



Financial Investment Bank

(Member of Banking Deposits Security Fund)

(Winner of International Quality Certificate ISO 9001:2008)

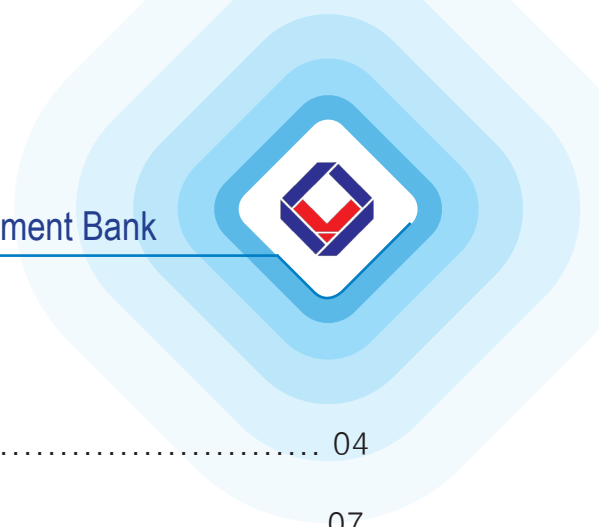
Annual Report 2010

Our Mission

Is the provision of investment, banking and financial advisory services with high quality, confidentiality and reasonable cost. This is all with the view of enhancing customer, staff and shareholders satisfaction within the approved legal framework.

Our Vission

To be a comprehensive investment provider, locally and regionally, through the provision of financial services, investment products, banking and advisory services to investors in public and private sectors, with high quality and at competitive charges in accordance with set regulations and in compliance with sharia rules and principles.



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Financial Investment Bank

The Financial Investment Bank (FIBA) was established in the year 1997 as the pioneer Sudanese Investment Bank, dealing in a number of investment products including Stocks, Structured Securities, Funds, Real State and Investment Portfolios. FIBA launched its operations in July 1998 and in February 1999 it was listed in Khartoum Stock Exchange.

Shareholders Capital :

Authorized Capital : SDG 125,000,000 (Hundred and twenty five Million Sudanese Pounds)

Paid up Capital : SDG 100000000.00 (hundred million Sudanese Pounds)

Share par value : SDG 1.00 (One Sudanese Pound)

Address :

Financial Investment Bank, El Manar Tower, El Sayed Abdul rahman Street,

P.O.Box : 12046 Khartoum – Sudan

Tel. : + 249 183 730300

Fax : + 249 183 730304

SWIFT : FITBSDKH

Website : www.fibaonline.com

Email : info@fibaonline.com



Our Objectives :

The main objectives of the Financial Investment Bank are the following:

1. Enhancement of Khartoum Stock Exchange activities and dealings in Stocks & other tradeable securities.
2. Augmentation of financial resources of public and private sector companies through promotion & acceleration of public offerings and issuing of financing securities.
3. Arrangement of finance to help new investment opportunities for individual and corporate investors through establishment of investment portfolios and mutual funds in different economic activities.
4. Provision of restructuring services for public and private sector companies and state-owned corporations via acquisition, merger and privatization.
5. Provision of corporate banking services to highly selected corporations and companies.
6. Dissemination of investment values and saving awareness among citizens.
7. Cooperation with concerned parties to improve the general investment environment in Sudan and encourage inflow of foreign capital.

Our Products :

1. Mutual Funds & Investment portfolios.
2. Trading in securities.
3. Public offerings and private placements.
4. Underwriting public offerings for new as well as going concern companies.
5. Financial engineering services to private and public sector companies.
6. Corporate Banking services.
7. Restructuring and privatization services.
8. Financial advisory and consulting (FIBA Consulting).



Correspondent Banks :

The Arab Investment Company Bahrain

P.O.Box: 5559 Manama
Tel.: +973 175 88888
Fax: +973 175 88885
SWIFT: TAIQBHBM

National Commercial Bank Saud

B.S.C .(C)
Saudi Arabia
P.O.Box: 3555 Jeddah
Tel.: +966-2-6493333
Fax: +966-2-6426637
SWIFT: NCBKSAJE

Abu Dhabi Islamic Bank

UAE
P.O.Box: 313 Abu Dhabi
Tel.: +971-2-6100600
Fax: +971-2-6654340
SWIFT: ABDIAEAD

Qatar Islamic Bank

Qatar
P.O.Box: 955 Doha
Tel.: +974- 4409409
Fax: +974- 4412700
SWIFT: QISBQAQA

British Arab Commercial Bank

London
Tel.: +44 20 7648 7777
Fax: +44 20 7600 3318
SWIFT: BACMGB2L

The Housing Bank for Trade and Finance

P.O.Box: 7693 Amman
(11118)
Tel.: +962-6-5607315
Fax: +962-6-5678121
SWIFT: HBHOJOAX

Alubaf Arab International Bank

Bahrain
Tel.: +973 17 517722
Fax: +973 17 540094
SWIFT: ALUBBHBM

Intercontinental Arab Bank

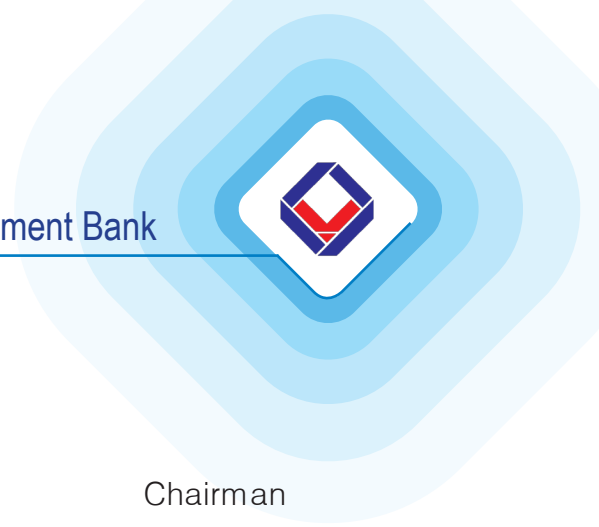
France – Paris
Tel.: +33-153766262
Fax: +33-142890959
SWIFT: BIARFRPP

Jordan Islamic Bank for Finance And Investment

Jordan
P.O.Box: 926225 Amman (11190)
Tel.: +962-6-5666325
Fax: +962-6-5666326
SWIFT: JIBAJOAM

Shareholders

The Arab Investment Company	– KSA	20.79%
Hosbico Company	– UAE	15.23%
Captain Elnour Zaroug	– Sudan	10.78%
Warm Seas Holding Company	– Sudan	10.23%
Warm Seas International Company	– Sudan	10.23%
Northern Hemisphere Company	– Liberia	9.99%
Central Bank of Sudan	– Sudan	8.82%
Tadhamon Islamic International Bank	– Yemen	5.73%
Sudanese French Bank	– Sudan	2.36%
Others		5.84%



Board of Directors

- | | |
|---|------------------------------|
| 1. Dr. Salih H. Alhumaidan | Chairman |
| 2. Mr. Faraj Mohammed Sultan | Vice Chairman |
| 3. Mr. Nabil Abdal Latief Al Sahaf | Member |
| 4. Eng. Isam Eldien Alnour Abdalla Zaroug | Member |
| 5. Mr. Manar Eldien Alnour Abdalla Zaroug | Member |
| 6. Mr. Osman Alsaied Ahmed | Member
(until March 2010) |
| 7. Mr. Mohamed Al Hassan El sanosi | Member |
| 8. Mr. Mohamed Alfatih zein El Abedien | Member |
| 9. Mr . Ali Al Hassan Omer | Member |

Sharia Supervisory Board:

- | | |
|---------------------------------------|----------|
| – Professor Mohamed Sir El khatim | Chairman |
| – Professor Alsidieg Alamien Aldarier | Member |
| – Mr. Ibrahim Ahmed Alshiekh Mohamed | Member |

Auditor

Mubarak for Accounting & financial Consultancy
Certified public Accountants
Independent Firm, Correspondent of ERNST & YOUNG

Legal Advisor

DR, Ahmed Algasim Mustafa

Board Secretary

Mrs. Amira Elamin Mustafa



Executive Management:

1. Mr. Ahmed Albadawi Abd Alazeem General Manager up to 31/10/2010
2. Dr. Taha Eltayeb Ahmed Acting General Manager from 1/11/2010
3. Mr. Adil Abdelhamied Alhakiem Second Deputy General Manager
4. Mr. Alhadi Mohamed Ahmed Muhi Edien Manager , Corporate Banking Dept
5. Mr. Abdalla hassan. Abubakr Manager, computer Dept.
6. Mr. Khidir Nour Aldeen Khidir Manager, marketing & Business Development Dept.
7. Mr. Sidieg Hassab Al Rasoul Elshiekh Manager , Internal Auditing Dept.
8. Dr. Fath Alrahman Ali M.Salih Manager, Funds & Portfolios Dept.
9. Mr. Omer Abdal Rahman Elshiekh Compliance Officer
10. Mr. Abdalla Omer Elsidig Deputy manager, Financial Affairs Dept
11. Mrs. Amira Alamin Mustafa Manager, Legal Dept.
12. Mr. Magzoub Abdalla Mohamed Deputy Manager, Administrative HR Dept.

Global Economic Environment :

The global economy recovery is still continuing generally conforming with anticipations, however, downside risks are still significant.

Most of the advanced economies and some emerging economies still call for large corrective measures including balance sheet consolidations, stabilization and reduction of the rising public debt and handling and reform of the disequilibrium in financial sectors. The financial sector in most of these economies is still vulnerable to a wide range of shocks.

Growth rates have slowed down with diminution of the support of the macro-economic policies. Precautionary policies adopted by emerging and developing economies previously executed to encounter past financial crises had contributed remarkable improvements in medium term growth projections in comparison to periods succeeding the global recession in advanced economies.

Global growth is projected to expand by 4.8 % in 2010 and 4.2 % in 2011. Growth Domestic Product (GDP) is projected to grow by 7.1 % in 2010 and 6.4% in 2011 in emerging and developing economies. However, growth in advanced economies is not expected to exceed 2.7% and 2.2 % in 2010 and 2011 respectively.

Therefore, strong and sustained recovery depends upon :

- Internal rebalancing: through fostering of demand on commodities and services in advanced economies to enable control of public finance situations.
- External rebalancing: through boosting of net exports in countries registering fiscal deficit and decrease of exports in countries registering surpluses – some Asian emerging countries.



Domestic Economic Environment :

The salient features of the Sudanese economy in the year 2010 can be summarized in the following facts:

- Average inflation rate dropped from 13.5% in 2009 to 12% in 2010.
- Gross Domestic Product (GDP) declined from 6.1 % in 2009 to 3% in 2010.
- The Sudanese pound exchange rate depreciated against foreign currencies by as much as 20 – 25%.
- Money supply increased from SDG 28,314 million in 2009 to SDG 32,048 million in 2010 as the result of increases in currency with the public and demand deposits.
- Total finance granted by commercial banks amounted to SDG 16.417.1 million in August 2010 in which industrial sector absorbed 16.5%, Agricultural sector 15.5%, Real estate 13.1%, Local trade 12.2%, Transport Storage, Imports and Exports sector acquired 16.8% and other sectors 25.9%.
 - The balance of payments improved realizing a surplus of US\$ 175.3 and US\$ 32.3 million in the first and second quarters of 2010 respectively, basically due to a decrease in deficit of current account during the first and second quarters of 2010.
 - As for Khartoum Stock Exchange (KSE) transactions, trading volume registered the highest rate since its opening in 1995, overtaking the past year by SDG 2.4 billion compared to SDG 2.2 billion in 2009. Total number of shares traded rose to 166.5 million in 2010 – compared to 164.7 million shares in 2009. The number of executed contracts increased from 8,069 contracts in 2009 to 8,266 contracts in 2010. However, the number of certificates traded decreased from 7.6 million to 5.8 million in 2010 owing to a decrease in the number of investment funds.

Report Of The Board Of Directors

To The Ordinary General Meeting (No.13)

(Praise be to ALLAH, the GOD of all worlds Blesses and Peace be upon the most honorable messenger our prophet Mohamed and to his family and companions)

Dear Brothers and Sisters, Honourable Shareholders,

Al Salam Alaikoum Wa Rahmat Allah Wa Brakatu,

on behalf of the board of directors, the executive management and the staff, I am pleased to present to you the annual report of the Financial Investment Bank activities and the financial results for the year 2010, accompanied by local, regional and global economic circumstances that directly or indirectly affected the performance of the national economy and consequently the bank activities and reviewing the results achieved in the past year concluding with the recommendations of the board of directors to your honorable assembly.

During the year 2010 the global economy witnessed noticeable events leading to prospects despite the existence of significant downside. Most of the advanced economies and a number of emerging economies still require some economic reforms measures primarily envisaged in consolidation of financial position, fixation and reduction of the rising public debt, and dealing with imbalances in the financial sectors.

The financial sector in many countries is still vulnerable to shocks and slow rates of growth with the diminishing of the major fiscal stimulus programmes. Equivalently, the precautionary policies in emerging economies, partially executed, had noticeably improved growth projections in medium term, compared to periods succeeding the global recession periods.

Under these circumstances, the Sudanese economy by the end of 2010 encounter various economic developments as inflation rate reached 13 % by the end of 2010 compared to 11.2% in the previous year.

Moreover, Information dedicates the decline of the GDP growth rate to 3% compared to 6.1% in 2009.

The Sudanese pound depreciated against foreign currencies. The average exchange rate reached SDG 3 versus US dollar by the end of 2010 compared to SDG 2.25 in 2009.



Report Of The Board Of Directors

Trading at Khartoum Stock Exchange (KSE) registered the highest level since the inception of Khartoum Stock Exchange in 1995 to reach SDG 4.2 billion compared to SDG 2.2 billion in 2009.

The number of shares traded registered a slight rise to reach 166.5 million in 2010 compared to 164.7 million in 2009. The number of transactions executed increased from 8,069 to 8,266 transactions in 2010. Total number of certificates traded decreased to 5.8 million from 7.6 million in 2009 owing to decrease in the volume of investment funds.

Dear shareholders,

Despite the impact of the global crisis, our bank has achieved positive satisfactory results. The Audited financial statements, the external auditor report and the sharia supervisory board report for the year ended 31/12/2010 are now in your hands. They reflect the bank performance during the year and confirm the success of the bank management and its remarks about promotion and advancement, overstepping all difficulties and local and global challenges and at the same time seizing favorable investment opportunities within the bank strategies and plans.

The financial statements have demonstrated the following :

a) Statement of Financial position :

Total assets amounted to SDG 320,681.000 at the end of 2010 , compared to SDG 434,681,000 by the end of 2009 realizing a drop of 26% , attributed to decline in investment deposits accounts and trusts accounts resulting from shortage of foreign exchange and repatriation of Investments held by foreign Investors.

Despite the contraction of assets volume, total shareholders' equity increased by 18 % to reach SDG 128,860,000 in 2010 compared to SDG 109,488,000 in 2009, noting that the bank had raised its paid up capital to SDG 89,633.000 by partial capitalization of 2009 profits in addition to retained profits.

The decrease in the price of the share of Sudatel company share and other companies had unfavorable impacts on the fair value of investments account, which affected shareholders equity.

The impact of the decline of liabilities and profit sharing accounts was limited to cash and cash equivalents on the assets side and did not affect financing and investment portfolios. The balance of the portfolio jumped from SDG 248,043,000 in 2009 to SDG 268,718,000 in 2010, with a rate of increase of 8%.

Report Of The Board Of Directors

As for funds managed off- balance sheet, its balance increased from SDG 808,408,000 in 2009 to SDG 1,426,265,000 in 2010 with a rate of increase of 76%, resulting from the success of the bank management to mobilize domestic investments to compensate the decrease of external investments.

b) Income statement :

Revenues:

In 2010 the bank realized a sizable increase in revenues, reaching 32% as total revenues rose to SDG 38,126,000 in 2010 from SDG 28,857,000 in 2009. Financial investment revenue represented 91 % and banking services and financing revenue represented 9 % of total revenue.

Administrative expenses:

The ratio of expenses to revenues is about 32 % in 2010 compared to 36 % in 2009; reflecting efficient performance and positive financial indicators relating to profitability and resource utilization efficiency. The standard rate of The Central Bank of Sudan for this ratio is 55 %.

Net profit :

At the end of the year 2010 the bank achieved net profits after Zakat and Tax, amounting to SDG 24,533,000 compared to SDG 17,804,000 in 2009, with a rate of increase of 38% despite the difficulties facing the economy.

Rating of the bank:

In accordance with preventive control indicators issued by the Central Bank of Sudan during the last quarter of 2010, the Financial Investment Bank was rated "Satisfactory" complying with previous rating and indicating stability of financial and operational environment. During 2010 the bank was completely free from any violations and misappropriation.

Dear shareholders,

I am glad to inform you that Dr, Taha Eltayeb. Ahmed has been appointed as a general manager as a successor to the ex- general manager, Mr. Ahmed Albadawi. We are confident that he will be a great gain to the bank. I would also like to bring to your kind attention the appointment of Mr. Adil Abdal Hameed Alhakeem as a deputy general manager. We wish them success and good luck.



Report Of The Board Of Directors

Dear shareholders,

During 2010 the bank concentrated its attention on major fields of business represented by the activities of the stock exchange through issuance , promotion , sale , purchase and finance as the contribution of this sector represented 91 % of total revenue and by that the bank maintained its pioneering role in the activation of the (KSE) , both primary and secondary markets.

In the field of investment funds industry the bank during the year liquidated four investment funds with a capital of SDG 55,371 ,000 and established three new funds with a capital of SDG 76,000,000 to become six operating funds with a total capital of SDG 147,888,000. In the sphere of investment portfolios the total invested funds reached SDG 1,371,237,000 in 2010 with an increase of SDG 594,862,000 with a rate of increase of 77 %. This reflects the investors' confidence in the high quality of bank services and its professionalism.

In the field of information technology 90% of the software applications within various departments has been implemented in addition to updating and modernization of the internal computer network as a going process. Also the internal hall at the ground floor has been expanded and prepared to facilitate the provision of excellent and easily accessible services to ensure customers satisfaction.

To materialize the bank objectives of dissemination of financial culture and saving consciousness, the bank continued to participating seminars and exhibitions wherein of the bank gained good reputation.

Also special attention is paid to human resources by the provision of technical and professional training inside and outside Sudan with the intention of refining skills and capabilities to enable employees to realize their full potentials as the most important factor of success.

Within the framework of the bank contribution to the social aspect the malaria portfolio is still continuing its successes as the funds invested in the portfolio reached SDG 1,437,000. Presently the management is planning to expand the scope of the portfolio and transfer it into an investment fund concerned with general health services.

During the year 2010 the engineering and architectural designs for the bank premises have been completed. Implementation of the project was planned to start in 2010 but analysis of contractors' offers costs extremely high compared to the consultant estimates. Therefore the board of directors decided to defer the execution and re-invite new offers. Simultaneously, an agreement was signed with the owner to carry out an overall maintenance of the present building to improve the working environment.

Report Of The Board Of Directors

In consistency with the bank orientation towards development the execution of the strategic five year plan has started in 2010. The performance of the plan in its first year outperformed the past year budget estimates and the five year plan projection. As the profit realized in 2010 reached SDG 24,533,000.

Dear shareholder,

After examination of the annual report of the bank activities in 2010, allow me to bring to your. Kind attention the recommendations of the board of directors:

1. Approval of external auditor report the sharia supervisory board report and adoption of the final accounts for the year ended 31/12/2010.
2. Endorsement of the board recommendation to distribute 10 % cash dividends and 11.566 % in stock dividends.
3. Approval of the board of directors recommendation to pay :
 - The remuneration of the members of the board of directors for the year 2010 (5% of the year profit) amounting to SDG 1,293,84.
 - The Sharia supervisory board fees for the year 2010, estimated at SDG 50,000.
 - The external auditor fees as per contract.

Dear shareholders,

In conclusion I would like to thank you for your continuous and invaluable support to the bank activities and management. I wish also to extend my sincere thanks to Ministry of Finance and National Economy, Central Bank of Sudan, Khartoum Stock exchange, Sudan Financial Services Company, Commercial Registrar, Sharia Supervisory Board and External Auditor.

I would also personally and on behalf of the board members, executive management and staff to extend my appreciation and gratitude to Dr, Sabir Mohamed El hassan the ex-governor of the Central Bank of Sudan for his prudent guidance of the Sudanese banking system for a long period. I also welcome his successor Dr, Mohamed khair Elzubair and wish him all success and good luck.

Special thanks are due to the bank customers for their highly esteemed confidence. I wish to express my sincere gratitude to the bank employees, for their hard work and dedication which made possible the achievement of the best results.

We look forward with much hope and optimism for more progress and achievements that contribute to the advancement, development and success of the Sudanese economy.

Dr. Salih Al-Himaidan
Chairman of the Board of directors



Financial Highlights

Assets

Total Assets reached SDG 320562905.00 at the end of 2010, compared to SDG 434705623.00 in 2009 with a percentage decrease of 26%.

Table (1): Trend of Assets (2006 – 2010)

Items (SDG)	2006	2007	2008	2009	2010
Current Assets	226438942.78	190864983.50	249374828.12	430459848.00	315838227.00
Fixed Assets	3799270.45	3914470.11	6418480.93	4220775.00	4724678.00
Total Assets	230238213.23	194779453.61	255793309.05	434705623.00	320562905.00

Liabilities & Investment sharing accounts:

Total liabilities and profit sharing investment accounts amounted to SDG 191,702,524 in 2010 compared to SDG 325,192,500 in 2009.

Table (2) Trend of Details of liabilities and profit sharing Investment accounts (2006 – 2010)

Items (SDG)	2006	2007	2008	2009	2010
Liabilities	83578891.16	67245280.34	96887403.37	240191129.00	151866271.00
Profit sharing Investment Accounts	65331730.18	32017136.21	53247068.43	85001371.00	39836253.00
Total liabilities & Profit sharing Investment Accounts	148910621.34	99262416.55	150134471.80	325192500.00	191702524.00

Financial Highlights

Shareholders' Equity

Shareholders' equity amounted to SDG 128860381.00 in 2010 compared to SDG 109488123.00 in 2009 with a percentage rate of increase of 18%.

Table (3) Trend of Shareholders Equity (2006 – 2010)

Items (SDG)	2006	2007	2008	2009	2010
Total shareholders' equity	81327591.89	95517037.06	105658837.25	109488123.00	128860381.00

Paid up Capital:

Total paid up capital reached SDG 89633240.00 in 2010 compared to SDG 82993740.00 in 2009 with a percentage rate of increase of 8%.

Table (4) Trend paid up capital (2006 – 2010)

Items (SDG)	2006	2007	2008	2009	2010
Paid up capital	63509195.00	69860029.00	76846055.00	82993740.00	89633240.00

Revenues

Total revenues reached SDG 38126583.00 in 2010 compared to SDG 28857339.00 in 2009 with a percentage rate of increase of 33%.

Table (5) Revenues (2006 –2010)

Items (SDG)	2006	2007	2008	2009	2010
Total Revenues	29689079.55	32833415.48	28783949.52	28857339.00	38126583.00

Expenses:

Total expenses amounted to SDG 12209522.00 in 2010 compared to 10323207.73 in 2009 with a rate of increase of 18%.

Table (6) Trend of Expenses(2006 –2010)

Items (SDG)	2006	2007	2008	2009	2010
Total Expenses	8063310.07	10038861.61	9552852.66	10323207.73	12209522.00



Financial Highlights

Profits before Zakat & Tax

Gross profits before Zakat & Tax amounted to SDG 26386412.00 by the end of 2010, compared to SDG 19714502.82 in 2009 with a growth rate of 34%.

Table (7) Growth of Profits before Zakat & Tax (2006 – 2010)

Items (SDG)	2006	2007	2008	2009	2010
Profits before Zakat&Tax	21625769.48	22794553.87	19231096.86	19714502.82	26386412.00

Shareholder's Dividends:

Dividend payments to shareholders amounted to 21.566% in 2010 compared to 18% in 2009.

(Table 8)Trend of net profit and Dividends (2006 – 2010) : (SDG)

Year	Net profits	Dividends	Dividends Distribution Ratio (% of paid up capital)
2006	16'779'602.55	12'701'839	(20%) 10% in cash & 10% Bonus shares
2007	20'203'015.56	13'972'005.80	(20%) 10% in cash & 10% Bonus shares
2008	16.710.955.41	13.832.289.9	(18%) 10% in cash & 8% Bonus shares
2009	17.803.813.15	14939057.20	(18%) 10% in cash & 8% Bonus shares
2010	24533023.00	19330084.00	(21.566%) (10% cash / 11.566% Bonus shares)

Key financial ratios:

Ratios	2010	2009	2008
Fixed Assets/ Total Assets	1.5%	1.4 %	2.5 %
Owners' equity / Total Assets	40%	27 %	41 %
Net profits/ Total Revenues	68%	59 %	58 %
Net profits/ Owners' Equity	20%	15 %	16 %
Expenses/ Revenues	32%	34 %	33 %
Paid up capital / Authorized Capital	90%	82.99 %	76.84 %

Sharia Supervisory Board Report

For the period 1/1/2010 to 31/12/2010

Corresponding to the 4th Muharam 1431 to 25th Muharam 1432

In compliance with the financial institutions governance standard No (1) related to Sharia Supervisory Board, issued by the Accounting and auditing organization for Islamic Financial Institutions (Bahrain), we hereby submit to the shareholders 13th ordinary general meeting the following report:

1. The Board examined the bank investment contracts presented to it and directed to remove violations therein.
2. The Board inspected the Statement of Financial Position, the income statement for the year ended 31/12/2010 and the accompanying disclosure notes with the explanations from the bank management and also examined the external auditor report.
3. The responsibility of ascertainment of adherence to Sharia rules falls upon management. Our responsibility is to express an independent opinion based on our revision of the bank positions, and report to you.
4. The Board supervised the bank operations in 2010 and would like to report that :
 - a) The contracts and operations concluded by the bank during the year ended 31/12/2010 were carried out in accordance with Sharia rules and principles.
 - b) The profit distribution to investment accounts holders was consistent with the basis approved by the board in accordance with Sharia principles
 - c) Zakat account was assessed and found to be in compliance with Sharia rules and principles.
 - d) All gains obtained through sources or means contravening with Sharia rules were spent on charity donations.

Shaira Supervisory Board

Professor Mohamed Sir El khatim

Professor Alsidieg Alamien Aldarier

Mr. Ibrahim Ahmed. Alshaikh. Mohamed



Auditors' Report

To the Shareholders,
Financial investment Bank (public limited Co)

We have audited the annexed financial statements comprising the statement of Financial position as at 31/12/2010, the related profit and loss account, changes in owner's equity and cash flow statements for the year then ended, together with the main accounting policies and other notes.

Board of Directors responsibility:

The preparation and presentation of fair financial statements in accordance with accounting standards of accounting and auditing organization for Islamic financial Institutions is the responsibility of the Board of Directors. This responsibility includes: Design, execution and maintenance of internal control systems intended to prepare and present the financial statements fairly and free of any material misstatement caused by fraud or errors and selection and application of appropriate accounting policies and preparation of reasonable accounting estimates.

Our responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with accounting standards of the accounting and auditing organization for Islamic financial Institutions. These standards require commitment relevant to professional morals and that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement.

An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. The appropriate measures depend upon our professional estimates, including the assessment of risks of material misstatement caused by fraud or errors in evaluation of these risks we consider the internal control systems intended to prepare and present the financial statements fairly so as to design adequate audit procedures in such circumstances and not to express a professional opinion on the efficiency of internal control systems of the bank. Our audit also includes assessment of the appropriateness of the accounting policies adopted and the significant estimates made by the board of directors as well as evaluation of the overall presentation of the financial statements.

We believe that our audit provides a reasonable basis for our opinion.

Opinion:

In our opinion the financial statements present fairly, from all material aspects, the financial position of the bank as at 31/12/2010 and the result of its operations, its cash flow for the year then ended in accordance with the accounting standards of the accounting and audit organization for Islamic financial Institutions.

Mubarak.Ali. Ibrahim
Certified Accountant Partner

Statement of Financial Position as at 31.12.2010

Items	Notes	31.12.2010 SDG	31.12.2009 SDG
Assets :			
Cash and Cash Equivalents	3	37410107.00	176127186.00
Sales Receivables	4	2062966.00	620906.00
Musharakat	5	0.00	1288238.00
Mudarabat	6	11682000.00	3280274.00
Investment securities (for sale)	7	254973082.00	242854050.00
Other Assets	8	8090687.00	4365732.00
Fixed Assets	9	4724678.00	4220775.00
Intangible Assets	10	1619385.00	1923463.00
Total Assets		320562905.00	434680623.00
Liabilities, unrestricted investment accounts and owners equity:			
Liabilities :			
Depositors accounts	11	51562900.00	52611727.00
Other Liabilities	12	100303371.00	187579402.00
Total liabilities		151866271.00	240191129.00
Unrestricted investment accounts	13	39836253.00	85001371.00
Owners Equity :			
Paid up Capital	14	89633240.00	89633240.00
Legal reserve	15	19138863.00	16685561.00
Investment Fair value reserve	16	(3136643.00)	2024122.00
Capitalized profits	14	10366760.00	0.00
Proposed dividends distribution	14	8963324.00	0.00
Retained profits		3894837.00	1145200.00
Total owners Equity		128860381.00	109488123.00
Total liabilities, unrestricted investment accounts & owners equity		320562905.00	434680623.00
Off balance sheet accounts	27	1426264945.00	808407927.00

(The accompanying notes from (1) to (39) are an integral part of these financial statements)



Income Statement of as at 31.12.2010

Items	Note	31.12.2010 SDG	31.12.2009 SDG
Income:			
From Deferred Sales	17	98792.00	152098.00
From Investments	18	21953189.00	16267813.00
Total income from finance & investments		22051981.00	16419911.00
Less: profits payable to Investment Accounts	19	(3225999.00)	(3056881.00)
Bank share as mudharib		18825982.00	13363030.00
Banking services revenue	20	18624292.00	15427461.00
Other income	21	676309.00	66848.00
Total income		38126583.00	28857339.00
Expenses :			
Staff cost	22	7103272.00	5681657.00
General & Administrative expenses	23	2904740.00	2592015.00
Depreciation & Amortization	24	849667.00	768023.00
Sale of fixed assets (losses)		8000.00	10759.00
Provisions	26	1343843.00	1270753.00
Total expense		12209522.00	10323208.00
Net operating profit		25917061.00	18534131.00
FX revaluation gain/ loss		469351.00	1180371.00
Income before Zakat & Tax		26386412.00	19714503.00
Zakat provision	28	(811416.00)	(847127.00)
Tax provision	29	(1041973.00)	(1063562.00)
Net income for the period		24533023.00	17803813.00

(The accompanying notes from (1) to (39) are an integral part of these financial statements)

Cash flow statement for the year ended 31/12/2010

Items	31.12.2010 SDG	31.12.2009 SDG
Cash flow from operations :		
Net profit for the year	24533023.00	17803813.00
Adjustment for:		
Depreciation & Amortizations	849667.00	768023.00
Zakat & Tax provision	1853389.00	1910690.00
Losses on disposal of fixed assets	8000.00	10759.00
Reserves	(646485.00)	310552.00
	26597594.00	20803837.00
Changes in operating assets and liabilities , profit share of unrestricted investment accounts		
Deferred sales receivables	(1010314.00)	2915785.00
Musharaka	1301250.00	(100238.00)
Mudharaba	(8200000.00)	190160.00
Other Assets	(3724955.00)	1820823.00
Customer Accounts	(1048827.00)	25689456.00
Unrestricted profit sharing Accounts	(45165118.00)	31754302.00
Other liabilities	(89129420.00)	108004305.00
	(146977384.00)	170274594.00
Net cash flow from operating Activities	(120379790.00)	191078431.00
Cash flow from investments :		
Purchase of Fixed Assets	(1057492.00)	(514141.00)
Sale of Fixed Assets	0.00	3000.00
Investments for sale	(17279797.00)	(57057418.00)
Net cash flow from investment activities	(18337289.00)	(57568558.00)
Cash flow from financing		
Cash dividends	0.00	(8299373.00)
Net cash flow from financing	0.00	(8299373.00)
Net (increase/decrease) in cash	(138717079.00)	125210499.00
Cash& cash equivalent, beginning of the year	176127186.00	50916687.00
Cash& cash equivalent, end of the year	37410107.00	176127186.00

(The accompanying notes from (1) to (39) are an integral part of these financial statements)



Statement of Changes in owners' Equity at 31/12/2010

Items	Capital		Legal reserve		Fair value investment reserves		Profits for capitalization		Profits for distribution		Retained profits		Total	
	SDG		SDG		SDG		SDG		SDG		SDG		SDG	
Balance at 1/1/2010	89633240.00		16685561.00		2024122.00		0.00		0.00		1145200.00		109488123.00	
Profits for capitalization	0.00		0.00		0.00		10366760.00		0.00		(10366760.00)		0.00	
Net profit	0.00		0.00		0.00		0.00		0.00		24533023.00		24533023.00	
Reserves	0.00		2453302.00		(5160765.00)		0.00		0.00		(2453302.00)		(5160765.00)	
Profits for distribution	0.00		0.00		0.00		0.00		8963324.00		(8963324.00)		0.00	
Balance at 31/12/2010	89633240.00		19138863.00		(3136643.00)		10366760.00		8963324.00		3894837.00		128860381.00	
Balance at 1/1/2009	82993740.00		14014989.00		2024122.00		0.00		0.00		950832.00		99983683.00	
Free shares	6639500.00		0.00		0.00		0.00		0.00		(6639500.00)		0.00	
Net profit	0.00		0.00		0.00		0.00		0.00		17803813.00		17803813.00	
Reserves	0.00		2670572.00		0.00		0.00		0.00		(2670572.00)		0.00	
Cash dividends	0.00		0.00		0.00		0.00		0.00		(8299373.00)		(8299373.00)	
Balance at 31/12/2009	89633240.00		16685561.00		2024122.00		0.00		0.00		1145200.00		109488123.00	

(The accompanying notes from (1) to (39) are an integral part of these financial statements)

Notes to the financial statements for the year ended 31/12/2010

1. Establishment and activity:

The Financial Investment Bank is – a public joint – stock limited company in cooperated in the Sudan, in accordance with registration certificate No .11941 Issued on December 1997 according to the companies law Act for 1925. The bank perform all investment banking activities in accordance with the sharia law.

The bank commenced operations on 22/7/1998 from the headquarters at Al-Manar tower, sayed Abdalrahman Street.

2. Preparation of financial statements:

A) Base of Preparation of financial statements:

1– The financial statements have been prepared in accordance with accounting standards issued by Accounting Auditing Organization for Islamic Financial Institutions and the requirements of Central Bank of Sudan and the fatwas and decisions of the sharia supervisory board of the bank .

2– The financial statements are prepared in Sudanese pound.

3– The financial statements have been prepared based on the historical cost convention except for the revaluation of investments which are measure of fair value at the end of the period

4– The financial statements have been prepared for the period from January 1,2010 up to 31/December /2010

B) Foreign currencies :

Transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the balance sheet date. Profits and losses arising from the exchange are included in income statement for the period.

C) Fixed asset :

Fixed asset are stated at cost less accumulated depreciation and any recognized impairment losses. Fixed asset are depreciated according to the straight line Method in equal annual in Installments over their estimated useful life according to the rates required by taxation chamber as follows:

Motor vehicles	15%
Computers	20%
Furniture and equipments	10%
Intangible assets	20%

The carrying amounts of fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. In the cases the carrying amounts are not recoverable then fixed assets are recorded at the recoverable amounts and the differences are recognized.



Notes to the financial statements for the year ended 31/12/2010

D) Recognition of as losses Income from operations:

a) Murabahat Income:

Murabahat Income is recognized on accrual basis when the installment falls due.

b) Mudharabat Income:

Mudharabat income is recognized on accrual basis based on periodic income distribution

c) Musharakat Income :

Musharakat income is recognized on accrual basis based on period income distribution.

d) Banking services revenues:

Banking services revenues are recognized at the time the related services are provided

e) Income from Securities:

Income from Sukuk and stocks are recognized when the right to receive payments is established or when income can be reasonably be measured.

E) Provision for doubtful debts and investment risks:

Provisions for doubtful debt collection and investment risks is made after careful study of individual cases in accordance with Central bank of Sudan requirements and the bank policies (non performing advances).

F) Cash and cash equivalents :

For the purposes of preparation of the Cash Flows Statement, cash and cash equivalents consist of cash at hand, current accounts with banks and cash balances with Central bank of Sudan.

G) Provisions :

Provisions are recognized when the bank has a current obligation (legal or expected) arising from a past event and may require the application of sources consisting of economic utility to settle the obligation.

Also a realistic estimate of the obligation can be made.

H) Provision for End of service benefits:

End of service benefits are calculated in accordance with Sudanese Labor Law & the bank by- laws.

I) Measurement of investments and financing transactions :

a) Deferred sales:

Initially transactions are measured at nominal value and at the end of the period and measured on the basis of nominal value or expected net cash value which ever is lower.

Notes to the financial statements for the year ended 31/12/2010

b) Mudharabat financing:

Mudharabat financing is measured at the amount or put at disposition of the mudharib less what is recovered from the mudharaba capital.

c) Investments Available for sale:

Initially recognized at cost and are measured at fair value at subsequent reporting dates. If the determination of fair value is not possible these investment are recognized at cost less any impairment in value. Increases and decreases in the fair value of these investments are taken to the revaluation reserve under shareholders equity at the disposal of these investments. The cumulative gain or loss previously recognized in equity

is included in the income statement.

J) Zakat and Tax:

The bank is subject to zakat in accordance with hand bills of zakat chamber and decisions of sharia supervisory board. As for tax, the bank is subject to business profit tax taking in consideration the exempted profits.

K) Profit Share of Investment Account:

Profits are distributed between profit sharing account holders and shareholders on the basis of the shares of each party invested funds. These investment accounts profit are credited to the clients accounts after the approval of the Sharia Supervisory Board.

L) Impairment of financial assets :

At the balance sheet date the financial assets to are evaluated determine whether there is any an objective evidence that those assets have suffered an impairment loss. If such evidence exists the recoverable amount of the asset is estimated and the impairment is recognized at income statement.

M) Liabilities :

Liabilities are recognized when it is certain amounts are payable in the future in exchange for materials or services received with or without invoices.

– Sharia Supervisory Board :

The bank activities are subject to the supervision of the Sharia Supervisory Board appointed by the bank general assembly to supervise the bank operations and transactions in accordance with Islamic sharia laws and principles. The sharia supervisory board reports annually to the general assembly.



Notes to the financial statements for the year ended 31/12/2010

3- Cash and cash equivalents:

Items	31/12/2010	31/12/2009
Cash in Hand	1386745.00	2451450.00
Balances with central bank	29950222.00	116612590.00
Balances with our Banks	6073140.00	57063147.00
Total	37410107.00	176127186.00

4- Deferred sales receivables:

Murabahat	1867679.00	1156637.00
Mugawalat	1089787.00	0.00
Deferred profits	(542969.00)	(198766.00)
	2414497.00	957871.00
Credit Defaults	288558.00	866339.00
	2703055.00	1824211
Provision for doubtful financing (note 25)	(640089.00)	(1203304.00)

5- Musharakat:

Musharakat	0.00	1301250.00
Provision for doubtful financing (note 25)	0.00	(13013.00)
	0.00	1288238.00

6- Mudharabat

Mudharabat	11800000.00	3600000.00
Provision for doubtful financing (note 25)	(118000.00)	(319726.00)
	11682000.00	3280274.00

7- Available for sale investments :

Government bonds	45085912.00	53134590.00
Shehama	108192554.00	96983869.00
Investments in company's shares (Note 7 / 1)	30873289.00	41950259.00
Investment funds	41328827.00	39292831.00
Investment portfolios	29492500.00	11492500.00
Total	254973082.00	242854050.00

7/1- Investments in company's shares:

Shares in companies listed at KSE	26719219.00	37608689.00
Shares in companies not listed at KSE	4154070.00	4341570.00
Total	30873289.00	41950259.00

Notes to the financial statements for the year ended 31/12/2010

8- Other assets:

Staff advances	4155648.00	3495693.00
Accrued revenues	1940698.00	3866.00
Credit margins	1832433.00	688109.00
Others	161908.00	104390.00
Insurance expenses	0.00	73674.00
Total	8090687.00	4365732.00



Notes to the financial statements for the year ended 31/12/2010

9- Fixed Assets:

Items	Land		Tower project		Vehicles		Computers		Furniture & equipments		Total	
	SDG		SDG		SDG		SDG		SDG		SDG	
Cost												
1/1/2010	2637628.00		887234.00		390527.00		599128.00		778735.00			5293252.00
Additions	0.00		379054.00		275853.00		82289.00		64108.00			801304.00
Disposal	0.00		0.00		0.00		(10000.00)		0.00			(10000.00)
	2637628.00		1266288.00		666380.00		671417.00		842843.00			6084556.00
Depreciations												
1/1/2010	0.00		0.00		253192.00		459206.00		360078.00			1072476.00
For the period	0.00		0.00		79268.00		129055.00		81079.00			289402.00
Disposal	0.00		0.00		0.00		(2000.00)		0.00			(2000.00)
	0.00		0.00		332460.00		586261.00		441157.00			1359878.00
Net book value												
31/9/2010	2637628.00		1266288.00		333920.00		85156.00		401686.00			4724678.00
31/12/2009	2637628.00		887234.00		137335.00		139921.00		418657.00			4220775.00

Notes to the financial statements for the year ended 31/12/2010

10- Intangible Assets :

Items	31/12/2010	31/12/2009
Software applications:		
Cost at the beginning of the period	2673234.00	0.00
Additions	256188.00	2673234.00
Cost at the end of the period	2929422.00	2673234.00

Amortizations:

1/1/2010	749771.00	0.00
For the period	560266.00	749771.00
Depreciations at the end of the period	1310037.00	749771.00
Net book value	1619385.00	1923463.00

11- Investors' accounts:

Funds & portfolios Accounts (note 11/1)	49816639.00	51741215.00
KSE Trading Accounts	433688.00	143114.00
Staff Accounts	1106116.00	693841.00
Import Accounts	206457.00	33557.00
Total	51562900.00	52611727.00

11/1 – Funds & private portfolios Accounts

Funds and private portfolios accounts represent the outstanding balance of the depositor's funds a waiting investment in portfolios and funds. The invested funds are recognized as restricted Mudharabat accounts, accounted for off-balance sheet.

12- Other liabilities:

Items	31/12/2010	31/12/2009
Trusts on demand (note 12/1)	87077787.00	168014017.00
L/C& guarantees margins	3523703.00	1040889.00
Notes payable	2036607.00	3996299.00
Accrued expenses	3614301.00	3331595.00
After services benefits	1566066.00	1327608.00
Staff incentives	1361940.00	990211.00
Other creditors	1122967.00	8878783.00
Total	100303371.00	187579402.00

12/1- trusts on demand:

These are funds held in trust for participation in funds or portfolios or purchase of securities or profit payments.



Notes to the financial statements for the year ended 31/12/2010

13- Profit sharing Investment accounts :

Items	31/12/2010	31/12/2009
Profit sharing accounts	37300324.00	81504435.00
Investments fair value reserve	(522315.00)	604608.00
Profit share	3225999.00	3056881.00
Contribution to deposits guarantee scheme	(167755.00)	(164553.00)
Total	39836253.00	85001371.00

14- Capital :

Items	31/12/2010	31/12/2009
Authorized capital	100000000.00	100000000.00
Paid up capital	89633240.00	82993740.00

The authorized capital is SDG 100,000,000 and is divided into 100,000,000 shares each share has a par value of SDG1.

15- Legal reserve:

According to the bank memorandum of association a percentage of the bank profits is to be transferred to the legal reserve. Central Bank of Sudan issued a directive in 2007 to deduct 10% from net profits as legal reserve.

16- Investments Fair value reserve:

Fair value reserve is the unrealized gain or loss arising from revaluation of investments available for sale (stocks & banks).

17- Deferred sales revenue:

Deferred sales revenue is the revenue of murabahat .

18- Investment revenue :

Items	31/12/2010	31/12/2009
Investment portfolio profits	20862836.00	15461574.00
Mudharabat profits	815277.00	552567.00
Musharakat profits	275076.00	253672.00
Total	21953189.00	16267814.00

19- Return of Unrestricted investment accounts:

The bank share as a mudharib is determined according to the terms of conditions of the mudharaba contract. Investment account's profit share in 2010 was distributed as 20% for the bank and 80% for investment accounts same as 2009.

Notes to the financial statements for the year ended 31/12/2010

20- Income from Banking and financial services:

Items	31/12/2010	31/12/2009
Credits , guarantees and transfer services commissions	2056211.00	1428613.00
Securities Issuance and trading commissions	7957587.00	6231237.00
Bank management profit share	8610494.00	7767610.00
Total	18624292.00	15427461.00

21- Other revenues:

Reverse investment and finance provision (Note 25/1)	646485.00	0.00
Others	29824.00	66848.00
Total	676309.00	66848.00

22- Staff cost:

Salaries & Wages	1581190.00	1232415.00
Overtime	31217.00	27327.00
Holidays & Travel (tickets)	1222028.00	1124274.00
Clothing & medical allowance	1030939.00	874199.00
Eid allowance	500530.00	398436.00
Staff training	499648.00	484543.00
Social affairs expenses	50501.00	44260.00
Social insurance	222762.00	190659.00
After service benefits	602517.00	315333.00
Provision for staff incentive	1361940.00	990211.00
Total	7103272.00	5681657.00

23- General and Administrative expenses :

Rent	399073.00	398746.00
Advertisement & publication	227658.00	206666.00
Maintenance	509613.00	234138.00
Board of directors expenses	141887.00	210376.00
General assembly	34086.00	55078.00
Subscription fees	535876.00	437206.00
Sharia supervisory board	73529.00	52251.00
Legal advisor	36000.00	36812.00
insurance expenses (Assets)	31807.00	32265.00
Sundry expenses	845211.00	878478.00
Audit fees	70000.00	50000.00
Total	2904740.00	2592015.00



Notes to the financial statements for the year ended 31/12/2010

24 – Depreciation & amortization:

Items	31/12/2010	31/12/2009
Fixed assets depreciation	289402.00	298689.00
Amortization – Intangible Assets	560266.00	469334.00
Total	849667.00	768023.00

25– Investment and financing risk provisions:

Items	Deferred sale	Musharakat	Mudharabat	Total
	SDG	SDG	SDG	SDG
General provision				
Balance at the beginning of the year	6272.00	13013.00	66409.00	85693.00
Disposals	–	(13013.00)	–	(13012.00)
Carried for the year	14566.00	–	51591.00	66157.00
Balance at the end of the year	20838.00	–	118000.00	138838.00
Specific provision				
Balance at the beginning of the year	1203304.00	–	247046.00	1450350.00
Disposals	(452583.00)	–	(247046.00)	(699629.00)
Write-off bad debts	(131470.00)	–	–	(131470.00)
Balance at the end of the year	619251.00	–	–	619251.00
Total provision	640089.00	–	118000.00	758089.00
Notes	Note 4	Note 5	Note 6	

25/1– Against investment and finance provision:

Carried during the year	66,157.00
Disposals during the year	<u>(712,642.00)</u>
	(646,485.00)

26– provisions:

Items	31/12/2010	31/12/2009
Financing risk provisions	0.00	310552.00
Board of directors remuneration provisions	1293843.00	938201.00
Sharia supervisory board remuneration provisions	50000.00	22000.00
Total	1343843.00	1270753.00

Notes to the financial statements for the year ended 31/12/2010

27- Off balance sheet accounts:

Items	31/12/2010	31/12/2009
L/C, guarantees & acceptance obligations (Note 27/1)	11934207.00	4708976.00
Investment funds & portfolios (Note 27/2)	1401136238.00	803698951.00
Restricted Accounts	13194500.00	0.00
	1426264945.00	808407927.00

27/1- Guarantees, credits & acceptance obligations:

Letter of credits	9077818.00	3625426.00
Guarantees (local)	2262636.00	577750.00
Guarantees (foreign)	593753.00	505800.00
	11934207.00	4708976.00

27/2- Investment funds & portfolios:

Securities portfolios	1466534023.00	831262755.00
Debtors / creditors	419336.00	5000532.00
Financing	204992.00	17016408.00
Inventory	1199214.00	1204586.00
Real estate investments	1665000.00	0.00
Banking deposits	1935000.00	0.00
Less Bank Investments in funds & portfolios	(70821327.00)	(50785331.00)
	1401136238.00	803698951.00

28- Zakat obligation :

The bank agreed with zakat chamber to pay zakat dues up to 2009 and make a provision for 2010 zakat.

29- Business profit tax:

The bank estimated the business profit tax for 2009 and made a provision for 2010 tax .These estimates will not significantly deviate from the actual figures of business profit tax.



Notes to the financial statements for the year ended 31/12/2010

30– Transactions with related parties:

The bank within its normal operations performs transactions with shareholders, members of the board of director's, subsidiary companies on commercial basis without any preference or favoring. The related parties balances in the at financial statements are as follows :

Items	shareholders board members, subsidiary companies	Manager & Deputy Manager	Total 2010/12/31
	SDG	SDG	SDG
Financing & Investments:			
Investment deposits	0.00	0.00	0.00
Restricted investment accounts	30091044.00	0.00	30091044.00
Probable commitment & obligations	0.00	0.00	0.00
Income statement:			
Financing Income	0.00	0.00	0.00
Fees & commissions	0.00	0.00	0.00
Total	30091044.00	0.00	30091044.00

31– Credit risk, Assets and liabilities concentration and items not included in the balance sheet:

Credit risks are represented by the failure of one of the contracting parties to honor his obligations which will result in financial losses to the other party. The bank tries to manage credit risks through credit limits, continuous evaluation of credit worthiness and by obtaining adequate collaterals.

Types of credit risks:

Contracting parties consist of deferred sales debtors, Mugawala financing and musharaka financing.

Deferred sales debtors:

These transactions are financed through purchase of commodity which represents the underlying object of murabaha and hence resell it at a margin. The selling price (cost + profit margin) is repaid in installments on the agreed period. Sometimes these transactions are guaranteed by the mudharaba object (real-estate financing) and in other cases by a group of collaterals.

Notes to the financial statements for the year ended 31/12/2010

Musharaka financing:

Agreements between the bank and the clients in investment projects (existing or new) or possession of real estate projects permanently or on the basis of diminishing musharaka arrangements . The profit is distributed in accordance with the agreement but loss is distributed according to the share of capital.

32- Market risks:

Market risks are the risk of fluctuations in profit rates, exchange rates, and prices of shares and securities. The bank management set Limits of acceptable levels and monitors commitment to these limits.

33- Risk management:

The concentration of credit risks arises when a group of parties enter into similar trading activities or activities in the same industrial sector or market or when they have the same economic features which influence the ability to meet contractual obligations in the case of emergence of economic changes or political changes or any other changes in the market. The concentration risk demonstrates the relative sensitivity of the bank performance towards the developments which may occur in an industrial sector or particular market. The bank manages credit risks through diversification of invested funds in securities which represent various economic sectors and financing of many customers to avoid concentration of risks in few customers or in few sectors or businesses.

34- Liquidity Risk:

Liquidity risk exists in the inability of the bank to fulfill its due obligations in time.

The bank diversified its sources of funding and management of assets in a way to secure systematic monitoring of liquidity.

The table below summarizes the maturity of the bank assets and liabilities by the end of the year 2010.

Notes to the financial statements for the year ended 31/12/2010

Maturity of Assets & liabilities of the bank at 31/12/2010

(amounts per thousands)

Assets	0-1 month	1-3 month	3-6 month	6 month - 1 year	1-3 year	More than 3 years	Total
Cash & balance with banks	37410107.00	0.00	0.00	0.00	0.00	0.00	37410107.00
Deferred sales debtors	203578.00	154878.00	875100.00	0.00	829409.00	0.00	2062965.00
Musharaka Financing	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Available for sale investment	221326512.00	26000000.00	3092500.00	400000.00	4154070.00	0.00	254973082.00
Mudharaba Financing	0.00	9900000.00	0.00	0.00	0.00	1782000.00	11682000.00
Fixed Assets	0.00	0.00	0.00	0.00	0.00	4724678.00	4724678.00
Intangible Assets	0.00	0.00	0.00	0.00	0.00	1619385.00	1619385.00
Other Assets	4048727.00	0.00	0.00	0.00	0.00	4041961.00	8090688.00
Total Assets	262988924.00	36054878.00	3967600.00	400000.00	4983479.00	12168023.00	320562905.00
Liabilities							
Customers accounts	51562900.00	0.00	0.00	0.00	0.00	0.00	51562900.00
Other liabilities	100303371.00	0.00	0.00	0.00	0.00	0.00	100303371.00
Unrestricted investment accounts	39836253.00	0.00	0.00	0.00	0.00	0.00	39836253.00
Total liabilities & investment accounts	191702524.00	0.00	0.00	0.00	0.00	0.00	191702524.00



Notes to the financial statements for the year ended 31/12/2010

35- Currency risks:

Foreign currency risks at 31/12/2010:

Currency (thousand SDG)	Total Assets	Total liabilities	Investment deposits restricted
EURO	1323215.00	1211969.00	224144.00
USD	13755866.00	13414435.00	6317724.00
Sterling Pound	6353.00	-	-
SDG	304707395.00	137026373.00	33294385.00
Saudi Riyal	228695.00	7037.00	-
Other currencies	541381.00	206457.00	-
Total	320562905.00	151866271.00	39836253.00

36- Fair value of securities:

The fair value is the amount that can be exchanged for assets or paid as settlement of a liability with informed and interested parties in dealing at commercial conditions without a favour. The fair value may be different from the listed value.

Available for sale investments consist of unquoted investments of SDG 33.8 million (SDG 15.8 million in 2009) recorded at cost due to absence of suitable methods to obtain reliable fair value for these investments.

The fair value of the remaining financial assets and liabilities included in the balance sheet are not significantly different from their carrying values in the financial statements.

37- Concentration of financing & investments:

Total volume of finance and investment amounted to SDG 269 million by the end of 2010 (SDG 248 million -2009).

Sector distribution of finance:

Items	31/12/2010	31/12/2009
Securities	68.4%	92.7%
Portfolios	26.2%	4.6%
Commercial sector	0.2%	0.8%
Agriculture	3.8%	1.4%
Export	0.4%	0.2%
Others	1.0%	0.3%
	100%	100%



Notes to the financial statements for the year ended 31/12/2010

38– Prohibited Income:

Income obtained from sources or through transactions that were not in line with sharia principles amounted to SDG 2,912 in 2010 and the amount has been allocated for charitable purposes.

No gains contravening sharia rules were not earned in 2009.

39– Comparative Figures:

Comparative figures for 2010 have been classified according to the presentation and disclosure standard issued by Accounting and Auditing Organization for Islamic Financial Institutions and in accordance with central bank of Sudan requirements. This classification did not affect net profit, Shareholders equity or cash flows.

Notes to the financial statements for the year ended 31/12/2010

Statement of Restricted Investments as at 31/12/2010

Items	Namaa fund	Real estate reconstruction fund	Shamil fund	Second investor fund	Second investment fund	Alwatan group investment fund	Malaria portfolio	Private portfolios	Total funds & portfolios
Capital at the beginning	30000000.00	25000000.00	20000000.00	16000000.00	30000000.00	26888130.00	1437500.00	1371237350.00	1520562980.00
Number of bonds (Sukuk) at the beginning of the period	3000000.00	2500000.00	2000000.00	1600000.00	3000000.00	2688813.00	143750.00	-	-
Nominal value of bond	10.00	10.00	10.00	10.00	10.00	10.00	10.00	-	-
Asset at the end of the period	31628687.00	24998559.00	20034482.00	16067052.00	29418973.00	26914862.00	1474237.00	1371237350.00	1521774204.00
Number of bonds at the end of the period	3000000	2500000.00	2000000.00	1600000.00	3000000.00	2688813.00	143750	-	-
Book value of bond	10.54	10.00	10.02	10.04	9.81	10.01	10.26	-	-
Market value of bond	10.15	10.50	10.06	10.25	10.25	10.06	-	-	-

