AlSalam Bank – Sudan

(Public Company)

Unaudited
Financial Statements
For the Nine Months ended
30 September 2014

Hasibeen Group

Chartered Certified Accountants
Management & Financial Consultants

مجموعة حاسبين

محاسبون ومراجعون قانونيون
مستشارون إداريون وماليون
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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 Sep 2014 and the related condensed statements of income, cash flows and changes in equity for the Nine 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.

IZZELDIN ABDALLA JUBAL
Partener
Hasibeen Group

Hasibeen Group
Certified Accountants & Management Consultants

Date: 6/11/2014

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المقر : شقة رقم (٢) الطابق السادس
عمارة المبارك شارع الحرية - الخرطوم

AlSalam Bank - Sudan

Statement of Financial Position

As At 30 September 2014

	Note	30/9/2014 SDG Unaudited	31/12/2013 SDG Audited
Assets:-			
Cash & Cash equivalents		169.889.054	147.991.348
Cash reserve with Central bank of Sudan		91.526.570	109.629.910
Sales receivables (net)		631.154.180	605.643.612
Investments in securities and shares held for trading	(3)	108.726.757	70.661.729
Investments in securities and shares held to maturity	(4)	53.082.000	132.833.000
Mudaraba financing	(5)	328.569.478	333.683.907
Musharaka financing	(6)	92.419.717	98.960.297
Purchased Goods	(7)	-	4.309.164
Investments in shares available for sale	(8)	33.391.550	32.833.850
Investments in real estates		356.434.422	346.549.251
Other assets		40.667.817	20.549.106
Fixed assets (net book value)		36.962.941	38.393.093
Total Assets		1.942.824.486	1.942.038.267
Liabilities, Unrestricted investment accounts holders and Owners' Equity :-			
Liabilities :-			
Current Accounts		343.930.392	429.117.551
Other liabilities		299.324.010	241.525.738
Provisions		29.777.530	29.488.274
Total liabilities		673.031.932	700.131.563
Equity of Unrestricted investment accounts holders		440.102.894	466.175.139
Total Liabilities, Unrestricted investment accounts holders		1.113.134.826	1.166.306.702
Owners' Equity :-			
Paid - up capital		310.668.350	310.668.350
Reserves		385.221.530	282.880.108
Retained earnings		133.799.780	182.183.107
Total owners' equity		829.689.660	775.731.565
Total liabilities, Unrestricted investment accounts and owners' equity		1.942.824.486	1.942.038.267
Contra accounts	(12)	825.723.744	1.077.827.793

The Attached Notes form an Integral Part of These Statements

Saud Mamoun El. Birair
Board Member

Osman Mokhtar Ahmed
General Manager

AlSalam Bank - Sudan

Income Statement

for the Nine Months ended 30 September 2014

	For Three Months ended 30 /9		For Nine Months ended 30 /9	
	2014 SDG Unaudited	2013 SDG Unaudited	2014 SDG Unaudited	2013 SDG Unaudited
Income:-				
Income from Deferred sales	18.475.450	21.067.201	53.123.439	41.583.040
Income from Investments	7.038.460	11.564.343	21.597.116	39.139.639
Unrealized gainsearned frorn revaluation of Investments	(5.936.186)	3.781.075	22.828.715	15.880.635
Total income from finance and Investments	19.577.724	36.412.619	97.549.270	96.603.314
Less				
Return on unrestricted investment accounts	(6.478.587)	(5.265.909)	(19.435.747)	(18.597.725)
Bank's share in income from investment (as Mudarib and Fund owner)	13.099.137	31.146.710	78.113.523	78.005.589
Income from banking services	9.694.246	5.291.953	18.681.525	11.772.420
Gains on sales and purchase of foreign currency	120.765	342.691	319.826	784.509
Losses on foreign exchange revaluation	.2.287.521	2.841.717	1.912.806	(14.087.295)
Other Income	390.367	1.223.163	1.016.898	3.103.979
Total revenue	25.592.036	40.846.234	100.044.578	79.579.202
Expenses				
Staff cost	(7.019.301)	(5.617.094)	(18.037.303)	(17.004.293)
Operations expenses	(4.318.226)	(3.634.362)	(14.873.128)	(15.220.504)
Depreciation	(848.192)	(876.677)	(2.531.490)	(2.483.343)
Mudaraba investment & finance provisions	-	(5.000)	-	-
BOS Penalties	-		-	(11.500)
Total Expenses	(12.185.719)	(10.133.133)	(35.441.921)	(34.719.640)
Net Operating profit	13.406.317	30.713.101	64.602.657	44.859.562
Net Operating income (loss) before provision for zakah & tax	13.406.317	30.713.101	64.602.657	44.859.562
Zakah provision for the period	(2.921.231)	(567.584)	(8.859.125)	(5.023.625)
Business profit tax	(4.339.961)	(4.726.300)	(6.876.544)	(5.467.048)
Net income for the period	6.145.125	25.419.217	48.866.988	34.368.889
Earnings per share (E. P. S)	0.053	0.220	0.423	0.298

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Board Member

Osman Mokhtar Ahmed
General Manager

AlSalam Bank- Sudan

Statement of Cash Flows

For The Nine month Ended 30 September. 2014

	30/9/2014 SDG Unaudited	30/9/2013 SDG Unaudited
Cash flows from Operating activities :-		
Net income for the period	48.866.988	34.368.889
Adjustments for :-		
Depreciation of fixed assets	2.527.722	2.486.657
Provisions	289.256	(2.627.542)
	51.683.966	34.228.004
Changes in operating assets, liabilities and Unrestricted Investment accounts		
Net cash flows provided by operations		
Central bank of Sudan - Statutory cash reserve	18.103.340	7.641.642
Cash flows from investing activities	(25.510.568)	(49.047.941)
Investments	46.649.574	42.102.369
Other assets	(20.118.711)	(23.494.992)
Current accounts	(85.187.159)	(34.393.302)
Equity of Unrestricted investment account holders	(26.072.245)	(9.767.903)
Dividends paid	-	-
Other liabilities	57.798.271	9.760.861
Prior year adjustments	-	(5.714.026)
Cash used in operations	(34.337.498)	(62.913.292)
Net cash flows from operating activities	17.346.468	(28.685.288)
Cash flows from Investing activities:-		
Purchases of fixed assets	(1.097.570)	(6.490.907)
Available for sale investments	557.700	1.000.085
Net cash flows from (used in) investing activities	(539.870)	(5.490.822)
Cash flows from Financing activities:-		
Reserves	5.091.108	(11.161.202)
Net cash flows from financing activities	5.091.108	(11.161.202)
Increase (decrease) in cash & cash equivalents	21.897.706	(45.337.312)
Cash and cash equivalents at beginning of the period	147.991.348	327.519.684
Cash and cash equivalent at end of the period	169.889.054	282.182.372

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Saud Mamoun El. Birair
Board Member

Osman Mokhtar Ahmed
General Manager

Al Salam Bank - Sudan

Statement of changes in owner's equity
for the nine months ended 30/9/2014

Description	Paid up capital	Retained Earnings	Statutory Reserve	Property revaluation Reserve	Investment revaluation Reserve	Assets revaluation Reserve	Investment risk Reserve	Total
Balance as at 1/1/2014	310.668.350	89.819.491	45.020.218	200.954.430	36.905.459	92.363.616	-	775.731.564
Distributed profits	-	-	-	-	-	-	-	-
Net income for the period	-	48.866.988	-	-	-	-	-	48.866.988
Reserves	-	(4.886.699)	4.886.699	-	5.091.108	-	-	5.091.108
Prior year adjustment	-	-	-	-		-	-	-
Balance as at 30/9/2014	310.668.350	133.799.780	49.906.917	200.954.430	41.996.567	92.363.616	-	829.689.660
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	-	34.368.889	-	-	-	-	-	34.368.889
Reserves	-	(3.436.889)	3.436.889	-	(11.161.202)		5.850.000	(5.311.202)
Prior years adjustment	-	(5.714.026)	-	-	-	-	-	(5.714.026)
Balance as at 30/9/2013	310.668.350	153.452.488	41.827.928	153.954.430	25.413.783	-	5.850.000	691.166.979

The Attached Notes form an Integral Part of These Statements

Saud Mamoun El Birair
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 :-

	30/9/2014 SDG Unaudited	31/12/2013 SDG Audited
Quotd:-		
Sudatel shares	-	3.938.205
Al Salam bank - Bahrain shares	66.853.072	46.730.099
King Abdalla City shares	14.234.700	10.554.691
	81.087.772	61.222.995
Unquated		
Aman - Dubai shares	6.710.611	6.598.363
Investment funds	2.658.424	2.840.371
Assets acquired by banks for Sale	7.769.950	-
Inter Bank Liquidity Management Fund	10.500.000	-
	27.638.985	9.438.734
	108.726.757	70.661.729

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

Shahama securities	53.082.000	132.833.000
Ijara securities (shihab)	-	-
Government securities	-	-
Ijara securities (shama)	-	-
	53.082.000	132.833.000

5/ Mudaraba Investments :-

Mudaraba with corporate - customers	224.671.130	223.505.710
Mudaraba with financial institutions	137.952.898	143.689.047
	-	-
	362.624.028	367.194.757
Less : Provision for finance losses	(34.054.550)	(33.510.850)
	328.569.478	333.683.907

6/ Musharaka financing :-

Musharaka	93.353.249	99.959.896
Less : Provision for finance losses	(933.532)	(999.599)
	92.419.717	98.960.297

7/ Goods Murabaha

Purchased Goods Murabaha	-	4,309,164
	-	4,309,164

8/ Investments in shares available for sale

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

	30/9/2014 SDG Unaudited	31/12/2013 SDG Audited
9/ Investments Analysis		
Local Investment (note 9/1)	729.999.774	803.350.470
Investments in GCC counties (note 9 /2)	209.282.600	183.696.878
Foreign Investments (AlSalam Bank - Algeria)	33.341.550	32.783.850
	972.623.924	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	53.082.000	132.833.000
Ijara securities Shihab	10.500.000	-
Government securities	-	-
Ijara securities Shama	-	-
	63.582.000	132.833.000

Mudaraba Investments :-

Mudaraba with local bank	19.127.105	26.715.693
Mudaraba with customers (net)	190.616.580	189.994.860
	209.743.685	216.710.553

Musharka financing :-

Net Musharka	92.419.717	98,960,297

Investments in shares available for sale

AlSalam Real Estate Company	50.000	50.000

Investments in real estate

Assets acquired by banks for sale	7.769.950	-
Local Land	356.434.422	346.549.251
Total Local Investment	722.229.824	799.041.306

9/2/ Investments in GCC countries :	30/9/2014 SDG Unaudited	31/12/2013 SDG Audited
Investments in securities and shares held for trading purposes		
AlSalam Bank - Baharain shares	66.853.072	46.730.099
King Abdalla City shares	14.234.700	10.554.691
Investment in foreign funds	2.658.424	2.840.371
Aman- Dubai shares	6.710.611	6.598.363
	90.456.807	66.723.524
Investments with banks :		
Emirrates Islamic Bank	118.825.793	116.973.354
AL Salam Bank - Bahrain	-	-
Abu Dhabi Islamic Bank	-	-
	118.825.793	116.973.354
Mudanaba with Customers (net)	-	-
	118.825.793	116.973.354
Total Investment in GCC Counties	209.282.600	183.696.878

10/ Segmental Information :

The total finance for the period ending 30/9/2014 amounted to S D G 931.317.582 (December 2013 SDG 808.966.387) and it was distributed according to economic sector as follows :

Manufacturing	19%	20%
Transportation	8%	9%
Trading	4%	7%
Agriculture	1%	6%
Other sectors	15%	17%
	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	411.853.277	472.580.582
Letters of guarantee	413.870.467	605.247.211
	825.723.744	1.077.827.793