AlSalam Bank -Sudan

(Public Company)

Unaudited
Financial Statements
For the Three Months Ended
31 March 2014

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

مجموعة حاسبين
محاسبون ومراجعون قانونيون
مستشارون اداريون 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 Al-Salam Bank (the Bank), as of 31 1st March 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 have 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: 8 /5 /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
Statement of Financial Position
As At 31 March 2014

	Note	3/2014 SDG Unaudited	2013 SDG Audited
Assets:-			
Cash & Cash equivalents		143.552.361	147.991.348
Cash reserve with Central bank of Sudan		84.806.254	109.629.910
Sales receivables (net)		593.903.917	605.643.612
Investments in securities and shares held for trading	(3)	94.463.634	70.661.729
Investments in securities and shares held to maturity	(4)	28.902.500	132.833.000
Mudaraba financing	(5)	330.783.836	333.683.907
Musharaka financing	(6)	96.987.143	98.960.297
Goods Murabaha	(7)	16.065.237	4.309.164
Investments in shares available for sale	(8)	32.778.850	32.833.850
Investments in real estates		346.222.864	346.549.251
Other assets		23.933.482	20.549.106
Fixed assets (net book value)		37.938.327	38.393.093
Total Assets		**1.830.338.405**	**1.942.038.267**
Liabilities, Unrestricted investment accounts and Owners' Equity :-			
Liabilities :-			
Current Accounts		345.810.204	429.117.551
Other liabilities		186.022.706	241.525.738
Provisions		32.068.649	29.488.274
Total liabilities		563.901.559	700.131.563
Equity of Unrestricted investment accounts holders		462.518.066	466.175.139
Total liabilities & Unrestricted investment accounts		**1.026.419.625**	**1.166.306.702**
Owners' Equity :-			
Paid - up capital		310.668.350	310.668.350
Reserves		285.279.518	282.880.108
Retained earnings		207.970.912	182.183.107
Total owners' equity		**803.918.780**	**775.731.565**
Total liabilities, Unrestricted investment accounts and owners' equity		**1.830.338.405**	**1.942.038.267**
Contra accounts		**898.241.906**	**1.077.827.793**

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 March 2014

	Note	3/2014 SDG Unaudited	3/2013 SDG Unaudited
Income:-			
Income from Deferred sales		15.251.811	8.217.238
Income from Investments		6.595.962	11.494.819
unrealized re- measurement (Losses) gains on Investments		27.862.567	7.889.056
Total income from finance and Investments		49.710.340	27.601.113
Less			
Return on unrestricted investment accounts		(6.478.530)	(3.654.100)
Bank's share in income from investment (as Mudarib and Fund owner)		43.231.810	23.947.013
Income from banking services		2.141.770	5.320.825
Gains on sales and purchase of foreign currency		112.124	105.454
Gains on foreign exchange valuation		279.530	(15.714.736)
Other Income		(325.976)	1.033.222
Total revenue		**45.439.258**	**14.691.778**
Expenses			
Staff cost		(5.779.737)	(5.464.822)
Operations expenses		(6.216.534)	(6.357.980)
Acomulated depreciation		(825.467)	(741.359)
Mudaraba investment & finance provisions		-	-
BOS Penalties		-	(4.000)
Total Expenses		(12.821.738)	(12.568.161)
Net Operating income (loss) before provision for zakah & tax		32.617.520	2.123.617
Business profit tax		(3.669.759)	(2.353.175)
Zakah provision for the period		(294.644)	(303.636)
Net income (loss) for the year		**28.653.117**	**(533.194)**
Earnings per share		0.245	**(0.006)**

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Saud Mamoun Al Burair
Board Member

Osman Mokhtar Ahmed
General Manager

AlSalam Bank

Statement of Cash Flows

For The Year Ended 31 March, 2014

	Note	3/2014 SDG Unaudited	3/2013 SDG Unaudited
Cash flows from Operating activities :-			
Net income for the period		28.653.117	(533.194)
Adjustments for :-			
Depreciation of fixed assets		825.467	741.359
Provisions		2.580.375	2.780.866
		32.058.959	2.989.031
Changes in operating assets, liabilities and Unrestricted Investment accounts			
Net cash flows provided by operations			
Central bank of Sudan - Statutory cash reserve		24.823.656	12.466.984
Cash flows from investing activities		11.739.695	(3.104.843)
Investments		73.682.134	58.477.877
Other assets		(3.384.376)	(22.422.466)
Current accounts		(83.307.347)	(16.257.387)
Equity of Unrestricted investment account holders		(3.657.073)	(67.545.222)
Dividends paid		-	-
Other liabilities		(55.503.032)	(63.431.308)
Prior year adjustments		-	-
Cash used in operations		(35.606.343)	(101.816.365)
Net cash flows from operating activities		(3.547.384)	(98.827.334)
Cash flows from Investing activities:-			
Purchases of fixed assets		(370.701)	(4.802.163)
Available for sale investments		(55.000)	1.490.685
Net cash flows from (used in) investing activities		(425.701)	(3.311.478)
Cash flows from Financing activities:-			
Reserves		(465.902)	(9.166.591)
Net cash flows from financing activities		(465.902)	(9.166.591)
Increase (decrease) in cash & cash equivalents		(4.438.987)	(111.305.403)
Cash and cash equivalents at beginning of the period		147.991.348	225.887.942
Cash and cash equivalent at end of the period		**143.552.361**	**114.582.539**

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General Manager

Al Salam Bank
Statement of changes in Owners' Equity
for the period ended 31/3/2014

Description	Paid up capital	Statutory reserve	Property revaluation reserve	Investment revaluation reserve	Investment risk reserve	Retained Earnings	Total
Balance as at 1/1/2014	310.668.350	45.020.219	200.954.430	36.905.459	-	182.183.107	775.731.565
Distributed profits	-	-	-	-	-	-	-
Net income for the period	-	-	-	-	-	28.653.117	28.653.117
Reserves	-	2.865.312	-	(465.902)	-	(2.865.312)	(465.902)
Prior year adjustment	-	-	-	-		-	-
Balance as at 31/3/2014	310.668.350	47.885.531	200.954.430	36.439.557	-	207.970.912	803.918.780
Balance as at 1/1/2013	277.758.000	38.391.039	153.954.430	36.574.985	-	161.144.864	667.823.318
Net income for the period	-	-	-	-	-	(533.194)	(533.194)
Reserves	-	-	455.231	(5.471.822)	5.850.000	-	(9.166.591)
Balance as at 31/3/2012	277.758.000	38.391.039	154.409.661	21.103.163	5.850.000	160.611.670	658.123.533

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
Period ended 31/3/2014

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. Barlaman Branch at Hamza blazza Barlaman 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 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 31/3/2014

	3/2014 SDG Unaudited	2013 SDG Audited
3/ Investments in securities and shares held for trading :-		
Sudatel shares	-	3.938.205
Al Salam bank - Bahrain shares	71.486.453	46.730.099
King Abdalla city shares	13.564.575	10.554.691
	85.051.028	61.222.995
Unquated Investments		
Investment funds	6.587.294	6.598.363
Aman - Dubai shares	2.825.312	2.840.371
	9.412.606	9.438.734
	94.463.634	70.661.729

4/ Investments in securities and shares held

Shahama securities	28.902.500	132.833.000
Ijara securities (shihab)	-	-
Government securities	-	-
Ijara securities (shama)	-	-
	28.902.500	132.833.000

5/ Mudaraba Investments and Agencies :-

Mudaraba with corporate - customers	223.252.710	223.505.710
Wakala with financial institutions	140.986.446	143.689.047
	364.239.156	367.194.757
Less : Provision for finance losses	(33.455.320)	(33.510.850)
	330.783.836	333.683.907

6/ Musharaka financing :-

Musharaka	97.966.811	99.959.896
Less : Provision for finance losses	(979.668)	(999.599)
	96.987.143	98.960.297

7/ Goods Murabaha :-

Goods Murabaha	16.065.237	4.309.164
	16.065.237	4.309.164

8/ Investments in shares available for sale ownership

	percentage		
AlSalam Bank - Algeria	58%	32.728.850	32.783.850
AlSalam real estate Company	50%	50.000	50.000
		32.778.850	32.833.850

AlSalam Bank
Notes to the financial statements
Period ended 31/3/2014

9/ Investments Analysis

	3/2014 SDG Unaudited	2013 SDG Audited
Local Investment (note 9/1)	702.237.809	803.350.470
Investments in GCC counties (note 9/2)	211.237.405	183.696.878
Foreign Investments (AlSalam Bank - Algeria)	32.728.850	32.783.850
	946.204.064	1.019.831.198

9-1/ Local investment :-

Investments in securities and shares held for trading purposes :-

Shahama securities (note 9/1)	-	3.938.205
Sudatel shares	-	3.938.205

Investments in securities and shares held to maturity :-

Shahama securities	28.902.500	132.833.000
Ijara securities Shihab	-	-
Government securities	-	-
Ijara securities Shama	-	-
	28.902.500	132.833.000

Mudaraba Investments :-

Mudaraba with local bank	24.212.675	26.715.693
Mudaraba with customers (net)	189.797.390	189.994.860
	214.010.065	216.710.553

Musharka financing :-

Net Musharka	96.987.143	98.960.297

Investments in shares available for sale

AlSalam Real Estate Company	50.000	50.000

Investments in real estate

Local Land	346.222.864	346.549.251
Total	686.172.572	799.041.306

9-2/ Investments in GCC countries :

Investments in securities and shares held for trading purposes

	3/2014 SDG Unaudited	2013 SDG Audited
AlSalam Bank - Baharain shares	71.486.453	46.730.099
King Abdalla City shares	13.564.575	10.554.691
Investment funds	2.825.312	2.840.371
Aman- Dubai shares	6.587.294	6.598.363
	94.463.634	66.723.524

Investments with banks :

	3/2014 SDG Unaudited	2013 SDG Audited
Emirrates Islamic Bank	116.773.771	116.973.354
Mudaraba with Customers (net)	-	-
Total	211.237.405	183.696.878

10/ 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	48%	44%
Transportation	10%	9%
Trading	7%	7%
Agriculture	6%	6%
Other sectors	29%	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	394.250.811	472.580.582
Letters of guarantee	503.991.095	605.247.211
	898.241.906	1.077.827.793