AL SALAM BANK

INTERIM CONDENSED FINANCIAL STATEMENTS
AS AT 30 JUNE 2008

	June 2008 USD	Dec 2007 USD
Assets		
Cash and cash equivalents	**40,546,895**	52,508,927
Cash reserve with central bank	**4,110,439**	2,976,826
Sales receivables	**140,509,620**	79,637,442
Investments in securities and shares for trading	**58,737,610**	55,020,320
Investments in securities and shares to maturates	**34,866,828**	19,512,195
Mudaraba financing	**133,592,613**	144,371,387
Musharaka financing	**270,198**	1,069,775
Investments in real estate	**12,822,833**	12,916,658
Other Assets	**19,231,206**	9,752,483
Investments in securities and shares available for sale	**5,419,512**	5,419,512
Fixed assets	**16,584,898**	15,460,551
Total assets	**466,692,652**	398,646,076
Liabilities, unrestricted investment accounts and owners' equity		
Liabilities		
Current accounts	**46,774,614**	26,295,109
Other liabilities	**4,905,252**	21,727,493
Provisions	**4,544,968**	4,635,370
Total liabilities	**56,224,834**	52,657,972
Equity of unrestricted investment account holders	**264,801,493**	207,970,446
Owners' equity		
Paid up capital	**100,000,000**	100,000,000
Reserves	**28,602,515**	27,607,173
Retained earnings	**17,063,810**	10,410,485
Total owners' equity	**145,666,325**	138,017,658
Total liabilities, unrestricted investment accounts and owners' equity	**466,692,652**	398,646,076

Mr. Abdu Khalil
General Manager

Mr. Ahmed Hilali
Main Branch Manager

The attached notes 1 to 6 form an integral part of the financial statements.

AL SALAM BANK

INTERIM CONDENSED INCOME STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2008

	FOR THREE MONTHES ENDED 30 JUNE		FOR SIX MONTHES ENDED 30 JUNE	
	2008	**2007**	**2008**	**2007**
Income	**USD**	**USD**	**USD**	**USD**
Income from Sales receivables	**4,207,598**	1,476,045	**6,672,626**	5,584,714
Income from investments	**3,867,358**	3,688,563	**8,796,237**	5,927,823
Unrealized re-measurement gains on investments	**1,622,912**	**-**	**3,931,758**	**-**
	9,697,868	5,164,608	**19,400,621**	11,512,537
Less: Return on unrestricted investment accounts	**(3,504,372)**	(1,677,106)	**(7,197,771)**	4,192,766
Bank's share in income from investments (as Mudarib and as fund owner)	**6,193,496**	3,487,502	**12,202,850**	7,319,771
Income from banking services	**1,489,769**	1,067,130	**2,829,215**	1,412,896
Other income	**64,415**	108,148	**197,628**	223,047
Total Bank's revenue	**7,747,680**	4,662,780	**15,229,693**	8,955,714
Less: General and Administrative expenses	**(2,521,138)**	(1,145,185)	**(4,799,883)**	(2,464,583)
	5,226,542	3,517,595	**10,429,810**	6,491,131
Profit/ loss on foreign exchange	**816,957**	(76,428**)**	**1,239,521**	(153,282)
Net income before provision for zakah and tax	**6,043,499**	3,441,167	**11,669,331**	6,337,849
Zakah provision	**(1,043,128)**	(743,908)	**(1,733,143)**	(1,487,816)
Business Profit Tax provision	**(43,433)**	(53,167)	**(86,874)**	(106,336)
Net income for the period	**4,956,938**	2,644,092	**9,849,314**	4,743,697
Basic earning per share (USD)	**0,050**	**0,026**	**0,098**	**0,047**

The attached notes 1 to 6 form an integral part of the financial statements.

AL SALAM BANK

INTERIM CONDENSED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED JUNE 30, 2008

	JUNE 2008 USD	JUNE 2007 USD
Operating activities		
Net income for the period	**9,849,314**	4,743,697
Adjustments for:		
Depreciation of fixed assets	**480,213**	224,046
Provisions	**(90,402)**	(1,795,481)
	10,239,125	3,172,262
Changes in operating assets, liabilities and unrestricted investment accounts:		
Cash reserve with central bank	**(1,133,613)**	(577,282)
Sales receivables	**(60,872,178)**	1,289,368
Investments	**(7,399,747)**	18,398,158
Other assets	**(9,478,724)**	138,868
Current accounts	**20,479,506**	11,312,059
Equity of unrestricted investment accounts	**56,831,047**	(30,481,775
Other liabilities	**(19,033,299)**	6,652,234
Cash used in operations	**(20,607,008)**	(6,731,630)
Net cash used in operating activities	**(10,367,883)**	(9,903,892)
Investing activities		
Purchases of fixed assets	**(1,604,560)**	(2,442,237)
Investments in affiliates	**-**	6,401,822
Net cash used in investing activities	**(1,604,560)**	**(1,604,560)**
Financing activities		
Reserves	**10,411**	2,328,634
Net cash from financing activities	**10,411**	2,328,634
Increase / Decrease in cash and cash equivalents for the period	**(11,962,032)**	16,192,111
Cash at the beginning of the period	**52,508,927**	4,152,683
Cash and cash equivalents at the end of the period	**40,546,895**	20,344,794

The attached notes 1 to 6 form an integral part of the financial statements.

AL SALAM BANK

INTERIM CONDENSED STATEMENT OF CHANGES IN OWNERS' EQUITY

FOR THE PERIOD ENDED JUNE 30, 2008

	Paid up capital	Retained earnings	Statutory reserve	Property revaluation reserve	Investment revaluation reserve	Foreign currency translation reserve	Total
	USD	USD	USD	USD	USD	USD	USD
For the six months ended June 30. 2008							
Balance as at January 1, 2008	1,000,000	10,410,485	3,196,776	141,298	-	24,269,099	138,017,658
Paste years settlement		(2,211,058)					(2,211,058)
Net income for the period	-	9,849,314			-	-	9,948,314
Reserves	-	(984,931)	984,931		293,919	(283,508)	10,411
Balance as at June 30, 2008	**100,000,000**	**17,063,810**	**4,181,707**	**141,298**	**293,919**	**23,985,591**	**145,666,325**
For the three months ended June 30. 2008							
Balance as at January 1, 2007	100,000,000	8,957,911	2,958,077	(62,130)	-	26,521,686	138,375,544
Net income for the period	-	4,743,697	-		-	-	4,743,697
Reserves	-	(474,369)	474,369				-
Balance as at June 30, 2007	**100,000,000**	**13,227,239**	**3,432,446**	**(62,130)**	**11,212,748**	**26,521,686**	**143,119,241**

The attached notes 1 to 6 form an integral part of the 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 commercial operations on Many 2005.

2) Significant Accounting Policies

i) Basis of Preparation

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 accounts standard no (34) , the basis of preparation witch it was use for interim condensed financial statements was the same as that one witch it was use for auditing financial statements as at December 31.2007 witch it was prepared accordance with the Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), as required by the Central Bank of Sudan and Shari'a Supervisory Board (SSB) requirements .

ii) Accounting Convention

The interim condensed financial statements should read with financial statements as at December 31.2007

iii) Currencies

The interim condensed financial statements have been presented in US Dollar.

3) Concentration of investments – Economic sector

The total Investments for the period is amounting to USD183,317,489 and it was distributed according to economic sector as follows:

- Manufacturing	26%
- Trading	24%
- Transportation	8%
- Other sectors	42%
Total	100%

4) 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 annual transfers when the reserve equals 50% of the paid up share capital. 10% from the profit of the period was transfer to the statutory reserve .

5) Contra accounts

21. Contra accounts	**June 2008 USD**	**Dec. 2007 USD**
Letters of credit	**51,551,558**	**40,210,489**
Letters of guarantee	**344,266,416**	**282,739,308**
	395,817,974	**322,949,797**

The attached notes 1 to 6 form an integral part of the financial statements.

6) Related party transactions

These represent transactions with related parties, i.e. shareholders and senior management of the Bank, These transactions are conducted in an arm length basis.

Balances with related parties included in the balance sheet are as follows:

Nature	Amount in USD
- Murabaha	1,109,756
- Mudaraba financing	-

Balances with related parties included in the income statement are as follows:

Nature	Amount in USD
- Income from investments	44,390
- Income from other operations	110,000

The attached notes 1 to 6 form an integral part of the financial statements.