

REVIEW REPORT TO THE SHAREHOLDERS OF SUDANESE EGYPTIAN BANK (Public Company)

We have reviewed the accompanying balance sheet of SUDANESE EGYPTIAN BANK (*the Bank*), as of 30th of September 2010, and the related statements of income, cash flows and changes in equity for the quarter then ended.

The Bank's management is responsible for the preparation and presentation of these financial statements in accordance with the Accounting and Auditing Organization For Islamic Financial Institutions (AAOIFI) and the International Accounting Standard No.34 which addresses the interim financial reporting in accordance with the Shariah requirements. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2410. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free to material misstatement. A review is limited primarily to enquiries of bank personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

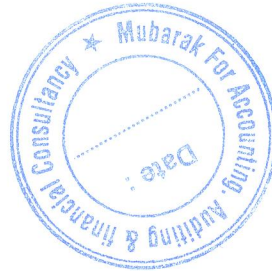
Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with the Accounting and Auditing Organization For Islamic Financial Institutions (AAOIFI) and the International Accounting Standard No.34.



Mubarak Ali Ibrahim – CPA

Partner

November 1, 2010



SUDANESE EGYPTIAN BANK
STATEMENT OF FINANCIAL POSITION

At September 30, 2010

	<i>Note</i>	<i>September 2010</i> <i>SDG</i>	<i>December 2009</i> <i>SDG</i>
<u>Assets</u>			
Cash and cash equivalents	3	48,906,428	58,226,412
Central Bank of Sudan - Statutory cash reserve		16,398,814	12,926,135
Sales receivables		116,185,876	87,209,789
Investments in securities held to maturity		53,264,000	74,788,300
Investments in securities available for sale		1,000,000	1,000,000
Mudaraba financing	4	127,053,086	132,919,698
Musharaka financing		12,814,400	10,683,288
Other assets		25,869,964	19,706,322
Investments in Subsidiaries		25,127,281	2,169,758
Fixed assets		9,665,892	9,161,934
Total Assets		436,285,743	408,791,636
Liabilities, Unrestricted Investment Accounts and Owners' Equity			
<u>Liabilities</u>			
Current accounts		142,884,638	164,283,025
Other liabilities		41,034,497	20,777,555
Provisions	5	5,812,199	4,720,538
Total Liabilities		189,731,334	189,781,118
Equity of unrestricted investment account holders	6	151,118,706	132,648,780
<u>Owners' Equity</u>			
Paid up capital		81,268,896	75,007,941
Legal reserve		4,091,907	3,291,907
Retained earnings		10,074,900	8,061,890
Total Owners' Equity		95,435,703	86,361,738
Total Liabilities, Unrestricted Investment Accounts and Owners' Equity		436,285,743	408,791,636

Mr. Amr Bahaa Eldin
General Manager

Engineer Mohamed Abdel Wahab
Chairman

The attached notes from 1 to 10 form an integral part of these financial statements.

SUDANESE EGYPTIAN BANK**INCOME STATEMENT***Period ended September 30, 2010*

	<i>Note</i>	<i>September 2010</i>	<i>September 2009</i>
		<i>SDG</i>	<i>SDG</i>
<u>Revenue</u>			
Income from financing operations		14,489,380	13,165,245
Income from investments		9,548,131	8,694,599
Total income from finance and investments		24,037,511	21,859,844
Less: Return on unrestricted investment accounts		(8,433,724)	(10,044,726)
Bank's share in income from investments (as Mudarib and fund owner)		15,603,787	11,815,118
Income from banking services		8,055,871	10,055,108
Other income		530,271	212,613
Total Bank's revenue		24,189,929	22,082,839
<u>Expenses</u>			
Staff cost		(7,863,410)	(9,145,909)
Administration expenses		(7,841,108)	(9,255,986)
Depreciation and amortization		(2,306,453)	(1,879,973)
Investment and finance provisions		(739,500)	(700,000)
Total Expenses		(18,750,471)	(20,981,868)
Gains from revaluation of foreign currencies		4,394,507	8,358,463
Net income before provision for zakah and tax		9,833,965	9,459,434
Zaka provision		(360,000)	(2,140,000)
Tax provision		(400,000)	-
Net income for the period		9,073,965	7,319,434
Earning per share	8	0.112	0.098

The attached notes from 1 to 10 form an integral part of these financial statements.

SUDANESE EGYPTIAN BANK
STATEMENT OF CASH FLOWS

Period ended September 30, 2010

	<i>September 2010</i>	<i>September 2009</i>
	<i>SDG</i>	<i>SDG</i>
Operating activities		
Net income for the period	9,073,965	7,319,434
Adjustment for:		
Depreciation of fixed assets	2,306,453	1,879,973
	11,380,418	9,199,407
Changes in operating assets, liabilities and unrestricted investment accounts		
Central Bank of Sudan - Statutory cash reserve	(3,472,679)	6,057,495
Sale receivables	(28,976,087)	30,289,026
Investments	25,259,800	(136,230,293)
Other assets	(6,163,642)	21,740,795
Current accounts	(21,398,387)	(681,516)
Equity of unrestricted investment account holders	18,469,926	38,187,016
Other liabilities	20,256,942	(40,219,663)
Provision	1,091,661	(1,629,951)
Prior year adjustments	-	(10,282,879)
Cash used in operations	5,067,533	(92,769,970)
Net cash used in operating activities	16,447,951	(83,570,563)
Investing activities		
Purchases of fixed assets	(2,810,412)	(1,918,944)
Investments in companies	(22,957,523)	(20,130)
Net cash used in investing activities	(25,767,935)	(1,939,074)
Financing activities		
Share Capital	6,260,955	10,282,879
Reserves	(6,260,955)	-
Dividends	-	(2,200,000)
Net cash used in financing activities	-	8,082,879
Decrease (increase) in cash and cash equivalents for the period	(9,319,984)	(77,426,758)
Cash and cash equivalents at the beginning of the period	58,226,412	120,165,799
Cash and cash equivalents at the end of the period	48,906,428	42,739,041

The attached notes from 1 to 10 form an integral part of these financial statements.

SUDANESE EGYPTIAN BANK**STATEMENT OF CHANGES IN EQUITY***Period ended September 30, 2010*

	Paid up capital	Retained earnings	Statutory reserve	Total
	<i>SDG</i>	<i>SDG</i>	<i>SDG</i>	<i>SDG</i>
Balance as at January 1, 2009	64,725,062	14,283,813	2,596,245	81,605,120
Increase in capital	10,282,879	(10,282,879)	-	-
Net income for the period	-	7,319,434	731,943	8,051,377
Legal reserve	-	(731,943)	-	(731,943)
Dividends	-	(2,200,000)	-	(2,200,000)
Balance as at September 30, 2009	75,007,941	8,388,425	3,328,188	86,724,554
Balance as at January 1, 2010	75,007,941	8,061,890	3,291,907	86,361,738
Increase in capital	6,260,955	(6,260,955)	-	-
Net income for the period	-	9,073,965	-	9,073,965
Legal reserve	-	(800,000)	800,000	-
Balance as at September 30, 2010	81,268,896	10,074,900	4,091,907	95,435,703

The attached notes from 1 to 10 form an integral part of these financial statements.

SUDANESE EGYPTIAN BANK

NOTES TO THE FINANCIAL STATEMENTS

Period ended September 30, 2010

1. Incorporation and activities

Sudanese Egyptian Bank (the Bank) was established as a public limited liability company in Khartoum on November 11, 2004 under Companies Act, 1925 with registration certificate No. 23595. The Bank is providing commercial banking services according to Islamic rules and principles.

The Bank is providing its services from the head office which is located at Africa street (Alsalam Rotana Hotel) and through its branches located in Khartoum, Khartoum Bahri, Souk Libya, Almowrada, Port Sudan and Osaef, in addition to other two branches established in December 2009 (Special Banking and Atbara branch).

The bank owns 99% of ALTAKAMUL COMPANY FOR FINANCIAL SERVICES which is established in June 2007, the company is engaged in selling, purchasing create notes and investing in the assets of the company.

The banks also owns 99% of ALTAKAMUL COMPANY FOR MULTI ACTIVITIES which is established in August 2008 the company is engaged in trade of animal and agricultural investment .

2. Significant accounting policies

i) Basis of preparation

1. The financial statements are prepared in accordance with the standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and the International Accounting Standard # 34 which address International Financial Reporting.
2. The financial statements have been presented in Sudanese Pounds (SDG), the functional currency.
3. The financial statements are prepared on the historical cost concept except for the remeasurement at fair value of securities as held for available for sale. The Bank uses the accrual basis in recording its assets, liabilities, revenues and expenses.
4. The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended 31 December 2009.

ii) Foreign Currencies

Transactions in foreign currencies are recorded at the exchange rate prevailing on the transaction date . Monetary assets and liabilities at balance sheet date, denominated in foreign currencies, are translated at the exchange rates prevailing at the balance sheet date. Foreign currency differences related to normal bank transactions in investments denominated in foreign currencies, whether gains or losses, are treated as revaluation differences. Other realized and unrealized gains or losses on foreign exchange are credited or charged to the income statement.

The attached notes from 1 to 10 form an integral part of these financial statements.

SUDANESE EGYPTIAN BANK
NOTES TO THE FINANCIAL STATEMENTS

Period ended September 30, 2010

	<i>September 2010</i>	<i>December 2009</i>
	<i>SDG</i>	<i>SDG</i>
3. Cash and cash equivalents		
Cash in hand and ATM	10,209,720	10,598,791
Balances with Central Bank of Sudan	17,435,736	35,048,258
Cash with foreign correspondent banks	9,711,899	7,564,321
Cash margin on letters of credit with foreign correspondent banks	11,549,073	5,015,042
	48,906,428	58,226,412
	<i>September 2010</i>	<i>December 2009</i>
	<i>SDG</i>	<i>SDG</i>
4. Mudaraba financing		
Mudaraba with domestic customers	57,604,499	57,692,467
Mudaraba with financial institutions	70,024,632	75,804,156
	127,629,131	133,496,623
Less: provision for finance risk	(576,045)	(576,925)
	127,053,086	132,919,698
	<i>September 2010</i>	<i>December 2009</i>
	<i>SDG</i>	<i>SDG</i>
5. Provisions		
Zakah provision	760,000	135,264
End of service benefits	746,944	426,944
Provision for staff bonus	1,229,749	1,008,922
Provision for Deposits Security Fund	645,000	899,408
Other provisions	2,430,506	2,250,000
	5,812,199	4,720,538
	<i>September 2010</i>	<i>December 2009</i>
	<i>SDG</i>	<i>SDG</i>
6. Equity of unrestricted investment account holders		
Local Currency		
Term accounts	148,686,309	20,744,500
Silver certificates	-	105,950,881
Profits on unrestricted investment term accounts	2,374,058	1,402,981
Profits on silver certificates	-	4,358,994
	151,060,368	132,457,356
Foreign Currency		
Term accounts	58,338	189,056
Silver certificates	-	2,368
	58,338	191,424
Total Equity of unrestricted investment account holders	151,118,706	132,648,780

The attached notes from 1 to 10 form an integral part of these financial statements.

SUDANESE EGYPTIAN BANK
NOTES TO THE FINANCIAL STATEMENTS

Period ended September 30, 2010

7. Legal reserve

As required by the Central Bank of Sudan, 10% of net profits attributable to the shareholders for the year has been transferred to a legal reserve. The Bank may resolve to discontinue such annual transfer when the reserve equals 50% of the paid up share capital. This reserve is non distributable.

	<i>September 2010</i>	<i>September 2009</i>
8. Earning per share	<i>SDG</i>	<i>SDG</i>
Net profit for the period	<u>9,073,965</u>	<u>7,319,434</u>
Number of shares	<u>81,268,896</u>	<u>75,007,959</u>
Earning per share	<u>0.112</u>	<u>0.098</u>

9. Contra accounts

Contra accounts not included in the financial statements of the Bank are as follows:

	<i>September 2010</i>	<i>December 2009</i>
	<i>SDG</i>	<i>SDG</i>
Letters of credit	<u>113,281,880</u>	<u>34,414,055</u>
Letters of guarantee	<u>39,839,172</u>	<u>46,772,097</u>
	<u>153,121,052</u>	<u>81,186,152</u>

10. Concentration of investments – Economic sector

The total Investments for the period amount to SDG 173,795,375 and it was distributed according to economic sectors as follows:

Agricultures	0%
Industry	45%
Exports	6%
Commercial	6%
Other segments	43%
Total	<u>100%</u>

The attached notes from 1 to 10 form an integral part of these financial statements.