

NATIONAL FINANCE HOUSE BSC (c)

30 JUNE 2015

CONDENSED INTERIM FINANCIAL INFORMATION

Commercial registration	: 58880
Board of Directors	: Farouk Yousif Khalil Almoayyed Fuad Ebrahim Kanoo Al Sayyida Rawan Ahmed Al Said Mohammed Farouk Y. Almoayyed Talal Fuad Ebrahim Kanoo Bader Abdulmohsen Al Mutlaq Sameer Ebrahim Al Wazzan Khalid Shaheen Saqer Shaheen Kalyan Sunderam
Chief Executive Officer	: Venkatachalam PS
Address	: PO Box 21774, Office No. 186 Road - 66, Block - 364 Bilad Al Qadeem, Kingdom of Bahrain Tel: 17407407 Fax: 17403995 Toll-Free: 80008005
Bankers	: Bank of Bahrain and Kuwait Ahli United Bank National Bank of Bahrain BNP Paribas Kuwait Finance House The Housing Bank for Trade & Finance BMI Bank Bahrain Islamic Bank Khaleeji Commercial Bank
Auditors	: KPMG Fakhro, Bahrain

National Finance House BSC (c)

CONDENSED INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 2015

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Independent auditors' report on review of condensed interim financial information

To
The Board of
Directors

National Finance House B.S.C. (c)
Manama,
Kingdom of Bahrain

17 August 2015

Introduction

We have reviewed the accompanying 30 June 2015 condensed interim financial information of National Finance House BSC (c) (the "Company") which comprises:

- the condensed statement of financial position as at 30 June 2015;
- the condensed statement of profit or loss and other comprehensive income for the six months period ended 30 June 2015;
- the condensed statement of changes in equity for the six months period ended 30 June 2015;
- the condensed statement of cash flows for the six months period ended 30 June 2015; and
- notes to 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 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 the 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.

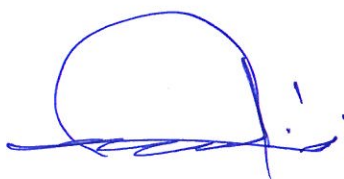
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2015 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

CONDENSED STATEMENT OF FINANCIAL POSITION
as at 30 June 2015

Bahraini dinars

	Note	30 June 2015 (reviewed)	31 December 2014 (audited)
ASSETS			
Cash and cash equivalents		3,354,433	1,162,268
Placements with banks		2,000,000	-
Loans to customers	7	43,924,209	43,190,053
Furniture, fixtures and equipment and capital work in progress		596,824	464,892
Other assets		272,585	214,229
Total assets		50,148,051	45,031,442
LIABILITIES AND EQUITY			
Liabilities			
Bank borrowings	9	35,565,747	30,957,432
Other liabilities		2,040,818	1,615,874
Total liabilities		37,606,565	32,573,306
Equity			
Share capital		7,500,000	7,500,000
Share premium		112,500	112,500
Statutory reserve		597,064	597,064
Retained earnings		4,331,922	4,248,572
Total equity (page 4)		12,541,486	12,458,136
Total equity and liabilities		50,148,051	45,031,442



Ruad Ebrahim Kanoo
Deputy Chairman



Sameer Ebrahim Al Wazzan
Director

The Board of Directors approved the condensed interim financial information consisting of pages 2 to 8 on 17 August 2015.

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the six months ended 30 June 2015

Bahraini dinars

	30 June 2015 (reviewed)	30 June 2014 (reviewed)
Interest income	2,046,362	1,923,553
Interest expense	(685,659)	(628,957)
Net interest income	1,360,703	1,294,596
Fees and commission income	375,117	314,899
Fees and commission expense	(193,590)	(168,512)
Net fee and commission income	181,527	146,387
Total income	1,542,230	1,440,983
Salaries and related costs	422,343	432,481
Other operating expenses	290,659	302,254
Depreciation	54,276	41,101
Impairment on loans to customers, net of recoveries	241,602	177,648
Total expenses	1,008,880	953,484
Profit for the period	533,350	487,499
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	533,350	487,499
Basic earnings per share	7.11 fils	6.50 fils

Fuad Ebrahim Kanoo
Deputy Chairman

Sameer Ebrahim Al Wazzan
Director

The Board of Directors approved the condensed interim financial information consisting of pages 2 to 8 on 17 August 2015.

CONDENSED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2015

Bahraini dinars

2015 (reviewed)	Share capital	Share premium	Statutory reserve	Retained earnings	Total equity
Balance at 1 January 2015	7,500,000	112,500	597,064	4,248,572	12,458,136
Total comprehensive income for the period	-	-	-	533,350	533,350
Dividends declared for 2014	-	-	-	(450,000)	(450,000)
Balance at 30 June 2015	7,500,000	112,500	597,064	4,331,922	12,541,486

2014 (reviewed)	Share capital	Share premium	Statutory reserve	Retained earnings	Total equity
Balance at 1 January 2014	7,500,000	112,500	496,056	3,714,501	11,823,057
Total comprehensive income for the period	-	-	-	487,499	487,499
Dividends declared for 2013	-	-	-	(375,000)	(375,000)
Balance at 30 June 2014	7,500,000	112,500	496,056	3,827,000	11,935,556

The condensed interim financial information consists of pages 2 to 8.

CONDENSED STATEMENT OF CASH FLOWS
for the six months ended 30 June 2015

Bahraini dinars

	30 June 2015 (reviewed)	30 June 2014 (reviewed)
Operating activities		
Interest, fees and commission received	2,421,473	2,232,182
Loans disbursed	(10,422,158)	(8,356,785)
Loan repayments	9,674,892	7,657,106
Payments for staff salaries and related costs	(469,588)	(416,377)
Payments for other operating expenses	(359,736)	(101,084)
Net cash generated from operating activities	844,883	1,015,042
Investing activities		
Placements with bank	(2,000,000)	-
Purchase of furniture, fixtures and equipment	(186,208)	(44,897)
Sale of furniture, fixtures and equipment	6	78
Net cash used in investing activities	(2,186,202)	(44,819)
Financing activities		
Proceeds from bank borrowings	8,000,000	8,000,000
Repayment of bank borrowings	(3,391,685)	(2,361,570)
Interest paid	(624,831)	(619,501)
Dividends paid	(450,000)	(375,000)
Net cash generated from financing activities	3,533,484	4,643,929
Net increase in cash and cash equivalents during the period	2,192,165	5,614,152
Cash and cash equivalents at 1 January	1,162,268	1,528,693
Cash and cash equivalents as at 30 June	3,354,433	7,142,845

The condensed interim financial information consists of pages 2 to 8.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 2015**

Bahraini dinars

1 Reporting entity

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 and operates as a financing company under a license from Central Bank of Bahrain. It provides consumer finance services comprising short term and medium term loans to individuals and incorporated entities for the purpose of financing purchase of motor vehicles on an instalment basis.

2 Basis of preparation

The condensed interim financial information has been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting, which permits the interim financial information to be in summarised form. The condensed 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 2014. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and its performance since the last annual financial statements as at and for the year ended 31 December 2014.

3 Accounting policies

The accounting policies and methods of computation applied by the Company in the preparation of the interim financial information are consistent with those applied in the preparation of the audited financial statements for the year ended 31 December 2014.

4 Judgements and estimates

The preparation of the condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2014.

5 Financial risk management

The Company's risk management objectives and policies are consistent with those disclosed in the audited financial statements as at and for the year ended 31 December 2014.

6 The condensed interim financial information is reviewed, not audited. The comparatives for the condensed statement of financial position have been extracted from the audited financial statements for the year ended 31 December 2014 and the comparatives for the condensed statements of comprehensive income, changes in equity and cash flows have been extracted from the reviewed condensed interim financial information for the six months period ended 30 June 2014.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 2015

Bahraini dinars

7 Loans to customers

	30 June 2015 (Reviewed)	31 December 2014 (Audited)
Gross loans	45,203,535	44,177,621
Less: impairment allowance	(1,279,326)	(987,568)
Net loans to customers	43,924,209	43,190,053

Movement on provision for impairment

	30 June 2015 (Reviewed)	31 December 2014 (Audited)
Opening balance	987,568	1,793,190
Charge for the period	345,284	356,305
Write off during the period	(53,526)	(1,161,927)
Closing balance	1,279,326	987,568

8 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 2015 (Reviewed)	30 June 2014 (Reviewed)
Related party transactions		
<i>Expenses</i>		
Insurance premium charges (shareholder)	80,899	70,688

	30 June 2015 (Reviewed)	31 December 2014 (Audited)
Related party balances		
Payable for vehicles financed (shareholders)	911,331	843,502
Prepaid expenses (shareholders)	25,801	11,904

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 2015 (Reviewed)	30 June 2014 (Reviewed)
Transactions with key management personnel		
Key management compensation	98,480	105,145
Board of directors remuneration and attendance allowance	23,048	19,445
Staff loans	12,500	-

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 2015**

Bahraini dinars

9 Bank borrowings

Bank borrowings are term loans with floating interest rates and are subject to re-pricing on a monthly / half-yearly basis. These loans require certain financial loan covenants.

10 Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The Company does not have assets or liabilities that are measured at fair value.

Bank borrowings are at floating rate and are re-priced periodically hence the carrying value represents its approximate fair value. (level 2)

The average interest rate of the loan portfolio is in line with current market rates for similar facilities and hence after consideration of adjustment for prepayment risk and impairment charges it is expected that the carrying value would not be materially different to fair value of these assets.

The fair values of all other financial assets and financial liabilities approximate their carrying value due to their short term nature.