

**NATIONAL FINANCE HOUSE BSC (c)**

**CONDENSED INTERIM FINANCIAL  
INFORMATION**

**FOR THE SIX MONTHS ENDED  
30 JUNE 2012**

Commercial registration	: 58880
Board of Directors	: Farouk Yousif Khalil Almoayyed Fuad Ebrahim Kanoo Mahmood Al Soufi Sheikh Abdulla Mohammed Jabor Al Thani Mohammed Farouk Y. Almoayyed Talal Fuad Ebrahim Kanoo Al Sayyida Rawan Ahmed Al Said Bader Abdulmohsen Al Mutlaq Khalid Shaheen Saqer Shaheen Shaheen Mohammedameen Ameen
General Manager	: Venkatachalam PS
Address	: PO Box 21774, Office No. 186 Road - 66, Block - 364 Bilad Al Qadeem, Kingdom of Bahrain Tel: 17407999 Fax: 17403995 Toll-Free: 80008005
Bankers	: Bank of Bahrain and Kuwait BNP Paribas Ahli United Bank National Bank of Bahrain Kuwait Finance House BMI Bank Bahrain Islamic Bank Khaleeji Commercial Bank

**CONDENSED INTERIM FINANCIAL INFORMATION**  
**for the six months ended 30 June 2012**

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## **Independent auditors' report on review of condensed interim financial information**

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

6 August 2012

### **Introduction**

We have reviewed the accompanying condensed statement of financial position of National Finance House BSC (c) (the "Company") as at 30 June 2012, and the condensed statements of comprehensive income, changes in equity and cash flows for the six months period then ended, and explanatory notes ("the condensed interim financial information"). The Board of Directors of the Company is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Financial Reporting Standard IAS 34 - *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed 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 condensed 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 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34 - *Interim Financial Reporting*.

*KPMG*

**CONDENSED STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2012

Bahraini dinars

	<b>30 June 2012 (Reviewed)</b>	<b>31 December 2011 (Audited)</b>
<b>ASSETS</b>		
Cash and cash equivalents	670,194	2,109,640
Loans to customers	32,695,776	31,097,537
Furniture, fixtures and equipment	89,370	111,108
Other assets	74,789	101,726
<b>Total assets</b>	<b>33,530,129</b>	<b>33,420,011</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Bank borrowings	19,854,170	21,590,279
Other liabilities	2,600,504	1,194,856
<b>Total liabilities</b>	<b>22,454,674</b>	<b>22,785,135</b>
<b>Equity</b>		
Share capital	7,500,000	7,500,000
Share premium	112,500	112,500
Statutory reserve	339,738	339,738
Retained earnings	3,123,217	2,682,638
<b>Total equity (page 4)</b>	<b>11,075,455</b>	<b>10,634,876</b>
<b>Total equity and liabilities</b>	<b>33,530,129</b>	<b>33,420,011</b>

Chairman

Deputy Chairman

The Board of Directors approved the condensed interim financial information consisting of pages 2 to 7 on 6 August 2012.



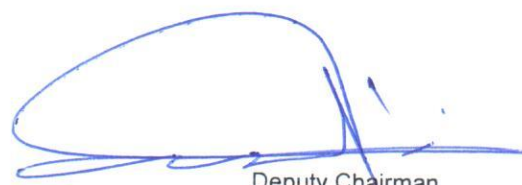
**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
for the six months ended 30 June 2012

Bahraini dinars

	Six months ended		Three months ended	
	30 June		30 June	
	2012 (reviewed)	2011 (reviewed)	2012 (reviewed)	2011 (reviewed)
Interest income	1,515,089	1,505,294	780,016	746,162
Interest expense	(452,538)	(499,811)	(221,941)	(254,483)
<b>Net interest income</b>	<b>1,062,551</b>	1,005,483	<b>558,075</b>	491,679
Fees and commission income	295,616	233,690	162,357	128,279
Fees and commission expense	(171,470)	(128,805)	(92,348)	(77,041)
<b>Net fee and commission income</b>	<b>124,146</b>	104,885	<b>70,009</b>	51,238
<b>Total operating income</b>	<b>1,186,697</b>	1,110,368	<b>628,084</b>	542,917
Salaries and related costs	(350,374)	(399,509)	(189,879)	(200,914)
General and administrative expenses	(223,671)	(190,626)	(128,772)	(90,727)
Depreciation	(27,517)	(47,431)	(6,982)	(23,651)
Impairment on loans to customers	(144,556)	(66,239)	(77,929)	(34,875)
<b>Total operating expenses</b>	<b>(746,118)</b>	(703,805)	<b>(403,562)</b>	(350,167)
<b>Profit for the period</b>	<b>440,579</b>	406,563	<b>224,522</b>	192,750
Other comprehensive income	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>440,579</b>	406,563	<b>224,522</b>	192,750
<b>Basic earnings per share</b>	<b>5.87 fils</b>	5.42 fils	<b>2.99 fils</b>	2.57 fils



Chairman



Deputy Chairman

**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**for the six months ended 30 June 2012**

Bahraini dinars

**2012 (Reviewed)**

	Share capital	Share premium	Statutory reserve	Retained earnings	Total equity
At 1 January	7,500,000	112,500	339,738	2,682,638	<b>10,634,876</b>
Profit for the period	-	-	-	440,579	<b>440,579</b>
Total comprehensive income for the period	-	-	-	440,579	<b>440,579</b>
<b>At 30 June</b>	<b>7,500,000</b>	<b>112,500</b>	<b>339,738</b>	<b>3,123,217</b>	<b>11,075,455</b>

**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

**CONDENSED STATEMENT OF CASH FLOWS**  
for the six months ended 30 June 2012

Bahraini dinars

	<b>30 June 2012 (Reviewed)</b>	<b>30 June 2011 (Reviewed)</b>
<b>Operating activities</b>		
Interest, fees and commission received	1,810,705	1,738,984
Loans disbursed	(8,981,456)	(7,141,908)
Loan repayments	8,737,077	7,084,783
Payments for staff salaries and related costs	(392,072)	(465,202)
Payments for other operating expenses	(375,071)	(345,317)
<b>Cash flows from operating activities</b>	<b>799,183</b>	<b>871,340</b>
<b>Investing activities</b>		
Purchase of furniture, fixtures and equipment	(12,579)	(9,540)
<b>Cash flows used in investing activities</b>	<b>(12,579)</b>	<b>(9,540)</b>
<b>Financing activities</b>		
Proceeds from bank borrowings	2,000,000	750,000
Repayment of bank borrowings	(3,736,109)	(395,833)
Interest paid	(489,941)	(503,871)
Dividends paid	-	(375,000)
<b>Cash flows used in financing activities</b>	<b>(2,226,050)</b>	<b>(524,704)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(1,439,446)</b>	<b>337,096</b>
Cash and cash equivalents at 1 January	2,109,640	2,216,672
<b>Cash and cash equivalents as at 30 June</b>	<b>670,194</b>	<b>2,553,768</b>







**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
for the six months ended 30 June 2012**

Bahraini dinars

**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:

<b>Transactions with key management personnel</b>	<b>30 June 2012 (Reviewed)</b>	<b>30 June 2011 (Reviewed)</b>
Key management compensation	<b>76,004</b>	120,796
Board of directors remuneration and attendance allowance	<b>6,868</b>	8,100
Staff loans disbursed	-	18,600

**4 LIQUIDATION OF SUBSIDIARY**

As per Directors' resolution dated 20 November 2011, the Board of NFH as a sole shareholder of National Finance House Insurance Services Company SPC ("NFHI") agreed to liquidate NFHI and obtained the approval of CBB to voluntary liquidate it on 15 January 2012. The liquidators' final statement account of NFHI, was finalized on 5<sup>th</sup> of July 2012.