AlSalam Bank
Statement of Financial Position
As At 31 Dec 2012

	Note	2012 SDG	2011 SDG
Assets:-			
Cash & Cash equivalents	(5)	225.887.942	218.864.582
Statutory cash reserve - Central bank of Sudan	(6)	109.273.384	40.311.392
Sales receivables (net)	(7)	539.106.287	279.898.990
Investments in securities and shares held for trading	(8)	35.964.813	19.510.499
Investments in securities and shares held to maturity	(9)	160.368.000	131.114.000
Investments in Mudaraba and Wakala financing	(10)	347.546.013	483.944.702
Musharaka financing	(11)	49.455.475	28.656.262
Investments in shares available for sale	(12)	32.478.735	14.980.214
Investments in real estates	(13)	299.549.250	162.780.490
Other assets	(14)	30.500.499	22.416.397
Fixed assets (net book value)	(15)	34.639.582	33.605.916
Total Assets		**1.864.769.980**	**1.436.083.444**
Lliabilities, Unrestricted investment accounts and Owners' Equity:-			
Liabilities :-			
Current Accounts	(16)	406.421.119	309.467.140
Other liabilities	(17)	271.044.026	64.347.462
Provisions	(18)	29.092,669	13.838.764
Total liabilities		706.557.814	387.653.366
Equity of Unrestricted investment accounts holders	(19)	473.503.444	671.154.163
Total liabilities & Unrestricted investment accounts		**1.180.061.258**	**1.058.807.529**
Owners' Equity :-			
Paid - up capital	(20)	277.758.000	277.758.000
Reserves	(21)	230.608.995	58.147.260
Retained earnings		176.341.727	41.370.655
Total owners' equity		684.708.722	377.275.915
Total liabilities, Unrestricted investment accounts and owners' equity		**1.864.769.980**	**1.436.083.444**
Contra accounts	(31)	**1.060.409.300**	**878.909.513**

The Attached Notes form an Integral Part of These Statements

Saud Mamoun Al Burair
Board Member

Osman Mokhtar Ahmed
General Manager

AlSalam Bank

Income Statement

for the year ended 31 Dec 2012

	Note	2012 SDG	2011 SDG
Income:-			
Income from Deferred sales	(22)	68.093.120	36.960.872
Income from Investments	(23)	53.463.241	36.110.983
Losses from Investments revaluation	(24)	14.278.394	(4.125.200)
Total income from finance and Investments		135.834.755	68.946.655
Less			
Return on unrestricted investment accounts	(19-25)	(21.816.410)	(16.252.411)
Investments Risk Reseve	(19)	(5,850,000)	-
Bank's share in income from investment (as Mudarib and Fund owner)		108.168.345	52.694.244
Income from banking services	(26)	18.060.020	10.406.227
Gains on sales and purchase of foreign currency		9.003.777	2.220.065
Gains on foreign exchange valuation	(27)	2.725.109	2.562.640
Other Income		124.984.731	17.879.611
Total revenue		262.941.982	85.762.787
Expenses			
Staff cost	(28)	(27.550.432)	(21.925.526)
Operations expenses	(29)	(19.308.336)	(12.742.203)
Acomulated depreciation		(2.919.025)	(3.500.331)
Mudaraba investment & finance provisions	(15)	(3.307.992)	(949.954)
BOS Penalty		(20.200)	(16.900)
Total Expenses		(53.105.985)	(39.134.914)
Net Operating income (loss) before provision for zakah & tax		209.835.997	46.627.873
Business profit tax	(42)	(7.809.757)	(4.769.368)
	(43)	(10.446.984)	(2.294.296)
Net income (loss) for the year		**191.579.256**	**39.564.209**
Earnings per share	(30)	1.742	0.360

The Attached Notes form an Integral Part of These Statements

Saud Mamoun Al Burair
Board Member

Osman Mokhtar Ahmed
General Manager

AlSalam Bank

Statement of Cash Flows

For The Year Ended 31 Dec. 2012

	Note	2012 SDG	2011 SDG
Operating activities :-			
Net income for the year		191.579.256	39.564.209
Adjusted by :-			
Depreciation of fixed assets	(15)	2.803.039	3.500.331
Provisions	(17)	15.253.905	2.172.745
Changes in operating assets, liabilities and Unrestricted investment accounts		209,636.200	45.237.285
Net cash flows provided by operations			
Central bank of Sudan - Statutory cash reserve	(6)	(68.961.992)	(13.171.834)
Sales receivables (net)	(7)	(259.207.297)	23.909.001
Investments		(66.877.598)	(63.947.671)
Other assets	(14)	(8.084.102)	18.834.438
Current accounts	(16)	96.953.979	27.700.692
Equity of Unrestricted investment account holders	(19)	(197.650.719)	28.710.835
Dividends paid		(30.303.900)	(29.098.296)
Other liabilities	(17)	206.696.564	27.901.462
Prior year adjustments		(7.146.358)	(4.103.517)
Cash used in operations		(334.581.423	16.735.110
Net cash flows from operating activities		(124,945,223)	61.972.395
Investing activities:-			
Purchases of fixed assets	(15)	(3,836,705)	(1.180.542)
Available for sale investments	(12)	(17,498,521)	(593.979)
Net cash flows from (used in) investing activities		(21,335,226)	(1.774.521)
Financing activities:-			
Reserves	(21)	153,303,809	5.790.278
Net cash flows from financing activities		153,303,809	5.790.278
Increase (decrease) in cash & cash equivalents	(5)	7,023,360	65.988.152
Cash and cash equivalents at beginning of the year		218,864,582	152.876.430
Cash and cash equivalent at end of the year	(5)	225,887,942	218.864.582

The Attached Notes form an Integral Part of These Statements

Saud Mamoun Al Burair
Board Member

Osman Mokhtar Ahmed
General Manager

Al Salam Bank
Statement of changes in Owners' Equity
year ended 31/12/2012

Description	Paid up capital	Retained Earnings	Statutory Reserve	Real estate revaluation Reserve	Foreign investment revaluation	Total
Balance as at 1/1/2012	277.758.000	41.370.655	20.921.654	28.103.280	9.122.326	377.275.915
Paid dividends	-	(30.303.900)	-	-	-	(30.303.900)
Net income for the year 2012	-	191.579.256	-	-	-	191.579.256
Reserves	-	(19.157.926)	19.157.926	125.851.150	27.452.659	153.303.809
Prior year adjustment	-	(7.146.358)		-	-	(7.146.358)
Balance as at 31/12/2012	277.758.000	176.341.727	40.079.580	153.954.430	36.574.985	684.708.722
Balance as at 1/1/2011	277.758.000	38.964.681	16.965.233	19.396.271	12.039.056	365.123.241
Paid dividends	-	(29.098.297)	-	-	-	(29.098.297)
Net income for the year 2011	-	39.564.209	-	-	-	39.564.209
Reserves	-	(3.956.421)	3.956.421	8.707.009	(2.916.730)	5.790.279
Prior year adjustment	-	(4.103.517)	-	-	-	(4.103.517)
Balance as at 31/12/2011	277.758.000	41.370.655	20.921.654	28.103.280	9.122.326	377.275.915

The Attached Notes form an Integral Part of These Statements

Saud Mamoun Al Burair
Board Member

Osman Mokhtar Ahmed
General Manager

AlSalam Bank

Notes to the financial statements

Year ended 31/12/2012

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 accounting 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/Significant Accounting Polices:-

i/ Basis of preparation :-

1- The Financial Statements are prepared in accordance with the Standards issued by the Accounting and Auditing Organization for Islamic Financial in Institutions (AAOIFI) as required by the central bank of Sudan shari'a Supervisory Board (SSB) requirement.

2- The Financial Currency is Sudanese Geneih, financial statements have been presented in Sudanese Geneih (SDG),

3- The Financial Statements were prepared in compliance with the historical post concept as amended, except for the revaluation of securities classified as held for trading, available for sale and real state which are valued at fair value at the end of the year.

4- The Bank uses the accrual basis in recording its assets, liabilities revenues and expenses.

5- Accounting policies used this year consistent with those used last year.

ii/ Fixed assets :

Fixed assets are stated at cost less accumulated depreciation and any permanent impaiairment in value. Depreciation of Fixed assets is calculated on straight line bases over there estimated useful lives based on chamber of taxation notes as follows :-

Motor vehicles	*15%*
Office equipment	*10%*
Furniture and fixtures	*10%*
Building	*2.5%*
IT equipment	*30%.*

iii/ Impairment of financial assets :-

The carrying values of fixed assets are reviewed for impairment when events or changes circumstances indicate that the carring value may not recoverable. If any such indication exists and were the carring values exceed the estimated recoverable amount, the assets are written dawn to there recoverable amount.

iii/ Foreign Currency :-

All transactions in Foreign Currencies are recorded using the exchanges rate at the date in which they were incurred. Assets and liabilities which were recorded in Foreign Currency are translated to Sudanese Geneih at the rate of exchange at the financial statements date.

Exchange differences resulting from the bank investment balances and transaction in Foreign Currency have been recognised in the foreign exchange investment reserve. Transfers differences resulted from bank transaction and other operation are treated in the income statement.

iv/ Revenue recognition :

a/ Murabhaa and Istisnaa : -

The profits from Murabhaa and istisnaa transaction are recognized on proportionate basis over the period of the credit.

*b/**Mudaraba Financing : -***
Mudaraba Financing is recognized in the income statements at the time of liquidation or the extent of profit being distributed or at declaration date or when such profits can reasonably be estimated.

*c/**Musharak a and Salam Financing : -***
The profit from Musharaka and Salam transactions are recognized at the time of the liquidation.

d/ Income from banking services :-
Income from banking services is recognized at the time the related services are provided and amount of revenue can be measured reliably.

h/ Dividends income profit bonds :-
Dividend income profit bones is recognized when declared or when such profits can reasonably be estimated.

V/ Provisions for doubtful debts :-
Provision for doubtful debt is based on the assessment of collectability of each debt and in accordance with the directives of the Central Bank of Sudan.

vi/ Cash and Cash equivalents :-
For the purpose of preparation of the statement of cash flows, Cash and Cash equivalents consist of each with banks (Current Accounts) and balances with Central Bank of Sudan and cash in hand.

vii/ Provisions :-
Provisions are recognized when the bank has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

viit/ Employees end of service benefits :-
End of service benefits payable to employees at the their is provided for in accordance with Sudanese labour low .

ix/ Measurement of investments & finance at the end of the period

a/ Sales receivable:
Sales receivable are initially recorded at cost , at the end of the financial period sales receivables are measured at their net realizable value .

b/ Mudaraba :-
Mudaraba is measured by the amount paid or the amount placed under the disposition of the mudarib less the portion of the Mudaraba capital recovered from the Mudarib (if any) .

b/ Musharka :-
Musharka is measured by the historical cost less provision for finance losses (if any)

d/ Available for sale investments
Available for sale investment are measured at fair value the difference (surplus or deficits) between the book value and fair value recognised at the revaluation reserve until its nil deficit will recognised at the income statement .

g /Investment in securities and shares held for trading purposes:-
Investment which are classified "for trading" are initially recognized at cost , including acquisition charges associated with the investments. At the period , held for trading securities and shares are re-measured at fair. value unless fair value con not be reliably determined in which case they are measured at cost less impairment . The gains or losses resulting from the re-measurement at fair value, are reported as "Re measurement gains or losses on investments" in the income statement.

h /Investment in securities held to maturity

Investment in securities held to maturity are initially recognized at cost , including acquisition charges associated with the investment . At the balance sheet date securities held to maturity are measured at cost less impairment in value if any .

x /Zakah and Tax treatment

The Bank is subject to the Zakah and Tax regulations prescribed by the Sudanese authorities .
The Bank is subject to business profit Tax after excluding the relieved profits from investment in shahamas bonds and sudatel shares.

xi /Return on unrestricted investment account holders

The Return on unrestricted investment account is calculated on a yearly basis . The Bank allows the investment account holders to withdraw funds from their investment accounts before the agreed period with a condition of loosing the right on profits , However at the mudaraba for fixed period the banks (as mudarib) have right to allow them to withdraw funds from their investment accounts until the end of agreed period .
Profits are allocated between the unrestricted investment account holders and the owners equity according to the contribution of each of the two parties .Those profit added to their accounts after the approval of shari a Supervisory Board and the regulators.

xii /Investment and uncollectability of financial assets

An assessment is made at each balance sheet date determine whether there is objective evidence that a financial asset or group of financial assets may be impaired. If such evidence exists , the estimated recoverable amount of that asset is determined and any impairment loss is recognised in the income statement .

xiii / Liabilities

Liabilities are recognised for amount to be paid in the future for materials and services received, whether billed by the supplier or not . These are carried at cost , which is the fair value of the consideration to be paid in the future for amounts payable .

3/ Supervisory

4/ Shari'a Supervisory Board (SSB)

The Bank's business activities are subject to the supervision of the Shari'a Supervisory Board , which has been appointed by the shareholders . The shari'a supervisory Board has the power to direct, review and supervise the activities of the Bank to ensure that they are in compliance with Shari'a rules and principles.
This including issuing an annual report to the shareholders .

5 - Cash and Cash equivalents

	2012 SDG	2011 SDG
Cash in hand & in ATM	19.753.614	7.163.647
Balances with Central Bank of Sudan	114.803.591	182.553.832
Cash with foreign correspondent banks	91.330.737	29.147.103
	225.887.942	218.864.582

6 - Central bank of Sudan - statutory cash reserve :-

Local currency	60.609.098	34.126.618
Foreign currency	48.664.286	6.184.774
	109.273.384	40.311.392

7- Sales receivables net:-

Murabaha	328.587.349	204.481.057
Istisnaa	289.163.255	130.370.549
Others	61.726.455	41.753.302
	679.477.059	376.604.908
Less : Deferred profits	(127.166.754)	(85.416.039)
	552.310.305	291.188.869
Less : Provision for doubtful debts (note 7/1/1)	(13.204.018)	(11.289.879)
Sales receivables (net)	539.106.287	279.898.990

7/1 / Provision for finance and investment doubtful debts :-

	2012 SDG	2011 SDG
General Provision :		
Balance at 1 / 1	4.206.297	4.261.032
Provision for the year	3.835.776	(54.735)
Balance at 31/12	8.042.073	4.206.297
Specific Provision :-		
Balance at 1 / 1	22.874.989	21.870.300
Provision for the year	16.584.856	1.004.689
Balance at 31/12	39.459.845	22.874.989
Total Provision (General+ Specific) note 7/1/1	47.501.918	27.081.286
Total Provision expensed (General+ Specific) for the year	3,307,992	949,954

7/1/1 / Total Provisions for finance and investment doubtful debts (General+ Specific) :-

Provision for doubtful debts (note 7)	13.204.018	11.289.879
Provision for finance losses (note 10)	33.798.350	15.501.950
Provision for finance losses (Musharaka note 11)	499.550	289.457
	47.501.918	27.081.286

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

	2012 SDG	2011 SDG
8/ Quoted Investments		
Sudatel shares	3.073.344	2.658.144
AlSalam bank - Bahrin	16.996.877	9.439.919
King Abdullah City shares	6.540.746	3.132.751
	26.610.967	15.230.814
Unquoted Investments		
Aman - Dubai shares	6.623.824	3.049.614
Foreign investment funds	2.730.022	1.230.071
	9.353.846	4.279.685
Total Investments in securities and shares held for trading	35.964.813	19.510.499

9/ Investments in securities held to maturity :-

Shahama securities (note 9/1)	118.714.500	119.114.000
Shihab securities (note 9/2)	2.000.000	2.000.000
Government Bonds (note 9/3)	30.000.000	-
Shama securities (note 9/4)	9.653.500	10.000.000
	160.368.000	131.114.000

9/1 / Shahama securities :-

This is government certificates issued from Ministry of Finance on behalf of Sudan government and marketed by Sudan Financial Services Company based on Musharaka contract , They are exchange at Khartoum Stock Market, the average annual return on this certificates is 18%.

9/2 / Shihab securities :-

These are sukuk issued by Sudan Financial Services Company to investors to invest in central bank building assets fund. The relation between the Sudan Financial Services Company and the investors is based agency agreement.

9/3/ Government Bonds :-

These bonds are issued by ministry of finance and are marketed by Sudan Financial Services Company , the average annual return on these bonds is 15%.

9/4/ Shama Securities :-

This is government certificates issued from Ministry of Finance on behalf of Sudan government and marketed by Sudan Financial Services Company based on Mush-araka contract , They are exchange at Khartoum Stock Market, the average annual return on this certificates is 15%.

10/ Investments in Mudaraba :-

	2012 SDG	2011 SDG
Mudaraba with customers - Individuals	240.187.611	104.698.970
Mudaraba with Banks	141.156.752	102.774.305
Wakala with Banks	-	291.973.377
	381.344.363	499.446.652
Less : Provision for finance and investment risk losses (note 7/1/1)	(33.798.350)	(15.501.950)
	347.546.013	483.944.702

11/ Musharaka financing :-

Musharaka with corporate & customers	49.955.025	28.945.719
Less : Provision for finance losses (note 7/1/1)	(499.550)	(289.457)
	49.455.475	28.656.262

12/ Investments in shares available for sale share:-

AlSalam Bank - Algeria	5%	32.428.735	14.930.214
AlSalam real estate Company	50%	50.000	50.000
		32.478.735	14.980.214

13/ Investments in real estate :-

Represent Investments in lands fully owned by the bank in Khartoum and Khartoum North cities the lands held for investment purposes by the Bank were revaluated by a Sudanese Consultancy Firm licensed by the Organizing Council for Consultancy Firms(OCC F) at 31 December 2012 resulting in a re- valuation surplus for both the owners of unresticted investment accounts and the shareholders each according to their share percentage of the investment portfolio (note 20/1) .

14- Other assets :-

	2012 SDG	2011 SDG
Staff loans	1.448.033	885.166
Other receivables (note 14 -1)	22.280.837	17.421.455
Projects under process	3.560.444	2.396.056
Prepayments	3.211.185	1.713.720
	30.500.499	22.416.397

14- 1/ Other receivables :-

Accrued income investments	5.407.228	6.926.462
Receivable	16.873.609	10.494.993
	22.280.837	17.421.455

17/ Dues to shareholders and others

Amajor portion of this amount represents unclaimed Salaries and wages and shareholders unpaid dividends.

18/Provisions :-

	2012 SDG	2011 SDG
End of service benefits	426.825	227.137
Social Insurance	530.898	668.462
Board of directors remuneration	6.000.000	4.091.000
Provision for staff bonus	1.620.000	826.000
Sharia' supervisory board remuneration	180.000	83.000
Income tax provision	2.078.205	879.501
Zakah provision (note 42)	7.809.757	4.769.368
Business profit tax provision (note 43)	10.446.984	2.294.296
	29.092.669	13.838.764

19/ Equity of Unrestricted investment account holders :-

Unrestricted investment account balances	450.676.087	655.584.978
Return on unrestricted investment accounts(note25)	21.816.410	16.252.411
Advance payment	(4.839.053)	(683.226)
Investment risk reserve	5.850.000	-
	473.503.444	671.154.163

20/ Capital :-

Authorized and paid up	**254.000.000**	**254.000.0000**

The authorized share capital of the Bank comprises 100,000,000 shares of nominal value of SDG 2.54 each .
Authorized and paid up

Paid up capital:		
Paid up capital 254.000.000 SDG added by 23.758.000 SDG as the year 2010 by 10 percent as free share	**277.758.000**	**277.758.000**

21/ Reserves :-	**2012 SDG**	**2011 SDG**
Real Estate revaluation reserve (note 21/1)	153.954.430	28.103.280
Foreign exchange investments reserve (note21/2)	36.574.985	9.122.325
Statutory Reserve(note21/3)	40.079.580	20.921.655
	230.608.995	58.147.260

21-1/ Real Estate revaluation reserve :-

The lands held for investments purposes by the Bank were revaluated by a Sudanese Consultancy firm licensed by Organizing Council for Consultancy Firms (OCCF) at 31 December 2011 resulting in a re-valuation surplus for both the owners of unrestricted investment accounts and the shareholders each according to their share percentage of the investment portfolio .

21-2 / Foreign exchange investments reserve :-

Gains of the foreign exchange from investment are excluded from income statements and included in the equity as foreign exchange investments reserve .

21-3 / Statutory Reserve :-

As required by the Banking Regulation law of 2003 and the Central Bank of Sudan Circular dated 7 April 2007 10% of net profit has been transferred to statutory reserve. The bank may resolve to discontinue such annual transfers when the reserve equals 100% of the paid up share capital.

22- Income from Deferred sales:-

Murabaha income	26.869.618	24.288.572
Istisnaa income	40.272.702	11.019.600
Other Finance income	950.800	1.652.700
	68.093.120	36.960.872

23/ Income from investments :-

	2012 SDG	2011 SDG
Securities (Shahama)	25.627.588	13.773.933
Securities (Shihab)	228.000	171.000
Government bonds	5.400.000	1.500.000
Income from Alsalam Real Estate Fund	-	9.126.779
Share (Sudatal)	359.482	209.250
Mudaraba	14.329.707	5.384.666
Musharaka	4.133.610	3.327.997
Investment accounts - local banks	1.073.392	734.026
Investment accounts -Foreign banks	2.311.462	1.883.332
	53.463.241	36.110.983

24- Gains from Investments revaluation :-

Sudatel Company shares	308.876	(710.099)
King Abdullah city shares	3.877.757	140.043
Al Salam Bank - Bahrain shares	10.091.761	(3.555.144)
	14.278.394	(4.125.200)

25- Return of holders of Unrestricted Investment Accounts :-

Share of profit before Mudarib share	40.434.179	30.766.611
Mudarib share of profit	(16.386.088)	(14.684.384)
Net return after Mudarib share	24.048.091	16.082.227
Investment risk reserve	(5.850.000)	-
Final balance after donation (note -19)	3.635.169	170.184
	21.833.260	16.252.411

26- Income from banking services :-

Book Keeping and cheques issuance fees	1.324.843	553.962
Letters of credit	8.328.857	1.620.619
Letters of Guarantee	6.442.945	7.344.580
Transfers and acceptances	120.792	366.384
Administrative fees	1.737.236	453.429
SMS commission	99.747	58.123
After Sale Services commission	5.600	9.130
	18.060.020	10.406.227

27/ Other Income

	2012 SDG	2011 SDG
Income from mail and communications	24.835	36.416
Income from agents of insurance companies	1.037.889	403.395
Income from outboond transfers	978.640	1.668.535
Income from ATMs	213.153	252.181
Others	470.592	202.113
	2.725.109	2.562.640

28/ Saff Cost :-

Basic salary	10.284.036	8.298.809
Eids bonus	2.586.502	1.990.831
Nature of work allowance	197.473	157.826
Uni- form allowance	1.433.869	1.436.231
End of service benefit	1.434.246	234.075
Training	58.914	202.282
Staff performance bonus	7.233.004	6.429.530
Health Insurance	878.194	302.394
Social Insurance	1.522.975	1.427.272
Annual Leave allowances	1.921.219	1.446.276
	27.550.432	21.925.526

29/ Operation expenses :-

Stationary & equipment	1.671.752	599.348
Maintenance & Repair	2.738.363	1.318.446
Telecommunications	822.307	785.520
Fuel and lubricant	76.179	75.861
Electricity & water	533.229	502.619
Insurance	210.816	602.411
Keeping expenses	408.160	192.198
Rent	1.964.664	1.675.704
Gardening	35.000	22.355
Legal consultants fees	758.713	391.878
Expenses of General Assembly	261.364	291.445
Audit fees	249.000	298.992
Shari'a Supervisory Board expenses	248.191	99.426
Board of directors meeting expenses.	1.360.449	331.173
Board of directors remuneration	1.620.000	826.000
Subscriptions	823.777	636.186
Entertainment	244.710	93.320
Cleaning	356.207	263.255
Misscellaneous	249.098	140.299
Visas and Hotels expenses	1.079.585	897.484
Banks charges	96.027	25.660
Donations & gifts	347.042	212.540
Swift	92.962	4.667
Advertising	1.297.382	1.123.704
Deposits Guarantee Fund	1.167.418	1.133.445
National switch transfer Expenses	374.529	175.300
Newspapers Magazines and books	15.728	22.967
Furnishing exp.	205.684	-
	19.308.336	12.742.203

30/ Earning Per Shares :-

	2012 SDG	2011 SDG
Net profit for the year	191.579.256	39.564.209
Number of share	110.000.000	110.000.000
Earning per share	1.742	0.360

31/ Contra accounts :-

Contra accounts are not included in the financial statements of the bank as follow :

	2012 SDG	2011 SDG
Letters of credit	404.935.908	19.197.336
Letters of guarantee	655.473.392	859.712.177
	1.060.409.300	878.909.513

32/ Concentration of investments - Economic sector :-

The total Investments for 2012 amounted to SDG 420,392,952 (2011: SDG421,142,112) and it was distributed according to economic sector as follows :

	2012 SDG	2011 SDG
Industry	44%	39%
Commercial	1%	2%
Transportation	6%	5%
Agriculture	3%	7%
Other sector	46%	47%
Total	100%	100%

33/ Social responsibility :-

With regard to the Banks role in supporting the needy and poor people the Bank has allocated Zakat for this year the amounting to SDG 7.8 Million (2011 SDG 4.7 1Million) moreover, during the year the Bank has discharged its social responsibilities by training the employees and by donations payments .

34/ Related party trasactions :-

These represent transactions with related parties i.e shareholders , board of directors and senior management of the Bank , and companies of which they are principal shareholders . These transactions are conducted in an arm length basis .

34/ Balance sheet items :

	2012 Principles Shareholders & Board of Director and their companies :	Key managers	Total at Dec 2012
Murabaha	2.475.000	16.570.945	19.045.945
Mudaraba	10.700.000	-	10.700.000
Istisnaa	139.726.379	-	139.726.379
Investment accounts	5.086.145	-	5.086.145
Current accounts	4.614.008	1.161.161	5.775.169
Income statement Items :			
Murabaha income	222.750	497.128	719.878
Mudaraba income	1.070.000	-	1.070.000
Top Management			
Remuneration	1.620.000	2.140.992	3.760.992
Contra accounts			
Letters of credit	455.271	-	455.271
Letters of guarantee	-	-	-

Balance sheet items : 2011

	Principles Share-holders & Board of Director and their companies:	Key managers	Total at Dec 2012
Murabaha	695.817	14.705.628	15.401.445
Mudaraba	700.000	-	700.000
Istisnaa	-	-	-
Investment accounts	2.754.900	-	2.754.900
Current accounts	620.998	997.706	1.618.704
Income statement Items :			
Murabaha income	59.144	403.971	463.115
Mudaraba income	70.000	-	70.000
Top Management			
Remuneration	826.000	1.363.020	2.189.020
Contra accounts			
Letters of credit	59.264	-	59.264
Letters of guarantee	-	-	-

35 /Credit risk :-

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Bank attempts to control credit risk by monitoring credit exposures continuously .

The Bank seeks to manage its credit risk exposure through the diversification of financial and investment activities to ensure that there is no undue concentration of risks with individuals or groups of customers in specific locations or business . It also takes security when appropriate.

Analysis of investment concentration by economic sector is provided in note 32.

36/ Liquidity risk :-

Liquidity risk is the risk market that the Bank credit will be unable to meet its net funding requirements . Liquidity risk can be caused by disruptions or downgrades , which may cause certain sources of funding to dry up immediately .
To mitigate this risk . management has diversfied funding sources of funding sources and assets are managed with liquidity in mind , maintaining a healthy balance of cash, cash equivalents . and readily marketable securities .
The contractual maturities of assets and liabilities have been determined on the bassis of the remaining period at the balance sheet date to the contractual maturity date . Management monitors the maturity profit to ensure that adequate liquidity is maintained .

The maturity profile of the Bank's assets and liabilities is as follows:-

For 2012

Assest	Within 3 months	3-6 months	6-12 months	Over one year	Total
Cash and cash equivalents	225.887.942	-	-	109.273.384	335.161.326
Sales receivable	202.021.640	38.626.460	105.163.813	193.294.374	539.106.287
Investment in securities and shares	7.700.500	35.337.500 -	75.676.500	77.618.313	196.332.813
Mudaraba	28.000.000	10.800.000	31.713.610	287.832.403	347.546.013
Musharaka	405.506	-	3.600.000	34.649.969	49.455.475
Investment in real estate	-	3.560.444	-	299.549.250	299.549.250
Other assets	12.066.446	-	14.873.609	-	30.500.499
Investment In affiliates	-	-	-	32.478.735	32.478.735
Fixed assets	-		-	34.639.582	34.639.582
Total assets	476.082.034	88.324.404	231.027.532	1.069.336.010	1.864.769.980
Owner's equity and liabilities :-					
Owner's equity	-	-	-	684.706.722	684.706.722
Current account	406.421.119	-	-	-	406.421.119
Other liabilities	12.873.735	-	190.548.190	67.622.101	271.044.026
Provisions	28.665.844	-	-	426.825	29.092.669
Equity of un-restricted Investment account	207.349.139	67.599.843	198.544.462	10.000	473.503.444
Total Liabilities and shareholders' equity	655.309.837	67.599.843	389.092.652	752.765.648	1.864.769.980

36 / liquidity risk (cont) :

For 2011

Assest	Within 3 months	3-6 months	6-12 months	Over one year	Total
Cash and cash equivalents	218.864.582	-	-	40.311.392	259.175.974
Sales receivable	16.049.973	27.294.957	18.721.944	217.832.116	279.898.990
Investment in securities and shares	19.510.499	-	131.114.000	-	150.624.499
			45.157.321	93.872.355	483.944.702
Mudaraba and Wakala	52.941.649	291.973.377	19.688.743	-	28.656.262
Musharaka	8.967.519	-	-	162.780.490	162.780.490
Investment in real estate	-	-	10.468.621	-	22.416.397
Other assets	11.947.776	-	-	14.980.214	14.980.214
Investment In affiliates	-	-	-	33.605.916	33.605.916
Fixed assets	-	-			
Total assets	328.281.998	319.268.334	225.150.629	563.382.483	1.436.083.444
Owner's equity and liabilities :-					
Owner's equity	-	30.303.900	-	347.849.163	378.153.063
Current account	309.467.140	-	-	-	309.467.140
Other liabilities	32.965.015	-	9.036.510	22.345.938	64.347.463
Provisions	13.802.740	-	-	227.137	14.029.877
Equity of un-restricted Investment account	242.045.544	339.770.444	5.208.690	83.061.223	670.085.901
Total Liabilities and share-holders' equity	598.280.439	370.074.344	14.245.200	453.483.461	1.436.083.444

15/ Fixed assets :

Particulars	Motor Vehicles	Furniture and fixture	office Equipment	IT equipment	Freehold Land and buliding	Total
Cost at :						
January 1,2012	741.440	5.483.330	2.145.174	9.316.170	28.596.018	46.282.132
Additions	1.136.650	211.064	780.816	526.394	1.309.583	3.964.507
Disposals	(127.802)	-	-	-	-	(127.802)
December 31,2012	1.750.288	5.694.394	2.925.990	9.842.564	29.905.601	50.118.837
Depreciation :-						
Rate	15%	10%	10٪	30٪	2.5٪	
January 1,2012	309.893	1.736.600	706.173	7.402.244	2.521.306	12.676.216
For the period	168.512	563.095	285.210	1.314.303	587.905	2.919.025
Disposals	(115.986)	-	-	-	-	(115.986)
December 31,2012	362.419	2.299.695	991.383	8.716.547	3.109.211	15.479.255
Net book value at December 31,2012	1.387.869	3.394.699	1.934.607	1.126.017	26.796.390	34.639.582
December 31,2011	431.547	3.746.730	1.439.001	1.913.926	26.074.712	33.605.916

16 - Current accounts :-	**2012 SDG**	**2011 SDG**
Local currency	345.733.604	248.092.645
Foreign currency	60.687.515	61.374.495
	406.421.119	309.467.140

17/ Other Liabilities :-		
Other creditors	2.403.747	2.034.907
Accrued expenses	116.000	289.187
Outstanding cheques	8.184.317	4.015.046
Dues to shareholders and others (Note 16/1)	69.622.101	33.644.313
Cash margin against letters of credit	169.671	6.224.196
Purchased foreign currencies	36.958.943	12.115.008
Cash margin against letters of guarantee	153.589.247	6.024.805
	271.044.026	64.347.462

37. Market risk :

Market risk is the risk that value of an asset will fluctuate as a result of change in market prices, whether those change are caused by factors specific to the individual investment or its issuer or factor affecting all investment traded in market.
Market risk is managed on the basis of pre- deter mind asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and managements estimate of long and short term changes in fair value .

38. Shares Prices risk :

Shares prices risk that the value of the shares will fluctuate as result of changes in the market prices of the share . The Board of Directors of the limits on the amounts and types of shares to be acquired for investments purposes . The investments committee of the Bank regularly monitors these limits .

39. Profit rate risk :

The profit rate risk refers to the risk due to change of profit rates , which might affect the future earnings of the Bank . Exposure to profit rate risk is managed by the Bank through diversification of assets portfolio and by matching the maturities of assets and liabilities .
In line with the policy approved by the Board of Directors , the assets and liabilities committee performs regular review of the assets and liabilities in order to ensure that the maturity gap between assets and liabilities is maintained minimum levels and also to ensure that financing and investments are made for quality assets at higher rate of returns .

40. Currency risk :

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchanges rates .
Currency risk is managed on the basis of limits determined by the Bank Board of Directors. These limits are monitored continuously to ensure that the net exposure is kept to an acceptable level .

Assets and liabilities in foreign currency are mainly denominated in US Dollars and other foreign currencies . The bank foreign currencies net position was as follows :

	2012	2011
Assets	147.702.634	279.486.765
liabilities	(80.950.997)	(170.218.819)
Net foreign Currency Position	66.751.637	109.267.946

41. Capital adequacy :

The Bank monitions the adequacy of its capital using the ratios established by central Bank of Sudan.

	2012	2011
Core capital	395.795.961	321.483.259
Total risk weighted assets	2.187.220.516	1.072.200.332
The Banks Capital adequacy ratio	18%	30%
Minimum Capital adequacy ratio erquired	12%	12%

42. Zakat :

The Bank Paid its zakat liabilities up to 2011 and provided for 2012 zakat liability .

43. Business Profit Tax :

The Bank paid its tax up to 2011 and provided for 2012 .

44. Comparative Figures :

Certain of the comparative amounts have been re- classifies to conform with current year classification.
These re-classification not did affects the comparative year profits or equity .

45. Bank Financial Statements Approval :-

The Financial Statements Approved by the bank Board of Directors meeting on 24. Feb . 2013.

AlSalam Bank

(Joint Stock Company)

Audited Financial Statements

31/12/2012

AUDITORS' REPORT

To: Members
ALSalam Bank - Sudan

We have audited the financial statements of ALSalam Bank on pages 2 to 24 which have been prepared under the historical cost convention and the accounting policies set in note (2).

The bank's management is responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion based on our audit on those statements and to report that opinion to you.

We conducted our audit in accordance with international auditing standards.

Our audit includes examination, on a test bases, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements , and of whether the accounting policies are appropriate to the bank's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

In our opinion, the financial statements give a true and fair view of the Financial Position of the bank as at 31/12/2012 and of the results of its operations and its cash flows and changes in owners' equity for the financial year then ended in accordance with the Shari'a Rules and Principles as determined by the Shari'a Board and the accounting standards of AAOIFI and comply with the companies ordinance 1925.

Date: 28/2/2013

IZZELDIN ABD ALLA JUBAL
Partener
Hasibeen Group