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 ALSALAM BANK - SUDAN (PUBLIC COMPANY)

INTRODUCTION

We have reviewed the accompanying condensed Statement of Financial Position of AlSalam Bank (the Bank), as of 30th June 2014 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: 6/8/2014

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

AlSalam Bank - Sudan
Statement of Financial Position
As At 30 June 2014

	Note	30/6/2014 SDG Unaudited	31/12/2013 SDG Audited
Assets:-			
Cash & Cash equivalents		159.198.975	147.991.348
Cash reserve with Central bank of Sudan		80.112.091	109.629.910
Sales receivables (net)		606.841.983	605.643.612
Investments in securities and shares held for trading	(3)	95.344.815	70.661.729
Investments in securities and shares held to maturity	(4)	58.767.500	132.833.000
Mudaraba financing	(5)	328.556.506	333.683.907
Musharaka financing	(6)	110.941.254	98.960.297
Purchased Goods	(7)	2.192.231	4.309.164
Investments in shares available for sale	(8)	32.778.850	32.833.850
Investments in real estates		352.067.675	346.549.251
Other assets		30.075.596	20.549.106
Fixed assets (net book value)		37.380.131	38.393.093
Total Assets		1.894.257.607	1.942.038.267
Liabilities, Unrestricted investment accounts holders and Owners' Equity :-			
Liabilities :-			
Current Accounts		354.983.543	429.117.551
Other liabilities		206.297.846	241.525.738
Provisions		27.427.584	29.488.274
Total liabilities		588.708.973	700.131.563
Equity of Unrestricted investment accounts holders		487.562.435	466.175.139
Total liabilities & Unrestricted investment accounts holders		1.076.271.408	1.166.306.702
Owners' Equity :-			
Paid - up capital		310.668.350	310.668.350
Reserves		286.685.064	282.880.108
Retained earnings		220.632.785	182.183.107
Total owners' equity		817.986.199	775.731.565
Total liabilities, Unrestricted investment accounts and owners' equity		1.894.257.607	1.942.038.267
Contra accounts	(12)	883.768.973	1.077.827.793

The Attached Notes form an Integral Part of These Statements

Abdelbasit Hamza Al Hassan
Board Member

Osman Mokhtar Ahmed
General Manager

AlSalam Bank - Sudan

Income Statement

for the Six Months ended 30 June 2014

	For Three Months ended 30 June		For Six Months ended 30 Jun	
	2014 SDG Unaudited	2013 SDG Unaudited	2014 SDG Unaudited	2013 SDG Unaudited
Income:-				
Income from Deferred sales	19.396.178	12.298.601	34.647.989	20.515.839
Income from Investments	7.962.694	16.080.477	14.558.656	27.575.296
Unrealized gainsearned from revaluation of Investments	902.334	4.210.504	28.764.901	12.099.560
Total income from finance and Investments	28.261.206	32.589.582	77.971.546	60.190.695
Less				
Return on unrestricted investment accounts	(6.478.630)	(9.677.716)	(12.957.160)	(13.331.816)
Bank's share in income from investment (as Mudarib and Fund owner)	21.782.576	22.911.866	65.014.386	46.858.879
Income from banking services	6.845.509	1.159.642	8.987.279	6.480.467
Gains on sales and purchase of foreign currency	86.937	336.364	199.061	441.818
Losses on foreign exchange revaluation	(48.739)	(1.214.276)	(374.715)	(16.929.012)
Other Income	347.001	847.594	626.531	1.880.816
Total revenue	29.013.284	24.041.190	74.452.542	38.732.968
Expenses				
Staff cost	(5.238.265)	(5.922.377)	(11.018.002)	(11.387.199)
Operations expenses	(4.338.368)	(5.228.162)	(10.554.902)	(11.586.142)
Depreciation	(857.831)	(865.307)		(1.606.666)
Mudaraba investment & finance provisions	-	-	(1.683.298)	-
BOS Penalties	-	(2.500)	-	(6.500)
Total Expenses	(10.434.464)	(12.018.346)	-	(24.586.507)
			(23.256.202)	
Net Operating profit	18.578.820	12.022.844		14.146.46
Net Operating income (loss) before provision for zakah & tax	18.578.820	12.022.844	51.196.340	14.146.461
Zakah provision for the period	(2.268.134)	(2.102.866)	51.196.340	(4.456.041)
Business profit tax	(2.241.939)	(437.112)	(5.937.893)	(740.748)
Net income for the period	14.068.747	9.482.866	(2.536.583)	8.949.672
			42.721.864	
Earnings per share (E. P. S)	0.122	0.082		0.077
			0.370	

The Attached Notes form an Integral Part of These Statements

Abdelbasit Hamza Al Hassan
Board Member

Osman Mokhtar Ahmed
General Manager

AlSalam Bank- Sudan

Statement of Cash Flows

For The Six month Ended 30 June, 2014

	30/6/2014 SDG Unaudited	30/6/2013 SDG Unaudited
Cash flows from Operating activities :-		
Net income for the period	42.721.864	8.949.672
Adjustments for :-		
Depreciation of fixed assets	1.679.530	1.605.117
Provisions	(2.060.690)	(8.221.241)
	42.340.704	2.333.548
Changes in operating assets, liabilities and Unrestricted Investment accounts		
Net cash flows provided by operations		
Central bank of Sudan - Statutory cash reserve	29.517.819	12.041.248
Cash flows from investing activities	(1.198.371)	(9.801.918)
Investments	39.237.367	59.308.355
Other assets	(9.526.490)	(16.827.920)
Current accounts	(74.134.008)	33.729.649
Equity of Unrestricted investment account holders	21.387.296	13.433.699
Dividends paid	-	-
Other liabilities	(35.227.892)	(42.750.059)
Prior year adjustments	-	(3.154.963)
Cash used in operations	(29.944.279)	45.978.091
Net cash flows from operating activities	12.396.425	48.311.639
Cash flows from Investing activities:-		
Purchases of fixed assets	(666.568)	(5.799.736)
Available for sale investments	(55.000)	1.823.435
Net cash flows from (used in) investing activities	(721.568)	(3.976.301)
Cash flows from Financing activities:-		
Reserves	(467.230)	(11.781.749)
Net cash flows from financing activities	(467.230)	(11.781.749)
Increase (decrease) in cash & cash equivalents	11.207.627	32.553.589
Cash and cash equivalents at beginning of the period	147.991.348	225.887.942
Cash and cash equivalent at end of the period	159.198.975	258.441.531

The Attached Notes form an Integral Part of These Statements

Abdelbasit Hamza Al Hassan
Board Member

Osman Mokhtar Ahmed
General Manager

Al Salam Bank - Sudan
Statement of changes in' Equity
for the Six monthes ended 30/6/2014

Description	Paid up capital	Retained Earnings	Statutory Reserve	propery revaluation Reserve	Investement-ment revaluation	Investement revaluation Reserve	Total
Balance as at 1/1/2014	310.668.350	182.183.107	45.020.219	200.954.430	36.905.459	-	775.731.565
Distributed profits	-	-	-	-	-	-	-
Net income for the period	-	42.721.864	-	-	-	-	42.721.864
Reserves	-	(4.272.186)	4.272.186		(467.230)		(467.230)
Prior year adjustment			-	-	-	-	-
Balance as at 30/6/2014	310.668.350	220.632.785	49.292.405	200.954.430	36.438.229		817.986.199
Balance as at 1/1/2013	277.758.000	161.144.864	38.391.039	153.954.430	36.574.985	-	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)	894.967	-	(17.631.749)	5.850.000	(11.781.749)
Prior year adjustment	-	(3.154.963)	-	-	-	-	(3.154.963)
Balance as at 30/6/2013	310.668.350	133.134.256	39.286.006	153.954.430	18.943.236	5.850.000	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 - Sudan

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 31/12/2013 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 2014 are not indicative of the results that May be expected for the year ended 31 December 2014.

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

	30/6/2014 SDG Unaudited	31/12/2013 SDG Audited
Quotd:-		
Sudatel shares	-	3.073.344
Al Salam bank - Bahrain shares	74.134.099	16.996.877
King Abdalla city shares	11.817.935	6.540.746
	85.952.034	26.610.967
Unquated		
Investment funds	6.587.294	6.598.363
Aman - Dubai shares	2.805.487	2.840.371
	9.392.781	9.438.734
	95.344.815	70.661.729

4/ Investments in securities and shares held to maturity :-

Shahama securities	58.767.500	132.833.000
Ijara securities (shihab)	-	-
Government securities	-	-
Ijara securities (shama)	-	-
	58.767.500	132.833.000

5/ Mudaraba Investments :-

Mudaraba with corporate - customers	215.552.710	223.505.710
Mudaraba with financial institutions	146.382.116	143.689.047
	-	-
	361.934.826	367.194.757
Less : Provision for finance losses	(33.378.320)	(33.510.850)
	328.556.506	333.683.907

6/ Musharaka financing :-

Musharaka	112.061.873	99.959.896
Less : Provision for finance losses	(1.120.619)	(999.599)
	110.941.254	98.960.297

7/ Goods Murabaha

Purchased Goods Murabaha	2,192,231	4,309,164
	2,192,231	4,309,164

8/ Investments in shares available for sale

	Ownership percentage		
AlSalam Bank - Algeria	5%	32.728.850	32.783.850
AlSalam real estate Company	50%	50.000	50.000
		32.778.850	32.833.850

9/ Investments Analysis

	30/6/2014 SDG Unaudited	31/12/2013 SDG Audited
Local Investment (note 9/1)	735.872.118	803.350.470
Investments in GCC counties (note 9 /2)	212.047.863	183.696.878
Foreign Investments (AlSalam Bank - Algeria)	32.728.850	32.783.850
	980.648.831	1.019.831.198

9/1- Local investment :-

Investments in securities and shares held for trading purposes :-

Sudatel shares	-	3,938,205
	-	3,938,205

Investments in securities and shares held to maturity :-

Shahama securities	58.767.500	132.833.000
Ijara securities Shihab	-	-
Government securities	-	-
Ijara securities Shama	-	-
	58.767.500	132.833.000

Mudaraba Investments :-

Mudaraba with local bank	29.679.068	26.715.693
Mudaraba with customers (net)	182.174.390	189.994.860
	211.853.458	216.710.553

Musharka financing :-

Net Musharka	110.941.254	98,960,297

Investments in shares available for sale

AlSalam Real Estate Company	50.000	50.000

Investments in real estate

Local Land	352.067.675	346.549.251
Total Local Investment	733.679.887	799.041.306

9/2/ Investments in GCC countries :

Investments in securities and shares held for trading purposes

	30/6/2014 SDG Unaudited	31/12/2013 SDG Audited
AlSalam Bank - Baharain shares	74.134.099	46.730.099
King Abdalla City shares	11.817.935	10.554.691
Investment funds	2.805.487	2.840.371
Aman- Dubai shares	6.857.294	6.598.363
	95.344.815	66.723.524

Investments with banks :

Emirrates Islamic Bank	116.703.048	116.973.354
AL Salam Bank - Bahrain	-	-
Abu Dhabi Islamic Bank	-	-
	116.703.048	116.973.354
Mudanaba with Customers (net)	-	-
	116.703.048	116.973.354
Total Investment in GCC Counties	212.047.863	183.696.878

10/ Segmental Information :

The total finance for the period ending 30/6/2014 amounted to S D G 902.901.901.125 (December 2013 SDG808.966.387) and it was distributed according to economic sector as follows :

Manufacturing	22	44
Transportation	9	9
Trading	4	7
Agriculture	2	6
Other sectors	63	34
	100	100

11/ 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.

12/ Contra accounts :

Letters of credit	482.157.053	472.580.582
Letters of guarantee	401.611.920	605.247.211
	883.768.973	1.077.827.793

AlSalam Bank -Sudan

(Public Company)

Unaudited
Financial Statements
For the Six Months ended
30 June 2014