

NATIONAL FINANCE HOUSE BSC (c)

INTERIM FINANCIAL INFORMATION

30 June 2011

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 Al Sayyida Rawan Ahmed Al Said
General Manager	: Jassim Khalaf
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Bankers	: Bank of Bahrain and Kuwait 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 2011

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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
Manama - Kingdom of Bahrain

25 July 2011

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 2011, 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

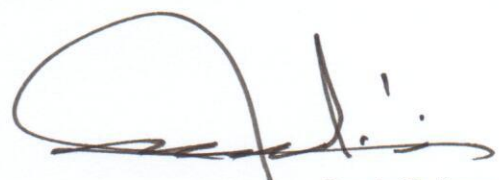
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2011

Bahraini dinars

	30 June 2011 (reviewed)	31 December 2010 (audited)
ASSETS		
Cash and cash equivalents	2,553,768	2,216,672
Loans to customers	31,214,763	31,130,485
Furniture, fixtures and equipment	143,422	181,312
Other assets	141,947	103,951
Total assets	34,053,900	33,632,420
LIABILITIES AND EQUITY		
Liabilities		
Borrowings from banks	22,576,389	22,222,222
Other liabilities	1,237,087	1,201,337
Total liabilities	23,813,476	23,423,559
Equity		
Share capital	7,500,000	7,500,000
Share premium	112,500	112,500
Statutory reserve	259,636	259,636
Retained earnings	2,368,288	2,336,725
Total equity (page 4)	10,240,424	10,208,861
Total equity and liabilities	34,053,900	33,632,420



Chairman



Deputy Chairman

The Board of Directors approved the interim financial information consisting of pages 2 to 7 on 25 July 2011.


CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2011

Bahraini dinars

	Six months ended		Three months ended	
	30 June		30 June	
	2011 (reviewed)	2010 (reviewed)	2011 (reviewed)	2010 (reviewed)
Interest income	1,505,294	1,548,197	746,162	778,608
Interest expense	(499,811)	(510,138)	(254,483)	(252,990)
Net interest income	1,005,483	1,038,059	491,679	525,618
Fees and commission income	233,690	193,183	128,279	106,055
Fees and commission expense	(128,805)	(105,366)	(77,041)	(61,640)
Net fee and commission income	104,885	87,817	51,238	44,415
Total operating income	1,110,368	1,125,876	542,917	570,033
Salaries and related costs	(399,509)	(376,962)	(200,914)	(197,583)
General and administrative expenses	(190,626)	(187,066)	(90,727)	(91,796)
Depreciation	(47,431)	(45,944)	(23,651)	(22,873)
Impairment on loans to customers	(66,239)	(44,075)	(34,875)	(9,242)
Total operating expenses	(703,805)	(654,047)	(350,167)	(321,494)
Profit for the period	406,563	471,829	192,750	248,539
Other comprehensive Income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	406,563	471,829	192,750	248,539



Chairman



Deputy Chairman

The Board of Directors approved the interim financial information consisting of pages 2 to 7 on 25 July 2011.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2011

Bahraini dinars

2011 (reviewed)

	Share capital	Share premium	Statutory reserve	Retained earnings	Total equity
At 1 January	7,500,000	112,500	259,636	2,336,725	10,208,861
Profit for the period	-	-	-	406,563	406,563
Total comprehensive income for the period	-	-	-	406,563	406,563
Dividends declared for 2010	-	-	-	(375,000)	(375,000)
At 30 June	7,500,000	112,500	259,636	2,368,288	10,240,424

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended 30 June 2011

Bahraini dinars

	30 June 2011 (reviewed)	30 June 2010 (reviewed)
Operating activities		
Interest, fees and commission received	1,738,984	1,741,380
Loans disbursed	(7,141,908)	(7,112,814)
Loan repayments	7,084,783	7,390,184
Payments for staff salaries and related costs	(465,202)	(452,771)
Payments for other operating expenses	(345,317)	(338,974)
Cash flows from operating activities	871,340	1,227,005
Investing activities		
Purchase of furniture, fixtures and equipment	(9,540)	(6,685)
Cash flows used in investing activities	(9,540)	(6,685)
Financing activities		
Proceeds from bank borrowings	750,000	-
Repayment from bank borrowings	(395,833)	(333,333)
Interest paid	(503,871)	(536,860)
Dividends paid	(375,000)	-
Cash flows used in financing activities	(524,704)	(870,193)
Net increase in cash and cash equivalents	337,096	350,127
Cash and cash equivalents at 1 January	2,216,672	2,221,732
Cash and cash equivalents as at 30 June	2,553,768	2,571,859

**NOTES to the interim financial information
for the six months ended 30 June 2011**

Bahraini dinars

1 BASIS OF PREPARATION

The interim financial information for the period ended 30 June 2011 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 2010.

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 2010.

- 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 consolidated financial statements for the year ended 31 December 2010. 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 2010.

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 Group.

	30 June 2011 (reviewed)	30 June 2010 (reviewed)
Related party transactions		
<i>Expenses</i>		
Insurance premium charges (major shareholder)	40,198	31,872
	30 June 2011 (reviewed)	31 December 2010 (audited)
Related party balances		
Amounts payable for vehicles financed (major shareholders)	774,266	478,588
Prepaid expenses (major shareholder)	-	9,584
Amounts payable to insurance company (major shareholder)	337	557