AL SALAM BANK – SUDAN
(Public Company)
UNAUDITED
FINANCIAL STATEMENTS
FOR THE SIX MONTHHS ENDED
JUNE,30,2015

Allied Accountants
Bannaga & Co.
Certified Public Accountants

Auditor's Report
Financial statement review report
Al-Salam Bank – Sudan

Review scope

We have reviewed the accompanying balance sheet of Al-Salam Bank as of June 30,2015 and the related statement of income , cash flow and changes in equity for the six months then ended , in accordance with standards for review services . All information included in these financial statements is representation of Al-Salam Bank management.

Review was conducted in accordance with the interim financial statements review standards which include inquiries of the bank personnel and analytical procedures applied to financial data.

Review is less in scope than audit with generally accepted auditing standards , The objective of which is the expression of opinion regarding the financial statements taken as a whole .Accordingly we do not express such opinion .

Opinion

Based on the review we are not aware of any material modification that should be made to the accompanying financial statements in order for them to be in conformity with accounting standards issued by Accounting and Auditing Organization for Islamic financial institutions and international reporting standard number (34).

Khartoum Ramadan, 29, 1436
July, 23, 2015

Adam Abdullah Hussein (CPA)
Allied Accountants – Banaga &Co

المحاسبون المتحدون
بناقا وشركاؤهم
رقم التسجيل ١٣٦٥٧
Reg. No. 13657
Allied Accountants
Bannaga & Co.

AL SALAM BANK

CONDENSED STATEMENTS OF FINANCIAL POSITION

AS AT June 30, 2015

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	Notes	JUNE,30,2015 SDG Unaudited	DECEMBER,31,2014 SDG audited
Assets			
Cash and cash equivalents		**109,619,824**	124,729,632
Cash reserve with central bank		**100,511,817**	85,354,034
Finance to customers (net)		**603,510,078**	625,696,614
Investments held for trading	3	**85,663,943**	83,241,377
Investments held to maturity	4	**205,188,500**	62,802,500
Mudaraba financing	5	**339,379,705**	338,026,466
Musharaka financing	6	**50,949,981**	62,835,811
commodities Murabaha		**6,109,900**	-
Investments available for sale	7	**34,718,150**	34,718,150
Investments in properties		**507,111,690**	506,911,690
Other Assets		**33,982,592**	33,931,611
Fixed assets		**42,644,541**	36,287,081
Total assets		**2,119,390,721**	1,994,534,966
Liabilities, unrestricted investment accounts holders and owners' equity			
Liabilities			
Current accounts		**436,671,304**	344,839,184
Other liabilities		**223,247,893**	209,302,045
Provisions		**22,852,180**	36,848,885
Total liabilities		**682,771,377**	590,990,114
unrestricted investment account holders		**441,712,573**	433,047,577
Owners' equity			
Share capital		**310,668,350**	310,668,350
Reserves		**539,553,142**	537,106,171
Retained earnings		**144,685,279**	122,722,754
Total owners' equity		**994,906,771**	970,497,275
Total liabilities, unrestricted investment accounts and owners' equity		**2,119,390,721**	1,994,534,966
Accounts Contra	12	**510,457,826**	566,359,596

Abdulbasit Hamza Al-Hassan Board Member	Abass Al-Bakhiet Musa Board Member	Al-Nour Agabana Iz-Alarab General Manager

The attached notes 1 to 11 form an integral part of these condensed financial statements

AL SALAM BANK

CONDENSED INCOME STATEMENT

FOR THE SIX MONTHS ENDED JUNE 30, 2015

	For Three Months Ended 31 March		For Six Months Ended 30 June	
	2015	2014	2015	2014
	SDG	SDG	SDG	SDG
Income				
Deferred sales	**16,919,151**	19,396,178	**35,439,588**	34,647,989
Income from investments	**19,709,914**	7,962,694	**29,385,250**	14,558,656
Unrealized investment gains (losses)	**-**	902,334	**2,626,386**	28,764,901
Total income from financing and investments	**36,629,065**	28,261,206	**67,451,224**	77,971,546
Less: Return on unrestricted investment accounts	**(7,765,511)**	(6,478,630)	**(15,606,311)**	(12,957,160)
Bank's share in income from investments (as Mudarib and as fund owner)	**28,863,554**	21,782,576	**51,844,913**	65,014,386
Income from banking services	**2,570,086**	6,845,509	**3,453,425**	8,987,279
Gain/ loss on sale of foreign currency	**175,812**	86,937	**225,902**	199,061
Gain / (losses) from revaluation of foreign currencies	**(158,438)**	(48,739)	**6,720**	(374,715)
Other income	**927,217**	347,001	**1,259,156**	626,531
Total Bank's revenue	**32,378,231**	29,013,284	**56,790,116**	74,452,542
Expenses				
Staff cost	**(7,450,365)**	(5,238,265)	**(13,910,577)**	(11,018,002)
Operation expenses	**(2,741,618)**	(4,338,368)	**(8,561,526)**	(10,554,902)
Depreciation	**(803,616)**	(857,831)	**(1,695,361)**	(1,683,298)
Mudaraba Investment & Finance Provisions	**(89,592)**	-	**(2,738,984)**	-
Central Bank of Sudan penalties	**(10,000)**	-	**(10,000)**	-
Total expenses	**(11,095,191)**	(10,434,464)	**(26,916,448)**	(23,256,202)
Net operation profits	**21,283,040**	18,578,820	**29,873,668**	51,196,340
Zakah provision for the period	**70,288**	(2,268,134)	**(3,966,447)**	(5,937,893)
Business Profit Tax provision for the period	**(1,239,235)**	(2,241,939)	**(1,504,415)**	(2,536,583)
Net income for the period	**20,114,093**	14,068,747	**24,402,806**	42,721,864
Basic earning per share	**0,174**	0,122	**0,211**	0,370

Abdulbasit Hamza Al-Hassan	Abass Al-Bakhiet Musa	Al-Nour Agabana Iz-Alarab
Board Member	Board Member	General Manager

The attached notes 1 to 11 form an integral part of these condensed financial statements

AL SALAM BANK

CONDENSED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2015

	June,30, 2015 SDG Un audited	June ,30,2014 SDG Un audited
Cash follows from operating activities		
Net income for the period	**24,402,806**	42,721,864
Adjustments for:		
Depreciation of fixed assets	**1,695,361**	1,679,530
Provisions	**(13,996,705**	(2,060,690)
	12,101,462	42,340,704
Changes in operating assets, liabilities and unrestricted investment accounts:		
Cash reserve with central bank	**(15,157,783)**	29,517,819
Cash follows from investing activities	**22,186,536**	(1,198,371)
Investments	**(140,585,873)**	39,237,367
Other assets	**(50,981)**	(9,526,490)
Current accounts	**91,832,120**	(74,134,008)
Unrestricted investment accounts	**8,664,995**	21,387,296
Other liabilities	**13,945,847**	(35,227,892)
Cash (used in) operations	**(19,165,139)**	(29,944,279)
Net cash (used in) operating activities	**(7,063,677)**	12,396,425
Cash follows from investing activities		
Purchases of fixed assets	**(8,052,821)**	(666,568)
Investments in affiliates	**-**	(55,000)
Net cash (used in) investing activities	**(8,052,821)**	(721,568)
Cash follows from financing activities		
Reserves	**6,690**	(467,230)
Net cash from/ (used) financing activities	**6,690**	(467,230)
Decrease in cash and cash equivalents for the period	**(15,109,808)**	11,207,627
Cash and cash equivalents at the beginning of the period	**124,729,632**	147,991,348
Cash and cash equivalents at the end of the period	**109,619,824**	159,198,975

Abdulbasit Hamza Al-Hassan Board Member	Abass Al-Bakhiet Musa Board Member	Al-Nour Agabana Iz-Alarab General Manager

The attached notes 1 to 11 form an integral part of these condensed financial statements

AL SALAM BANK

CONDENSED STATEMENT OF CHANGES IN OWNERS' EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2015

	Paid up capital SDG	Retained earnings SDG	Statutory reserve SDG	Property revaluation reserve SDG	Investment revaluation reserve SDG	Foreign assets &liab valuation reserve SDG	Total SDG
Balance as at January 1, 2015	310,668,350	122,722,754	50,021,505	336,873,784	51,490,804	98,720,078	970,497,275
Net income for the period	-	24,402,806	-	-	-	-	24,402,806
Reserves	-	(2,440,281)	2,440,281	-	6,690	-	6,690
Balance as at JUNE 30, 2015	**310,668,350**	**144,685,279**	**52,461,786**	**336,873,784**	**51,497,494**	**98,720,078**	**994,906,771**
Balance as at January 1, 2014	310,668,350	182,183,107	45,020,219	200,954,430	36,905,459	-	775,731,565
Net income for the period	-	42,721,864	-	-	-	-	42,721,864
Reserves	-	(4,272,186)	4,272,186	-	(467,230)	-	(467,230)
Balance as at JUNE. 30, 2014	**350,668,350**	**220,632,785**	**49,292,405**	**200,954,430**	**36,438,229**	**-**	**817,986,199**

Abdulbasit Hamza Al-Hassan
Board Member

Abass Al-Bakhiet Musa
Board Member

Al-Nour Agabana Iz-Alarab
General Manager

The attached notes 1 to 11 form an integral part of these condensed financial statements

1) Incorporation and activities

Al Salam Bank (the Bank) was established as a public company with a limited liability in Khartoum on December 28, 2004 under companies law 1925 with registration certificate No. 23335. The Bank is providing commercial banking services according to Islamic rules and principles.
The Bank started its commercial operations on May 2005, Providing its services from the head office, which is located at Aljamhoria street and Alhuria street junction . The bank is operating four branches to date .

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 Institutions (AAOIFI), and the international Accounting Standard 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 31,2014 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 30 June 2015 are not indicative of the results that may be expected for the year ended 31 December 2015.

c) functional currency

The functional currency of these condensed financial statements is Sudanese Geneih (SDG).

3) Investments held for trading

	JUNE,30,2015 SDG Un audited	DECEMBER,31,2014 SDG Audited
AL Salam bank – Bahrain shares	46,334,811	45,983,790
King Abdalla city shares	11,644,152	9,362,098
	57,978,963	55,345,888
Unquoted Investments		
Aman –Dubai shares	6,977,614	6,977,614
Investment funds	2,437,416	2,647,925
Assets acquired by banks for Musharaka Finance	7,769,950	7,769,950
Inter Bank Liquidity Managment Fund	10,500,000	10,500,000
	27,684,980	27,,895,489
	85,663,943	83,241,377

4) Investments held to maturity

	JUNE,30,2015 SDG Un audited	DECEMBER,31,2014 SDG Audited
Shahama securities	205,188,500	62,802,500
	205,188,500	62,802,500

5) Mudaraba financing

	JUNE,30,2015 SDG Un audited	DECEMBER,31,2014 SDG Audited
Mudaraba with corporate & customers	235,031,090	230,973,491
Mudaraba with financial institutions	139,946,659	142,448,909
	374,977,749	373,422,400
Less : provision for finance losses	(35,598,044)	(35,395,934)
	339,379,705	338,026,466

6) Musharka financing

	JUNE,30,2015 SDG Un audited	DECEMBER,31,2014 SDG Audited
Musharaka	57,462,109	63,470,516
Less : provision for finance losses	(6,512,128)	(634,705)
	50,949,981	62,835,811

7) Investments in shares available for sale

	Ownership percentage	JUNE,30,2015 SDG Un audited	DECEMBER,31,2014 SDG Audited
Alsalam Algeria Bank	5%	34,668,150	34,668,150
Al Salam Real Estate Company	50%	50.000	50,000
		34,718,150	34,718,150

8) Investments Analysis

	JUNE,30,2015 SDG Un audited	DECEMBER,31,2014 SDG Audited
Local Investments (note 8/1)	1,030,527,244	884,680,450
Investments in GCC counties (note 8/2)	207,340,652	207,420,336
Foreign Investments (Al Salam Bank - Algeria)	34,668,150	34,668,150
	1,272,536,046	1,126,768,936

8/1) Local Investments

	JUNE,30,2015 SDG Un audited	DECEMBER,31,2014 SDG Audited
Shahama securities	**205,188,500**	62,802,500
Inter Bank Liquidity Managment Fund	**10,500,000**	10,500,000
Mudaraba with Local Banks	**29,679,068**	19,022,249
Mudaraba with Customers (net)	**219,278,055**	214,588,250
Net Musharaka	**50,949,981**	62,835,811
Al Salam Real Estate Company	**50.000**	50,000
Assets acquired by banks for Musharaka Finance	**7,769,950**	7,769,950
Property investment	**507,111,690**	507,111,690
	1,030,527,244	884,680,450

8/2) Investments in GCC counties

	JUNE,30,2015 SDG Un audited	DECEMBER,31,2014 SDG Audited
AL Salam Bank – Bahrain shares	**46,334,811**	45,983,790
King Abdalla City shares	**11,644,152**	9,362,098
Investment funds	**2,437,416**	2,647,925
Aman –Dubai shares	**6,977,614**	6,977,614
Emirates Islamic Bank	**139,946,659**	142,448,909
	207,340,652	207,420,336

9) Gain from Investments valuation

	JUNE,30,2015 SDG Un audited	DECEMBER,31,2014 SDG Audited
King Abdullah City shares	**351,021**	1,282,504
AL Salam Bank – Bahrain shares	**2,275,365**	27,482,397
	2,626,386	28,764,901

10) Sectoral financing information

The total finance for the period ending 30,June 2015 amounted to SDG 871,886,498 (December 2014:SDG 931,317,582 and it was distributed according to economic sector as follows:

	JUNE,30,2015 SDG Un audited	DECEMBER,31,2014 SDG Audited
Manufacturing	**26%**	25%
Transportation	**6%**	7%
Trading	**8%**	6%
Agriculture	**1%**	1%
Buildings& constructions	**51%**	53%
Other sectors	**8%**	8%
Total	**100%**	100%

11) Statutory reserve

As required by the Central Bank of Sudan regulations, 10 % of net profit for the period has been transferred to a statutory reserve. The Bank will resolve to discontinue such periodical transfers until the reserve equals 100% of the paid share capital. 10% from the profit of the period was transferred to the statutory reserve.

12) Contra accounts

The contra accounts which are not included in the statement of financial position.

	JUNE,30,2015 SDG Un audited	DECEMBER,31,2014 SDG Audited
Letters of credit	**171,277,434**	178,157,982
Letters of guarantee	**339,180,392**	388,201,614
	510,457,826	566,359,596