التمويل الوطني

CUSTOMER FOCUSED
SERVICE ORIENTED
DRIVEN BY EXCELLENCE

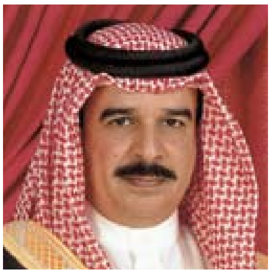
National Finance House

Annual Report 2007

Contents

His Highness Shaikh Khalifa bin Salman Al Khalifa

The Prime Minister of The Kingdom of Bahrain



His Majesty King Hamad bin Isa Al Khalifa

The King of the Kingdom of Bahrain

His Highness Shaikh Salman bin Hamad Al Khalifa

The Crown Prince
Deputy Supreme &
Commander

National Finance House

National Finance House (NFH) specialises in providing consumer and corporate financing for the purchase of private, commercial and heavy vehicles, and construction equipments.

Licensed by the Central Bank of Bahrain, NFH commenced operations in September 2006 with an authorised capital of BD 50 million and a paid-up capital of BD 5 million. In October 2006, the Company successfully raised its paid-up capital to BD 7.5 million and broadened its shareholding base.

The shareholders of NFH are:

Kingdom of Bahrain
Bahrain National Holding Company
Y.K. Almoayyed & Sons
E.K. Kanoo & Sons

Sultanate of Oman
Oman National Investment Corporation Holding

Dubai, UAE
Gulf Finance Corporation

Kingdom of Saudi Arabia
Almutlaq Group

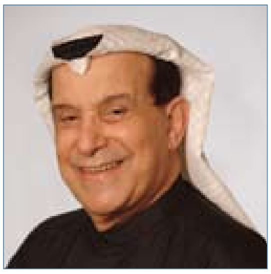
State of Qatar
Al Khaleej Insurance & Reinsurance Company
Sheikh Abdulla Mohammed bin Jabor Al Thani

Board of Directors









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1. Mr. Farouk Yousif Khalil Almoayyed
   Chairman
2. Mr. Fuad Ebrahim Kanoo
   Deputy Chairman
3. Mr. Akbar Ali Habib
   Director
4. Sheikh Abdullah Mohd Jabor Al Thani
   Director
5. Mr. Mahmood Al Soufi
   Director
6. Mr. Talal Fuad Kanoo
   Director
7. Mr. Mohamed Farouk Yousif Almoayyed
   Director
8. Mr. Tariq Mutlaq Almutlaq
   Director
9. Mr. Majid Saif Al Ghurair
   Director
10. Mr. Ali Rashid Al Amin
    Director

Chairman's Statement

Mr. Farouk Yousif Khalil Almoayyed
Chairman

On behalf of the Board of Directors, I have the privilege to present the annual report of National Finance House (NFH) for the year ended 31 December 2007. I am pleased to report that the Company made excellent progress during its first full year of operations.

NFH posted a very strong financial performance during 2007. Gross income amounted to BD889,363 while net income was BD242,475. The value of vehicle financing loans issued during the year totalled BD11 million. At the end of 2007, total assets stood at BD13.29 million while shareholders' equity was BD7.88 million.

These results serve to illustrate the exceptional progress of NFH since the formal commencement of operations on 13 September 2006. During this short period, the Company has built a strong market share, established a network of relationships with leading car dealers, and developed a solid client base in the Kingdom of Bahrain. Underlying these initial business achievements has been the successful establishment of the Company's institutional capability and organisational structure.

Another key contributing factor was the Company's success during 2007 in signing two credit facilities – with BNP Paribas and BBK – amounting to BD 13 million. This is in line with our strategy to leverage the Company's balance sheet in order to support the planned business growth. These financings followed the successful increase in the Company's capital from BD 5 million to BD 7.5 million during the last quarter of 2006.

Also in 2007, NFH diversified its product offering with the launch of a new service to provide financing for all types of construction equipments and instrumentation, and signed a marketing agreement with Bahrain National Insurance (BNI).

Throughout the year, NFH benefited from the continued strong economic growth and positive business environment in the Kingdom of Bahrain. I am confident that growing consumer demand and the ongoing construction boom will provide NFH with excellent new business opportunities in 2008 and beyond.

NFH posted a very strong financial performance during 2007. Gross income amounted to BD889,363 while net income was BD242,475. The value of vehicle financing loans issued during the year totalled BD11 million.

The Board of Directors is recommending the following appropriations out of the net profit for the approval of the Company's shareholders:

- BD 24,247 representing 10 per cent of the net profit to be transferred to the Statutory Reserve in accordance with the Bahrain Commercial Companies Law 2001.
- The Directors propose that the balance of BD218,228 to be transferred to Retained Earnings.

At the end of the year, NFH Chairman Mr. Qassim Mohammed Fakroo resigned from the Board of Directors, following his appointment as Chairman of the Board of Directors of the Central Bank of Bahrain.

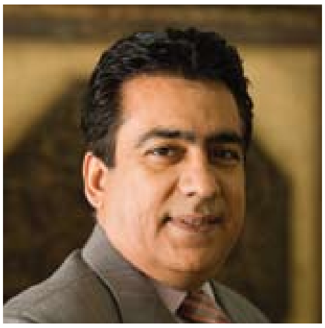
I would like to congratulate Mr. Fakhroo on this singular honour, and thank him for his invaluable contribution in guiding NFH during its formative stage. His vision, leadership and wise counsel will be sorely missed. As the newly-appointed Chairman of National Finance House, I am grateful for the confidence and trust that has been placed in me. I look forward to working together with my fellow directors and the management of the Company in continuing to grow and shape the future of this young institution, and to building enhanced value for our shareholders.

On behalf of the Board of Directors, I would like to express my gratitude to His Majesty the King, His Highness the Prime Minister, and His Highness the Crown Prince, of the Kingdom of Bahrain, for their wise leadership, enlightened reforms, and encouragement of the private sector and financial services industry. Special thanks are also due to Government ministries and bodies, especially the Ministry of Industry and Commerce, the Ministry of Finance, and the Central Bank of Bahrain, for their continued assistance, guidance and support.

I also extend my appreciation to my fellow shareholders for their financial support and unwavering confidence, to our customers and business partners for their trust and loyalty, and to the management and staff of NFH for their hard work and dedication.

Farouk Yousif Khalil Almoayyed
Chairman

28 February 2008



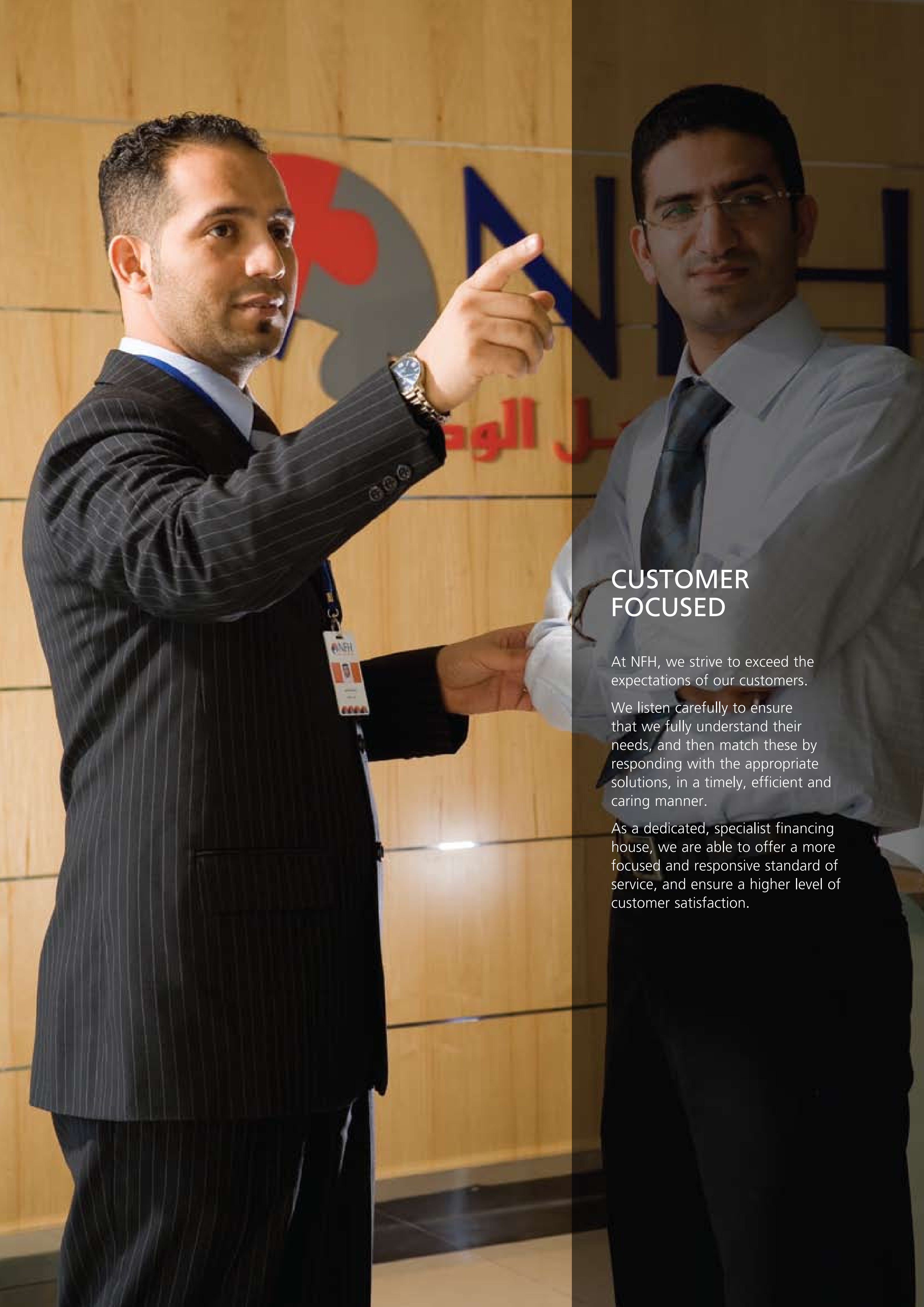
Mr. Khursheed Hassan
General Manager

Overview

I am delighted to report that 2007 was a very successful and eventful year for National Finance House (NFH). During this first full year of operations, we built upon the excellent achievements in our start-up phase covering the last four months of 2006.

Key developments in 2007 include expanding our team, broadening our range of products and services, forging new business relationships, and enhancing our operating infrastructure. As a result, despite growing competition from existing players and new entrants, we successfully increased our client base and share of the market in the Kingdom of Bahrain.

The Company's excellent performance in 2007 has provided a strong platform for NFH to implement its strategy of future growth and expansion.

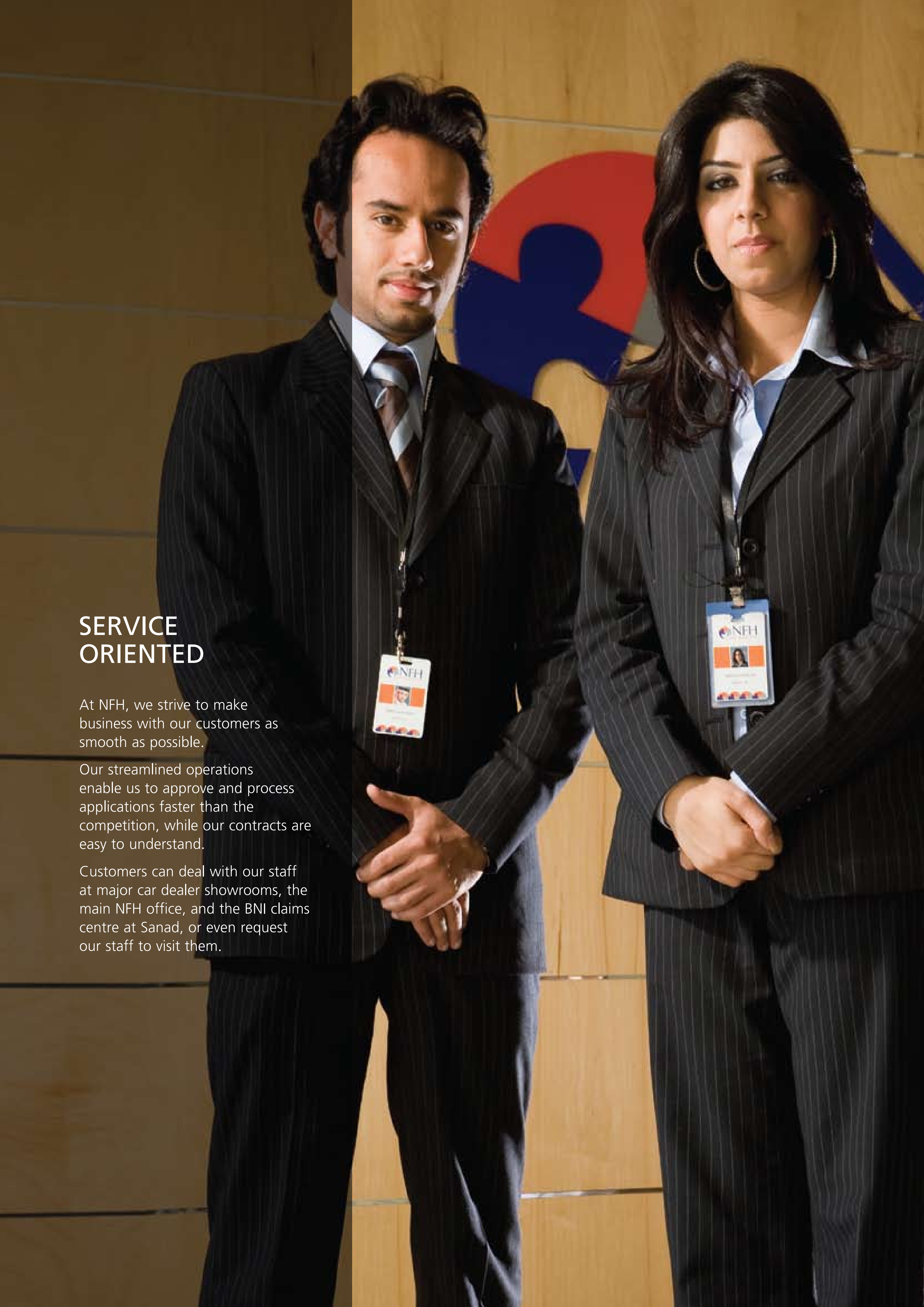


CUSTOMER FOCUSED

At NFH, we strive to exceed the expectations of our customers.

We listen carefully to ensure that we fully understand their needs, and then match these by responding with the appropriate solutions, in a timely, efficient and caring manner.

As a dedicated, specialist financing house, we are able to offer a more focused and responsive standard of service, and ensure a higher level of customer satisfaction.



SERVICE ORIENTED

At NFH, we strive to make business with our customers as smooth as possible.

Our streamlined operations enable us to approve and process applications faster than the competition, while our contracts are easy to understand.

Customers can deal with our staff at major car dealer showrooms, the main NFH office, and the BNI claims centre at Sanad, or even request our staff to visit them.

Sales & Marketing

During 2007, we expanded our sales and marketing team with the successful recruitment of additional young Bahraini professionals. Consumer sales representatives are currently based at a number of main car dealers in Bahrain and at the NFH office on Adhari Highway, while dedicated relationship officers service the needs of the Company's commercial and corporate clients. Following the identification of suitable premises, we plan to expand the NFH sales presence in 2008 with a new branch office in Sitra.

The signing of a marketing agreement with Bahrain National Insurance (BNI) in 2007 has enabled NFH to provide clients with a range of vehicle and other insurance products and advice. We now have a desk at BNI's total loss claims centre at Sanad, while a BNI representative is permanently based at the main office of NFH. This agreement illustrates our policy of working with partners to cross-sell related products, and providing customers with a one-shop, value-added service.

Also during the year, we expanded our existing portfolio of financing for private and commercial vehicles, and heavy machinery, with the addition of specialist financing for construction equipment and instrumentation, in order to meet the growing demand of contractors and construction companies in the Kingdom.

Management Review

Operations

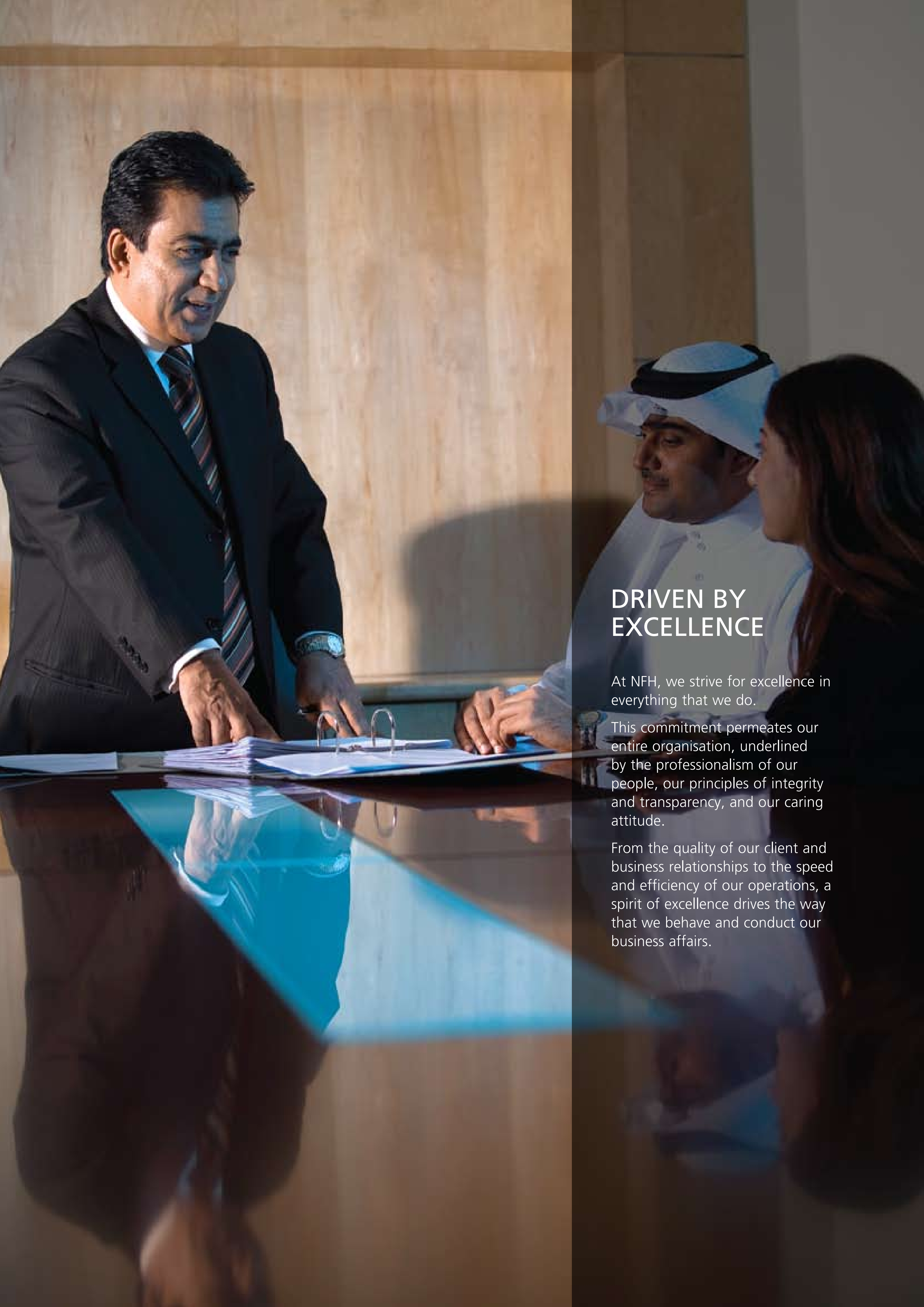
To support the Company's rapidly growing business activities, a newer version of the core operating system was adopted during the year. New system developments were carried out, including the facilitation of equipment financing. Other developments are planned for 2008, to support the future strategic and business growth of NFH.

This will enable us to maintain our reputation for approving and processing applications faster than the competition. In most cases, NFH currently offers a 'same day 'approval service to customers, but our target is to reduce this to just one hour by further streamlining our credit review process and supporting operating procedures, while ensuring continued compliance with regulatory requirements.

People

Our people are the key to the continued business success of NFH. Accordingly, we place the highest priority on providing them with every opportunity to enhance their skills and knowledge, and acquire professional qualifications, so that they can realise their full potential and advance their careers with NFH. At the end of 2007, our team numbered 22 people, all of whom are Bahraini nationals. This constitutes a unique level of Bahrainisation for any financial services company based in the Kingdom.

Khursheed Hassan
General Manager



DRIVEN BY EXCELLENCE

At NFH, we strive for excellence in everything that we do.

This commitment permeates our entire organisation, underlined by the professionalism of our people, our principles of integrity and transparency, and our caring attitude.

From the quality of our client and business relationships to the speed and efficiency of our operations, a spirit of excellence drives the way that we behave and conduct our business affairs.

Corporate Governance and Risk Management

Corporate Governance

National Finance House (NFH) is committed to establishing and maintaining the highest standards of corporate governance in line with industry best practice, in order to ensure fairness for all stakeholders, and to achieve organisational efficiency.

Structure

NFH has put in place a robust corporate governance structure that clearly sets out the objectives of the Company, together with the means and incentives through which the Board and Management pursue objectives that are in the best interests of the Company and its shareholders. This structure facilitates effective monitoring, and encourages the most efficient use of resources.

Principles

The corporate governance structure of NFH is based on a number of critical principles. These include: an independent, active and engaged Board of Directors that has the skill to properly oversee and direct Management; a Code of Business Conduct to guide directors, managers and staff in their daily administration of the Company's business; the imposition of effective controls and monitoring systems; and the dissemination of timely and accurate information to shareholders, regulatory authorities, and other stakeholders.

Board of Directors

The Company is managed by a Board of Directors, consisting of a minimum of six and maximum of 10 members elected by the Ordinary General Meeting by secret ballot for a period of three years renewable. The full Board meets for a minimum of four times each year. The Board of Directors is accountable to the Company's shareholders and other stakeholders to ensure that NFH is managed in a safe and sound manner, and with an appropriate balance between financial performance and fulfillment of its public purpose.

Board Committees

The Board has established two committees – Executive Committee and Audit Committee – to assist it in carrying out its responsibilities.

Executive Committee

This committee consists of three directors and the General Manager. Its responsibilities include developing a group strategy for approval by the Board; overseeing the financial, operational and safety performance of the Company; and guiding the Company in its relationships with all stakeholders.

Audit Committee

This committee consists of a minimum of two non-executive directors. Its responsibilities include reviewing the integrity of the Company's financial reporting; selecting external auditors for approval by shareholders; monitoring the activities and performance of the internal audit function; and ensuring compliance with all relevant laws and regulations.

Management

The Board has delegated authority to the General Manager for the day-to-day management of the Company. He is supported in his duties by a Management Team consisting of Head of Financial Control, Head of Retail, and Head of Operations; and two committees: Management Committee and Credit Committee.

Ethical Business Conduct

The Board has approved a corporate governance structure for the Directors, Executive Management, and Staff. The structure binds signatories to the highest standards of professionalism and due diligence in discharging their duties. It also outlines areas of conflict of interest, confidentiality, and the responsibilities of signatories to adhere to best practices.

Compliance

The Company conducts its business in compliance with all relevant bye-laws, rules and regulations pertaining to financial institutions. These comprise Central Bank of Bahrain rules and guidelines; legal compliance; and international accounting standards. NFH has well-documented Know Your Customer guidelines, and a Customer Due Diligence Policy and procedures. The Company has appointed a Compliance Manager, a Money Laundering Reporting Officer (MLRO) and a Complaints Officer.

Communications with Stakeholders

The Company conducts all communications with its stakeholders in a transparent, accurate and timely manner. Main channels of communications comprise an annual general meeting, annual report, quarterly and annual financial statements, corporate website, and regular announcements in the appropriate local media.

Risk Management

The Company has put in place a robust risk management framework to ensure the identification of all risks to which NFH may be exposed, and the implementation of all necessary policies, procedures and systems to effectively monitor and manage these risks.

Risk Exposure

The main risks to which NFH is exposed, are the following:

- Credit risk
- Interest rate risk
- Liquidity risk
- Compliance risk
- Operational & IT risk

Credit Committee

The Company has established a Credit Committee, which consists of the General Manager, Head of Financial Control, Head of Retail, Head of Operations and Head of Collection. This committee acts as a forum for the discussion of any matters relating to credit risk. It sets credit policies and procedures, oversees the operation of the credit process, and approves loans within its authorisation limits.

Business Continuity

The Company is in the process of finalising a comprehensive business continuity plan to ensure that NFH can continue to function effectively in the event of an emergency, disaster or systems failure. Phase one of the development of a fully-fledged disaster recovery site is currently under implementation.

General Information

The Company

National Finance House (NFH) specialises in providing consumer and corporate financing for the purchase of private, commercial and heavy vehicles, and construction equipments.

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58880

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Website
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Main Office
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Area: Bilad Al-Qadeem.

Executive Management
Khursheed Hassan, **General Manager**
May Al-Mahmood, **Head of Financial Control**
Outhair Falah, **Head of Retail**
Seddeeqa Al-Munfaredi, **Head of Operations**

Banks
Bank of Bahrain and Kuwait
BNP Paribas
Ahli United Bank
National Bank of Bahrain
Kuwait Finance House

Auditors
KPMG

Financial Statements

Contents

Report of the Auditors to the Shareholders

We have audited the accompanying financial statements of National Finance House BSC (c) ("the Company"), which comprise the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity, and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Responsibility of the directors for the financial statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2007, and its financial performance, and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

In addition, in our opinion, the Company has maintained proper accounting records and the financial statements are in agreement therewith. We have reviewed the accompanying report of the Chairman of the Board of Directors and confirm that the information contained therein is consistent with the financial statements. We are not aware of any violations of the Bahrain Commercial Companies Law 2001, the Central Bank of Bahrain and Financial Institutions Law 2006, or the terms of the Company's memorandum and articles of association having occurred during the period that might have had a material effect on the business of the Company or on its financial position. Satisfactory explanations and information have been provided to us by the management in response to all our requests.

KPMG

28 February 2008
Manama, Kingdom of Bahrain

Balance Sheet

As at 31 December 2007

Bahraini dinars

	Notes	2007	2006
Assets			
Cash and cash equivalents	5	975,618	4,006,112
Loans to customers	6	12,153,994	3,529,399
Related party receivables	7	-	1,037,500
Other assets		20,458	3,788
Furniture, fixtures and equipment	8	142,984	175,444
Total assets		13,293,054	8,752,243
LIABILITIES AND EQUITY			
Liabilities			
Other liabilities	10	1,415,459	1,117,123
Borrowings from banks	11	4,000,000	-
Total liabilities		5,415,459	1,117,123
Equity			
Share capital	12	7,500,000	7,500,000
Share premium		112,500	112,500
Statutory reserve		26,509	2,262
Retained earnings		238,586	20,358
Total equity (page 20)		7,877,595	7,635,120
Total equity and liabilities		13,293,054	8,752,243

Chairman

Deputy Chairman

The Board of Directors approved the financial statements consisting of pages 17 to 35 on 28 February 2008.

Income Statement

For the year ended 31 December 2007

Bahraini dinars

	Notes	2007	2006
Interest income	13	848,219	316,741
Interest expense		(59,386)	-
Net interest income		788,833	316,741
Fees and commission income		178,481	34,352
Fees and commission expense		(77,951)	(17,850)
Net fee and commission income		100,530	16,502
Operating income		889,363	333,243
Impairment of loans to customers		126,758	-
Salaries and related costs		319,187	112,498
General and administrative expenses	14	157,192	92,597
Depreciation	8	43,751	17,900
Pre-operative expense		-	87,628
		646,888	310,623
Profit for the year		242,475	22,620

Chairman

Deputy Chairman

The Board of Directors approved the financial statements consisting of pages 17 to 35 on 28 February 2008.

Statement of Cash Flows

For the year ended 31 December 2007

Bahraini dinars

	Note	2007	2006
Operating activities			
Interest, fees and commission receipts		1,026,700	351,093
Loans disbursed (net)		(8,544,870)	(2,459,657)
Payments of staff salaries and related costs		(296,290)	(145,049)
Payments of other operating expenses		(225,616)	(126,009)
Cash flows from operating activities		(8,040,076)	(2,379,622)
Investing activities			
Purchase of furniture, fixtures and equipment	8	(11,291)	(189,266)
Cash flows from investing activities		(11,291)	(189,266)
Financing activities			
Proceeds from loan		4,000,000	-
Payment of interest		(16,627)	-
Share capital received	12	1,037,500	6,575,000
Cash flows from financing activities		5,020,873	6,575,000
Net (decrease) increase in cash and cash equivalents		(3,030,494)	4,006,112
Cash and cash equivalents at 1 January		4,006,112	-
Cash and cash equivalents as at 31 December	5	975,618	4,006,112

The financial statements consist of pages 17 to 35.

Statement of Changes in Equity

For the year ended 31 December 2007

Bahraini dinars

2007	Share capital	Share premium	Statutory reserve	Retained earnings	Total equity
At 1 January	7,500,000	112,500	2,262	20,358	7,635,120
Profit for the year (page 18)	-	-	-	242,475	242,475
Total recognised income and expense	-	-	-	242,475	242,475
Transfer to statutory reserve	-	-	24,247	(24,247)	-
At 31 December	7,500,000	112,500	26,509	238,586	7,877,595

2006	Share capital	Share premium	Statutory reserve	Retained earnings	Total equity
Capital introduced by shareholders	7,500,000	112,500	-	-	7,612,500
Profit for the year (page 18)	-	-	-	22,620	22,620
Total recognised income and expense				22,620	22,620
Transfer to statutory reserve	-	-	2,262	(2,262)	-
At 31 December	**7,500,000**	**112,500**	**2,262**	**20,358**	**7,635,120**

The financial statements consist of pages 17 to 35.

Notes to the 2007 Financial Statements

1 STATUS AND OPERATIONS

National Finance House BSC (c) ("the Company") is a closed joint stock Company incorporated and registered in the Kingdom of Bahrain on 4 December 2005. The Company obtained a licence from the Central Bank of Bahrain ("CBB") to operate as a financial Company on 6 December 2005. The Company formally commenced operations on 13 September 2006.

The Company's principal activities are to provide consumer finance services and grant short term and medium term loans to individuals and incorporated entities for the purpose of financing all type of purchase of an instalment basis, including instalment for the purchase of motor vehicles, non motorized vehicles, equipment, machinery, household effects etc.

2 BASIS OF PREPARATION

a. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

b. Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Information about significant areas of estimation and critical judgements in applying accounting policies on the amounts recognised in the financial statements are described in the following notes:

- Note 3 (d) (vi) and 3 (i) – Impairment; and
- Note 3 (g) – Estimates of useful lives.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements by the Company. The Company has adopted applicable accounting standards during the year namely, IAS 1 Presentation of Financial Statements – Capital Disclosures, IFRS 7 Financial Instruments: Disclosures, in the preparation and presentation of these financial statements.

a. Basis of measurement

The financial statements have been prepared under the historical cost convention except for financial assets and liabilities stated at amortised cost on an effective interest rate basis.

b. Interest

Interest income and expense are recognised in the income statement using the effective interest method. The effective interest rate is the rate that discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently. The calculation of the effective interest rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability. Interest income and expense presented in the income statement include:

- interest on financial assets and liabilities at amortised cost on an effective interest rate basis; and
- interest on time deposits on an effective interest basis.

c. Fees and commission income and expenses

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Origination fees received by the Company and the related direct costs relating to the creation or acquisition of a financial asset other than a financial asset classified 'at fair value through profit or loss', are deferred and recognised as an adjustment to the effective interest rate.

3 Significant accounting policies (continued)

d. Financial assets and liabilities

(i) Recognition

The Company initially recognises loans to customers and borrowings from banks on the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

(ii) De-recognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

(iii) Offsetting

Financial assets and liabilities are set off and the net amount presented in the balance sheet when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

(iv) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(v) Fair value measurement

The determination of fair values of financial assets and financial liabilities that are not quoted is determined by using valuation techniques. Valuation techniques include net present value techniques and the discounted cash flow method.

(vi) Identification and measurement of impairment

At each balance sheet date, the Company assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably. The Company considers evidence of impairment at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are then collectively assessed for impairment by grouping together financial assets (carried at amortised cost) with similar risk characteristics.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, indications that a borrower will enter bankruptcy, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers, or economic conditions that correlate with defaults in the group.

In assessing collective impairment the Company uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses are recognised in the income statement and reflected in an allowance account against loans and advances. Interest on the impaired asset continues to be recognised through the unwinding of the discount.

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through the income statement.

e. Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

f. Furniture, fixtures and equipment

Furniture, fixtures and equipment are stated at cost less accumulated depreciation and impairment allowances.

g. Depreciation

Depreciation on furniture, fixtures and equipment is provided on the straight line method over their estimated useful lives as follows:

Furniture, fixture, office equipment and computer software	5 years
Computer hardware	3 years

h. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and balance with banks.

i. Statutory reserve

The Bahrain Commercial Companies Law 2001 requires 10 percent of net profit for the year to be transferred to a statutory reserve, which is not normally distributable except in the circumstances stipulated in the Bahrain Commercial Companies Law. Such transfers may cease once the reserve reaches 50% of share capital.

j. Impairment of non financial assets

The carrying amount of the Company's non financial assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the carrying amount exceeds the recoverable amount. Impairment losses are recognised in the income statement.

k. Borrowings from banks

Borrowings from banks are the Company's sources of debt funding. Borrowings from banks are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Company chooses to carry the liabilities at fair value through the income statement.

l. Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

m. Employees' end of service benefits

(i) Bahraini employees
Pensions and other social benefits for Bahraini employees are covered by the General Organisation for Social Insurance scheme, which is a "defined contribution scheme" in nature, and to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis.

(ii) Expatriate employees
Expatriate employees on fixed contracts are entitled to leave indemnity payable under the Bahraini Labour Law for the Private Sector of 1976, based on length of service and final remuneration. Provision for this unfunded commitment has been made by calculating the notional liability had all employees left the Company at the balance sheet date.

4 NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS

During the year, the following new or amended IFRS and interpretations relevant to the activities of the Company have been issued which are not yet mandatory for adoption by the Company:

- IAS 1 Presentation of Financial Statements *
- IAS 23 Borrowing Costs *
- IFRS 8 Operating Segments *

* Annual periods commencing on or after 1 January 2009

The adoption of these standards and interpretations are not expected to have material impact on the financial statements.

5 CASH AND CASH EQUIVALENTS

	2007	2006
Cash in hand and at bank	710,128	462,640
Term deposits	265,490	3,543,472
Cash and cash equivalents	975,618	4,006,112

6 LOANS TO CUSTOMERS

	2007	2006
Loans disbursed	14,911,594	4,252,412
Unearned interest on loans	(2,634,816)	(723,013)
Impairment allowance (net of write offs)	(122,784)	-
At 31 December	12,153,994	3,529,399

The movement in the allowance for impairment is as follows:

	2007	2006
At 1 January	-	-
Charge for the year	126,758	-
Written off during the year	(3,974)	-
At 31 December	122,784	-

7 RELATED PARTY RECEIVABLES

	2007	2006
Amounts receivable from shareholders towards increase in capital	-	1,037,500
	-	1,037,500

8 FURNITURE, FIXTURES AND EQUIPMENT

	Furniture and office equipment	Computer software	Computer hardware	Total
Cost				
At 1 January	106,690	57,739	28,915	193,344
Additions	8,101	240	2,950	11,291
At 31 December	114,791	57,979	31,865	204,635
Depreciation				
At 1 January	6,499	5,774	5,627	17,900
Charge for the year	22,179	11,549	10,023	43,751
At 31 December	28,678	17,323	15,650	61,651
Net book value				
At 31 December 2007	86,113	40,656	16,215	142,984
At 31 December 2006	100,191	51,965	23,288	175,444

9 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These represent transactions with shareholders and directors of the Company.

Related party transactions	2007	2006
Expenses		
Insurance premium paid to a shareholder	3,421	3,492
Rent paid to a shareholder	-	6,667

i) Amounts payable to shareholders is set out in Note 10.

Transactions with key management personnel

Key management personnel of the Company comprise the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel compensation is as follows:

Transactions with key management personnel	2007	2006
Key management compensation	168,712	89,111
Board of directors remuneration	Nil	Nil

10 OTHER LIABILITIES

	2007	2006
Amounts payable for vehicles financed		
• to related parties	950,015	762,833
• to other parties	326,210	306,909
Accrued expenses		
• to related parties	1,000	3,125
• to other parties	138,234	44,256
	1,415,459	1,117,123

11 BORROWINGS

	Term and debt repayment schedule				
	2007				
	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
Term loan	BD	6.343%	2008	500,000	500,000
Term loan	BD	6.368%	2008	500,000	500,000
Term loan	BD	6.220%	2012	1,000,000	1,000,000
Term loan	BD	6.207%	2012	1,000,000	1,000,000
Term loan	BD	6.832%	2012	1,000,000	1,000,000
				4,000,000	4,000,000

Of the above borrowings, BD 1 million is secured by assignment of receivables and the remaining BD 3 million is unsecured.

12 SHARE CAPITAL

	2007	2006
Authorised		
500,000,000 ordinary shares of 100 fils each	50,000,000	50,000,000
Issued capital		
75,000,000 ordinary shares of BD 100 fils each	7,500,000	7,500,000
Paid up capital		
75,000,000 ordinary shares of BD 100 fils each	7,500,000	6,500,000

13 INTEREST INCOME

	2007	2006
Interest earned on loans to customers	768,956	64,663
Interest income from term deposits	79,263	252,078
	848,219	316,741

14 GENERAL AND ADMINISTRATIVE EXPENSES

	2007	2006
Rent	22,070	7,377
Communication	12,523	3,060
Office expenses	35,130	12,011
Printing and stationery	11,547	9,169
Computer maintenance and support expenses	16,414	18,489
Legal and professional charges	38,806	15,378
Advertising and publicity	20,702	27,113
	157,192	92,597

15 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Risk management framework and overview

The risks associated with the Company's business are credit risk, market risk, liquidity risk and operational risk. The Company has a risk management framework in place for managing these risks which is constantly evolving as the business activities change in response to credit, market, product and other developments. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Financial instruments comprise of financial assets and financial liabilities. Financial assets of the Company consist of cash and cash equivalents, loans and receivable and other assets. Financial liabilities of the Company consist of loans, related party payable and other liabilities. Accounting policies in respect of financial assets and financial liabilities are set out in Note 3.

The Board of Directors of the Company has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Executive Committee, for developing and monitoring risk management policies in their specified areas. The Board of Directors set the Company's overall risk parameters and risk tolerances, and the significant risk management policies. The Executive Committee reviews and reports to the Board of Directors on the Company's risk profile and risk taking activities.

The General Manager has the primary responsibility for sanctioning risk taking activities and defining risk management policies within the overall risk parameters and tolerances defined by the Board of Directors. The risk management control process is based on a detailed structure of policies, procedures and limits, and comprehensive risk measurement and management information systems for the control, monitoring and reporting of risks. The principal risks associated with the Company's businesses and the related risk management processes are set out below.

15 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk that a customer fails to perform under its contractual payment obligations thus causing the Company to suffer a loss in terms of cash flow or market value. Credit risk is the predominant risk type faced by the Company in its financing activities both on and off balance sheet. The Company is exposed to credit risk primarily on the loans to customers. Credit risk assessment and management is divided into personal and corporate loans.

The Board of Directors has delegated responsibility for the management of credit risk to its Credit Committee, comprising three members, Head of Retail and Head of Operations and Head of Collection reporting to the General Manager. The Credit Committee is responsible for oversight of the Company's credit risk, including:

- formulating credit policies, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- establishing the authorisation structure for the approval and renewal of credit facilities. The authorisation limits are allocated to the Head of Retail and Head of Operations. Larger facilities require approval by General Manager, Credit Committee or Executive Committee. Each business unit is required to implement Company's credit policies and procedures, with credit approval authorities delegated from the Company's Credit Committee.
- reviewing and assessing credit risk. Credit committee assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- limiting concentrations of exposure to counterparties, and industries for loans and advances.
- reviewing and monitoring credit exposures on an ongoing basis to identify, as early as possible, customers that may be experiencing declining credit worthiness or financial difficulty.
- reviewing compliance of business units with agreed exposure limits. Regular reports are provided to the General Manager and Board of Directors on the credit quality of local portfolios and appropriate corrective action is taken.
- providing advice, guidance and specialist skills to other departments to promote best practice throughout the Company in the management of credit risk.

All loans are with local individuals and locally incorporated entities. The credit risk on these loans is actively managed and rigorously monitored in accordance with well-defined credit policies and procedures. The creditworthiness of each borrower is evaluated prior to sanctioning of facilities. Credit review procedures are in place for corporate customers to identify at an early stage, exposures which require more detailed monitoring and review. Appropriate procedures for follow-up and recovery (including recourse to legal action) are in place to monitor the credit risk on loans.

The Company is not exposed to any significant concentration of credit risk arising from exposures to a single debtor or to Group of debtors having similar characteristics such that their ability to meet their obligations is expected to be affected similarly by changes in economic or other conditions. The maximum credit risk exposure of the loans to customer is the carrying value amount net of the unearned interest income and net of impairment allowance. The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of loans and receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2007	2006
Cash and cash equivalents	975,618	4,006,112
Loans to customer	12,153,994	3,529,399
	13,129,612	7,535,511

Concentration to credit risk

The Company monitors concentration of credit risk by sector. An analysis of concentrations of credit risk on loans to customers at the reporting date is shown below.

	2007	2006
Concentration by sector		
Corporate	6,991,713	2,099,371
Retail	5,162,281	1,430,028
	12,153,994	3,529,399

All loans are domestic and are granted to borrowers within the Kingdom of Bahrain. Analysis of loans that are current, past due and impaired is as follows:

	2007	2006
Individually impaired and written off	3,974	-
Collectively impaired	122,784	-
Neither past due nor impaired	12,027,236	3,529,399
	12,153,994	3,529,399

Impaired loans are loans for which the Company determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan agreement. Past due but not impaired loans are loans where contractual interest or principal payments are past due and the Company believes that impairment is not appropriate on the basis of the level of security or collateral available and / or the stage of collection of amounts owed to the Company. The Company writes off a loan balance (and any related allowances for impairment losses) when Company determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

The Company holds collateral against loans and advances to customers in the form of mortgage interests over vehicles financed. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired.

15 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Management of liquidity risk
The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. It manages its liquidity requirements mainly by financial support from collection of vehicle loans with varying maturities, borrowings from financial institutions and financial support from shareholders.

Liquidity management policies are designed to ensure that funds are available at all times to meet the funding requirements of the Company, even in adverse conditions. In normal conditions, the objective is to ensure that there are sufficient funds available not only to meet current financial commitments but also to facilitate business expansion. These objectives are met through the application of prudent liquidity controls. These controls provide security of access to funds without undue exposure to increased costs from the liquidation of assets or the aggressive bidding for deposits. The Company's liquidity controls ensure that, over the short term, the future profile of cash flows from maturing assets is adequately matched to the maturity of liabilities.

The liquidity position of the Company is monitored by the General Manager and Financial Controller. Surplus and deficit of short and long term positions of the Company are managed as appropriate by the Finance Department. The Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Company maintains a BD 3 million short term revolving loan facility priced at 1.25% over 3 month BIBOR and BD 10 million term loan facility subject to interest of 6 month BIBOR plus 1.25% margin.

The contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements is set out below. This shows the undiscounted cash flows on the Company's financial liabilities and unrecognised loan commitments on the basis of their earliest possible contractual maturity.

31 December 2007	Carrying amount	Contractual cash flows	6 months or less	6 months to 12 months	More than 12 months
Borrowings from banks	4,000,000	4,000,000	1,000,000	-	3,000,000
Accounts payable	1,276,225	1,276,225	1,276,225	-	-
Accrued expenses	139,234	139,234	139,234	-	-
	5,415,459	5,415,459	2,415,459	-	3,000,000

31 December 2006	Carrying amount	Contractual cash flows	6 months or less	6 months to 12 months	More than 12 months
Accounts payable	1,069,742	1,069,742	1,069,742	-	-
Accrued expenses	47,381	47,381	47,381	-	-
	1,117,123	1,117,123	1,117,123	-	-

Market risks

Market risk is the risk that changes in market prices, such as interest rate and credit spreads (not relating to changes in the issuer's credit standing) will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The principal market risk to which the Company is exposed is interest rate risk with its asset and liability management activities.

15 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Interest rate risk

Interest rate risk is the risk that the Company's earnings will be affected as a result of movements in interest rates. The Company's interest rate exposures arise from its interest earning assets and interest-bearing liabilities i.e. balance with banks, loans and term loans. The distribution of financial instruments between interest rate categories is summarised below:

	Fixed rate	Floating rate	Non-interest earning	Total
31 December 2007				
Cash and cash equivalents	-	265,490	710,128	975,618
Loans to customers	12,153,994	-	-	12,153,994
Related party receivables	-	-	-	-
Other assets	-	-	20,458	20,458
	12,153,994	265,490	730,586	13,150,070
Other liabilities	-	-	1,415,459	1,415,459
Borrowings from banks	-	4,000,000	-	4,000,000
	-	4,000,000	1,415,459	5,415,459
31 December 2006				
Cash and cash equivalents	-	3,543,472	462,640	4,006,112
Loans to customers	3,529,399	-	-	3,529,399
Related party receivables	-	-	1,037,500	1,037,500
Other assets	-	-	3,788	3,788
	3,529,399	3,543,472	1,503,928	8,576,799
Other liabilities	-	-	1,117,123	1,117,123
Borrowings from banks	-	-	-	-
	-	-	1,117,123	1,117,123

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2006.

	Income statement		Equity	
	100 bp increase	100 bp decrease	100 bp Increase	100 bp decrease
31 December 2007				
Borrowings from banks	6,556	6,556	6,556	6,556
31 December 2006				
Borrowings from banks	-	-	-	-

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for re-pricing bands. The Company's loans to customers are predominantly of a fixed rate nature and the Company has the right under the terms of the agreement with customers to vary the rate at its discretion after giving the customer due notice. A summary of the Company's interest rate gap position on non-trading portfolios is as follows:

	Carrying amount	Less than 3 months	3 months to 6 months	6 months to 12 months	1 year to 5 years	More than 5 years
31 December 2007						
Cash and cash equivalents	975,618	975,618	-	-	-	-
Loans to customers	12,153,994	629,421	815,588	1,647,749	8,372,229	689,007
Related party receivables	-	-	-	-	-	-
Other assets	20,458	20,458	-	-	-	-
	13,150,070	1,625,497	815,588	1,647,749	8,372,229	689,007
Other liabilities	1,415,459	1,415,459	-	-	-	-
Borrowings from banks	4,000,000	1,000,000	-	-	3,000,000	-
	5,415,459	2,415,459	-	-	3,000,000	-
31 December 2006						
Cash and cash equivalents	4,006,112	4,006,112	-	-	-	-
Loans to customers	3,529,399	282,487	273,626	544,430	2,267,139	161,717
Related party receivables	1,037,500	1,037,500	-	-	-	-
Other assets	3,788	3,788	-	-	-	-
	8,576,799	5,329,887	273,626	544,430	2,267,139	161,717
Other liabilities	1,117,123	1,117,123	-	-	-	-
Borrowings from banks	-	-	-	-	-	-
	1,117,123	1,117,123	-	-	-	-

15 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's exposure to currency risk is not significant as a significant portion of the Company's transactions are in Bahraini Dinars.

Fair values

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties in an arm's length transaction. Differences can therefore arise between book values under the historical cost method and fair value estimates. Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms. The fair values of financial assets and liabilities of the Company are not materially different from their carrying values.

Operational risks

Operational risk is the risk of unexpected losses resulting from inadequate or failed internal controls or procedures, systems failures, fraud, business interruption, compliance breaches, human error, management failure or inadequate staffing. Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations and are faced by all business entities.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance where this is effective.

Compliance with Company standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Company.

Capital management

The Company's lead regulator, the Central Bank of Bahrain ("CBB"), sets and monitors capital requirements for the Company as a whole. The Company operations are directly supervised by their local regulators. In applying current capital requirements, the CBB requires the Company to maintain a prescribed minimum ratio of total regulatory capital to total risk-weighted assets. The CBB's minimum risk asset ratio is 12 per cent. The Company's regulatory capital is analysed into two tiers:

- Tier 1 capital, comprising issued share capital, share premium, retained earnings and reserves, adjusted to exclude revaluation gains and losses arising on the re-measurement to fair value of available-for-sale securities and derivative cash flow hedging transactions with the exception of un realised losses arising on the re-measurement to fair value of marketable equity securities classified as available-for-sale.
- Tier 2 capital, comprising qualifying subordinated term finance, collective impairment provisions and 45 per cent of unrealised gains arising on the re-measurement to fair value of marketable equity securities classified as available-for-sale.

The CBB applies various limits to elements of the capital base. The amount of innovative tier 1 securities cannot exceed 15 per cent of total tier 1 capital; qualifying tier 2 capital cannot exceed tier 1 capital; and qualifying subordinated term finance cannot exceed 50 per cent of tier 1 capital. There are also restrictions on the amount of collective impairment provisions that may be included as part of tier 2 capital. Collective impairment provisions cannot exceed 1.25 per cent of total risk-weighted assets.

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The impact of the level of capital on shareholders' return is also recognised as well as the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Company manages its capital structure and makes adjustments to the structure taking account of changes in economic conditions and strategic business plans. The capital structure may be adjusted through the issue of new shares, subordinated term finance, and innovative tier 1 capital securities.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Board further assesses the cost of equity vis-à-vis borrowings with respect to investments in new projects with the objective of achieving the lowest cost of funds for the Company. The Board evaluates the internal rate of return and payback period of the investments in new projects with the objective of monitoring the return on investments. There were no changes in the Company's approach to capital management during the years ended 31 December 2007 and 31 December 2006. The Company has complied with all externally imposed capital requirements throughout the years ended 31 December 2007 and 31 December 2006.

16 COMPARATIVE FIGURES

Comparative figures have been reclassified to conform to the current year's presentation. Such reclassification has not affected the reported net profit, net assets or equity of the previous year.