

NATIONAL FINANCE HOUSE BSC (c)

INTERIM FINANCIAL INFORMATION

30 JUNE 2010

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 Abdul Hakim Al Adhamy 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

National Finance House BSC (c)

**INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 2010**

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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

12 August 2010

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of National Finance House BSC (c) (the "Company") and its subsidiary (together the "Group") as at 30 June 2010, 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.

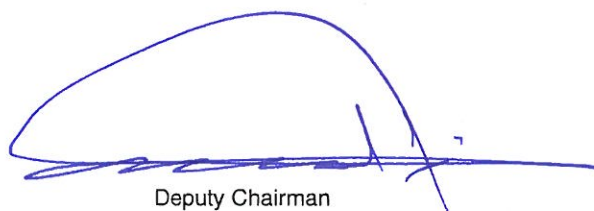
Conclusion

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*.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2010

Bahraini dinars

	30 June 2010 (reviewed)	31 December 2009 (audited)
ASSETS		
Cash and cash equivalents	2,571,859	2,221,732
Loans to customers	31,127,139	30,811,416
Furniture, fixtures and equipment	216,952	256,211
Other assets	118,149	77,648
Total assets	34,034,099	33,367,007
LIABILITIES AND EQUITY		
Liabilities		
Borrowings from banks	22,555,556	22,888,889
Other liabilities	1,691,977	1,163,381
Total liabilities	24,247,533	24,052,270
Equity		
Share capital	7,500,000	7,500,000
Share premium	112,500	112,500
Statutory reserve	170,224	170,224
Retained earnings	2,003,842	1,532,013
Total equity (page 4)	9,786,566	9,314,737
Total equity and liabilities	34,034,099	33,367,007



Deputy Chairman



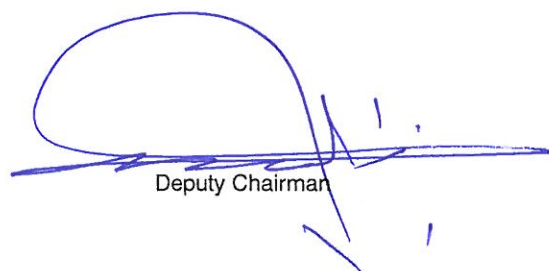
Director

The Board of Directors approved the interim financial information consisting of pages 2 to 7 on 12 August 2010.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2010

Bahraini dinars

	Six months ended		Three months ended	
	30 June 2010 (reviewed)	30 June 2009 (reviewed)	30 June 2010 (reviewed)	30 June 2009 (reviewed)
Interest income	1,548,197	1,464,522	778,608	761,242
Interest expense	(510,138)	(473,081)	(252,990)	(255,430)
Net interest income	1,038,059	991,441	525,618	505,812
Fees and commission income	193,183	196,502	106,055	92,881
Fees and commission expense	(105,366)	(106,921)	(61,640)	(50,919)
Net fee and commission income	87,817	89,581	44,415	41,962
Total operating income	1,125,876	1,081,022	570,033	547,774
Salaries and related costs	(376,962)	(337,303)	(197,583)	(171,329)
General and administrative expenses	(187,066)	(190,087)	(91,796)	(88,787)
Depreciation	(45,944)	(40,143)	(22,873)	(20,131)
Impairment on loans to customers	(44,075)	(43,636)	(9,242)	(14,729)
Total operating expenses	(654,047)	(611,169)	(321,494)	(294,976)
Profit for the period	471,829	469,853	248,539	252,798
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	471,829	469,853	248,539	252,798



Deputy Chairman



Director

The Board of Directors approved the interim financial information consisting of pages 2 to 7 on 12 August 2010.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2010

Bahraini dinars

2010 (reviewed)	Share capital	Share premium	Statutory reserve	Retained earnings	Total equity
At 1 January	7,500,000	112,500	170,224	1,532,013	9,314,737
Profit for the period	-	-	-	471,829	471,829
Total comprehensive income for the period	-	-	-	471,829	471,829
At 30 June	7,500,000	112,500	170,224	2,003,842	9,786,566

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
Profit for the period	-	-	-	469,853	469,853
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

The interim financial information consists of pages 2 to 7.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended 30 June 2010

Bahraini dinars

	30 June 2010 (reviewed)	30 June 2009 (reviewed)
Operating activities		
Interest, fees and commission received	1,741,380	1,661,024
Loans disbursed	(7,112,814)	(10,692,021)
Loan repayments	7,390,184	3,404,038
Payments for staff salaries and related costs	(452,771)	(428,302)
Payments for other operating expenses	(338,974)	(243,083)
Cash flows from operating activities	1,227,005	(6,298,344)
Investing activities		
Purchase of furniture, fixtures and equipment	(6,685)	(70,812)
Cash flows from investing activities	(6,685)	(70,812)
Financing activities		
(Repayment)/ proceeds from bank borrowings	(536,860)	7,000,000
Interest paid	(333,333)	(408,497)
Cash flows from financing activities	(870,193)	6,591,503
Net increase in cash and cash equivalents	350,127	222,347
Cash and cash equivalents at 1 January	2,221,732	1,329,286
Cash and cash equivalents as at 30 June	2,571,859	1,551,633

**NOTES to the interim financial information
for the six months ended 30 June 2010**

Bahraini dinar

1 BASIS OF PREPARATION

The interim financial information for the period ended 30 June 2010 comprises the interim financial information of National Finance House ("the Company") and its subsidiary (together referred to as "the Group").

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 Group for the year ended 31 December 2009.

The accounting policies and methods of computation applied by the Group in the preparation of the interim financial information are consistent with those applied in the preparation of the audited consolidated financial statements for the year ended 31 December 2009.

- 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 2009. Comparatives for the condensed consolidated statements of comprehensive income, changes in equity, and cash flows have been extracted from the reviewed interim financial information for the six months ended 30 June 2009.

3 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 2010 (Reviewed)	30 June 2009 (Reviewed)
Related party transactions		
<i>Expenses</i>		
Insurance premium charges (shareholder)	31,872	25,732
Software maintenance charges (shareholder)	-	2,427
	30 June 2010 (Reviewed)	31 December 2009 (Audited)
Related party balances		
Amounts payable for vehicles financed (shareholders)	988,612	582,029
Prepaid expenses (shareholders)	26,977	8,871
Accrued expenses (shareholder)	-	3,700
Amounts payable to insurance company (shareholder)	-	1,057

**NOTES to the interim financial information
for the six months ended 30 June 2010**

Bahraini dinar

3 RELATED PARTY TRANSACTIONS (Continued)

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 2010 (Reviewed)	30 June 2009 (Reviewed)
Transactions with key management personnel		
Key management compensation	120,796	114,851
Board of directors remuneration and attendance allowance	10,300	14,500
Staff loans disbursed	10,000	-
Balances with key management personnel		
Staff loan	20,400	18,000