

NATIONAL FINANCE HOUSE BSC (c)

INTERIM FINANCIAL INFORMATION

30 JUNE 2009

Commercial registration	: 58880
Board of Directors	: Farouk Yousif Khalil Almoayyed Fuad Ebrahim Kanoo Mahmood Al Soufi Tariq Mutlaq Almutlaq Sheikh Abdulla Mohammed Jabor Al Thani Mohammed Farouk Y. Almoayyed Talal Fuad Ebrahim Kanoo Ali Rashid Al Amin Abdul Hakim Al Adamy Al Sayyida Rawan Ahmed Al Said
General Manager	: Jassim Khalaf
Address	: PO Box 21774, Office No. 186 Road - 66, Block - 364 Bilad Al Qadeem, Kingdom of Bahrain Tel: 17407999 Fax: 17403995
Bankers	: BBK BSC BNP Paribas Ahli United Bank National Bank of Bahrain Kuwait Finance House BMI Bank Bahrain Islamic Bank
Auditors	: KPMG

INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 2009

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Independent auditors' report on review of interim financial information

The Board of Directors
National Finance House BSC (c)
P O Box 21774
Kingdom of Bahrain

4 August 2009

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of National Finance House BSC (c) (the "Company") and subsidiary (together the "Group") as at 30 June 2009, and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six month period then ended ("the interim financial information").

The Directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standard IAS 34 - *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

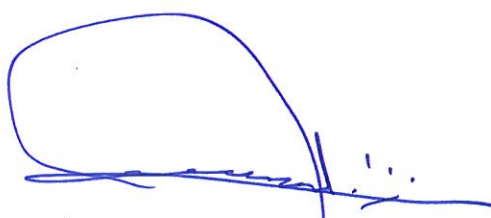
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

KPMG

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2009

Bahraini dinars

	30 June 2009 (reviewed)	31 December 2008 (audited)
ASSETS		
Cash and cash equivalents	1,551,633	1,329,286
Loans to customers	31,433,048	25,770,166
Furniture, fixtures and equipment	288,159	257,490
Other assets	71,048	31,377
Total assets	33,343,888	27,388,319
LIABILITIES AND EQUITY		
Liabilities		
Borrowings from banks	22,000,000	15,000,000
Other liabilities	2,466,864	3,981,148
Total liabilities	24,466,864	18,981,148
Equity		
Share capital	7,500,000	7,500,000
Share premium	112,500	112,500
Statutory reserve	79,467	79,467
Retained earnings	1,185,057	715,204
Total equity (page 5)	8,877,024	8,407,171
Total equity and liabilities	33,343,888	27,388,319



for Chairman



Director

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2009

Bahraini dinars

	Six months ended		Three months ended	
	30 June 2009 (reviewed)	30 June 2008 (reviewed)	30 June 2009 (reviewed)	30 June 2008 (reviewed)
Interest income	1,464,522	715,343	761,242	385,458
Interest expense	473,081	153,573	255,430	81,178
Net interest income	991,441	561,770	505,812	304,280
Fees and commission income	196,502	110,161	92,881	61,258
Fees and commission expense	106,921	51,657	50,919	29,242
Net fee and commission income	89,581	58,504	41,962	32,016
Total operating income	1,081,022	620,274	547,774	336,296
Salaries and related costs	337,303	214,376	171,329	101,213
Depreciation	40,143	23,162	20,131	11,632
Impairment of loans to customers	43,636	47,813	14,729	27,792
Other operating expenses	190,087	118,360	88,787	60,592
Total operating expenses	611,169	403,711	294,976	201,229
Profit for the period	469,853	216,563	252,798	135,067
Other comprehensive Income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	469,853	216,563	252,798	135,067


for Chairman


Director

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended 30 June 2009

Bahraini dinars

	2009 (reviewed)	2008 (reviewed)
Operating activities		
Interest, fees and commission received	1,661,024	825,504
Loans disbursed	(10,692,021)	(7,190,430)
Loan repayments	3,404,038	2,676,704
Payments for staff salaries and related costs	(428,302)	(247,924)
Payments for other operating expenses	(243,083)	(180,293)
Cash flows from operating activities	(6,298,344)	(4,116,439)
Investing activities		
Purchase of furniture, fixtures and equipment	(70,812)	(9,150)
Cash flows from investing activities	(70,812)	(9,150)
Financing activities		
Proceeds from bank borrowings	7,000,000	4,500,000
Interest paid	(408,497)	(184,215)
Cash flows from financing activities	6,591,503	4,315,785
Net increase in cash and cash equivalents	222,347	190,196
Cash and cash equivalents at 1 January	1,329,286	975,618
Cash and cash equivalents as at 30 June	1,551,633	1,165,814

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2009

Bahraini dinars

2009 (reviewed)	Share capital	Share premium	Statutory reserve	Retained earnings	Total equity
At 1 January	7,500,000	112,500	79,467	715,204	8,407,171
Total comprehensive income for the period	-	-	-	469,853	469,853
At 30 June	7,500,000	112,500	79,467	1,185,057	8,877,024

2008 (reviewed)	Share capital	Share premium	Statutory reserve	Retained earnings	Total equity
At 1 January	7,500,000	112,500	26,509	238,586	7,877,595
Total comprehensive income for the period	-	-	-	216,563	216,563
At 30 June	7,500,000	112,500	26,509	455,149	8,094,158

**NOTES to the interim financial information
for the six months ended 30 June 2009**

Bahraini dinar

- 1 The interim financial information has been prepared in condensed form in accordance with International Accounting Standard 34, Interim Financial Reporting. The interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2008.

During the quarter ended 30 June 2009, the Company established a wholly owned subsidiary, National Finance House Insurance Services Company SPC ("NFHI"), for the purpose of acting as a insurance broker for all kinds of insurance, including life assurance. NFHI was registered with the Ministry of Industry and Commerce on 6 April 2009 with registration no. 71382.

NFHI was established for the purpose of mediating in all kinds of insurance and has the right to have interest or participate in any type of association which helps in achieving its purpose.

The interim financial information for the period ended 30 June 2009 comprise the interim financial information of National Finance House ("the Company") and its subsidiary (together referred to as "the Group").

- 2 The interim financial information is not audited but has been reviewed by KPMG. The comparatives for the condensed consolidated statement of financial position have been extracted from the audited financial statements for the year ended 31 December 2008. Comparatives for the condensed consolidated statements of income, comprehensive income, changes in equity, and cash flows have been extracted from the reviewed interim financial information for the six months ended 30 June 2008.
- 3 There have been no changes to the accounting policies used in the preparation of the interim financial information from those used in the preparation of the audited financial statements for the year ended 31 December 2008 except for the following:

Basis of consolidation

Subsidiary is an enterprise controlled by the Group. Control is presumed to exist where more than one half of a subsidiary's voting power is controlled by the Group, or the Group is able to govern the financial and operating policies of a subsidiary so as to obtain benefit from its activities. The financial information of the subsidiary is included in the consolidated financial information from the date that control commences until the date that control ceases. All significant inter-group balances and transactions and any gains and losses arising from inter-group transactions are eliminated in preparing the consolidated financial information.

In addition, the Group has adopted revised IAS 1 "Presentation of Financial Statements" effective 1 January 2009. Revised IAS 1 introduces the term 'Other Comprehensive Income' which represents changes in equity other than those changes resulting from transactions with shareholders. The Group has opted to present the total comprehensive income in a single statement, condensed consolidated statement of comprehensive income (page 3).

The adoption of the above standard impacted the nature of the disclosures in the interim financial information, but had no impact on the reported profit or the financial position of the Group. In accordance with the transitional requirements of the Standards, the Company has provided full comparative information.

**NOTES to the interim financial information
for the six months ended 30 June 2009**

Bahraini dinar

4 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.

	30 June 2009 (reviewed)	30 June 2008 (reviewed)
Related party transactions		
<i>Expenses</i>		
Insurance premium charges	25,732	13,698
Software maintenance charges	2,427	2,500
Related party balances		
Amounts payable for vehicles financed	1,969,725	3,243,700
Accrued expenses	3,800	9,447
Prepaid expenses	23,463	95
Amounts payable to insurance companies	680	-
	1,997,668	3,253,147

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:

	30 June 2009 (reviewed)	30 June 2008 (reviewed)
Transactions with key management personnel		
Key management compensation	114,851	91,369
Board of directors remuneration and attendance allowance	14,500	1,800