GULF FINANCE HOUSE BSC

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 June 2012

Commercial registration	:	44136 (registered with Central Bank of Bahrain as a Islamic wholesale investment Bank)
Registered Office	:	Bahrain Financial Harbour PO Box 10006, Manama, Kingdom of Bahrain Telephone +973 17538538
Directors	:	Dr. Esam Yousif A. Janahi, *Chairman* Mosabah Saif Al Mautairy Ahmed Al Mutawa Azzam Al Felaij Naif Al Khodari
Auditors	:	KPMG Fakhro, Bahrain

GULF FINANCE HOUSE BSC

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

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Independent auditors' report on review of condensed consolidated interim financial information

To
The Board of Directors
Gulf Finance House BSC
Manama
Kingdom of Bahrain

12 August 2012

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Gulf Finance House BSC (the "Bank") and its subsidiaries (together the "Group") as at 30 June 2012, the condensed consolidated statements of income, changes in owners' equity, cash flows, changes in restricted investment accounts and sources and uses of charity and zakah fund for the six month period then ended, and explanatory notes (the "condensed consolidated interim financial information"). The Board of Directors of the Bank is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions. Our responsibility is to express a conclusion on this condensed consolidated 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 consolidated 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 Auditing Standards for Islamic Financial Institutions 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 consolidated interim financial information is not prepared, in all material respects, in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions.

Emphasis of matter

Without qualifying our conclusion, we draw attention to note 2 in the condensed consolidated interim financial information which discusses material uncertainty relating to the Group's liquidity position which, may cast significant doubt about the appropriateness of the going concern assumption used in the preparation of the condensed consolidated interim financial information.

KPMG

KPMG Fakhro, a registered partnership under Bahrain law,
is a member of KPMG International, a Swiss cooperative.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2012

US$ 000's

	Note	30 June 2012 (reviewed)	31 December 2011 (audited)	30 June 2011 (reviewed)
ASSETS				
Cash and bank balances		5,832	3,820	7,047
Placements with financial institutions		-	3,001	26,016
Financing receivables		-	-	13,950
Investment in associates		231,258	230,442	227,720
Investment securities	5	186,633	220,265	219,906
Investment property		259,404	259,404	259,404
Other assets	6	136,680	108,913	108,774
Total assets		**819,807**	825,845	862,817
LIABILITIES				
Investors' funds		27,088	58,887	87,602
Placements from financial and other institutions		128,678	116,713	131,557
Financing liabilities	7	251,561	331,077	333,982
Other liabilities		82,197	83,882	80,457
Total liabilities		**489,524**	590,559	633,598
Equity of investment account holders		**2,318**	1,898	1,884
OWNERS' EQUITY				
Share capital	4	473,462	321,031	312,379
Treasury shares		(2,716)	(12,852)	(12,789)
Share premium		86,155	145,708	147,998
Statutory reserve		65,592	79,408	79,413
Accumulated losses		(295,563)	(301,687)	(301,364)
Investments fair value reserve		-	403	403
Other reserves		1,035	1,377	1,295
Total owners' equity (page 4)		**327,965**	233,388	227,335
Total liabilities, equity of investment account holders and owners' equity		**819,807**	825,845	862,817

The Board of Directors approved the condensed consolidated interim financial information consisting of pages 2 to 14 on 12 August 2012.

Dr. Esam Yousif A. Janahi
Chairman

Mosabah Saif Al Mautairy
Director

CONDENSED CONSOLIDATED INCOME STATEMENT
for the six months ended 30 June 2012

US$ 000's

	Six months ended		Three months ended	
	30 June 2012 (reviewed)	30 June 2011 (reviewed)	**30 June 2012** (reviewed)	30 June 2011 (reviewed)
Management and other fees	1,610	967	575	411
Income from placements with financial institutions	47	602	6	296
Share of profit / (loss) of associates	812	(190)	837	(564)
(Loss) / income from investment securities,net	(1,290)	12,274	(1,259)	4,964
Foreign exchange gain / (loss),net	1,986	(8,501)	4,538	(1,878)
Other income (note 8)	29,463	27,673	15,009	3,174
Total income	**32,628**	32,825	19,706	6,403
Staff cost	4,357	4,914	2,423	2,115
Investment advisory expenses	3,009	876	1,731	319
Finance expense	11,977	18,415	6,862	11,232
Other expenses	7,541	7,916	3,948	3,972
Total expenses	**26,884**	32,121	14,964	17,638
PROFIT / (LOSS) FOR THE PERIOD	**5,744**	704	4,742	(11,235)
Earnings per share				
Basic earnings per share (US cents)	**0.47**	0.09	0.39	(1.34)
Diluted earnings per share (US cents)	**0.46**	0.09	0.38	(1.34)

GULF FINANCE HOUSE BSC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY
for the six months ended 30 June 2012

US$ 000's

	Share capital	Treasury shares	Share premium	Statutory reserve	Accumulated losses	Investments fair value reserve	Other reserves	Total owners' equity
30 June 2012 (reviewed)								
Balance at 1 January 2012	321,031	(12,852)	145,708	79,408	(301,687)	403	1,377	233,388
Profit for the period	-	-	-	-	5,744	-	-	5,744
Transfer to income statement on disposal	-	-	-	-	-	(403)		(403)
Total reocgnised income and expense	**-**	**-**	**-**	**-**	**5,744**	**(403)**	**-**	**5,341**
Conversion of Murabaha to capital (note 4)	152,431	(16,776)	(59,553)	-	-	-	-	76,102
Transfer to retained earnings on settlement of convertible murabaha	-	-	-	-	380	-	(380)	-
Sale of treasury shares	-	26,912	-	-	-	-	-	26,912
Loss on sale of treasury shares	-	-	-	(13,816)	-	-	-	(13,816)
Share grants vesting expense, net of forfeitures (note 9)	-	-	-	-	-	-	38	38
Balance at 30 June 2012	**473,462**	**(2,716)**	**86,155**	**65,592**	**(295,563)**	**-**	**1,035**	**327,965**

	Share capital	Treasury shares	Share premium	Statutory reserve	Accumulated losses	Investments fair value reserve	Other reserves	Total owners' equity
30 June 2011 (reviewed)								
Balance at 1 January 2011	145,780	(24,674)	206,203	88,298	(302,068)	975	1,769	116,283
Profit for the period	-	-	-	-	704	-	-	704
Changes in fair value of investment securities	-	-	-	-	-	(572)	-	(572)
Total reocgnised income and expense	-	-	-	-	704	(572)	-	132
Conversion of murabaha to share capital	166,599	-	(58,205)	-	-	-	(253)	108,141
Share grants vesting expense, net of forfeitures	-	-	-	-	-	-	(221)	(221)
Sale of treasury shares	-	11,885	-	-	-	-	-	11,885
Loss on sale of treasury shares	-	-	-	(8,885)	-	-	-	(8,885)
Balance at 30 June 2011	312,379	(12,789)	147,998	79,413	(301,364)	403	1,295	227,335

The condensed consolidated interim financial information consists of pages 2 to 14.

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

US$ 000's

	Six months ended 30 June 2012 (reviewed)	Six months ended 30 June 2011 (reviewed)
OPERATING ACTIVITIES		
Placements with / from financial institutions, net	13,200	(2,309)
Disbursement of financing to projects, net	(22,500)	(2,975)
Receipts from financing receivables		450
Investors' funds, net	(5,596)	(2,155)
Management and other fees received	650	253
Income received from placements with financial institution	48	602
Payment for expenses and project costs	(11,029)	(13,898)
Cash generated (used in) operating activities	**(25,227)**	(20,032)
INVESTING ACTIVITIES		
Proceeds from sale of investment securities	6,156	3,381
Dividends received	-	3,306
Cash generated from investing activities	**6,156**	6,687
FINANCING ACTIVITIES		
Financing liabilities, net	(21,380)	1,042
Finance expense paid	(7,886)	(13,039)
Proceeds from issue of convertible murabaha	34,256	9,564
Payments for share issue expenses	-	(11,291)
Proceeds from sale of treasury shares	13,096	-
Dividends paid	(4)	(506)
Cash generated from / (used in) financing activities	**18,082**	(14,230)
DECREASE IN CASH AND CASH EQUIVALENTS	**(989)**	(27,575)
Cash and cash equivalents at 1 January	6,821	60,638
CASH AND CASH EQUIVALENTS at 30 June	**5,832**	33,063
Cash and cash equivalents comprise:		
Cash and bank balances	5,832	7,047
Placements with financial institutions	-	26,016
	5,832	33,063

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN RESTRICTED INVESTMENT ACCOUNTS
for the six months ended 30 June 2012

30 June 2012 (reviewed)

	Balance at 1 January 2012			Movements during the period						Balance at 30 June 2012		
Company	No of units (000)	Average value per share US$	Total US$ 000's	Investment/ (withdrawal) US$ 000's	Revaluation US$ 000's	Gross income US$ 000's	Dividends paid US$ 000's	Bank's fees as an agent US$ 000's	Administration expenses US$ 000's	No of units (000)	Average value per share US$	**Total US$ 000's**
Mena Real Estate Company KSCC	150	0.35	53	-	-	-	-	-	-	150	0.35	53
Al Basha'er Fund	93	6.63	617	-	23	-	-	-	-	93	6.88	640
Pan European Fund	35.85	797.67	28,597	-	(630)	-	-	-	-	35.85	780.11	27,967
Oman Development Company	522.50	3.12	1,628	-	-	-	-	-	-	522.50	3.12	1,628
			30,895	**-**	**(607)**	**-**	**-**	**-**	**-**			**30,288**

The condensed consolidated interim financial information consists of pages 2 to 14.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN RESTRICTED INVESTMENT ACCOUNTS
for the six months ended 30 June 2012 *(continued)*

30 June 2011 (reviewed)	Balance at 1 January 2011			Movements during the period						Balance at 30 June 2011		
Company	No of units (000)	Average value per share US$	Total US$ 000's	Investment/ (withdrawal) US$ 000's	Exchange Revaluation US$ 000's	Gross income US$ 000's	Dividends paid US$ 000's	Bank's fees as an agent US$ 000's	Administration expenses US$ 000's	No of units (000)	Average value per share US$	Total US$ 000's
Mena Real Estate Company KSCC	150	0.35	53	-	1	-	-	-	-	150	0.36	54
Kuwait National Real Estate Investment & Services Company KSCC	250	0.35	88	-	2	-	-	-	-	250	0.36	90
Gulf Holding Company	10,000	0.25	2,455	-	69	-	-	-	-	10,000	0.25	2,524
Gulf North Africa Holding Company KSCC	11,500	0.24	2,794	-	78	-	-	-	-	11,500	0.25	2,872
Gulf Real Estate Development Company	936	12.05	11,272	-	-	-	-	-	-	936	12.05	11,272
Al Basha'er Fund	93	7.59	704	-	(40)	-	-	-	-	93	7.14	664
Pan European Fund	35.85	815.39	29,233	-	2,803	-	-	-	-	35.85	893.61	32,036
Oman Development Company	522.50	3.12	1,628	-	2	-	-	-	-	522.50	3.12	1,630
			48,227		2,915							51,142

The condensed consolidated interim financial information consists of pages 2 to 14.

CONDENSED CONSOLIDATED STATEMENT OF SOURCES AND USES OF CHARITY AND ZAKAH FUND

for the six months ended 30 June 2012

US$ 000's

	30 June 2012 (reviewed)	30 June 2011 (reviewed)
Sources of charity and zakah fund		
Non-Islamic income	3	-
Total sources	-	-
Uses of charity and zakah fund		
Contributions to charitable organisations	-	-
Total uses	-	-
Excess of sources over uses		-
Undistributed charity and zakah fund at 1 January	10,503	10,631
Undistributed charity and zakah fund at 30 June	**10,506**	10,631
Represented by:		
Charity fund	7,705	7,830
Zakah payable	2,801	2,801
	10,506	**10,631**

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

1 Reporting entity

The condensed consolidated interim financial information for the six months ended 30 June 2012 comprise the financial information of Gulf Finance House BSC (the "Bank") and its subsidiaries (together referred to as "the Group").

2 Basis of preparation

The condensed consolidated interim financial information has been prepared in accordance with Financial Accounting Standards ('FAS') issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI). In line with the requirement of AAOIFI and the CBB Rule Book, for matters that are not covered by FAS, the Group uses guidance from the relevant International Financial Reporting Standard. Accordingly, the condensed consolidated interim financial information has been presented in condensed form in accordance with the guidance provided by International Accounting Standard 34 – 'Interim Financial Reporting'. The condensed consolidated interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2011.

Going concern

As at 30 June 2012, the Group had accumulated losses of US$ 295.56 million and, as of that date, its current contractual obligations exceeded its liquid assets. As a result, the ability of the Group to meet its obligations when due depends on its ability to achieve a timely disposal of assets. These factors indicates the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

The Group is currently in discussions with its lenders to restructure and extend the tenure of a substantial portion of its obligations (refer note 7). To improve its liquidity position, the Group has issued additional capital through the issue of convertible murabaha instruments. During the period, convertible murabaha note holders of US$ 93.81 million have subscribed and exercised their option to convert into equity shares of the Group (refer note 4).

To further address the liquidity issues, the management has put in place an asset sale and liquidity plan to generate liquidity to support its operations and repayment of the Group's obligations. The Group is also evaluating other options to arrange liquidity and strengthen its position over the next twelve months.

The Board of Directors' have reviewed the Group's future plans and are satisfied with the appropriateness of the going concern assumption for preparation of the condensed consolidated interim financial information.

Accounting polices

The accounting policies and methods of computation applied by the Group in the preparation of the condensed consolidated interim financial information are the same as those used in the preparation of the audited consolidated financial statements for the year ended 31 December 2011.

Estimates

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation were similar to those applied to the audited consolidated financial statements for the year ended 31 December 2011.

Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2011.

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

2 *Basis of preparation*

Seasonality
Due to the inherent nature of the Group's business, the six month results reported in this condensed consolidated interim financial information may not represent a proportionate share of the overall annual results.

3 The condensed consolidated interim financial information has been reviewed, not audited. 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 2011 and the reviewed condensed consolidated interim financial information for the six months ended 30 June 2011. The comparatives for the condensed consolidated statements of income, cash flows, changes in owners' equity, changes in restricted investment accounts and sources and uses of charity and zakah fund have been extracted from the reviewed condensed consolidated interim financial information for the six months ended 30 June 2011.

4 During the period, the paid up capital of the Bank was increased from US$ 321,031 thousand to US$ 473,462 thousand as a result of exercise of conversion option by the holders of the convertible murabaha (note 7). As per the terms of the convertible murabaha, 496 million shares of par value US$ 152,431 thousand has been issued on conversion. As the effective conversion price is below the par value per share, the resulting difference and the related share issue expenses has been adjusted against the share premium account.

5 **Investment securities**

	30 June 2012 US$ 000's (reviewed)	31 December 2011 US$ 000's (audited)	30 June 2011 US$ 000's (reviewed)
Equity type investments			
At fair value through income statement			
- Quoted securities	972	990	3,140
- Unquoted funds	3,750	4,202	2,500
At fair value through equity			
- Quoted securities	-	475	475
- Unquoted securities *	181,911	214,598	213,791
	186,633	220,265	219,906

* Unquoted equity securities classified as fair value through equity mainly include investments in private equity investments managed by external investment managers and investments in projects promoted by the Group. In the absence of reliable measure of fair value, these investments are carried at cost less impairment. During the period, the Group has settled a liability (investors' fund) of US$ 25.78 million with an associate by transfer of an investment of equal amount.

6 Other assets

	30 June 2012 US$ 000's (reviewed)	31 December 2011 US$ 000's (audited)	30 June 2011 US$ 000's (reviewed)
Financing to projects	89,470	66,970	66,929
Equipment	2,469	2,454	4,602
Reimbursement right (note 11)	35,000	35,000	35,000
Prepayments and other receivables	9,741	4,489	2,243
	136,680	108,913	108,774

Other assets are net of impairment allowances of US$ 135,907 thousand (31 December 2011: US$ 135,907 thousand).

7 Financing liabilities

	30 June 2012 US$ 000's (reviewed)	31 December 2011 US$ 000's (audited)	30 June 2011 US$ 000's (reviewed)
Murabaha financing	92,082	102,832	101,650
Wakala financing	48,700	51,535	52,829
Sukuk liability	105,669	162,190	164,155
Convertible Murabaha (2009)	-	14,520	13,848
Convertible Murabaha (2012)	5,110	-	1,500
	251,561	331,077	**333,982**

During the period, the Group has repurchased /settled financing of US$ 79.46 million and has realised a gain of US$ 25.35 million which was included in "other income". Of the total repurchased / settled during the period, US$ 56.31 million has been settled by issue of convertible murabaha (refer note 8).

(a) *Murabaha financing*

Murabaha financing comprise a medium-term financing from a syndicate of banks of US$ 100 million (31 December 2011: US$ 100 million). The financing is repayable in August 2013 (extendable by 1 year provided 25% of the facility is repaid in 2012) and carries a profit rate of 2.50% over the benchmark rate (LIBOR) payable semi annually and an additional profit mark up of 1.25% payable at maturity. The Murabaha financing facilities are secured by a pledge over the Group's investment in an associate of carrying value of US$ 162.46 million. The Group is currently negotiating to restructure the facility with the lenders.

(b) *Wakala financing*

Wakala financing is a syndicate facility from a number of financial institutions. During the year, the Group renegotiated the facility. As per the revised terms, the balance is repayable over a period of two years till April 2018 at an agreed profit rate of 8%. The Wakala financing facility is secured by a pledge over the Group's investment property of carrying value of US$ 203 million.

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

7 *Financing liabilities (continue)*

(c) Sukuk liability

The Sukuk are backed by a pool of assets of the Group and has a liquidity facility provided by the Bank to support timely payments of distributions. The Sukuk are traded on the London Stock Exchange's Gilt Edged and Fixed Interest Market.

During the period, the Group obtained approval of the sukuk holders to restructure the facility to 2018. The Group is in the process of finalising the documentation of the restructuring, The revised terms include the extension of the tenure for a period of 6 years with periodic repayment starting July 2014, with final installment in July 2018. The restructured terms propose a profit rate of LIBOR plus a margin with a minimum profit rate of 5% and the differential between the profit rate and minimum rate being payable on the maturity date. The periodic profit payments would be made semi annually. During the period, the Group was in technical breach of certain financial covenants of the Sukuk programme.

(d) Convertible murabaha 2009

During the period, the Group has settled the outstanding convertible murabaha Notes.

(e) Convertible Murabaha 2012

During the period, the Group has entered into bilateral convertible murabaha agreements with certain strategic investors to raise additional capital. The convertible murabaha provide for returns of 12% p.a. to the holder and has a tenure of 42 months from the date of issue, unless converted into ordinary shares of the Bank at the option of the holder, at an exchange price of US$ 0.31 per share. The agreement also provide additional share based incentives on early conversion. During the period, the Bank received subscription of US$ 99 million and note holders amounting to US$ 93.90 million have exercised their option to convert the notes to share capital resulting in issue of 495,691,258 number of equity shares as per the terms of the convertible murabaha.

As at 30 June 2012, convertible murabaha of US$ 5.11 million were outstanding and pending conversion to equity. These were subsequently converted to 23,407,097 shares in July 2012.

8 Other income

Other income primarily includes US$ 25.35 million from settlement of financing liabilities (note 7) and gain on sale of equipment of US$ 1.5 million.

9 Share-based employee compensation scheme

During the period, 400 thousand share awards were forfeited due to non-satisfaction of service conditions by outgoing employees of the Bank. A vesting charge amounting to US$ 38 thousand (30 June 2011: charge of US$ 221 thousand) was recognised as part of staff costs during the period, net of effect of forfeitures. As at 30 June 2012, 3.09 million share awards were outstanding to be exercised in future periods.

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

10 Segment reporting

30 June 2012 (reviewed)	**Development infrastructure**	**Banking**	**Unallocated**	**Total**
Segment revenue	2,735	25,288	4,605	32,628
Segment expenses	8,930	15,122	2,832	26,884
Segment result	(6,195)	10,166	1,773	5,744
Segment assets	527,322	285,139	7,346	819,807
Segment liabilities	326,220	118,424	44,880	489,524

30 June 2011 (reviewed)	Development infrastructure	Banking	Unallocated	Total
Segment revenue	(5,437)	34,264	3,998	**32,825**
Segment expenses	11,935	15,191	4,995	**32,121**
Segment result	(17,372)	19,073	(997)	**704**
31 December 2011 (audited)				
Segment assets	553,797	267,039	5,009	825,845
Segment liabilities	381,650	160,523	48,386	590,559

11 Commitments and contingencies

The commitments contracted in the normal course of business of the Group:

	30 June 2012 US$ 000's (reviewed)	31 December 2011 US$ 000's (audited)	30 June 2011 US$ 000's (reviewed)
Commitments to invest	613	613	6,613
Commitments to extend finance	82,636	82,636	102,611

The Group potentially has a commitment under a constructive obligation to extend finance to one of its projects of up to US$ 4 million (31 December 2011: US$ 23 million).

Based on the Group's assessment of the likelihood that a project will not be able to meet the financing obligation when they fall due, the Group has estimated that its financial guarantee of US$ 35 million may be enforced. Accordingly, the Group has recognised a provision of US$ 35 million (31 December 2011: US$ 35 million) towards these liabilities until revised / renegotiated terms are agreed with the lenders of the project company and included in other liabilities and recognised an equivalent amount of 'reimbursement right' receivable included in 'other assets'.

11 *Commitments and contingencies (continue)*

In the opinion of the management, the facilities that are due are being renegotiated and based on the current status of discussions, it is not expected that the Group will have to make payments against any of these guarantees. In the event any payment is required to be made, the Group will repay the existing lenders and the amounts will be recovered from the future cash flows generated from the operation of the relevant project.

Performance obligations
During the ordinary course of business, the Group may enter into performance obligations in respect of its infrastructure development projects. It is the usual practice of the Group to pass these performance obligations, wherever possible, on to the companies that own the projects. In the opinion of the management, no liabilities are expected to materialise on the Group at 30 June 2012 due to the performance of any of its projects.

Contingencies
The Group has contingent claims arising from the decision to not proceed with a project development agreement. The Group is currently negotiating with the counter party for an amicable settlement. While liability is not admitted, if defence against the action is unsuccessful, the claim and associated costs could amount to approximately US$ 36 million. The management do not expect any significant liability to arise on final closure.

12 Appropriations, if any, are made only at the year end.

13 Certain prior period amounts have been regrouped to conform to the current period's presentation. Such regrouping did not affect previously reported profit or owners' equity.