Al-Salam bank- Sudan
(Public limited Company)
Unaudited Financial Statements
For The Six Months Ended
June 30, 2018

EL IMAM

Certified Public Accountants & Consultants

P. O. Box 7096
Khartoum
Sudan

Tel. +249912648943

Auditor's Report

Financial Statements Review Report

Al-Salam Bank – Sudan

Review Scope

We have reviewed the accompanying balance sheet of Al-Salam Bank as of June 30, 2018 and the related statement of income, cash flow and change in equity for the three months then ended, in accordance with the standards for review services. All the information included in these financial statements is the representation of Al-Salam Bank's management.

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

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

Opinion

Based on the review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the accounting standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions and the International Accounting Standard number (34).

Dr. Abdel Rahman Osman El Imam
Certified Public Accountant

Khartoum, 15 July, 2018
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AL SALAM BANK

CONDENSED STATEMENTS OF FINANCIAL POSITION

As At JUNE 30, 2018

	Note	June 30,2018 Unaudited	December 31,2017 Audited
Assets:-		**SDG**	SDG
Cash and cash equivalents		**1,159,516,687**	466,198,136
Deferred sales receivables (net)		**743,420,189**	736,234,624
Investments held to maturity	(3)	**325,318,469**	242,530,000
Investments in Mudaraba	(4)	**375,848,009**	206,145,623
Musharaka financing	(5)	**115,969,276**	163,734,861
Investments available for sale	(6)	**486,688,390**	185,652,044
Investments in property		**512,172,227**	518,172,166
Other assets		**83,343,820**	30,235,971
Projects in progress		**35,318,563**	65,135,403
Fixed assets (net)		**136,736,860**	84,619,762
Total Assets		**3,974,332,490**	**2,698,658,590**
Liabilities, Unrestricted investment accounts and Owners' Equity:-			
Liabilities:-			
Current Accounts		**793,936,080**	722,614,641
Other liabilities		**269,225,848**	104,884,000
Provisions and accruals		**50,214,661**	43,920,976
Total Liabilities		**1,113,376,589**	**871,419,617**
Unrestricted investment accounts holders		**794,116,974**	**508,330,075**
Owners' Equity:-			
Paid up capital	(8)	**323,549,000**	323,549,000
Reserves		**1,686,017,890**	710,951,950
Retained earnings		**57,272,037**	284,407,948
Total Owners' equity		**2,066,838,927**	**1,318,908,898**
Total Liabilities, Unrestricted investment accounts and Owners' equity		**3,974,332,490**	**2,698,658,590**
Contra accounts:-	(10)	**137,347,534**	**56,177,421**

The accompanying notes (1) to (10) form an integral part of these Statements

Alnour Ajabna Izalarab
General Manager

Abbas Elbakhit Musa
Board member

Saud Mamoun Elbirair
Board member

CONDENSED INCOME STATEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2018

	For Three Months Ended 30 June		For Six Months Ended 30 June	
	2018 SDG	2017 SDG	2018 SDG	2017 SDG
Income				
Deferred sales	**40,516,947**	19,617,149	**82,453,654**	50,710,417
Income from investments	**33,393,596**	17,456,479	**48,842,019**	30,367,922
Total income from financing and investments	**73,910,543**	37,073,628	**131,295,673**	81,078,339
Less: Return on unrestricted investment accounts	**(14,669,894)**	(11,948,136)	**(22,034,991)**	(21,874,147)
Bank's share in income from investments (as Mudarib and as fund owner)	**59,240,649**	25,125,492	**109,260,682**	59,204,192
Income from banking services	**1,924,566**	1,366,709	**3,269,410**	5,962,794
Gain on exchange of foreign currency	**309,309**	38,086	**366,958**	64,463
Other income	**14,637,902**	1,476,210	**26,545,694**	8,592,096
Total Bank's revenue	**76,112,426**	28,006,497	**139,442,744**	73,823,545
Expenses				
Staff cost	**(14,710,478)**	(9,320,875)	**(30,296,487)**	(17,967,939)
Operation expenses	**(11,077,826)**	(6,379,540)	**(23,027,329)**	(11,834,393)
Depreciation	**(1,064,671)**	(1,076,974)	**(2,067,567)**	(2,068,013)
Provision for investment & finance	**-**	-	**(2,366,523)**	-
Total expenses	**(26,852,975)**	(16,777,389)	**(57,757,906)**	(31,870,345)
Net operation profits	**49,259,451**	11,229,108	**81,684,838**	41,953,200
(Loss) / Gain from revaluation of foreign currency	**(478,555)**	8,151,070	**391,739,959**	5,687,057
Profit before Zakah and Tax	**48,780,896**	19,380,178	**473,424797**	47,640,258
Provision for Zakah	**(2,962,913)**	(2,255,881)	**(10,446,048)**	(4,962,211)
Provision for business Profit Tax	**(6,284,854)**	(2,160,937)	**(7,603,193)**	(3,287,795)
Net income for the period	**39,533,129**	14,963,360	**455,375,556**	39,390,252
Basic earning per share	**0,326**	0,123	**3.755**	0,325

The accompanying notes (1) to (10) form an integral part of these financial statements

Alnour Ajabna Izalarab	Abbas Elbakhit Musa	Saud Mamoun Elbirair
General Manager	Board member	Board member

AL SALAM BANK

CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2018

	JUNE, 30,2018	JUNE, 30,2017
	Unaudited	Unaudited
	SDG	SDG
Cash follows from operating activities		
Net income for the period	455,375,556	39,390,252
Adjustments for:		
Provision for Zakah	10,446,048	4,962,211
Provision for business Profit Tax	7,603,193	3,287,795
Provision for financing risk	2,366,523	-
Depreciation of fixed assets	2,067,567	2,068,013
Return on unrestricted investment accounts	22,034,991	21,874,146
	499,893,878	71,582,417
Changes in operating assets and liabilities:		
Other assets	(53,107,849)	(48,549,252)
Other liabilities	164,341,848	9,403,270
Provisions	(11,755,555)	(15,805,622)
Net cash from operating activities	599,372,322	16,630,813
Cash follows from investing activities		
Deferred sales receivables (net)	(9,552,088)	60,796,262
Investments held to maturity	(82,788,469)	(10,120,656)
Investments in Mudaraba	(169,702,386)	(38,037,881)
Musharaka financing	47,765,585	(37,247,203)
Investments available for sale	(301,036,346)	(99,722,657)
Investments in property	5,999,939	(4,979)
Projects in progress	29,816,840	21,823,727
Purchases of fixed assets	(54,184,666)	(813,863)
Net cash (used) in investing activities	(533,681,591)	(103,327,250)
Cash follows from financing activities		
Current accounts	71,321,439	124,293,169
Unrestricted investment accounts	263,751,908	54,440,890
Reserves	292,554,473	4,218,889
Net cash from financing activities	627,627,820	182,952,948
Increase in cash and cash equivalents for the period	693,318,551	96,256,511
Cash and cash equivalents at the beginning of the period	466,198,136	232,093,197
Cash and cash equivalents at the end of the period	1,159,516,687	328,349,708

The accompanying notes (1) to (10) form an integral part of these financial statements

Alnour Ajabna Izalarab
General Manager

Abbas Elbakhit Musa
Board member

Saud Mamoun Elbirair
Board member

AL SALAM BANK

CONDENSED STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2018

	Paid up capital	Retained earnings	Statutory reserve	General reserve	Property revaluation reserve	Foreign Invts valuation reserve	Foreign assets reserve	Total
	SDG	SDG	SDG	SDG	SDG	SDG	SDG	SDG
Balance as at January 1, 2017	**323,549,000**	**216,888,822**	**65,471,012**	-	**336,873,784**	**71,547,338**	**162,570,474**	**1,176,900,430**
Net income for the year	-	115,072,260	-	-	-	-	-	115,072,260
Reserves	-	(11,507,226)	11,507,226	-	-	-	-	-
Exchange Diff	-	(36,045,908)	-	-	-	26,936,208	36,045,908	26,936,208
Balance as at January 1, 2018	**323,549,000**	**284,407,948**	**76,978,238**	-	**336,873,784**	**98,483,546**	**198,616,382**	**1,318,908,898**
Net income for the period	-	**455,375,556**	-	-	-	-	-	**455,375,556**
Reserves	-	**(290,771,508)**	**6,363,560**	**284,407,948**	-	-	-	-
Exchange Diff	-	**(391,739,959)**	-	-	-	**292,554,473**	**391,739,959**	**292,554,473**
Balance as at JUNE , 30, 2018	**323,549,000**	**57,272,037**	**83,341,798**	**284,407,948**	**336,873,784**	**391,038,019**	**590,356,341**	**2,066,838,927**

The accompanying notes (1) to (10) form an integral part of these financial statements

Alnour Ajabna Izalarab
General Manager

Abbas Elbakhit Musa
Board member

Saud Mamoun Elbirair
Board member

(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 and Rotana branch which is placed in Africa 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 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 31,2017 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, 2018 are not indicative of the results that may be expected for the year ended 31 December 2018.

c) Functional currency

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

(3) Investments held to maturity

	June 30,2018 Unaudited SDG	December 31,2017 Audited SDG
Shahama securities	325,318,469	242,530,000
	325,318,469	242,530,000

(4) Mudaraba Investment and Agencies

	June 30,2018 Unaudited SDG	December 31,2017 Audited SDG
Mudaraba with corporate & customers	254,937,038	98,765,581
Mudaraba with financial institutions	190,546,626	136,540,771
	445,483,664	235,306,352
Less : Provision for financing risk	(69,635,655)	(29,160,729)
	375,848,009	206,145,623

(5) Musharka financing

	June 30,2018 Unaudited SDG	December 31,2017 Audited SDG
Musharaka	117,140,682	165,388,748
Less : Provision for financing risk	(1,171,406)	(1,653,887)
	115,969,276	163,734,861

(6) Investments available for sale

	Ownership percentage	June 30,2018 Unaudited SDG	December 31,2017 Audited SDG
Foreign investment funds		**-**	2,000,457
Assets acquired by banks for Musharaka finance		**11,643,103**	11,643,103
Inter bank liquidity management fund		**46,026,458**	40,712,690
Al Salam Real Estate Company	**50%**	**50,000**	50,000
Alsalam bank- Bahrain		**214,622,823**	65,666,394
King Abdullah city		**53,742,156**	16,440,750
Alsalam Algeria Bank	**5%**	**160,603,850**	49,138,650
		486,688,390	**185,652,044**

(7)Investments Analysis

	June 30,2018 Unaudited SDG	December 31,2017 Audited SDG
Local Investments (note 8/1)	**1,315,480,242**	1,161,098,643
Investments in GCC countries (note 8/2)	**339,912,279**	105,997,401
Foreign Investments (Al Salam Bank - Algeria)	**160,603,850**	49,138,650
	1,815,996,371	1,316,234,694

(7/1) Local Investments

	June 30,2018 Unaudited SDG	December 31,2017 Audited SDG
Shahama securities	**325,318,469**	242,530,000
Inter Bank Liquidity Managment Fund	**46,026,458**	40,712,690
Mudaraba with Local Banks	**51,783,831**	114,650,971
Mudaraba with Customers (net)	**252,516,878**	69,604,852
Net Musharaka	**115,969,276**	163,734,861
Al Salam Real Estate Company	**50,000**	50,000
Assets acquired by banks for Musharaka Finance	**11,643,103**	11,643,103
Local land	**512,172,227**	518,172,166
	1,315,480,242	1,161,098,643

(7/2) Investments in GCC countries

	June 30,2018 Unaudited SDG	December 31,2017 Audited SDG
AL Salam Bank – Bahrain	**214,622,823**	65,666,394
King Abdullah City shares	**53,742,156**	16,440,750
Foreign investment funds	**-**	2,000,457
UBAF bank	**71,547,300**	21,889,800
	339,912,279	105,997,401

8/ capital

	June 30,2018 Unaudited SDG	December 31,2017 Audited SDG
Paid up capital	**323,549,000**	323,549,000
	323,549,000	323,549,000

The authorized share capital of the bank comprises of 200 million share with nominal value of SDG 2,69 each.
Issued and paid 121,275,000 shares.

(9) Statutory reserve

As required by the Central Bank of Sudan, 10 % of net profit 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.

(10) Contra accounts

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

	June 30,2018 Unaudited SDG	December 31,2017 Audited SDG
Letters of credit	**109,398,245**	33,470,246
Letters of guarantee	**27,949,289**	21,763,175
Shahama	**-**	944,000
	137,347,534	56,177,421