		For Six Months ended 30 June	
	2013 SDG Unaudited	2012 SDG Unaudited	2013 SDG Unaudited	2012 SDG Unaudited
Income:-				
Income from Deferred sales	12.298.601	11.924.697	20.515.839	18.519.947
Income from Investments	16.080.477	27.676.064	27.575.296	41.570.114
Unrealized re- measurement (Losses) gains on Investments	4.210.504	5.816.115	12.099.560	8.139.723
Total income from finance and Investments	32.589.582	45.416.876	60.190.695	68.229.784
Less				
Return on unrestricted investment accounts	(9.677.716)	(4.063.103)	(13.331.816)	(8.126.205)
Bank's share in income from investment (as Mudarib and Fund owner)	22.911.866	41.353.773	46.858.879	60.103.579
Income from banking services	1.159.642	4.118.951	6.480.467	5.239.022
Gains on sales and purchase of foreign currency	336.364	179.159	441.818	357.947
Gains on foreign exchange valuation	(1.214.276)	95.808.019	(16.929.012)	95.828.594
Other Income	847.594	7.873.437	1.880.816	8.420.216
Total revenue	24.041.190	149.333.339	38.732.968	169.949.358
Expenses				
Staff cost	(5.922.377)	(4.698.527)	(11.387.199)	(9.059.039)
Operations expenses	(5.228.162)	(3.537.245)	(11.586.142)	(9.717.585)
Acomulated Depreciation	(865.307)	(519.602)	(1.606.666)	(1.490.346)
Mudaraba investment & finance provisions	-	(23.521.639)	-	(23.521.639)
BOS Penalties	(2.500)	-	(6.500)	(5.200)
Total Expenses	(12.018.346)	(32.277.013)	(24.586.507)	(43.794.170)
Net Operating profit	12.022.844	117.056.326	14.146.461	126.155.188
Net Operating income (loss) before provision for zakah & tax	12.022.844	117.056.326	14.146.461	126.155.188
Zakah provision for the period	(2.102.866)	(737.879)	(4.456.041)	(1.903.909)
Business profit tax	(437.112)	(1.102.493)	(740.748)	(1.102.493)
Net income (loss) for the year	9.482.866	115.215.954	8.949.672	123.148.786
Earnings per share	0.086	1.047	0.081	1.120

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Abdelbasit Hamza Al Hassan
Board Member

Osman Mokhtar Ahmed
General Manager

AlSalam Bank

Statement of Cash Flows

For The Year Ended 30 June, 2013

	Note	30/6/2013 SDG Unaudited	30/6/2012 SDG Unaudited
Cash flows from Operating activities :-			
Net income for the period		8.949.672	123.148.786
Adjustments for :-			
Depreciation of fixed assets		1.605.117	1.467.150
Provisions		(8.221.241)	(8.371.067)
		2.333.548	116.244.869
Changes in operating assets, liabilities and Unrestricted Investment accounts			
Net cash flows provided by operations			
Central bank of Sudan - Statutory cash reserve		12.041.248	(33.938.388)
Cash flows from investing activities		(9.801.918)	(100.612.838)
Investments		59.308.355	(614.214.820)
Other assets		(16.827.920)	(19.929.525)
Current accounts		33.729.649	96.488.540
Equity of Unrestricted investment account holders		13.433.699	444.331.317
Dividends paid		-	(30.303.900)
Other liabilities		(42.750.059)	107.455.611
Prior year adjustments		(3.154.963)	-
Cash used in operations		45.978.091	(150.724.003)
Net cash flows from operating activities		48.311.639	(34.479.134)
Cash flows from Investing activities:-			
Purchases of fixed assets		(5.799.739)	(2.787.760)
Available for sale investments		1.823.435	(13.790.491)
Net cash flows from (used in) investing activities		(3.976.301)	(16.578.251)
Cash flows from Financing activities:-			
Reserves		(11.781.749)	117.613.529
Net cash flows from financing activities		(11.781.749)	117.613.529
Increase (decrease) in cash & cash equivalents		32.553.589	66.556.144
Cash and cash equivalents at beginning of the period		225.887.942	218.864.582
Cash and cash equivalent at end of the period		258.441.531	285.420.726

The Attached Notes form an Integral Part of These Statements

Abdelbasit Hamza Al Hassan
Board Member

Osman Mokhtar Ahmed
General Manager

Al Salam Bank
Statement of changes in Owners' Equity
Year ended 30/6/2013

Description	Paid up capital	Statutory Reserve	Real estate revaluation Reserve	Real estate revaluation Reserve	Foreign invest-ment revaluation	Retained Earnings	Total
Balance as at 1/1/2012	277.758.000	20.921.654	28.103.280	9.122.326	-	41.370.655	377.275.915
Distributed profits	-	-	-	-	-	(30.303.900)	(30.303.900)
Net income for the period	-	-	-	-	-	123.148.786	123.148.786
Reserves	-	12.314.879	-	117.613.528	-	(12.314.879)	117.613.528
Prior year adjustment	-						
Balance as at 30/6/2012	277.758.000	33.236.533	28.103.280	126.735.854	-	121.900.662	587.734.329
Balance as at 1/1/2013	277.758.000	38.391.039	153.954.430	36.574.985	-	161.144.864	667.823.318
Distributed profits	32.910.350	-	-	-	-	(32.910.350)	-
Net income for the period	-	-	-	-	-	8.949.672	8.949.672
Reserves	-	894.967	-	(17.631.749)	5.850.000	(894.967)	(11.781.749)
Prior year adjustment	-	-	-	-	-	(3.154.963)	(3.154.963)
Balance as at 30/6/2013	310.668.350	39.286.006	153.954.430	18.943.236	5.850.000	133.134.256	661.836.278

The Attached Notes form an Integral Part of These Statements

Abdelbasit Hamza Al Hassan
Board Member

Osman Mokhtar Ahmed
General Manager

AlSalam Bank
Notes to the financial statements

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 June 2013 are not indicative of the results that May be expected for the year ended 31 December 2013.

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

	30/6/2013 SDG Unaudited	31/12/2012 SDG Audited
Sudatel shares	2.888.017	3.073.344
Al Salam bank - Bahrain shares	27.324.888	16.996.877
King Abdalla city shares	6.849.567	6.540.746
	37.062.472	26.610.967
Unquated Investments		
Investment funds	6.159.890	6.623.824
Aman - Dubai shares	2.500.793	2.730.022
	8.660.683	9.353.846
	45.723.155	35.964.813

4/ Investments in securities and shares held

Shahama securities	140.621.000	118.714.500
Ijara securities (shihab)	2.000.000	2.000.000
Government securities	-	30.000.000
Ijara securities (shama)	-	9.653.500
	142.621.000	160.368.000

5/ Mudaraba Investments and Agencies :-

Mudaraba with corporate - customers	203.184.380	240.187.611
Mudaraba with financial institutions	144.719.498	141.156.752
	347.903.878	381.344.363
Less : Provision for finance losses	(31.229.300)	(33.798.350)
	316.674.578	347.546.013

6/ Musharaka financing :-

Musharaka	43.381.680	49.955.025
Less : Provision for finance losses	(437.044)	(499.550)
	42.944.636	49.455.475

7/ Investments in shares available for sale ownership

	percentage		
AlSalam Bank - Algeria	5%	30.605.300	32.428.735
AlSalam real estate Company	50%	50.000	50.000
		30.655.300	32.478.735

8/ Investments Analysis

	30/6/2013 SDG Unaudited	31/12/2012 SDG Audited
Local Investment (note 8/1)	681.829.262	776.517.682
Investments in GCC counties (note 8/2)	152.037.034	150.214.219
Foreign Investments (AlSalam Bank - Algeria)	30.605.300	32.428.735
	864.471.596	959.160.636

8-1/ Local investment :-

Investments in securities and shares held for trading purposes :-

Sudatel shares	2.888.017	3.073.344
	2.888.017	3.073.344

Investments in securities and shares held to maturity :-

Shahama securities	140.621.000	118.714.500
Ijara securities Shihab	2.000.000	2.000.000
Government securities	-	30.000.000
Ijara securities Shama	-	9.653.500
	142.621.000	160.368.000

Mudaraba Investments :-

Mudaraba with local bank	35.517.602	45.890.906
Mudaraba with customers (net)	171.955.080	218.130.707
	207.472.682	264.021.613

Musharka financing :-

Net Musharka	42.944.636	49.455.475

Investments in shares available for sale

AlSalam Real Estate Company	50.000	50.000

Investments in real estate

Local Land	285.852.927	299.549.250
	681.829.262	776.517.682

8-2/ Investments in GCC countries :

Investments in securities and shares held for trading purposes

	30/6/2013 SDG Unaudited	31/12/2012 SDG Audited
AlSalam Bank - Baharain shares	27.324.888	16.996.877
King Abdalla City shares	6.849.567	6.540.746
Investment funds	2.500.793	2.730.022
Aman- Dubai shares	6.159.890	6.623.824
	42.835.138	32.891.469

Investments with banks :

	30/6/2013 SDG Unaudited	31/12/2012 SDG Audited
Emirrates Islamic Bank	109.201.896	117.322.750
	109.201.896	117.322.750
Total	152.037.034	150.214.219

9/ Segmental Information :

The total finance for the period ending 30/6/2013 amounted to S D G 795.084.425 (December 2012 SDG806.457.982) and it was distributed according to economic sector as follows :

Manufacturing	%46	42%
Transportation	%6	2%
Trading	%7	4%
Agriculture	%7	6%
Other sectors	%34	46%
	%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	476.788.311	404.935.908
Letters of guarantee	610.026.649	655.473.392
	1.086.814.960	1.060.409.300