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Fighting rages in Taiz

By: Emad Al-Saqqaf

TAIZ, July 17 — Four people were killed and eight others were shot by machine guns in renewed attacks carried out by the Republican Guards on Friday afternoon against three neighborhoods of Taiz city.

Al-Rawdha, Usaifara, and Al-Sallam areas were the three neighborhoods which were stormed by the Republican Guards, Saleh's loyal forces. The shelling targeted the home of the air-defense commander of the first armored division, Brigadier General Sadeq Sarhan which led to the killing of his son and one of his relatives, according to eyewitnesses.

"The republican guards which stationed next to the Al-Thawra hospital bombarded our neighborhood in which two shells fell on the house of the Brigadier General Sadeq Sarhan killing his son Abdulrahman, one his relatives and number of citizens in the same area," Noman Al-Yousufi, an eyewitness, told the Yemen Times.

"The government's forces are taking revenge against Taiz and its people because it was the spark of the revolution," he said.

He explained that dozens of families have displaced home from the three areas fearing the bombardment and stray bullets of opposition armed men.

The eyewitness criticized the Joint Meeting Parties (JMP) for the existence of their armed men in residential areas and their attempt to move the conflict to Taiz.

A security source told the Yemen Times that "members of the JMP in Taiz hid heavy and light weapons in such neighborhoods and plotted criminal scheme which targeted the security chief of Shara'ab Ak-Rawna district in an ambush killed him and three of his guards on Friday morning while he was driving from the district to Taiz."

The source explained that the security authority in Taiz has evidence against members of the Islah opposition party who encourage their armed men to kill the policemen and shakes citizens' calm.

The source warned that "police will not stand handicapped and will hit with an iron fist anyone play with homeland's security."

These confrontations took place after two days of uneasy calm in the city followed re-attacking against the city by Saleh's loyal forces with continuous operations by armed men to fail the ceasefire agreement which was proposed last month by some social figures and businessmen in the governorate.

Similarly, the Yemen Times has learned from well-informed sourced that big military enforcements of pro and anti-regime forces have reached Taiz as a step to move the battles between Saleh's regime and its opponents to Taiz.

Armed clashes erupted in Taiz between Saleh's forces and opposition armed tribesmen with support from the defected soldiers at the end of last May after security forces stormed the protest square, killed over 50 protesters and burned their tents.

Military vehicle burned by armed men protecting peaceful protesters in Taiz.

Yemen's opposition divided over transitional council

By: Ali Saeed

SANA'A, July 17 — A revolutionary youth council in Change Square, Sana'a, announced on Saturday the formation of a transitional council to run the country and put an end to Saleh's 33-year rule.

However, this declaration has uncovered a great division among protest groups and the official political opposition as to the makeup and timing of the proposed council. Every group involved in the formation of this council formed their own plans, independent of the other groups involved.

The preparatory committee for revolutionary youth in Sana'a headed by the youth and political activist Tawakul Karman is the entity which adopted the council's announcement amid a huge surprise by several revolutionary groups in all squares across the country, including proposed members of the council.

"We didn't hear that we had been placed on this council until one hour before its official announcement," Dr. Mohamed Abdul Al-Malek Al-Mutawakel, one of the proposed members of the council and a JMP leader told the Yemen Times on Sunday. "But, we have neither rejected nor accepted the proposal, it needs to be discussed and developed."

Al-Mutawakel indicated that many revolutionary youths in protest squares and the political opposition represented in the JMP have many different proposals for the transitional council idea but all of it should be discussed together to come out with one unified proposal.

"The announced council proposed only one woman, so where are the women's participation?" he said.

Hussam Al-Sharjabi of the youth revolution civil alliance, another youth protest group in the Change Square of Sana'a told the Yemen Times on Sunday that, "In general we support the transitional council idea, but in details we have our own proposal and we still discuss it."

Al-Sharjabi criticized the way of the council announcement saying, "It was not discussed with other protest squares and groups."

"I did not know the council, but on the media," Waleed Al-Amari, a youth activist and a member of the Yemen's revolution coordination committee told the Yemen Times.

"It was an autocratic declaration, there were many proposals and visions, but they went on and announced their project," he said.

"We are still discussing a real transitional council and not merely a tool for media hype," he said. "We will wait for the appointed members to meet and see their positions as we learned that most members were not previously informed."

Judge Faheem Abdullah Mohsen, head of Aden's Court of Appeals who was appointed in the council to serve as president of the high judiciary council said that he was surprised and had not been informed of the plan, according to the state-run Saba news agency.

He explained that he is still doing his duty as a head of Aden's court according to a republican decree issued for his designation.

"This is merely youth dreams and therefore in fact it has no place in politics, the country is still being run by a democratic elected government and managed by the VP Abd Raboo Mansour Hadi according to the constitution," Abdo Al-Janadi, deputy minister of information told the BBC Arabic Channel on Sunday evening.

"The preparatory committee of the revolution youth council decided to make the 16th of July 2011 a different day in the life of the our great people in which decades of injustice, dictatorship and family rule ends and a new era begins based on freedom, justice, equality and respect of human rights," reads the transitional council declaration.

The committee has also declared the "complete fall of Saleh's regime forever" and proposed 17 national figures to run this council.

The proposed members included abroad opposition figures such as former president of the south Ali Naser Mohamed and Haider Abu Bakr Al-Atas, former prime minister of the first government followed the unification in 1990.

Major general, Abdullah Ali Aiwa, former minister of defense who defected against Saleh was also appointed as the higher chief commander of the armed forces.

The declaration also included members of the traditional opposition known as the joint meeting parties and defected figures of Saleh's ruling party.

"The committee calls on the international community to respect the choice of revolution's youth and to recognize the revolution's institutions and terminate all forms of cooperation or dealing with the remnants of Saleh's regime," the declaration concluded.

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Abyan IDPs face disease, malnutrition

By: Shatha Al-Harazi

SANA'A, Jul. 17 — Abyan's IDPs in Aden are more likely to get viruses diseases NS tuberculosis due to bad nutrition that is spreading among the residents themselves.

Cholera cases were already foundin the IDPs schools according to Ahlam Sofan, program associate at the United Nations Population Fund.

"We are scared of standing water as the IDPs use it for washing their clothes. Using this water increases the chances that diseases will spread," said Sofan.

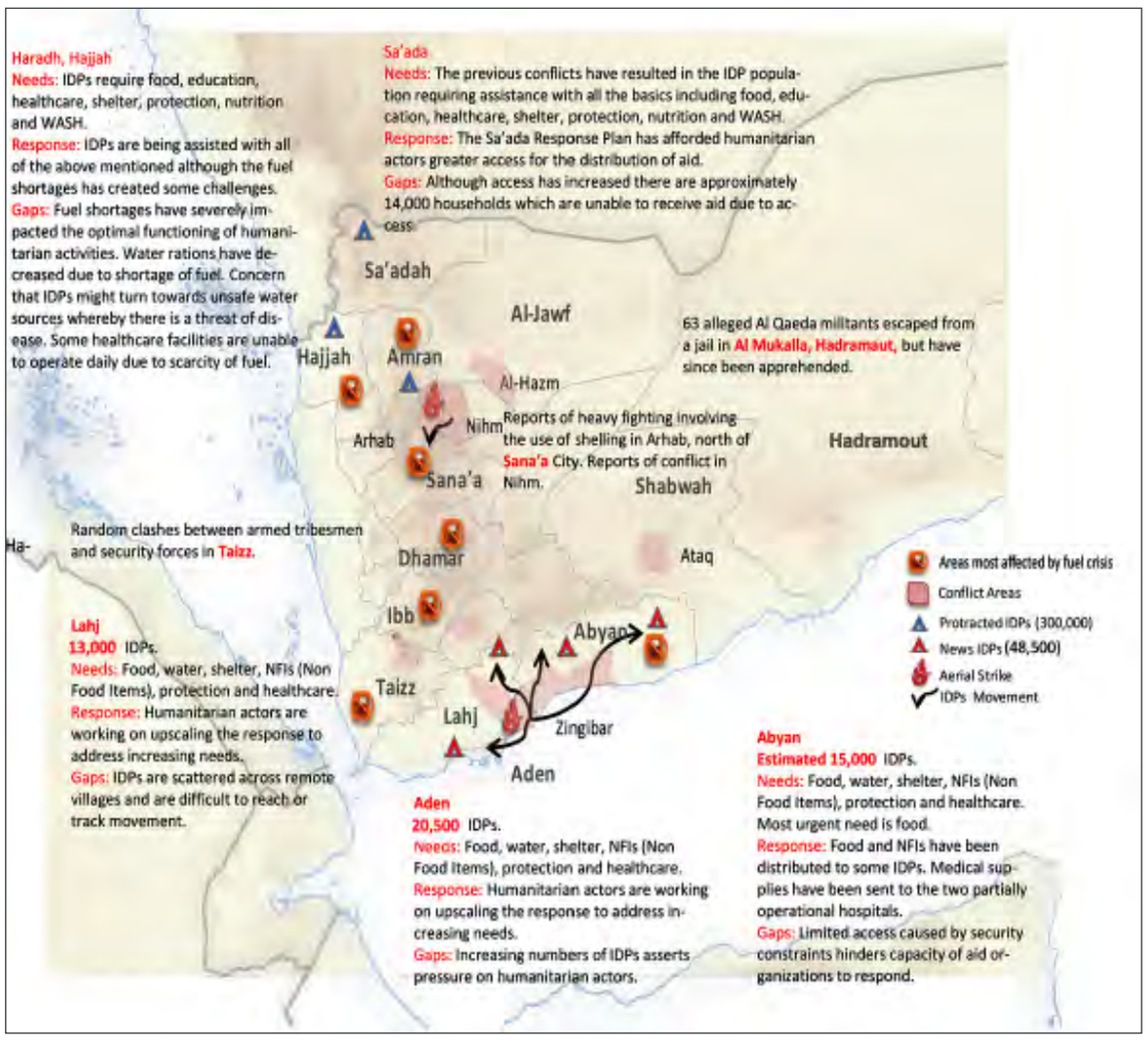
There is also lack of medication for the IDPs. Diabetes patients and people with high blood pressure are suffering the most by not having regular access to health care.

One of the IDPs who lives with his 12 sons and their families in a classroom of one of Aden's schools told the Yemen Times that he doesn't have the medicine after spending 45 days in the school.

"I am from Zinjibar, I ran away from death but it seems like we still facing the same threat of death here" said Abu Ahmed.

The Deputy Minister of Information, Abdo Al-Janadi, said that Minister Ahmed Al-Kuhlani was assigned to follow the IDPs situation in Aden and Lahj two weeks ago and that the state is trying its best to solve the crisis.

"Death is better than the life they [the IDPs] live now" said Al-Janadi in a press conference



According to Sofan who visited the IDPs in Lahj and Aden, the IDPs in Lahj are more organized and will benefit from any aids more than those in Aden as they are given serial numbers by the governorate office so it's easier to know where they are and reach them.

In Lahj 90% of the IDPs are located in host communities, 5 % are located in schools and 5% rent their own accommodations. They are all registered with the health office of the governorate.

Last week the UNFPA distributed dignity kits to female IDPs. The kits include basic needs for women such as Abayas and undergarments. As the IDPs escaped from Abyan during the shelling and fighting between the state and the armed groups alleged to be Al-Qaeda among them – left with only the clothes on their backs.

"The dignity kits helps women to look decent enough to go out and ask for help from the health office," said Marc Vandenberg he the UNFPA representative in Yemen.

The IDPs were happy to receive the dignity kits. "We ran without taking any clothes thinking that the war would be over soon and we would return but this wasn't the case, we have been here for 45 days without any cloths we needed this bag badly," said Uom Bushra an IDP who received the dignity kit.

However some thought distributing food or mattresses would be better. "We are not in a position to choose what aid to take. I am happy to have this kit but as long as I need food I would say the kit is unnecessary now," said another IDP who received the bag.

Although the health office said that the governor gave YR 30 million to aid the IDPs, one of the shelter school supervisors said that so far the aid is coming from international NGOs and local businessmen and nothing from the state.

"We have nothing left to sell but our children, we need money to treat our children," said one of the IDPs.

YT photo by Shatha Al-Harazi

IDPs in Aden

Humanitarian aid best practice guidelines updated

ABU DHABI, 27 June (IRIN) — The launch of an Arabic version of the 2011 Sphere Handbook, which sets out best practice in the delivery of humanitarian aid, comes at a time of major political, economic and social change across the Middle East and should help streamline humanitarian responses, say aid officials in the United Arab Emirates (UAE).

"The Sphere Handbook has informed our response to various disaster situations, most recently those in Yemen, Pakistan and Libya," Mohammed Khalifa Alqamzi, secretary-general of the UAE Red Crescent Authority, said during the launch in Abu Dhabi on 23 June.

The new Sphere Handbook is also available in Russian, Spanish, French and German.

During the launch of the revised English edition of the handbook in New York in April 2011, Valerie Amos, UN under-secretary-general and emergency relief coordinator, said: "The Sphere standards are the benchmark for ensuring humane and fair humanitarian assistance to people in need around the world… «I hope that all organizations that provide humanitarian aid will become familiar with the standards and use them,» she added.

Speaking at the Arabic launch, Sultan Al Shamsi, executive director of the UAE Office for the Coordination of Foreign Aid, said it was important for Arab donor organizations to apply agreed minimum standards in their relief operations. "[Arab] aid workers need to be aware of the mechanisms to deliver aid and to be accountable according to these internationally accepted standards," he added.

According to Khaled Khalifa, head of IRIN Dubai office and Sphere trainer, the "lack of specialized humanitarian studies in Arabic represents a major challenge for Arab aid workers who strive to embrace new theories and practices in the field. The Arabic edition of the Sphere handbook is a good tool which contributes to bridging this gap."

The Humanitarian Charter, which describes core principles that should govern humanitarian action, is the foundation of the handbook. The core principles include avoiding exposing vulnerable people to further harm as a result of response, ensuring their access to impartial aid, protecting them from physical and psychological harm due to violence or coercion and assisting them to claim their rights and recover from abuse.

Blacklist of press rights violators declared in Yemen

By: Sadeq Al-Wesabi

SANA'A, Jul. 17 — a blacklist of the press violators in Yemen was declared last Saturday in the presence of several violated journalists.

The blacklist was announced by Mohammed Sadeq Al-Odaini, head of the rehabilitation center and the protection of Press Freedoms CTPJF.

"We monitored about 465 cases of violations against journalists and newspapers since the beginning of this year," said Al-Odaini.

He indicated that the violations varied between intimidations, physical attacks, confiscation and burning newspapers, detentions and news websites hacking.

The blacklist includes President Ali Abdulla Saleh, Republican Guards, Central Security, Political Security Bureau, Ministry of Interior, Ministry of Information, Moral Guidance Department, state-run channels and newspapers and some officials in the ruling party.

Ebraheem Mujahed, editor-in-chief of a daily-newspaper Akhbar Al-Yawm told the Yemen Times that the time of the declaration of this blacklist is very important.

"We must declare the press violators in Yemen and sue them for their flagrant violations against us," said Mujahed. "In the past, they were fighting press freedom but these days they are fighting our source of income and try their hardest to destroy us."

He indicated that the aim of these violations is to cost the opposing newspapers big losses. "In addition to confiscating and burning our copies of newspaper, they threaten our journalists and distributors with killing,"

Mujahed said that the tens of thousands of Akhbar Al-Yawm newspaper were repeatedly confiscated, especially in Taiz governorate.

YT archive photo by Sadeq Al-Wesabi

Journalists hope the blacklist will help stop attacks against journalists.

"Security director of Taiz is committed to not entering any copy of our newspaper to the governorate. He ordered to burn the copies of our newspaper," said Mujahed.

"Our journalists have been attacked and threatened by anonymous sources, our distribution bus was destroyed and one of our journalists was kidnapped," he said.

Mujahed was in the court last Sunday as Security director of Taiz sued him for libel. "Bringing us to the courts is one of the violations against us. They want to make us depressed and exhausted,"

Mujahed said that the increasing violations against the journalists during the revolution proved that the press has a power and a big role in exposing the regime's crimes and scandals.

"The remains of the regime don't accept any word against them," he said.

"Unfortunately, the state-run channels and newspapers are working on inciting security to crackdown us," he said. "The state media support one person [president Saleh] and fight the majority of the Yemenis."

"Those violators should be prosecuted and suspended from their work," he said. "Unfortunately, these days Ministry of Information has no role except fighting us."

International Press Institute IPI Director Alison Bethel McKenzie said in the last March: "The government must stop attempting to control the flow of information about the unrest and violence in Yemen,"

He added, "As the demonstrations in Egypt showed, in this day and age it is not possible to stop the flow of information, only to delay it. The government should instruct its supporters and police to respect the recently passed law protecting journalists from attacks by security forces.

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The way ahead for Yemen

The United States is encouraged that Vice President al-Hadi is using his authority to begin conversations with people across Yemen.

By: Voice of America

Yemen's President Ali Abdullah Saleh along with a half-dozen other government officials remain in Saudi Arabia for medical treatment due to injuries sustained in a June 3rd attack on the presidential palace. For months, anti-government protesters have been holding demonstrations across the country.

The leadership of the ruling General Peoples Congress, or GPC, and the opposition coalition Joint Meeting Parties, or JMP, have signed the Gulf Cooperation Council political transition initiative – everyone but President Saleh himself has signed. The initiative would create a transition government wherein 50 percent of the positions would go to the GPC and 50 percent to the JMP. The transition government would prepare for the peaceful transfer of power and subsequent presidential elections.

Yemeni Vice President Abdu Rabo Mansour al-Hadi is the acting president in Saleh's absence. The United States is encouraged that Vice President al-Hadi is using his authority to begin conversations with people across Yemen, and the U.S. would like to see those conversations turn into a process of dialogue that peacefully moves Yemen forward.

Demonstrations against the Saleh government have continued for months. Hundreds of protesters have been killed by Yemeni security forces and opposing factions in street battles. President Saleh's refusal to sign a Gulf Cooperation Council-led deal to transfer power to a transitional government sparked violent conflict in Sanaa between his security forces and a powerful tribal group. Over 100 people were reported killed in clashes between May 22 and June 3 when a carefully brokered ceasefire took effect.

The United States deplores the use of violence against protesters in any country and underscores its support for the right to demonstrate peacefully in Yemen.

The United States calls for an immediate, peaceful, and orderly transition in Yemen that allows the Yemini people to realize their aspirations for a more representative government. Moreover, the United States encourages all sides to engage in dialogue to move Yemen forward peacefully.

Obama has to lead, not act like a punching bag

By: David Ignatius

A prominent Bush administration official was talking privately about Barack Obama last week: He's probably going to win in 2012, this Republican said. He deserves credit for "going big" in the budget talks and capturing the center of the debate. But why isn't he projecting his goals and philosophy more clearly to the country? Why does he so often seem to react, rather than lead?

Given Obama's strengths, this Republican observer continued, his White House advisers should already be thinking about what Obama can achieve in a second term. They should begin drafting plans and policies, but even more, they should be communicating the president's vision. Instead, every day at this White House seems like "The Perils of Pauline," with one cliffhanger after another.

The debt-limit crisis is a scary example of this tendency to follow, rather than lead. Through 2010, the Obama White House kept its distance from deficit-reduction proposals, and when it finally entered the fray, it was in the person of Vice President Joe Biden. One official told me bluntly last year that floating proposals too early was a loser, politically.

So Obama waited. His policy ideas, now they're public, look pretty solid. But rather than uniting the country behind a vision for reforming entitlements and taxes, he looks like a man being dragged into church by a firebrand preacher named Eric Cantor. The Republicans look bad, but so does Obama.

This communications gap is apparent in foreign policy, too. Obama may have a vision for why American troops should remain in Afghanistan until 2014, but he doesn't convey it forcefully. This is his war, but he embraces it reluctantly and without clear definition. He places equal emphasis on withdrawing troops and staying the course, which confuses people.

The same is true for the Arab Spring. Obama has had it about right, in policy terms. U.S. strategy is a sensible mix of pragmatism and principle. The U.S. supports movements for democratic change in the autocratic republics, such as Tunisia, Egypt, Yemen and Syria. It respects the more conservative traditions of the pro-Western monarchies and sheikhdoms, such as Jordan, Saudi Arabia, the UAE, Bahrain, Morocco and Kuwait. This distinction isn't complicated; it just needs to be explained.

The administration's caution on Syria makes sense, too. The goal is a transition to a new, democratic Syria without a sectarian war that would be worse than Iraq's. The administration raised the pressure by sending Ambassador Robert Ford to Hama, scene of the horrific 1982 massacre. The message: This time, the world is watching.

Arguments that Ford should be pulled, or that Obama should throw some fiery rhetoric at the Syrian dynamite keg, strike me as very wrong. That said, Obama needs to explain his vision of democratic transition, and work with the Syrian opposition to achieve it, peacefully.

The world looks to America in times like this. Governments and business leaders want a basic framework, so they can make decisions. What they get from the Obama White House, too often, is silence.

"Just tell us what you want," an influential foreign visitor said last week of the Obama administration. It's a comment you would hear in most capitals of Europe and Asia. Global leaders are accustomed, after Reagan, Clinton and the two Bushes, to U.S. presidents who have a few basic themes and repeat them, several times a week. From this White House they get a big speech every six months.

I had a chance last week to watch two world-class communicators, TV megastar Oprah Winfrey and New Jersey Governor Chris Christie. It's hard to think of two more different people, but they share a common ability to connect with an audience. Their comments at an Allen & Co. conference in Idaho were off the record. But both express an up-by-your-bootstraps philosophy, and an optimism about America that's infectious.

Christie is an especially intriguing figure. He's the anti-Obama: overweight and seemingly unworried about it, where the president is lean and fastidious; disarmingly frank, where Obama is cautious. Christie is a favorite of tea party Republicans, but I heard enthusiastic comments about him from a half-dozen Democrats. Christie will be a formidable candidate if he runs for president one day.

The Obama White House is blessed, if that's the right word, in having such an irresponsible Republican opposition in Congress. As the debt-limit day of reckoning approaches, the Republican Party will pay for its reckless, roundhouse swings. But the president needs to start acting like a fighter and a leader, rather than a punching bag.

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Six months into revolution, what have protesters accomplished?

By: Ray Moseley

In a country with a 30-year dictatorship, rampant corruption, a discredited opposition, a failed economy and a population dominated by young people, it was inevitable that the youth of Yemen would set in train the wheels of revolution.

They were inspired by the youth of Egypt and they mobilized thousands to come into the streets to demand the resignation of President Ali Abdullah Saleh.

Yet, unlike Egypt's 18-day revolution, theirs goes on into its sixth month. They have seen the president forced to leave the country for hospital treatment in Saudi Arabia after being seriously wounded in a rocket attack on his palace.

Beyond that, what have they accomplished? And what does the future hold for them, and for Yemen, if the tottering regime of President Saleh's placemen finally crumbles?

Four young men with intimate knowledge of the youth movement—two of them Yemenis—came together in London on Thursday to discuss these questions at a meeting of the Royal Institute of International Relations.

They provided no firm answer to critical questions about the future, not surprising in a situation that remains in flux. But they were in general agreement that the aims of the youth movement are freedom and democracy, an end to corruption, holding their fragmented country together despite secessionist impulses and helping to end the economic misery that has deepened as a result of the revolution.

All of them expressed disappointment at the failure of the international community to give their movement greater support.

Abdullah Alshamery, editor of the Yemen Voice magazine in Britain, suggested that the lack of support may be due in part to American and other sensitivities about Saudi Arabia's key role in Yemeni affairs. He said the Saudi aim was to keep Yemen stable but not allow it to become too strong or democratic lest that set an example for its own population.

Saleem Haddad, editor of the online foreign policy magazine Muftah.org, said the youth movement was not monolithic but from its debates there had emerged a progressive movement calling for democracy. People have taken to the streets, he said, because of the failure of opposition parties to represent the youth, among the main victims of the country's 65 per cent unemployment rate.

Mr. Haddad said the youth movement has three main grievances: exclusion from political life, corruption and violence.

"They had to convince a very divided country to protest," he said. "There is a big focus on transparency and on consensus building, which has a long history in Yemen."

He said it remained to be seen how capable the youth would be in building political coalitions and in grassroots organizing at the village level.

Thanos Petouris, a doctoral candidate at London's School of Oriental and African Studies, spoke about a movement in southern Yemen that is challenging the agreement under which North Yemen and South Yemen united in 1990.

The youth, he said, want to prevent the breakup of the country and recognize that the current political system will need to give way to a federalist structure. But he said the movement is not as visible in the south as it is in the north.

"The youth are the only ones with political legitimacy in all areas of society," he said. "The youth movement does not have a magic wand, but they have the support of the people to move Yemen into the 21st century."

He noted that, in a letter to President Barack Obama on March 17, the youth movement said President Saleh had turned the south into "a torture chamber" and he and his family had hoarded the wealth of the country.

He said the international community was choosing to ignore the opportunity created by the president's enforced stay in Saudi Arabia.

Abubakr Al-Shamahi, editor of the London-based Comment Middle East, also expressed disappointment at the international community's lack of support. The message of young people, he said, is that if this community wants to get rid of Al Qaeda in the Arabian Peninsula, which is based in Yemen, "support us."

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يولد جميع الناس أحراراً

متساوين في الكرامة

والحقوق، وقد وهبوا عقلاً

وضميراً وعليهم أن يعامل

بعضهم بعضاً بروح الإخاء.

'All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood'.

The Universal Declaration of Human Rights, article 1

National Bank Of Yemen

البنك الأهلي اليمني

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

Dahman & Co. RSM

INDEPENDENT AUDITORS' REPORT
TO THE MINISTER OF FINANCE
ON THE NATIONAL BANK OF YEMEN

REPORT ON THE FINANCIAL STATEMENTS

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

AUDITOR'S RESPONSIBILITY

OPINION

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Dahman & Co.
RSM

NATIONAL BANK OF YEMEN
STATEMENT OF FINANCIAL POSITION
As at 31 December 2010

	Note	31 December 2010 YR'000	31 December 2009 YR'000
ASSETS			
Cash in hand and reserves balances with the Central Bank of Yemen	4	11,449,716	11,050,308
Due from Banks	5	27,520,035	22,722,233
Treasury Bills, net	6	27,698,139	17,377,199
Loans and advances to customers, net of provisions	7	9,273,959	9,036,279
Available for sale investments, net	8	301,227	218,224
Other assets, net of other provisions	9	1,468,462	1,128,127
Property, plant and equipment, net of accumulated depreciation	10	2,724,715	2,510,215
TOTAL ASSETS		100,442,189	103,441,235
LIABILITIES AND EQUITY			
LIABILITIES			
Due to Banks	11	291,537	553,419
Customers' deposits	12	91,034,337	89,614,439
Credit balances and other liabilities	13	3,343,511	3,270,938
Income tax	14	478,959	774,368
Total Liabilities		95,897,344	93,913,162
EQUITY			
Authorized and paid up share capital	Exhibit	10,000,000	10,000,000
Surplus on revaluation of property, plant and equipment	10.2	638,762	638,762
Statutory reserve	15.1	2,198,486	1,957,198
General reserve	15.2	850,883	850,883
Cumulative changes in fair value reserve	15.3	62,662	54,853
Total Equity		13,544,793	13,501,696
TOTAL LIABILITIES AND EQUITY		109,442,189	109,441,235
CONTINGENCIES AND OTHER COMMITMENTS, NET	16	22,808,719	20,272,219

Independent Auditors' Report attached (page 1)

The attached notes 1 to 28 form an integral part of these financial statements.

Saeed Abdullah Saeed Al-Mahdawi
First Deputy General Manager

Osama Mustafa Saeed Alsoufi
General Manager

Ahmed Omar Jamali
Acting Chairman

NATIONAL BANK OF YEMEN
STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 December 2010

	Note	2010 YR'000	2009 YR'000
OPERATING REVENUE			
Interest on loans and advances and due from banks	17	1,858,458	1,480,195
Interest on treasury bills		9,898,835	7,201,140
Interest on certificates of deposit with the Central Bank of Yemen		-	172,250
Total Interest Revenue		11,841,415	8,881,585
Cost of deposits	18	(7,381,537)	(5,027,980)
Net Interest Revenue		4,159,878	3,853,605
Commissions and fee income on banking services	19	710,104	600,606
Income on available for sale investments		23,202	17,502
(Loss) / Gains on foreign currency transactions	20	(152,784)	43,301
Other operating income	21	809,299	455,263
Net Operating Income		5,549,598	4,970,277
OPERATING EXPENSES			
Commissions and fee expenses on banking services		38,268	39,449
General and administrative expenses	22	1,603,631	1,580,758
Provisions	23	1,641,824	1,139,183
Total Operating Expenses		3,283,723	2,759,390
PROFIT FOR THE YEAR BEFORE BANK AND INCOME TAX		2,244,843	2,210,133
Bank	24	(180,000)	(85,000)
PROFIT FOR THE YEAR AFTER BANK AND BEFORE INCOME TAX		2,064,843	2,125,133
Income tax	14	(515,865)	(774,568)
PROFIT FOR THE YEAR		1,549,978	1,350,567
OTHER COMPREHENSIVE INCOME			
Net movement in fair value for the year		7,809	9,844
Other Comprehensive Income For The Year		7,809	9,844
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,557,787	1,360,411
Basic earnings per share	26	219.19	191.17

The attached notes 1 to 28 form an integral part of these financial statements.

NATIONAL BANK OF YEMEN
STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2010

	Capital YR'000	Surplus On Revaluation Of Property, Plant YR'000	Statutory Reserve YR'000	General Reserve YR'000	Cumulative Changes in Fair Value Reserve YR'000	Retained Earnings YR'000	Total YR'000
Balance at 31 December 2009	8,000,000	638,762	1,957,198	850,883	45,009		11,501,852
Comprehensive Income							
Profit for the year	-	-	-	-	-	1,549,978	1,549,978
Other comprehensive income							
Net movement in fair value for the year	-	-	-	-	7,809	-	7,809
Total comprehensive income	-	-	-	-	7,809	1,549,978	1,557,787
Transaction with owners							
Transfer to statutory reserve	-	-	215,778	-	-	(215,778)	-
Transfer to general reserve	-	-	-	215,778	-	(215,778)	-
Government share in profit for the year	-	-	-	-	-	(500,000)	(500,000)
Government share in profit transfer to treasury	(500,000)	-	-	-	-	500,000	-
Transfer from general reserve to capital	500,000	-	-	(500,000)	-	-	-
Dividends paid to shareholders	-	-	-	-	-	(7,000)	(7,000)
Total transaction with owners	500,000	-	215,778	215,778	-	(1,430,556)	(507,000)
Balance at 31 December 2010	8,500,000	638,762	2,172,976	1,066,661	52,818	-	12,551,217
Comprehensive Income							
Profit for the year	-	-	-	-	-	2,015,015	2,015,015
Other comprehensive income							
Net movement in fair value for the year	-	-	-	-	7,844	-	7,844
Total comprehensive income	-	-	-	-	7,844	2,015,015	2,022,859
Transaction with owners							
Transfer to statutory reserve	-	-	211,291	-	-	(211,291)	-
Transfer to general reserve	-	-	-	211,291	-	(211,291)	-
Government share in profit for the year	-	-	-	-	-	(500,000)	(500,000)
Government share in profit transfer to treasury	500,000	-	-	-	-	(500,000)	-
Transfer from general reserve to capital	1,000,000	-	-	(1,000,000)	-	-	-
Dividends paid to shareholders	-	-	-	-	-	(1,000,000)	(1,000,000)
Total transaction with owners	1,500,000	-	211,291	(788,709)	-	(2,422,582)	(1,500,000)
Balance at 31 December 2011	10,000,000	638,762	2,384,267	277,952	60,662	-	13,544,793

* The Bank's Board of Directors, in its meeting held on 13 April 2009, resolved to increase the share capital of the Bank to YR 10,000,000 thousands. H.E. the Minister of Finance has approved this increase in the share capital. The share capital will be raised from the Government share of profit in the current fiscal year as the Board of Directors will decide upon the version of the share capital increase (YR 10,000,000 thousands).

* The Bank's management intended to increase the capital YR 10,000,000 thousands from retained earnings and the amount of YR 10,000,000 thousands from the Government share of profit of the year to the share capital, with that the share capital of the bank is YR 20,000,000 thousands.

The attached notes 1 to 28 form an integral part of these financial statements.

NATIONAL BANK OF YEMEN
Statement Of Cash Flows
For the Year Ended 31 December 2010

	Note	2010 YR'000	2009 YR'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before the Bank and income tax		2,244,843	2,210,133
Adjustments for:			
Provision for losses on loans and advances and on other accounts made during the year		1,081,118	1,148,309
Provision no longer needed on bank and advances and other accounts written back during the year		(600,179)	(418,000)
Amount written off during the year from provisions for losses on loans and advances		(400)	(1,000)
Revaluation of balances to provision for losses on loans and advances and on other accounts		42,751	40,911
(Loss) from sale of property, plant and equipment		(1)	(80)
Income tax paid		(874,380)	(829,081)
Bank paid		(180,000)	(85,000)
Depreciation of property, plant and equipment		88,857	91,308
Net Operating Profit Before Changes in Banking Assets And Liabilities Resulted In Operating Activities		2,802,208	2,244,242
CHANGES IN BANKING ASSETS			
Reserve balances with the Central Bank of Yemen		(342,407)	(806,182)
Treasury bills maturing after three months, net of unamortized discount		(1,157,718)	(10,859,546)
Due from banks maturing after three months		(271,548)	(1,906,672)
Loans and advances to customers before provision for loan suspension losses		900,798	(1,722,980)
Other assets		(377,895)	219,934
Net increase in banking assets (I)		(1,148,540)	(14,328,446)
CHANGES IN BANKING LIABILITIES			
Due to banks		(261,873)	1,500,317
Customers' deposits		1,419,897	7,942,779
Credit balances and other liabilities		1,171,757	(539,431)
Net increase / (decrease) in banking liabilities (II)		2,329,781	8,903,665
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(326,160)	(217,929)
Proceeds of available for sale investments		(77,004)	(1,154)
Net Cash Flows Used In Investing Activities (V)		(403,164)	(219,083)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Government's share paid in the profit for the year		(500,000)	(500,000)
Dividends paid to shareholders for the year		(100,764)	(7,000)
NET CASH FLOW USED IN FINANCING ACTIVITIES (VI)		(600,764)	(507,000)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III+IV+V)		699,073	(10,950,864)
Cash and cash equivalents at 1 January		67,999,836	83,045,369
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	27	68,698,409	67,295,305

The attached notes 1 to 28 form an integral part of these financial statements.

NATIONAL BANK OF YEMEN
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2010

1 INCORPORATION AND ACTIVITY

The National Bank of Yemen (the Bank) was incorporated in Aden in 1969. It is wholly owned by the Government of Yemen and is registered under commercial registration number 1748.

The Bank undertakes all banking activities through its head office and 26 branches spread all over the Southern and Eastern Governorates and through two branches in Sanaa, and one branch in each of Hodeidah and Taiz. The Bank carries out banking retail activity in the Republic of Yemen.

The Head Office of the Bank is located at Queen Arwa Street, its postal address is P. O. Box 5, Crater, Aden, Republic of Yemen.

The number of employees with the Bank as on 31 December 2010 was 1,736 (31 December 2009: 1,751 employees).

2 SIGNIFICANT ACCOUNTING POLICIES

2-a Basis Of Preparation Of Financial Statements

The financial statements have been prepared on a historical cost basis, except for the available for sale investments, financial assets and financial liabilities held at fair value through profit or loss and the fixed term deposits at fair value. The financial statements are presented in Yemeni Rials and all values are rounded to the nearest one thousand Yemeni Rial except where otherwise indicated.

The disclosures on risks from financial instruments are presented in Risk Management report in note 3-b.

The statement of cash flows shows the changes in cash and cash equivalents arising during the year from operating activities, investing activities and financing activities. Cash and cash equivalents include highly liquid investments. Note 27 shows in which item of the statement of financial position cash and cash equivalents are included.

The cash flows from operating activities are determined by using the indirect method. Profit for the year is therefore adjusted by non-cash items, such as depreciation, provisions, as well as changes from accountable cash payables, in addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated. Interests received or paid are included as operating cash flows.

The cash flows from investing and financing activities are determined by using the direct method. The Bank's management of the cash flows in operating, investing and financing category depends on the Bank's business model (management approach).

NATIONAL BANK OF YEMEN
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2010

Statement of Compliance

The financial statements are prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) in force as at 31 December 2010 and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) of the IASB in force as at 31 December 2010, the requirements of the current fiscal prevailing laws and regulations and the rules and instructions issued by the Central Bank of Yemen including those governed by the Central Bank of Yemen circular no. 2 of 2002 regarding the format of the finance statements.

a) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 and not early adopted

The following standards and amendments to existing standards have been published and are mandatory for the Bank's accounting periods beginning on or after 1 January 2010 or later periods, but the Bank has not early adopted them. These amendments are not currently relevant to the Bank's operations (although they may affect the accounting for future transactions and events).

- IFRS 5 (amendment), 'Non-Current Assets Held For Sale And Discontinued Operations'

The amendments to IFRS 5 clarify that the disclosure requirements in IFRSs other than IFRS 5 do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations (except those IFRSs require) specific disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations, or (b) disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirements of IFRS 5 and the disclosures are not already provided in the consolidated financial statements.

The amendment also clarifies that all the assets and liabilities of a subsidiary should be classified as held for sale when the Bank is committed to a sale plan involving loss of control of that subsidiary, regardless of whether the Bank will retain a non-controlling interest in the subsidiary after the sale.

- IAS 1 (amendment), 'Presentation Of Financial Statements'

The amendments to IAS 1 clarify that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current.

- IAS 7 (amendment), 'Statement Of Cash Flows'

The amendments to IAS 7 specify that only expenditures that result in a recognized asset in the statement of financial position can be classified as investing activities in the statement of cash flows. The application of the amendments to IAS 7 has resulted in a change in the presentation of cash outflows in respect of development costs that do not meet the criteria in IAS 38 'Intangible Assets' for capitalization as part of an internally generated intangible asset.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-a Basis of Preparation of Financial Statements (Continued)

Statement of Compliance (Continued)

a) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 and not early adopted (continued)

- IFRS 3 (revised), 'Business Combinations'

As part of improvements to IFRSs issued in 2010, IFRS 3 (2008) was amended to clarify that the measurement choice regarding non-controlling interests at the date of acquisition (fair value or proportionate share of the entity's net assets) is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other standards. In addition, as part of improvements to IFRSs issued in 2010, IFRS 3 (2008) was amended to give more guidance regarding the accounting for share-based payment awards held by the acquiree's employees. Specifically, the amendments clarify that share-based payment transactions of the acquiree that are not replaced should be measured in accordance with IFRS 2 'Share-based Payment' at the acquisition date ('market-based measure').

- IAS 27 (revised), 'Consolidated And Separate Financial Statements'

The revised IAS 27 specifies that when control of a subsidiary is lost as a result of a transaction, event or other circumstances, the revised Standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

- IAS 28 (revised), 'Investments in Associates' And IAS 31, 'Interest in Joint Ventures'

As part of improvements to IFRSs issued in 2010, IAS 28 (2008) has been amended to clarify that the amendments to IAS 28 regarding transactions when the investor loses significant influence over an associate should be applied prospectively.

- IFRS 1 (amendment), 'Following application of International Financial Reporting Standards'

The amendments provide two exemptions when adopting IFRSs for the first time relating to oil and gas assets and the determination as to whether an arrangement contains a lease.

- IFRS 2 (amendment), 'Group Cash Settled Share-Based Payment Transactions'

The amendments clarify the scope of IFRS 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.

- IAS 24 (Amendment), 'Financial Instruments: Recognition And Measurement'

The amendments provide clarification on two aspects of hedge accounting, identifying inflation as a hedged risk, or portion, and hedging with options.

- IFRIC 17, 'Distribution Of Non-Cash Assets To Owners'

The interpretation provides guidance on the appropriate accounting treatment when an entity distributes assets other than cash as dividends to its shareholders.

- IFRIC 18, 'Transfer Of Assets From Customers'

This interpretation addresses the accounting by recipients for transfers of property, plant and equipment from customers and concludes that when the item of property, plant and equipment transferred meets the definition of an asset from the perspective of the recipient, the recipient should recognise the asset at its fair value on the date of the transfer, with the credit being recognised as revenue in accordance with IAS 18, 'Revenue'.

- IFRIC 9, 'Reassessment Of Embedded Derivatives' And IAS 39, 'Financial Instruments: Recognition And Measurement'

This amendment to IFRIC 9 requires an entity to assess whether an embedded derivative should be separated from a host contract when the entity reclassifies a hybrid financial asset out of the 'fair value through profit or loss' category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. If the entity is unable to repeat this assessment, the hybrid instrument must remain classified in fair value through profit or loss in its entirety.

- IAS 21, 'Changes To A Net Investment In A Foreign Operation'

This amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the Group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied. In particular, the Bank should clearly document its hedging strategy because of the possibility of different designations at different levels of the group.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-a Basis of Preparation of Financial Statements (Continued)

Statement of Compliance (Continued)

a) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 and not early adopted (continued)

- IAS 38 (amendment), 'Intangible Assets', Effective 1 January 2010

This amendment contains guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

- IAS 36 (Amendment), 'Impairment Of Assets'

The amendment states that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purpose of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, 'Operating segments' (that is, before any aggregation of segments with similar economic characteristics).

b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted

For the avoidance of doubt, the following standards, amendments and interpretations which were issued by IASB before 31 December 2010 and are not yet in effect, have not been adopted early.

- IFRS 9, 'Financial Instruments Part 1: Classification And Measurement'

IFRS 9 was issued in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Application is required for accounting periods beginning on or after 1 January 2013 but is available for early adoption. The Bank is currently considering the implications of the standard, the impact on the Bank and the timing of its adoption.

- IFRS 9, 'Financial Instruments Part 2: Impairment Of Financial Assets'

This part of IFRS 9 is currently in the exposure draft stage. It proposes a new model for the recognition of impairment losses on financial assets based on expected cash flows. The Bank is currently considering the implications of the standard, the impact on the Bank and the timing of its adoption.

- IFRS 9, 'Financial Instruments Part 3: Hedge Accounting'

This part of IFRS 9 is currently in the exposure draft stage. It proposes a new model for hedge accounting. The Bank is currently considering the implications of the standard, the impact on the Bank and the timing of its adoption.

- IAS 24 (revised), 'Related Party Disclosures'

The revised standard clarifies the definition of a related party. The Bank is currently considering the implications of the revised standard, the impact on the Bank and the timing of its adoption.

- IFRIC 14, 'Prepayments Of A Minimum Funding Requirement'

The amendment to IFRIC 14 provides guidance on assessing the recoverability of a net pension asset. The Bank is currently considering the implications of the amendment, the impact on the Bank and the timing of its adoption.

- IFRIC 19, 'Extinguishing Financial Liabilities With Equity Instruments'

This interpretation clarifies that if a debtor enters into a transaction with a creditor to settle its financial liability with the issuance of its own equity instruments, the equity instruments issued are a kind of payment to extinguish the financial liability. The Bank is currently considering the implications of the interpretation, the impact on the Bank and the timing of its adoption.

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National Bank Of Yemen

البنك الأهلي اليمني

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

NATIONAL BANK OF YEMEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2010

- Financial assets are required to be classified into two measurement categories more to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.
- An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, if has only "basic loan features"). All other debt instruments are to be measured at fair value through profit or loss.
- All equity investments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognize unrealized and realized fair value gains and losses through other comprehensive income rather than profit or loss. There is no be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

While adoption of IFRS 9 is mandatory from 1 January 2013, earlier adoption is permitted.

The Bank is considering the implications of the standard, the impact on the Bank and the timing of its adoption by the Bank.

- Revised IAS 24 (Revised), Related Party Disclosures

IAS 24 was issued in November 2009 and it supersedes IAS 24, "Related party disclosures" issued in 2003, it is mandatory for all entities beginning on or after 1 January 2011. Early application, in whole or in part, is permitted.

The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Bank will apply the revised standard from 1 January 2011. When the revised standard is applied, the Bank will need to disclose any transaction between its subsidiaries and its associates.

The disclosure exemptions introduced in IAS 24 (as revised in 2009) do not affect the Bank because the Bank is not a government-related entity directly. However, disclosures regarding related party transactions and balances in these financial statements may be affected when the revised version of the Standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the Standard.

- Classification Of Rights Issues (Amendment To IAS 32, Issued In October 2009)

This amendment applies to annual periods beginning on or after 1 February 2010. Earlier application is permitted. This amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendments apply retrospectively in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors."

The application of this standard is not relevant to the Bank.

NATIONAL BANK OF YEMEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-a Basis of Preparation of Financial Statements (Continued)

Statement of Compliance (Continued)

(c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted (continued)

- IFRIC 19, Extinguishing Financial Liabilities With Equity Instruments

IFRIC 19 is effective from 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The Bank will apply the interpretation from 1 January 2011.

This interpretation is not expected to have any impact on the Bank's financial statements.

- "Prepayments Of A Minimum Funding Requirement" (Amendments To IFRIC 14)

The amendments correct an unintended consequence of IFRIC 14, "IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction". Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct that. The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. The Bank will apply these amendments for its financial reporting period commencing on 1 January 2011.

This amendment is not expected to have any impact on the Bank's financial statements.

- IAS 1 (Amendment), Presentation Of Financial Statements"

The amendments to IAS 1 clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Bank presents the statement of changes in equity itself.

The exceptions to International Financial Reporting Standards in compliance with local laws and regulations issued by the Central Bank of Yemen are:

i) The adoption of minimum fixed percentage for losses on performing loans and advances in accordance with the Central Bank of Yemen circular no. 5 of 1996 and circular no. 5 of 1998; and

ii) The inclusion of the general provision for risk calculated on the performing loans and advances in the general provision for loans and advances rather than equity.

The effect of these deviations is immaterial on the financial statements of the Bank as at 31 December 2010.

2-b Significant Accounting Estimates

The preparation of financial statements requires management to make adjustments, estimates and assumptions that affect the application of policies and reported amounts of the financial assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates considered by the management of the Bank to have a significant risk of material adjustment in subsequent periods primarily comprise provisions for impairment of loans and advances.

The Bank takes into consideration the following factors when determining the provisions for loans and advances and contingent liabilities:

- The overall customer's financial position;
- Risk percentage i.e. the ability of the customer to construct profitable business activities and collect enough money to pay the debt;
- Value of the collateral and possibility of transferring ownership to the Bank; and
- Cost of selling the debt.

Management Estimates

The estimates and associated assumptions are based on historical experience of the Bank and various other factors that are believed by the Bank to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-c Summary of Principal Accounting Policies

The Bank has applied the following accounting policies, consistently, in dealing with significant items of the Bank's financial statements:

Bank and Settlement Date Accounting

All "regular way" purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Bank commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Foreign Currencies

(i) The Bank maintains its records in Yemeni Rials which are the Bank's functional and presentation currency.

(ii) Transactions denominated in foreign currencies are initially recorded in the functional currency at the rate of exchange ruling at the value date of the transactions. Balances of monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Yemeni Rials at the rate of exchange ruling on that date. All realized and unrealized gains or losses resulting from revaluation are taken to "other operating income" or "other operating expense" in the statement of comprehensive income.

(iii) The Bank does not deal in forward foreign exchange contracts.

Revenue Recognition

(i) Interest income is recognized in the statement of comprehensive income on the accrual basis using the effective interest rate method. The effective interest rate is established on initial recognition of the financial asset/liability and is not revised subsequently. However, in order to comply with the requirements of the Central Bank of Yemen circular no. 5 of 1996, the Bank does not accrue interest income on non-performing loans and credit facilities. When an account is classified as non-performing, all uncollected interest relating to the three months prior to categorizing the loan as non-performing is reversed from income and recorded as uncollected interest income. Income from investments is earned on notification of entitlement. Dividend income is recognized when the right to receive payment is established.

(ii) In accordance with the Central Bank of Yemen circular no. 2 of 2008, any interests written back are included under "other operating income".

(iii) Commission and fee income on banking services are recognized when earned.

Cash and Cash Equivalents

For the purpose of preparing the statement of cash flows, cash and cash equivalents consist of cash on hand, cash balances with the Central Bank of Yemen other than statutory reserve balances, demand deposits with other banks, treasury bills and certificates of deposit with the Central Bank of Yemen maturing within three months from the date of acquisition.

Due from Banks and other Money Market Placements

Deposits and balances due from banks are presented at cost after deducting any amount that has been written off and any impairment in their value. All money market and customer deposits are carried at amortised cost.

Treasury Bills

Treasury bills issued by the Central Bank of Yemen on behalf of the Ministry of Finance are stated at their nominal value, adjusted for any unamortized discount outstanding at the reporting date.

Provision for Losses on Loans and Contingent Liabilities

In order to comply with the Central Bank of Yemen circular no. 5 of 1996 and circular no. 5 of 1998, provision is made for specific losses, mortality, advances and contingent liabilities. In addition to a percentage for general risks calculated on the total of other loans, investments and contingent liabilities after deducting business secured by deposits and banks guarantees.

The provision is determined based on periodic comprehensive reviews of the credit portfolio and contingent liabilities. Accordingly, provision is made in accordance with the following rates:

	2010	2009
• Performing loans including watch loans	1%	2%
• Performing contingencies including watch accounts	1%	1%
• Non-performing loans and contingencies:		
– Substandard debts	15%	15%
– Doubtful debts	40%	40%
– Bad debts	100%	100%

Where a loan is viewed to be uncollectible, after all the necessary legal procedures have been considered, and the itself has been determined, on a financially by the Central Bank of Yemen upon review of the portfolio, it will be written off by debiting the provision. Loans to customers are presented in the statement of financial position net of provision and uncollected interest. Proceeds from sales and advances previously written off in prior years are credited to "other operating income".

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-c Summary of Principal Accounting Policies (Continued)

Investments

As at the financial statements date, all non trading investments are classified either as available for sale investments or held for maturity investments.

i) Available for sale investments:

Available for sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held to maturity investments or financial assets at fair value through profit or loss. Available for sale financial assets are initially recognized at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with profit and loss being recognized in the statement of comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognized.

If an available for sale financial asset is determined to be impaired, the cumulative profit or loss previously recognized in the statement of comprehensive income is recognized in the income statement. Interest income is calculated using the effective interest rate method, and foreign currency gains and losses on monetary assets classified as available for sale investments are recognized in the statement of the comprehensive income. Dividends on available for sale equity instruments are recognized in the statement of comprehensive income in "dividend income" when when the Bank's right to receive payment is established.

ii) Held to maturity investments:

Where the Bank has the positive intent and ability to hold financial assets to maturity, they are stated at amortized cost less impairment losses. Premiums and discounts on held to maturity investments are amortized using the effective interest rate method and are taken to interest income.

Property, Plant and Equipment

Land and buildings comprise mainly branches and offices. All property, plant and equipment used by the Bank is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent expenditures are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance costs are charged to other operating expenses during the financial period in which they are incurred.

Depreciation

Freehold land is not depreciated. Other property and equipment items are stated at cost to revaluate amounts less accumulated depreciation.

Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write off the costs or revalued amount, less estimated residual values based on prices prevailing at the date of acquisition, of each asset over its expected useful life using the straight-line method at the rates shown below:

• Buildings on freehold land	2%
• Vehicles	20%
• Furniture and equipment	10%
• Computers and software programs	20%
• Security assets	2%
• Improvements to premises	Years of lease or estimated useful life whichever is lower.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of its net selling price or its value in use. Gains and losses on property, plant and equipment disposals are determined by comparing proceeds with carrying amount. These are included in other operating expenses in the statement of comprehensive income.

Real Estate Properties Acquired from Customers in Settlement of Loans Pending Sale (Collateral Pending Sale)

The Bank occasionally acquires real estate in settlement of certain loans and advances. In accordance with the Banks Law No. 38 of 1996 and the Central Bank of Yemen instructions, assets acquired from customers in settlement of loans are included in the statement of financial position under "debit balances and other assets" and the value at which these assets were accepted less any decline in their value. Any decline is charged to the statement of comprehensive income.

Stock Society

The employees of the Bank are contributing to the social security scheme in accordance with the Republic of Yemen's Social Insurance Law No. 25 of 1991. The Bank's annual contribution is charged to the statement of comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-c Summary of Principal Accounting Policies (Continued)

Contingent Liabilities and Commitments

Contingent liabilities and commitments, in which the Bank is a party, are presented off statement of financial position, net of margins, under "contra accounts and other commitments" as they do not represent actual assets or liabilities at the reporting date.

Assessments

Under IAS 39 (revised), assessments are disclosed on the statement of financial position under "debit balances and other assets" with corresponding liability discloses under "credit balances and other liabilities". As a result, there is no off statement of financial position commitment for assessments.

Financial Guarantees Contracts

Financial guarantees are initially recognized in the financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of issuance is zero because all guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognized. Subsequent to initial recognition, the Bank's liabilities under such guarantees are measured at the higher of the initial amount, less amortization of fees recognized in accordance with IAS 18, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses supplemented by the judgement of management. The fee income earned is recognized on a straight-line basis over the life of the guarantee.

Any increase in the liability relating to guarantees is reported in the income statement within other operating expenses.

Financial Assets at Fair Value through profit or loss

This category includes those investments which are initially recognized at cost and re-measured at fair value. All realized and unrealized gains or losses are included in the statement of comprehensive income in the period in which they arise. Interest earned or dividends received are included in the interest and dividend income respectively.

Debit

The Bank pays cash for the year based on the amount defined in the Genuine Budget Project approved by the Ministry of Finance to the Zakat General Directorate.

Income Tax

The liability payable on the Company is calculated according to tax laws, regulations and orders effective in the Republic of Yemen.

Due to the tax accounting deferral in the Republic of Yemen, the application of what is stated in defined tax in the IAS on income taxation actually does not involve deferred tax liabilities. In the case of involved deferred tax assets due to the application of this IAS, these assets are not settled unless there are adequate indications that it will be realized in the near future.

Related Party Transactions

A party is considered related if being able to either control or exercise significant and material influence over the Bank's financial and operating decision making process. Disclosures are made in the Finance statements of transactions carried out with related parties such as Board of Directors members, senior management, their families and companies in which they are major shareholders as well as major shareholders, other than the Government, owning, directly or indirectly, 5% or more of the voting rights. The pricing policies and terms of those transactions are approved by the Bank's management.

Fiduciary Assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Bank and accordingly are not included in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2010

Impairment of Assets

The Bank of each reporting date assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell or cash generation and its fair value less costs to sell and the value in use and determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or their assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in the statement of comprehensive income consistent with the function of the impaired asset. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-d Risk Management Of Financial Instruments (Continued)

Credit Risk (Continued)

In addition to the standards stated in the above-mentioned circular, additional procedures applied by the Bank to minimize the credit risk exposure are:

- preparing credit studies on customers and banks before dealing with them and determining their related credit risk ratios;
- obtaining sufficient collateral to minimize the credit risk exposure which may result from financial problems facing customers or banks;
- follow-up and period reviews of customers and banks in order to evaluate their financial positions, credit rating and the required provisions for non-performing loans;
- distributing credit portfolio and business with banks over diversified sectors to minimize concentration of credit risk.

The table below shows the maximum exposure to credit risk for the components of the statement of financial position. The maximum exposure is shown gross, before the effect of mitigation by the use of collateral agreements.

	United States Dollar YR'000	Pound Sterling YR'000	Euro YR'000	Saudi Riyal YR'000	Other currencies YR'000	Total YR'000
As at 31 December 2009						
Assets	55,473,984	1,796,000	4,744,011	2,896,561	995,987	61,906,603
Liabilities	55,491,689	(1,795,940)	(4,715,414)	(2,897,327)	(941,675)	(61,006,045)
Net currency position	(1,705,136)	3,960	28,597	(3,766)	50,626	8,672
As at 31 December 2008						
Assets	33,701,540	1,854,993	3,045,304	2,053,860	2,010,988	42,666,684
Liabilities	33,403,231	1,855,425	2,992,224	1,894,431	1,954,126	42,099,437
Net currency position	(1,969,971)	(1,255)	53,081	259,598	1,089,190	(621,955)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2010

3 FINANCIAL INSTRUMENTS (CONTINUED)

3-c Capital Management

The primary objectives of the Bank's capital management are to ensure that the Bank complies with external imposed capital requirements and that the Bank maintains strong credit ratings and healthy capital ratios. The capital adequacy is monitored on a quarterly basis by the management of the Bank employing techniques based on the guidelines as implemented by the Central Bank of Yemen for supervisory purposes. The required information is filed with the Central Bank of Yemen on a quarterly basis.

The Central Bank of Yemen requires each bank to "maintain a ratio of total capital to the risk - weighted assets in order to secure the internationally agreed minimum of 8%. In addition, the Bank is required to maintain a ratio of total capital to the customer deposits of at above 5%.

The total capital of the Bank is divided in two tiers:

Tier 1 capital: which comprises the share capital, statutory reserve and general reserve.

Tier 2 capital: which comprises the revaluation reserves and unrealized gains arising from any changes in fair value of available for sale investments.

Investment in any local bank or finance company is deducted from the Tier 1 and Tier 2 capital. The balance of general provision for loans and advances is added to the Tier 1 and Tier 2 capital.

The risk - weighted assets are measured by means of a hierarchy of four risk weights classified according to the nature of and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off statement of financial position exposures, with some adjustments to reflect the more contingent nature of potential losses.

The Bank complies with all the externally imposed capital requirements to which they are subject.

The capital adequacy is calculated as follows:

	31 December 2010 YR' million	31 December 2009 YR' million
Tier 1 capital		
Capital	10,000	8,000
Statutory reserve	2,150	1,857
General reserve	684	523
Total Tier 1 capital	12,834	11,380
Tier 2 capital		
Property revaluation reserve	640	640
Fair value reserve	63	62
	703	702
Investment in local banks or financial companies	(69)	(69)
General provisions balance as at year end	53	105
Total Tier 2 capital	13,542	12,118
Risk weighted assets:		
On-balance sheet risk weighted assets	14,464	13,960
Off statement of financial position	4,865	4,247
Total risk - weighted assets	19,329	18,209
Capital adequacy ratios		
Tier 1 capital	67%	62%
Total capital	70%	67%

NATIONAL BANK OF YEMEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2010

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or the value of the financial instruments. The Bank performs a number of procedures to limit the effect of such risk to the minimum level by:

- optimizing interest rates on borrowing with interest rates on lending;
- optimizing the discount rates for different currencies when borrowing interest rates;
- monitoring the matching of maturity dates of financial assets and liabilities.

The table below shows the Bank's exposure to interest rate risks:

	Less than 2 months YR'000	From 2 to 6 months YR'000	From 6 months to 1 year YR'000	Over 1 year YR'000	Non Interest Sensitive YR'000	Total YR'000
As at 31 December 2010						
ASSETS						
Cash on hand (but reserve balances with the Central Bank of Yemen	-	-	-	-	11,448,716	11,448,716
Due from banks	16,498,194	1,382,520	2,469,848	3,211,610	27,533,176	
Treasury bills, net	43,079,235	1,598,116	1,892,327	-	37,888,128	
Loans and advances to customers, net of provision	2,667,461	500,013	4,091,731	3,114,204	-	8,373,529
Available for sale investments, net	-	-	-	-	391,977	391,977
Debit balances and other assets	8,159	866	1,551	-	1,438,960	1,439,462
Total assets	64,253,049	3,472,023	14,555,848	3,114,204	18,430,243	100,217,368
LIABILITIES						
Due to banks	-	-	-	-	291,537	291,537
Customers' deposits	34,537,671	6,300,911	26,249,279	-	39,985,997	91,034,327
Credit balances and other liabilities	678,028	140,779	363,256	-	1,219,398	3,342,511
Total liabilities	35,197,310	6,510,890	26,612,473	-	31,197,932	95,468,375
Interest rate sensitivity gap	29,055,739	(38,867)	(10,077,624)	3,114,204	(12,717,689)	(11,248,013)
Cumulative interest rate sensitivity gap	29,055,739	29,020,872	20,943,248	23,960,372	11,248,013	-
As at 31 December 2009						
ASSETS						
Cash on hand and reserve balances with the Central Bank of Yemen	-	-	-	-	11,052,300	11,052,300
Due from banks	21,494,557	1,569,669	1,350,599	-	4,996,552	28,412,377
Treasury bills, net	41,194,063	-	11,423,120	-	-	52,617,183
Loans and advances to customers, net of provision	2,128,286	457,015	4,750,669	2,052,339	-	9,388,273
Available for sale investments, net	-	-	-	-	216,324	216,324
Debit balances and other assets	20,861	2,976	1,734	-	1,006,735	1,030,667
Total assets	65,838,067	2,029,659	17,526,108	2,052,339	17,352,421	102,797,594
LIABILITIES						
Due to banks	573,410	-	-	-	573,410	573,410
Customers' deposits	27,420,030	11,988,739	20,640,269	-	29,861,282	88,910,320
Credit balances and other liabilities	389,149	119,978	189,499	-	1,922,970	2,622,617
Total liabilities	27,982,192	12,108,658	20,829,768	-	32,357,662	92,276,787
Interest rate sensitivity gap	38,132,511	(10,078,997)	(3,303,660)	2,052,339	(14,704,241)	(10,519,193)
Cumulative interest rate sensitivity gap	38,132,511	28,053,514	24,749,854	26,802,193	12,097,952	-

In addition to the above, note no. 28 shows the average interest rates on assets and liabilities audited during the year ended 31 December 2010 and the year ended 31 December 2009.

Exchange Rate Risk

Due to the nature of the Bank's activities, the Bank deals in different foreign currencies hence it is exposed to exchange rate risk. The Bank strives to maintain a balanced foreign currencies positions in compliance with the Central Bank of Yemen instructions and the requirements of the Central Bank of Yemen Circular No. 6 of 1998 since specific limits for individual foreign currency positions shall not exceed 15% of the Bank's capital and reserves, and that the aggregate open position for all currencies shall not exceed 25% of the Bank's capital and reserves. In order to comply with the Central Bank of Yemen Circular No. 6 of 1998, the Bank regularly monitors its foreign currency positions, and sells the excess funds in foreign currencies in the Central Bank of Yemen, at the prevailing rates on the date of sale. The significant foreign currency positions of the Bank are shown in note no. 30.

The Bank had the following significant net exposures to foreign currencies:

	United States Dollar YR'000	Pound Sterling YR'000	Euro YR'000	Saudi Riyal YR'000	Other currencies YR'000	Total YR'000
As at 31 December 2010						
Assets	55,473,984	1,796,000	4,744,011	2,896,561	995,987	61,906,603
Liabilities	(55,491,689)	(1,795,940)	(4,715,414)	(2,897,327)	(941,675)	(61,006,045)
Net currency position	(1,705,136)	3,960	28,597	(3,766)	50,626	8,672
As at 31 December 2009						
Assets	33,701,540	1,854,993	3,045,304	2,053,860	2,010,988	42,666,684
Liabilities	33,403,231	1,855,425	2,992,224	1,894,431	1,954,126	42,099,437
Net currency position	(1,969,971)	(1,255)	53,081	259,598	1,089,190	(621,955)

NATIONAL BANK OF YEMEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2010

4 CASH ON HAND AND RESERVE BALANCES WITH THE CENTRAL BANK OF YEMEN

	31 December 2010 YR'000	31 December 2009 YR'000
Cash on hand:		
In local currency	915,310	571,525
In foreign currencies	504,041	750,436
Cheques purchased, net	596	37,838
Total cash on hand	1,419,947	1,359,797
Reserve balances with the Central Bank of Yemen:		
In local currency	3,797,460	3,884,419
In foreign currencies	6,242,219	5,882,903
Total reserve balances with the Central Bank of Yemen	10,039,680	9,767,322
Total cash on hand and reserve balances with the Central Bank of Yemen	11,449,715	11,052,309

In accordance with the Yemeni Banks Law No. 38 of 1998, the Bank is required to maintain statutory deposits with the Central Bank of Yemen at stipulated percentages on local currency and foreign currencies of its demand, time and other deposits.

5 DUE FROM BANKS

	31 December 2010 YR'000	31 December 2009 YR'000
Due from the Central Bank of Yemen and other local banks:		
Current accounts with the Central Bank of Yemen:		
In local currency	3,466,063	3,080,779
In foreign currencies	212,368	354,901
Total due from the Central Bank of Yemen	3,678,431	3,435,761
Current accounts with other local banks:	656	674
Islamic investment deposits with two local banks	302,026	430,121
Total due from the Central Bank of Yemen and other local banks	3,981,113	3,866,556
Due from foreign banks and other financial institutions:		
Current and nostro account balances	8,051,420	1,934,661
Provision for outstanding recovering items	(20,145)	(21,118)
Time deposits	18,420,263	19,420,000
Total due from foreign banks and other financial institutions	26,451,538	20,333,543
Total due from banks	27,533,176	20,792,599

Current accounts and time deposits with foreign banks carry variable interest rates (0.04 % to 4.00%), while current accounts with the Central Bank of Yemen and local banks do not carry any interest.

6 TREASURY BILLS, NET

	31 December 2010 YR'000	31 December 2009 YR'000
Treasury Bills due within:		
42 days	-	1,589,475
49 days	721,587	-
90 days	10,916,409	31,890,040
180 days	7,701,108	8,771,231
364 days	8,550,365	11,386,540
Total nominal value of treasury bills	28,010,296	53,637,284
Unamortized discount (be within):		
42 days	-	(10,558)
49 days	(19,141)	(1)
90 days	(1,103,561)	(494,410)
180 days	(339,226)	(752,275)
364 days	(377,534)	(263,412)
Unamortized discount	(2,137,463)	(1,524,656)
Net book value of treasury bills	25,872,833	52,112,628

6 TREASURY BILLS, NET (CONTINUED)

The treasury bills and repurchase treasury bills carry interest rates ranging from 12.97% to 22.85% (31 December 2009: 12.54% to 19.41%). In accordance with the instructions of the Central Bank of Yemen, treasury bills, which remain within a period not exceeding three months, are considered as part of cash and cash equivalent assets.

7 LOANS AND ADVANCES TO CUSTOMERS, NET OF PROVISION

	31 December 2010 YR'000	31 December 2009 YR'000
Loans and advances to customers in the private sector:		
Overdraft facilities	8,199,862	1,616,630
Short term loans	3,993,333	1,606,624
Total loans and advances to customers in the private sector	12,193,212	13,226,374
Provision for losses on non performing loans and advances (note 7-a)	(3,126,033)	(2,361,487)
Suspended interest (note 7-b)	(770,258)	(405,514)
Provision for losses on non performing loans and advances and suspended interest	(3,896,291)	(3,857,991)
Net loans and advances to customers	8,273,809	9,368,273

Gross non-performing loans and advances as at 31 December 2010 amounted to YR 4,411,718 thousand (31 December 2009: YR 3,822,171 thousand). The breakup of the same amount is as follows:

	31 December 2010 YR'000	31 December 2009 YR'000
Substandard debts	473,881	294,264
Doubtful debts	481,872	71,583
Bad debts	3,512,045	3,156,345
Total gross non performing loans and advances	4,414,718	3,522,171

7-a Movement of Provision For Losses On Non-Performing Loans And Advances

Details of movements in the provision for possible losses on loans and advances during the year were as follows:

	Specific YR'000	General YR'000	Total YR'000	Specific YR'000	General YR'000	Total YR'000
	31 December 2010			31 December 2009		
Balance at 1 January	2,848,769	184,775	2,361,487	2,101,033	87,415	2,188,448
Revaluation of opening balances in foreign currencies	38,969	(61)	38,841	36,210	316	36,526
Assets written during the year	(430)	-	(430)	(3,896)	-	(3,896)
Adjusted opening balances	2,886,181	184,711	2,399,892	2,133,347	88,331	2,220,978
Amounts recovered of loans previously written off (note 21)	(744,344)	(84,882)	(829,671)	(211,300)	(13,105)	(224,215)
Provision for the year (note 23)	931,173	32,424	963,597	1,011,722	96,444	1,108,166
Provision charged to the statement of comprehensive income	186,829	(52,458)	134,371	800,422	83,339	883,761
Balance at end of year	3,072,795	53,248	3,126,043	2,946,769	184,775	3,131,487

Management has decided to provide for the general provision for performing loans and contingencies including watch loans at the rate of 1% (2009: 2%).

The Bank has, during the year, written off fully provided loans and advances amounting to YR 435 thousands (2009: YR 3,896 thousands) against impairment provisions where all possible actions for recoveries have been exhausted and the Bank's management believes the possibility of recoveries is remote. The Bank's management, however, continues to pursue the recovery of these loans through all possible means and any future recovery from these written off loans will be recognized in the statement of comprehensive income.

NATIONAL BANK OF YEMEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2010

7 LOANS AND ADVANCES TO CUSTOMERS, NET OF PROVISION (CONTINUED)

7-b Suspended Interest

This represents interest on non-performing loans and advances in accordance with the Central Bank of Yemen regulations and which is recognised as revenue only when collected.

	31 December 2010 YR'000	31 December 2009 YR'000
Balance at 1 January	405,514	185,006
Exchange differences for the year	85,838	2,401
Amounts written off during the year	(3,573)	(-)
Recovered during the year	(42,968)	(1,028)
Suspended during the year	325,385	219,077
Balance at 31 December	770,258	405,514

NATIONAL BANK OF YEMEN

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 December 2010

8 AVAILABLE FOR SALE INVESTMENTS, NET

These comprise investments, available for sale, in the following banks and financial institution:

	Ownership Percentage %	No. of Shares	31 December 2010 YR'000	31 December 2009 YR'000
Unquoted investments in shares of UBAF Group:				
UBAF – Curacao – A Shares of USD 30 share	0.198	29,944	360,161	371,360
UBAF – Curacao – B Shares of USD 50 share	0.112	4,663	93,163	43,845
UBAF – Curacao – C Shares of USD 50 share	1.221	53,905	112,040	100,511
Total investment in shares in UBAF Group			45,202	463,206
Other unquoted investments:				
AlUBAF Arab International Bank (BSC)-Bahrain (note 8-a)	0.344	4,000	154,083	72,127
Arab Financial Services Company-Bahrain (note 8-b)	0.167	19,800	22,204	20,000
Yemen Financial Services Company-Yemen of USD 100 share	10.000	3,167	96,423	94,411
Yemen Mobile Company for Telecommunication-Yemen of YR 500 share (note 8-c)	0.138	100,000	81,200	81,200
Total other unquoted investments			354,077	219,334
Total available for sale investments			785,185	551,800
Provision for impairment (note 8-e)			(483,319)	(471,345)
Net book value of investments available for sale			301,877	215,326

8-a Al UBAF Arab International Bank (BSC) - Bahrain

As bank subscribed additional shares by of 8,000 to equal its share in the share capital increase its share in Al UBAF Arab International Bank (BSC) - Bahrain. The value are share is USD 50 with total value of USD 344,000.

The calculation of fair value of the investment in Al UBAF Arab International Bank (BSC) - Bahrain is based on the book value of shares as per the company's latest audited financial statement (i.e. for the year ended 31 December 2009) which amounted to USD 16.39 per share (2008: USD 21.28 per share).

8-b Arab

National Bank Of Yemen

البنك الأهلي اليمني

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

National Bank of Yemen
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 31 December 2010

13-a Unclaimed Balances

This account represents balances that are over 15 years old and have not been claimed by the beneficiaries. The provision in the amount is due to the revaluation of the balances in foreign currencies at the year-end rate. Management regularly reviews the likelihood of these amounts being claimed and based on the outcome of such review it considers the amount that should be transferred to the Ministry of Finance in accordance with the relevant article in the Banks Law No. 38 of 1998.

13-b Provision for Off-statement of financial position items

	31 December 2010 YR'000	31 December 2009 YR'000
Balance at beginning of the year	115,890	114,488
Revaluation of opening balance in foreign currencies	3,060	3,380
Provision charged during the year (note 21)	37,370	62,796
Provision written back during the year (note 21)	(64,580)	(39,380)
Balance at end of the year	91,694	115,890

14 INCOME TAX

	31 December 2010 YR'000	31 December 2009 YR'000
Balance at 1 January	774,686	924,341
Charged for the year in the statement of comprehensive income (note 14-a)	310,992	274,588
Paid during the year	(374,662)	(424,241)
Balance at 31 December	710,996	774,688

14-a Income Tax Charge For The Year

This account shall charge for the year has been calculated on the basis of 20% (2009: 20%) of profit for the year.

14-b Prior Year Tax Adjustment

The Bank received on 21 May 2010 the final tax assessment for the income tax liability for the financial year ended 31 December 2008.

14-c Income Tax on Provision for Losses of Loans and Advances

In accordance with article no. 40 of the Income Tax No. 38 of 1991, which came into effect on 27 December 1992, and Article 7-a in the Income Tax Law No. 17 for 2010, any provisions for losses on loans and advances made by a Bank in compliance with the regulations of the Central Bank of Yemen in this respect, are not subject to the provisions of any income tax law and are allowable as a deduction in arriving at the taxable income.

14-d Income Tax on Suspended Interest

Suspended interests are considered part of the provision for doubtful debts in accordance with article 65 of Banks Law No. 38 of 1998 and Article 14-a of the Income Tax Law No. 17 for 2010 which states that provisions for losses on loans and advances provided for years in accordance to the guidelines of the Central Bank of Yemen is not subject to provisions of any income tax when calculating the taxable income.

15 EQUITY

15-a Share Capital

	Number of shares 1000 shares	Value of shares YR	31 December 2010 YR'000	31 December 2009 YR'000
Share Capital				
Authorized	10,000	1,000	10,000,000	10,000,000
Unissued less calls up	10,000	1,000	10,000,000	10,000,000

15-b Profit Distribution

In accordance with the provisions of the Public Corporations, Establishments and Companies Law No. 26 of 1991, the annual profit of the Bank could be allocated as follows:

- 15% to statutory reserve
- 15% to general reserve
- 68% to the Government for its share of profit
- 2% to employee's welfare fund
- 3% to employees' social fund.

15-c Surplus On Revaluation Of Property Reserve

The difference between the revalued amounts of the financial and non-financial buildings and their book value as at 31 December 1999 has been credited to this account and included in equity.

15-d Statutory Reserve

In accordance with article No. 38 the Banks Law no. 38 of 1998, 15% of the net profit for the year is transferred to the company reserve and the balance of this reserve reaches twice the capital. The Bank cannot use this reserve without the prior approval of the Central Bank of Yemen.

15-e General Reserve

The balance of this account can be used for the purposes approved by the bank.

15-f Cumulative Changes in Fair Value Reserve

In accordance with the provisions of IAS 39 Financial Instruments - Recognition and Measurement, the differences between the fair values and the book values of the "available for sale" investments are recognized in the cumulative changes in fair value until they are sold, collected, disposed off or until they are determined to be impaired, at which time the cumulative gain or loss previously recognized is included in the statement of income/income income.

16 CONTRA ACCOUNTS AND OTHER COMMITMENTS, NET

Credit related commitments include commitments to extend credit, standby letters of credit and guarantees, which are designed to meet the requirements of the Bank's customers.

Commitments to extend credit represent contractual commitments to make loans and opening credits. Commitments generally have fixed expiration dates or other termination clauses and require the payment of a fee. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

16 CONTRACTS AND OTHER COMMITMENTS, NET (CONTINUED)

Standby letters of credit and guarantees commit the Bank to make payments on behalf of customers contingent upon the failure of the customer to perform under the terms of the contract.

The commitments on behalf of customers for which there were corresponding customer liabilities, as of the reporting date, consisted of the following:

As at 31 December 2010

	Gross commitments YR'000	Covered by margin YR'000	Net commitments YR'000
Documentary letters of credit	9,872,150	1,871,910	8,000,240
Letters of guarantee - customers	5,650,671	1,589,561	4,061,110
Letters of guarantee - correspondent banks	10,497,721	-	10,497,721
Credit cards	59,485	9,461	50,024
Cheques purchased	55,929	8,814	56,115
Total financial accounts and other commitments	26,135,960	3,539,746	22,696,110

As at 31 December 2009

	Gross commitments YR'000	Covered by margin YR'000	Net commitments YR'000
Documentary letters of credit	14,338,384	5,104,731	9,233,653
Letters of guarantee - customers	5,296,196	1,495,085	3,801,501
Letters of guarantee - correspondent banks	8,775,485	-	8,775,485
Credit cards	67,192	11,280	55,911
Cheques purchased	102,154	13,283	88,871
Total financial accounts and other commitments	28,580,380	6,624,382	19,955,998

17 INTEREST ON LOANS AND ADVANCES AND DUE FROM BANKS

	31 December 2010 YR'000	31 December 2009 YR'000
Interest on loans and advances to clients and banks:		
Loans and advances to customers	1,910,992	1,233,780
Other facilities	149	1,474
Multiple overdrafts	7,389	13
Total income on loans and advances to clients and banks	1,918,541	1,233,267
Interest on securities with foreign banks:		
Demand accounts	4,220	3,021
Call accounts	-	1,474
Deposits	160,086	153,274
Interest on accounts with foreign banks	164,306	157,769
Interest on accounts with local banks:		
Recovered payments into the Central Bank of Yemen		
Total interest on accounts with banks	168,123	173,026
Total interest on loans and advances and due from banks	1,858,480	1,406,140

18 COST OF DEPOSITS

	2010 YR'000	2009 YR'000
Interest on current and saving accounts	2,886,971	1,880,304
Interest on time deposits	4,804,966	3,844,754
Total cost of deposits	7,691,937	5,727,968

National Bank of Yemen
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For the Year Ended 31 December 2010

19 COMMISSIONS AND FEE INCOME ON BANKING SERVICES

	2010 YR'000	2009 YR'000
Commissions on:		
Documentary letters of credits	112,128	172,945
Letters of guarantee	103,407	200,874
Transfer of funds	28,855	38,269
Acceptances	13,109	16,259
Cheques	146,336	134,003
Fees on:		
Banking services	16,862	16,231
Other services	98,328	68,248
Total commissions and fee income on banking services	710,164	666,855

20 LOSS/(GAIN ON FOREIGN CURRENCY TRANSACTIONS

	2010 YR'000	2009 YR'000
Revaluation differences on foreign currency transactions	(243,176)	(34,200)
Gain on foreign exchange trading transactions	55,392	60,580
Total (loss)/ gain on foreign currency transactions	(187,784)	26,380

21 OTHER OPERATING INCOME

	2010 YR'000	2009 YR'000
Provision for losses on loans no longer required (note 7-a)	820,671	939,313
Provision for off-statement of financial position items no longer required (note 13-b)	64,508	60,329
Provisions for outstanding recording items no longer required (BCO - under liquidation / Survey income)	1,108	-
	14,937	13,649
Total other operating income	900,224	1,013,291

22 GENERAL AND ADMINISTRATION EXPENSES

	2010 YR'000	2009 YR'000
Salaries, wages and related benefits	1,176,812	1,038,544
Depreciation of property, plants and equipment (note 12)	98,857	91,105
Rent	38,318	38,729
Consulting and audit	62,328	93,812
Repairs and maintenance	32,722	31,052
Telephone, telex and postage	27,318	33,653
Transportation and allowances	38,804	31,293
Promotions and publications	30,808	47,373
Computer maintenance	1,412	224
Training	42,408	38,114
Taxes and government fees	104,208	48,715
Consulting	13,524	13,053
Stationery and printing supplies	20,512	28,849
Consultancy fees for programmes for development and improvement of the Bank	30,341	35,549
Other general and administration expenses	128,812	83,163
Total general and administration expenses	1,806,651	1,658,268

23 PROVISIONS

	2010 YR'000	2009 YR'000
Provision for losses on loans and advances (note 7-a)	963,882	1,001,598
Provision for off-statement of financial position items (note 13-b)	27,370	62,796
Other provisions	53,480	45,758
Total provisions	1,045,724	1,110,152

24 ZAKAT

	2010 YR'000	2009 YR'000
Balance at 1 January	150,000	60,000
Charged for the year in the statement of comprehensive income (note 24-a)		
Paid during the year	(150,000)	(60,000)
Balance at 31 December	50,000	

25 BASIC EARNINGS PER SHARE

		2010	2009
Profit for the year	YR'000	1,015,974	1,436,517
Weighted average number of shares	Share	6,000	6,000
Basic earnings per share	YR	170	164

26 RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Bank conducts the transactions with certain of its directors, senior management and their families and subsidiaries in which they own 25% or more of the capital and which were disclosed to the Bank during the year.

The outstanding balances included in the balance statements are as follows:

	31 December 2010 YR'000	31 December 2009 YR'000
Board members and parties related to them		
Loans and advances, gross	27,121	16,200
Customers' deposits	11,628	11,628
	2010 YR'000	2009 YR'000
Interest income for the year	3,421	1,500
Interest expense for the year	848	375

27 CASH AND CASH EQUIVALENTS

	31 December 2010 YR'000	31 December 2009 YR'000
Cash on hand and reserve balances with the central bank of Yemen (note 4)	11,443,715	11,052,309
Due from Banks (Note 5)	23,403,131	28,752,206
Treasury bills with the Central Bank of Yemen (note 6)	42,868,129	52,687,352
Reserves balances with Central Bank of Yemen (note 4)	(10,029,585)	(9,807,352)
Treasury bills maturing after three months (note 6)	(14,580,645)	(11,423,115)
Due from banks maturing after three months (note 5)	(3,857,898)	(3,726,344)
Total cash and cash equivalents	50,046,819	57,535,305

28 MATURITIES OF ASSETS AND LIABILITIES

As at 31 December 2010

	Less than 3 months YR'000	From 3 to 6 months YR'000	From 6 months to 1 year YR'000	Over 1 year YR'000	Total YR'000
ASSETS					
Cash on hand and reserve balances with the Central Bank of Yemen	11,443,715	-	-	-	11,443,715
Due from banks	23,398,356	3,332,703	2,409,847	19,530	27,159,176
Treasury bills, net	42,878,616	8,988,718	7,883,727	-	57,751,059
Loans and advances to customers, net of provisions	2,861,547	992,913	4,081,731	1,111,224	9,047,415
Available for sale investments, net	-	-	-	409,407	409,407
Total assets	80,581,235	13,314,334	14,375,305	1,540,161	105,811,035
LIABILITIES					
Due to banks	211,637	-	-	-	211,637
Customers' deposits	76,437,193	4,900,888	21,388,878	317,218	103,044,177
Total liabilities	76,648,830	4,900,888	21,388,878	317,218	103,255,814
Net Gap	3,932,405	8,413,446	(7,013,573)	1,222,943	2,555,221

As at 31 December 2009

	Less than 3 months YR'000	From 3 to 6 months YR'000	From 6 months to 1 year YR'000	Over 1 year YR'000	Total YR'000
ASSETS					
Cash on hand and reserve balances with the Central Bank of Yemen	11,052,309	-	-	-	11,052,309
Due from banks	25,005,000	2,000,000	1,250,000	500,000	28,757,000
Treasury bills, net	41,054,000	-	11,423,000	-	52,687,000
Loans and advances to customers, net of provisions	2,132,000	432,000	4,750,000	2,992,000	9,306,000
Available for sale investments, net	-	-	-	276,000	276,000
Total assets	79,441,309	2,432,000	17,423,000	3,768,000	102,064,309
LIABILITIES					
Due to banks	573,418	-	-	-	573,418
Customers' deposits	77,868,000	2,598,000	13,043,000	320,000	93,814,000
Total liabilities	77,868,000	2,598,000	13,043,000	320,000	94,387,418
Net Gap	1,573,309	(166,000)	4,380,000	3,448,000	7,676,891

National Bank of Yemen
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended 31 December 2010

29 AVERAGE INTEREST RATES ON ASSETS AND LIABILITIES

As at 31 December 2010

	Yemeni Rial %	US Dollar %	Saudi Riyal %	Sterling Pound %	Euro %
ASSETS					
Reserve Balances with the Central Bank of Yemen	-	-	-	-	-
Loans and advances to customers, net of provisions					
Current accounts	-	-	-	-	-
Time deposits	-	1.75	0.72	0.75	0.52
Treasury bills, net	22.93	-	-	-	-
Loans and advances to customers, net of provision	20.00	7.75	-	-	-
LIABILITIES					
Customers' deposits	10.00	0.25	0.25	0.25	0.25

As at 31 December 2009

	Yemeni Rial %	US Dollar %	Saudi Riyal %	Sterling Pound %	Euro %
ASSETS					
Reserve Balances with the Central Bank of Yemen	-	-	-	-	-
Due from banks					
Current accounts	-	-	-	-	-
Time deposits	-	1.48	0.19	0.19	0.21
Treasury bills, net	12.07	-	-	-	-
Loans and advances to customers, net of provision	17.43	9.50	-	-	-
LIABILITIES					
Customers' deposits	10.00	0.37	0.52	0.37	0.21

30 DISTRIBUTION OF ASSETS, LIABILITIES, CONTINGENT LIABILITIES AND COMMITMENTS BASED ON ECONOMIC SECTORS

As at 31 December 2010

ASSETS	Manufacturing YR'000	Agriculture YR'000	Trade YR'000	Services YR'000	Financial YR'000	Personal YR'000	Total YR'000
Cash on hand and reserve balances with the Central Bank of Yemen	-	-	-	-	11,443,715	-	11,443,715
Due from banks	-	-	-	-	27,159,176	-	27,159,176
Treasury bills, net	-	-	-	-	57,751,059	-	57,751,059
Loans and advances to customers, net of provisions	724,310	-	3,329,245	11,025	1,009	2,981,826	9,047,415
Available for sale investments, net	-	-	-	-	409,407	-	409,407
Total assets	724,310	-	3,329,245	11,025	96,763,366	2,981,826	105,811,000
LIABILITIES							
Due to banks	-	-	-	-	211,637	-	211,637
Customers' deposits	1,826,374	171,776	15,809,549	2,496,201	314,896	78,215,421	97,034,217
Total liabilities	1,826,374	171,776	15,809,549	2,496,201	526,533	78,215,421	97,245,854
Commitments and contingencies	3,043,241	3,138	2,011,150	13,447	2,116,113	3,149,459	10,336,548

As at 31 December 2009

ASSETS	Manufacturing YR'000	Agriculture YR'000	Trade YR'000	Services YR'000	Financial YR'000	Personal YR'000	Total YR'000
Cash on hand and reserve balances with the Central Bank of Yemen	-	-	-	-	11,052,309	-	11,052,309
Due from banks	-	-	-	-	28,757,000	-	28,757,000
Treasury bills, net	-	-	-	-	52,687,000	-	52,687,000
Loans and advances to customers, net of provisions	301,000	-	3,570,000	11,000	13,000	5,409,000	9,306,000
Available for sale investments, net	-	-	-	-	276,000	-	276,000
Total assets	301,000	-	3,570,000	11,000	92,785,309	5,409,000	102,064,309
LIABILITIES							
Due to banks	-	-	-	-	573,418	-	573,418
Customers' deposits	1,200,000	78,000	11,844,000	3,127,000	146,000	82,239,000	93,614,000
Total liabilities	1,200,000	78,000	11,844,000	3,127,000	719,418	82,239,000	94,187,418
Commitments and contingencies	486,000	38,000	11,844,000	398,000	2,000,000	3,000,000	20,766,000

31 DISTRIBUTION OF ASSETS, LIABILITIES, CONTINGENT LIABILITIES AND COMMITMENTS BASED ON GEOGRAPHICAL LOCATIONS

As at 31 December 2010

ASSETS	Republic of Yemen YR'000	United States of America YR'000	Europe YR'000	Asia YR'000	Others YR'000	Total YR'000
Cash on hand and reserve balances with the Central Bank of Yemen	11,443,715	-	-	-	-	11,443,715
Due from banks	3,642,355	3,997,300	19,908,998	5,562,450	102,013	27,571,116
Treasury bills, net	57,605,031	-	-	-	-	57,605,031
Loans and advances to customers, net of provisions	9,012,600	-	-	-	-	9,012,600
Available for sale investments, net	134,000	-	-	121,500	-	255,407
Total assets	80,838,704	3,997,300	19,908,998	10,683,950	102,013	105,529,969
LIABILITIES						
Due to banks	-	-	-	211,637	-	211,637
Customers' deposits	91,134,327	-	-	-	-	91,134,327
Total liabilities	91,134,327	-	-	211,637	-	91,345,964

As at 31 December 2009

ASSETS	Republic of Yemen YR'000	United States of America YR'000	Europe YR'000	Asia YR'000	Others YR'000	Total YR'000
Cash on hand and reserve balances with the Central Bank of Yemen	11,052,309	-	-	-	-	11,052,309
Due from banks	3,850,000	3,442,211	8,658,000	12,776,000	600,000	28,752,000
Treasury bills, net	52,687,000	-	-	-	-	52,687,000
Loans and advances to customers, net of provisions	9,306,000	-	-	-	-	9,306,000
Available for sale investments, net	122,000	-	-	153,000	-	275,000
Total assets	76,998,000	3,442,211	8,658,000	12,929,000	600,000	102,627,211
LIABILITIES						
Due to banks	-	-	-	573,418	-	573,418
Customers' deposits	93,614,000	-	-	-	-	93,614,000
Total liabilities	93,614,000	-	-	573,418	-	94,187,418

32 TRUST ACTIVITIES

The Bank does not hold nor manage assets for or on behalf of other parties except for the housing project which is managed by a trustee of the Government.

33 GOVERNORATE ASSETS AND LIABILITIES

The Bank has been a party of legal cases with the Public Funds Court and the Commercial Prosecutory Court against former employees and customers of the Bank relating to irregularities and default in settlement of amounts due respectively. Where there are legal cases filed against the Bank at the respective courts, management fully settled fully provided for each case in the financial statements. In spite of the claims, although court judgment were made in favour of the Bank, their executions have not been affected, whereas the other cases are still pending in the courts.

34 CAPITAL ADEQUACY RATIO (BASEL II)

The Central Bank of Yemen circular no. 4 of 2006 specifies three for positions in individual foreign currencies as well as an aggregate position for all currencies. These limits are 10% and 20% of capital and reserves. The Bank has the following significant exposures in foreign currencies, converted into Yemeni Rials:

	31 December 2010		31 December 2009	
	%	YR'000	%	YR'000
United States Dollar	(0.05)	(129,134)	(12.10)	(11,992,384)
Euro	0.03	3,862	(0.01)	(13,330)
Pound Sterling	0.01	28,992	0.04	49,362
Saudi Riyal	0.03	93,783	1.80	208,884
Swiss Franc	0.00	10,996	0.11	13,203
Japan Yen	0.11	14,560	0.10	12,405
United Arab Emirates Dirham	0.01	8,263	0.54	1,148,304
Other	0.00	19	-	39
Aggregate foreign currency positions	0.07	8,002	14.30	360,984

(1 for 200 Exchange rate (Yr/$) December 2010 and 214.65 (Yr/$) (31 December 2009 (Yr/$) (Yr/$))

35 CAPITAL COMMITMENTS

Capital commitments as at 31 December 2010 amounted to (31 December 2009: YR 4.45 million).

36 PROGRAMME FOR THE DEVELOPMENT AND IMPROVEMENT OF THE BANK

During the year 2008, the Bank has accomplished a comprehensive field study aimed to set up the departmental and divisional objectives. The Bank is in the process of establishing and implementing the development and improvement of banking and technology plan. The Bank is financing the cost of both parts of this programme from its own financial resources.

37 COMPARATIVE FIGURES

Except where it becomes of an immaterial nature, to improve otherwise, all amounts are reported or disclosed with comparative information.

38 SUBSEQUENT EVENTS

The management of the Bank was changed by the appointment of Mr. Hamed Qaid Al Fadhi as acting chairman with respects to the Minister of Finance decision no. 105 for 2011 issued on 27 February 2011 and the appointment of Mr. Ghani Ahmed Abdo Al-Hajjri as general manager of the Bank with respects to the Minister of Finance decision no. 123 for 2011 issued on 27 February 2011.

39 AUTHORIZATION OF THE FINANCIAL STATEMENT

The board of Directors of the Bank in its meeting held on 10 May 2011 approved these financial statements and to present it to the Minister of Finance as the representative of the Government for the Bank's owner of the equity.

National Bank Of Yemen البنك الأهلي اليمني

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

Dahman & Co. RSM

INDEPENDENT AUDITORS' REPORT TO H.E. THE MINISTER OF FINANCE ON THE NATIONAL BANK OF YEMEN

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the National Bank of Yemen (the Bank), which comprise the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and related Yemeni laws and regulations. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the National Bank of Yemen as at 31 December 2010, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We have obtained all the information and explanations which we consider to be necessary for the purpose of our audit. We have another that, in our opinion, proper accounting records have been kept by the Bank and the accompanying financial statements are in agreement therewith. We further state that during the course of our examination we have not become aware of any material violations of the provisions of the Banks Law No. 38 of 1998, Commercial Companies Law No. 22 of 1997 and the Commercial Companies Establishment and Supervision Law No. 26 of 1991 (Amended by Law No. 32 of 1997) and the articles of Yemen Arab Republic Central Bank and the Banks operations or the financial position for the financial year ended 31 December 2010.

Dr. Hassan Dahman - MD
Certified Public Accountant - Auditor
Registered Auditor - Registration No. 4001

Certified Co. RSM

For Dahman & Co.
Certified Public Accountant
Auditor of NBY
Hani Abdullah Al Hajjri
Certified Public Accountant
Registered Auditor
10 June 2011
Sana'a, Yemen

NATIONAL BANK OF YEMEN
STATEMENT OF FINANCIAL POSITION
As at 31 December 2010

ASSETS	Note	31 December 2010 YR'000	31 December 2009 YR'000
Cash on hand and reserve balances with the Central Bank of Yemen	4	11,443,715	11,052,309
Due from Banks	5	27,530,176	28,757,000
Treasury bills, net	6	57,605,059	52,687,000
Loans and advances to customers, net of provisions	7	9,012,600	9,306,000
Available for sale investments	8	255,407	276,000
Property, plant and equipment	9	2,724,775	2,535,213
TOTAL ASSETS		108,572,132	105,041,522
LIABILITIES AND EQUITY			
LIABILITIES			
Due to banks	11	211,637	573,418
Customers' deposits	12	91,834,327	93,614,000
Credit balances in suspense account	13	3,345,311	3,270,959
Income tax	14	710,996	774,688
Total Liabilities		96,102,271	98,233,065
EQUITY			
Authorized and paid up share capital	Share	10,000,000	10,000,000
Surplus on revaluation of property, plants	15-a	639,710	639,710
Statutory reserve	15-d	2,758,484	2,657,184
General reserve	15-e	850,000	500,000
Cumulative changes in fair value reserve	15-f	62,662	54,563
Total Equity		12,574,712	11,851,457
TOTAL LIABILITIES AND EQUITY		108,442,183	105,041,522
CONTRA ACCOUNTS AND OTHER COMMITMENTS, NET	16	22,696,110	19,955,998

Independent Auditors' Report attached (page 1)

The attached Notes 1 to 39 form an integral part of these financial statements

Board Authorized Representative
Vice Deputy General Manager

Deputy General Manager
General Manager

Chairman (Hani Al Hajjri)
Acting Chairman

NATIONAL BANK OF YEMEN
STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 December 2010

	Note	2010 YR'000	2009 YR'000
OPERATING REVENUE			
Interest on loans and advances and due from banks	17	1,858,480	1,406,140
Interest on securities		168,123	173,026
Interest income/(loss) of interest with the Central Bank of Yemen		-	171,750
Total interest revenue		11,811,415	9,887,157
Cost of deposits	18	(7,691,937)	(5,727,968)
Net interest revenue		4,119,478	3,960,189
Commissions and fee income on banking services	19	710,164	666,855
Income on available for sale investments		23,202	17,302
(Loss) / Gain on foreign currency transactions	20	(187,784)	26,380
Other operating revenues	21	876,209	986,911
Net Operating Revenue		5,539,269	5,165,017
OPERATING EXPENSES			
Commissions and fee expenses on banking services		38,209	38,648
General and administration expenses	22	1,806,651	1,658,268
Provisions	23	1,045,724	1,110,152
Total Operating Expenses		2,890,583	2,806,068
PROFIT FOR THE YEAR BEFORE ZAKAT AND INCOME TAX		2,648,686	2,358,949
Zakat	24	(150,000)	(60,000)
PROFIT FOR THE YEAR AFTER ZAKAT AND BEFORE INCOME TAX		2,498,686	2,298,949
Income tax	14	(310,992)	(274,588)
PROFIT FOR THE YEAR		2,187,694	2,024,361
OTHER COMPREHENSIVE INCOME			
Net movement in fair value for the year		7,099	9,846
Other Comprehensive Income For The Year		7,099	9,846
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,192,793	2,034,207
Basic earnings per share	25	219.16	164.17

The attached Notes 1 to 39 form an integral part of these financial statements

NATIONAL BANK OF YEMEN
STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2010

	Capital YR'000	Surplus On Revaluation Of Property Reserve YR'000	Statutory Reserve YR'000	General Reserve YR'000	Cumulative Changes in Fair Value Reserve YR'000	Retained Earnings YR'000	Total YR'000
Balance at 31 December 2009	6,000,000	639,710	2,657,184	500,000	45,563	-	11,842,457
Comprehensive income							
Profit for the year	-	-	-	-	-	2,187,694	2,187,694
Other comprehensive income							
Net movement in fair value for the year	-	-	-	-	7,099	-	7,099
Total comprehensive income	-	-	-	-	7,099	2,187,694	2,194,793
Transaction with owners							
Transfer to statutory reserve	-	-	101,300	-	-	(101,300)	-
Transfer to general reserve	-	-	-	350,000	-	(350,000)	-
Government share in profit for the year	-	-	-	-	-	(1,036,394)	(1,036,394)
Government share in profit transferred to treasury	(1,000,000)	-	-	-	-	-	(1,000,000)
Transfer from general reserve to capital	4,000,000	-	-	(4,000,000)	-	-	-
Contribution from the public	-	-	-	-	-	(710,992)	(710,992)
Total transaction with owners	3,000,000	-	101,300	(3,650,000)	-	(2,198,692)	(2,747,392)
Balance at 31 December 2010	10,000,000	639,710	2,758,484	850,000	62,662	-	13,289,858

The Bank's Board of Directors, in its meeting held on 10 June 2010 resolved to increase the entire capital of the Bank in YR 10,000,000 thousand. H.E. the Minister of Finance has approved this increase in the entire capital. The entire capital will be raised from the Government share of profit in the net profit shares, as per the decree of Ministers with Article (2) of the decree of the Minister of Finance. The Bank's capital before this increase was YR 6,000,000 thousand.

The Bank's management intended and intended to the amount YR 10,000,000 thousand from special reserve and the amount of YR 4,000,000 thousand from the Government share of profit of the year to the share capital. With that the share capital of the bank is YR 10,000,000 thousand.

For Dahman & Co. RSM
Certified Public Accountant
Auditor of NBY
Hani Abdullah Al Hajjri
Certified Public Accountant
Registered Auditor

NATIONAL BANK OF YEMEN
Statement Of Cash Flows
For the Year Ended 31 December 2010

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2010 YR'000	2009 YR'000
Profit for the year before the Zakat and income tax		2,748,694	2,358,949
Adjustments to:			
Provision for losses on loans and advances and off-balance sheet items		1,081,118	1,148,394
Provision for losses on bond and debentures and contra accounts written back during the year		(883,579)	(411,003)
Recovered debts during the year from previously written off accounts		(470)	(1,000)
Revaluation of foreign currencies for losses on loans and advances and on contra accounts		43,731	40,511
(Loss) from sale of property, plant and equipment		11	(90)
Income tax paid		(374,662)	(424,241)
Zakat paid		(150,000)	(60,000)
Depreciation of property, plant and equipment		98,857	91,105
Net Operating Profit Before Changes in Banking Assets And Liabilities		2,663,298	2,344,624
Related To Operating Activities (1)			
CHANGES IN BANKING ASSETS			
Reserve balances with the Central Bank of Yemen		(242,407)	(808,163)
Treasury bills maturing after three months, net of commercial discount		(4,957,916)	(10,864,648)
Due from banks maturing after three months		(211,548)	(1,005,872)
Loans and advances to customers, net of provisions for other suspension interest		400,708	(1,722,395)
Other assets and other assets		(377,890)	(139,344)
Net increase in banking assets (2)		(5,188,848)	(14,539,445)
CHANGES IN BANKING LIABILITIES			
Due to banks		(361,873)	(1,560,317)
Customers' deposits		2,219,407	(2,842,779)
Credit balances and other liabilities		1,111,757	(838,431)
Net increase / (decrease) in banking liabilities (3)		2,969,291	(5,239,527)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(298,169)	(217,889)
Proceeds of available for sale investments		(77,844)

National Bank Of Yemen

البنك الأهلي اليمني

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

13-a Unclaimed Balances

This amount represents deposits that are over 15 years old and have not been claimed by the beneficiaries. The increase in the amount is due to the revaluation of the balances in foreign currencies at the year-end rate. Management frequently review the likelihood of these amounts being claimed and based on the outcome of such review it considers the amount that should be transferred to the Ministry of Finance in accordance with the relevant articles in the Banks Law No. 38 of 1998.

13-b Provision for Off-statement of financial position items

	31 December 2010 YR'000	31 December 2009 YR'000
Balance at beginning of the year	115,890	114,455
Revaluation of opening balance in foreign currencies	3,840	2,980
Provision charged during the year (note 21)	37,370	62,798
Provision written back during the year (note 21)	(64,968)	(59,380)
Balance at end of the year	92,034	115,853

14 INCOME TAX

	31 December 2010 YR'000	31 December 2009 YR'000
Balance at 1 January	774,986	924,347
Charged for the year in the statement of comprehensive income (note 14-a)	510,960	774,558
Paid during the year	(874,986)	(924,347)
Balance at 31 December	410,960	774,558

14 INCOME TAX (CONTINUED)

14-a Charge For The Year

The income tax charge for the year was then calculated on the basis of 20% (2009: 20%) of profit for the year.

14-b Prior Year Tax Assessments

The Bank received on 31 May 2010 the final tax clearance for the income tax liability for the financial year ended 31 December 2005.

14-c Income Tax on Provisions for Losses of Loans and Advances

In accordance with article no. 61 of the Banks Law No. 38 of 1998, which came into effect on 27 December 1998, and Article 14-a of the Income Tax Law No. 17 for 2010, any provisions for losses on loans and advances made by a Bank in compliance with the regulations of the Central Bank of Yemen in this respect, are not subject to the provisions of any income tax law and are allowable as a deduction by Ministry of the taxable income.

14-d Income Tax on Suspended Interests

Suspended interests are considered part of the provision for doubtful debts in accordance with article 65 of Banks Law No. 38 of 1998 and Article 14-a of the Income Tax Law No. 17 for 2010 which states that provisions for losses on loans and advances provided for years in accordance to the guidelines of the Central Bank of Yemen is not subject to provisions of any income tax when calculating the taxable income.

15 EQUITY

15-a Share Capital

	Number of shares 1000 shares	Value of shares YR	31 December 2010 YR'000	31 December 2009 YR'000
Share Capital				
Authorized	10,000	1,000	10,000,000	10,000,000
Issued and paid up	10,000	1,000	10,000,000	10,000,000

15-b Profit Distribution

In accordance with the provisions of the Public Corporations, Establishments and Companies Law No. 38 of 1991, the annual profit of the Bank shall be allocated as follows:

- 15% to statutory reserve
- 15% to general reserve
- 68% to the Government for its share of profit
- 2% to employee's incentives and
- 2% to employees' social funds.

15-c Surplus On Revaluation Of Property Reserve

The difference between the revalued amounts of the financial land and the buildings and their book value as of 31 December 1999 has been credited to this account and included in equity.

15-d Statutory Reserve

In accordance with article 12-1 of the Banks Law no. 38 of 1998, 15% of the net profit for the year is transferred to the statutory reserve and the balance of this reserve reaches twice the capital. The Bank cannot use this reserve without the prior approval of the Central Bank of Yemen.

15-e General Reserve

The balance of this reserve can be used for the purposes approved by the bank.

15-f Cumulative Changes in Fair Value Reserve

In accordance with the provisions of IAS 39 "Financial Instruments - Recognition and Measurement", the difference between the fair values and the book values of the "available for sale" investments are recognized in the cumulative changes in fair value until they are sold, collected, disposed off or until they are determined to be impaired, at which time the cumulative gain or loss previously recognized is included in the statement of comprehensive income.

16 CONTRA ACCOUNTS AND OTHER COMMITMENTS, NET

Credit related commitments include commitments to extend credit, standby letters of credit and guarantees, which are designed to meet the requirements of the Bank's customers.

Commitments to extend credit represent contractual commitments to make loans and revolving credits. Commitments generally have fixed expiration dates or other termination clauses and require the payment of a fee. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

16 CONTRA ACCOUNTS AND OTHER COMMITMENTS, NET (CONTINUED)

Standby letters of credit and guarantees commit the Bank to make payments on behalf of customers contingent upon the failure of the customer to perform under the terms of the contract.

The commitments on behalf of customers for which there were corresponding customer liabilities, net of the restricted deposits, consisted of the following:

As at 31 December 2010	Gross commitments YR'000	Covered by margin YR'000	Net commitments YR'000
Documentary letters of credit	9,872,058	1,851,910	8,020,040
Letters of guarantee - customers	5,850,673	1,046,661	4,804,016
Letters of guarantee - correspondent banks	10,497,721	-	10,497,721
Credit cards	58,485	9,461	50,024
Cheques purchased	58,589	9,874	50,715
Total financial contracts and other commitments	26,126,526	3,328,914	22,868,116

As at 31 December 2009	Gross commitments YR'000	Covered by margin YR'000	Net commitments YR'000
Documentary letters of credit	12,398,384	3,164,731	9,233,653
Letters of guarantee - customers	5,200,196	1,010,666	3,191,520
Letters of guarantee - correspondent banks	8,775,488	-	8,775,488
Credit cards	67,282	11,282	56,191
Cheques purchased	102,154	13,273	88,881
Total financial contracts and other commitments	26,543,388	4,600,352	21,943,036

17 INTEREST ON LOANS AND ADVANCES AND DUE FROM BANKS

	31 December 2010 YR'000	31 December 2009 YR'000
Interest on loans and advances to banks and banks:		
Loans and advances to customers	1,910,092	1,203,193
Other facilities	149	1,414
Murabaha investment	1,289	13
Total interest on loans and advances to clients and banks	1,912,491	1,203,620
Interest on accounts with Foreign Banks:		
Current accounts	4,250	3,021
Call accounts	-	341
Deposits	183,886	169,674
Interest on accounts with foreign banks	188,135	173,036
Interest on accounts with local banks:		
Reserves (savings) with the Central Bank of Yemen		
Total interest on accounts with banks	188,135	173,036
Total interest on loans and advances and due from banks	1,600,626	1,605,110

18 COST OF DEPOSITS

	2010 YR'000	2009 YR'000
Interest on current and saving accounts	2,865,971	1,560,204
Interest on time deposits	4,834,966	3,444,764
Total cost of deposits	7,691,937	5,007,968

19 COMMISSIONS AND FEE INCOME ON BANKING SERVICES

	2010 YR'000	2009 YR'000
Commissions on:		
Documentary letters of credits	112,108	172,049
Letters of guarantee	153,407	200,671
Transfer of funds	28,895	32,265
Acceptances	12,109	16,253
Cheques	446,336	324,000
Retainer:		
Banking services	10,853	16,331
Other services	46,308	48,266
Total commissions and fee income on banking services	710,196	809,835

20 LOSS/ GAIN ON FOREIGN CURRENCY TRANSACTIONS

	2010 YR'000	2009 YR'000
Revaluation differences on foreign currency transactions	(245,178)	154,203
Gain on foreign exchange trading transactions	82,386	82,397
Total (loss) / gain on foreign currency transactions	(162,794)	12,206

21 OTHER OPERATING INCOME

	2010 YR'000	2009 YR'000
Provision for losses on loans no longer required (note 7-a)	620,671	528,313
Provision for off-statement of financial position items no longer required (note 13-b)	64,968	59,380
Provision for outstanding receivable items no longer required (BCCI - under liquidation)	1,198	-
Sundry income	14,197	13,643
Total other business income	700,034	601,336

22 GENERAL AND ADMINISTRATION EXPENSES

	2010 YR'000	2009 YR'000
Salaries, wages and related benefits	1,126,812	1,028,144
Depreciation of property, plants and equipment (note 12)	58,657	51,105
Rent	35,318	38,730
Electricity and water	62,335	55,812
Repairs and maintenance	33,732	31,032
Telephones, telex and postages	37,378	33,033
Transportation and accommodation	36,858	31,253
Promotions and publications	30,858	47,370
Computer maintenance	1,413	526
Training	42,408	38,174
Taxes and government fees	104,202	48,715
Consultancy	13,324	13,050
Stationery and printing supplies	29,833	28,849
Consultancy fees for programmes for development and improvement of the Bank	30,841	32,848
Other general and administrative expenses	128,812	82,163
Total personnel and administrative expenses	1,903,491	1,659,768

23 PROVISIONS

	2010 YR'000	2009 YR'000
Provision for losses on loans and advances (note 7-a)	863,982	1,091,099
Provision for off-statement of financial position items (note 13-b)	37,370	62,798
Other provisions	43,480	45,798
Total provisions	1,944,834	1,199,193

24 SHARE

	2010 YR'000	2009 YR'000
Balance at 1 January	-	-
Charged for the year in the statement of comprehensive income (note 24-a)	150,000	85,000
Paid during the year	(150,000)	(85,000)
Balance at 31 December	50,000	-

25 BASIC EARNINGS PER SHARE

		2010	2009
Profit for the year	YR'000	3,075,274	3,436,577
Weighted average number of shares	Share	9,000	9,180
Basic earnings per share	YR	275	194

26 RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Bank conducts transactions with certain of its directors, senior management and their families and businesses in which they own 25% or more of its capital and who were customers of the Bank during the year.

The period balances included in the financial statements are as follows:

	31 December 2010 YR'000	31 December 2009 YR'000
Board members and parties related to them		
Loans and advances, gross	27,121	11,300
Customers' deposits	11,628	11,628

	2010 YR'000	2009 YR'000
Interest income for the year	1,437	1,135
Interest expense for the year	848	371

27 CASH AND CASH EQUIVALENTS

	31 December 2010 YR'000	31 December 2009 YR'000
Cash on hand and reserve balances with the central Bank of Yemen (note 4)	11,840,718	11,052,309
Due from banks (note 5)	22,403,119	28,752,209
Treasury bills with the Central Bank of Yemen (note 6)	32,868,128	32,587,188
Reserves balances with Central Bank of Yemen (note 4)	(10,026,589)	(9,697,702)
Treasury bills maturing after three months, net of unearned bond discount (note 28)	(14,380,843)	(11,423,170)
Due from banks maturing after three months (note 28)	(3,607,890)	(3,728,344)
Total cash and cash equivalents	38,094,418	37,541,305

28 MATURITIES OF ASSETS AND LIABILITIES

As at 31 December 2010	Less than 3 months YR'000	From 3 to 6 months YR'000	From 6 months to 1 year YR'000	Over 1 year YR'000	Total YR'000
ASSETS					
Cash on hand and reserve balances with the Central Bank of Yemen	11,840,718	-	-	-	11,840,718
Due from banks	21,395,390	1,322,509	2,489,847	195,373	27,403,119
Treasury bills, net	12,878,269	8,868,718	7,383,127	-	37,880,128
Loans and advances to customers, net of provisions	2,861,847	803,811	4,361,371	1,015,284	9,212,309
Available for sale investments, net	-	-	-	301,857	301,857
Total assets	50,776,235	9,471,738	14,234,345	1,512,514	75,994,832
LIABILITIES					
Due to banks	291,537	-	-	-	291,537
Customers' deposits	38,431,173	6,868,888	23,388,173	217,214	68,904,621
Total liabilities	38,724,655	6,868,888	23,388,173	217,214	69,196,158
Net Gap	12,051,716	2,604,738	(9,154,412)	1,116,468	6,798,674

As at 31 December 2009	Less than 3 months YR'000	From 3 to 6 months YR'000	From 6 months to 1 year YR'000	Over 1 year YR'000	Total YR'000
ASSETS					
Cash on hand and reserve balances with the Central Bank of Yemen	11,052,309	-	-	-	11,052,309
Due from banks	25,052,203	2,205,000	1,293,580	61,426	28,612,209
Treasury bills, net	19,164,003	-	11,423,185	-	30,587,188
Loans and advances to customers, net of provisions	2,152,280	432,875	4,750,085	2,952,232	10,287,473
Available for sale investments, net	-	-	-	276,324	276,324
Total assets	58,421,387	2,638,442	17,466,874	3,289,982	81,817,703
LIABILITIES					
Due to banks	323,413	-	-	-	323,413
Customers' deposits	37,814,213	2,598,432	22,013,231	301,443	62,727,319
Total liabilities	38,137,626	2,598,432	22,013,231	301,443	63,050,732
Net Gap	20,283,761	40,010	(4,546,357)	2,988,539	18,766,971

29 AVERAGE INTEREST RATES ON ASSETS AND LIABILITIES

As at 31 December 2010	Yemeni Rial %	US Dollar %	Saudi Riyal %	Sterling Pound %	Euro %
ASSETS					
Reserve balances with the Central Bank of Yemen	-	-	-	-	-
Due from banks:					
Current accounts	-	-	-	-	-
Time deposits	-	1.75	0.12	0.75	0.50
Treasury bills, net	22.00	-	-	-	-
Loans and advances to customers, net of provision	10.00	7.75	-	-	-
LIABILITIES					
Customers' deposits	10.00	0.25	0.25	0.25	0.25

As at 31 December 2009	Yemeni Rial %	US Dollar %	Saudi Riyal %	Sterling Pound %	Euro %
ASSETS					
Reserve balances with the Central Bank of Yemen	-	-	-	-	-
Due from banks:					
Current accounts	-	-	-	-	-
Time deposits	-	1.48	0.10	0.10	0.21
Treasury bills, net	12.37	-	-	-	-
Loans and advances to customers, net of provision	7.50	9.50	-	-	-
LIABILITIES					
Customers' deposits	10.00	0.37	0.37	0.37	0.21

30 DISTRIBUTION OF ASSETS, LIABILITIES, CONTINGENT LIABILITIES AND COMMITMENTS BASED ON ECONOMIC SECTORS

As at 31 December 2010	Manufacturing YR'000	Agriculture YR'000	Trade YR'000	Services YR'000	Financial YR'000	Personal YR'000	Total YR'000
ASSETS							
Cash on hand and reserve balances with the Central Bank of Yemen	-	-	-	-	11,840,718	-	11,840,718
Due from banks	-	-	-	-	27,403,119	-	27,403,119
Treasury bills, net	-	-	-	-	37,880,128	-	37,880,128
Loans and advances to customers, net of provision	758,110	-	3,369,366	13,000	3,206	5,068,627	9,212,309
Available for sale investments, net	-	-	-	-	301,857	-	301,857
Total assets	758,110	-	3,369,366	13,000	80,831,048	5,068,627	90,039,151
LIABILITIES							
Due to banks	-	-	-	-	291,537	-	291,537
Customers' deposits	1,826,226	171,716	12,803,868	3,646,793	314,984	35,141,033	54,904,621
Total liabilities	1,826,226	171,716	12,803,868	3,646,793	606,521	35,141,033	55,196,158
Contingent liabilities and other commitments	3,063,471	3,128	13,017,130	13,497	2,179,119	4,149,450	22,426,795

As at 31 December 2009	Manufacturing YR'000	Agriculture YR'000	Trade YR'000	Services YR'000	Financial YR'000	Personal YR'000	Total YR'000
ASSETS							
Cash on hand and reserve balances with the Central Bank of Yemen	-	-	-	-	11,052,309	-	11,052,309
Due from banks	-	-	-	-	28,752,209	-	28,752,209
Treasury bills, net	-	-	-	-	32,587,188	-	32,587,188
Loans and advances to customers, net of provision	891,231	-	3,375,257	11,421	13,754	3,994,270	8,285,931
Available for sale investments, net	-	-	-	-	276,324	-	276,324
Total assets	891,231	-	3,375,257	11,421	72,682,784	3,994,270	80,954,963
LIABILITIES							
Due to banks	-	-	-	-	323,413	-	323,413
Customers' deposits	1,260,573	93,428	17,164,930	3,537,441	315,009	40,356,137	59,814,428
Total liabilities	1,260,573	93,428	17,164,930	3,537,441	638,422	40,356,137	60,137,841
Contingent liabilities and other commitments	986,508	30,007	11,081,168	384,168	1,464,207	3,086,900	16,832,958

31 DISTRIBUTION OF ASSETS, LIABILITIES, CONTINGENT LIABILITIES AND COMMITMENTS BASED ON GEOGRAPHICAL LOCATIONS

As at 31 December 2010	Republic of Yemen YR'000	United States of America YR'000	Europe YR'000	Asia YR'000	Africa YR'000	Total YR'000
ASSETS						
Cash on hand and reserve balances with the Central Bank of Yemen	11,840,718	-	-	-	-	11,840,718
Due from banks	3,042,801	3,997,300	19,908,988	5,462,450	992,610	27,403,119
Treasury bills, net	37,880,128	-	-	-	-	37,880,128
Loans and advances to customers, net of provisions	9,212,809	-	-	-	-	9,212,809
Available for sale investments, net	301,857	-	-	-	-	301,857
Total assets	62,278,313	3,997,300	19,908,988	5,462,450	992,610	90,639,661
LIABILITIES						
Due to banks	-	-	-	291,537	-	291,537
Customers' deposits	54,904,621	-	-	-	-	54,904,621
Total liabilities	54,904,621	-	-	291,537	-	55,196,158

As at 31 December 2009	Republic of Yemen YR'000	United States of America YR'000	Europe YR'000	Asia YR'000	Africa YR'000	Total YR'000
ASSETS						
Cash on hand and reserve balances with the Central Bank of Yemen	11,052,309	-	-	-	-	11,052,309
Due from banks	3,888,200	3,462,314	8,958,668	12,170,557	892,700	28,752,209
Treasury bills, net	32,587,188	-	-	-	-	32,587,188
Loans and advances to customers, net of provisions	8,002,771	-	-	-	-	8,285,931
Available for sale investments, net	123,811	-	-	152,513	-	276,324
Total assets	55,654,279	3,462,314	8,958,668	12,323,070	892,700	81,291,031
LIABILITIES						
Due to banks	-	-	-	323,413	-	323,413
Customers' deposits	59,814,428	-	-	-	-	59,814,428
Total liabilities	59,814,428	-	-	323,413	-	60,137,841

32 TRUST ACTIVITIES

The Bank does not hold nor manage assets for or on behalf of other parties except for the housing project, which is managed on behalf of the Government.

33 CONTINGENT ASSETS AND LIABILITIES

The bank has filed a number of legal cases with the Public Fund Court and the Commercial (Primarily Court) against former employees and customers of the Bank relating to irregularities and default in settlements of amounts due respectively. Where there are legal cases filed against the Bank at the respective courts, management fully carries policy provided for such cases in the financial statements. In spite of the cases, although court decisions were made in favor of the Bank, their executions have not been affected, whereas the other cases are still pending in the courts.

34 SIGNIFICANT FOREIGN CURRENCY POSITIONS

The Central Bank of Yemen circular no. 4 of 1996 sets prudential limits for positions in individual foreign currencies as well as an aggregate limitation for all currencies. These limits are 10% and 20% of capital and reserves. The Bank has the following significant net exposures denominated in foreign currencies.

	31 December 2010 %	31 December 2010 YR'000	31 December 2009 %	31 December 2009 YR'000
United States Dollar	(0.05)	(129,150)	(0.10)	(1,962,971)
Pound Sterling	0.03	3,982	(0.01)	(13,120)
Euro	0.21	28,987	0.04	49,382
Saudi Riyal	0.40	53,783	1.00	205,068
Dollar Trunc	0.09	28,066	0.11	13,383
Japan Yen	0.11	14,560	0.10	12,457
United Arab Emirates Dirham	0.07	9,263	0.54	110,304
Other	0.00	19	-	19
Aggregate foreign currency positions	0.87	8,002	(0.32)	(585,898)

The foreign exchange rates as at 31 December 2010 were 214.65 YR/USD (31 December 2009: 215.00 YR/USD)

35 CAPITAL COMMITMENTS

Capital commitments as at 31 December 2010 amounted to (31 December 2009: 19,449 million).

36 PROGRAMME FOR THE DEVELOPMENT AND IMPROVEMENT OF THE BANK

During the year 2009, the Bank has accomplished engineering work stages related to part one of the documentation and drawing and engineering. The Bank is in the process of contracting part two of the programme, implied with implementation of marketing, operations and technology part. The Bank is financing the cost of both parts of the programme from the own financial resources.

37 COMPARATIVE FIGURES

Based when it becomes of an interpretation, and/or to reasons otherwise, all amounts are adjusted or reclassified with comparative information.

38 SUBSEQUENT EVENTS

The management of the Bank was changed by the appointment of Mr. Ahmed Obaid Al-Tony as acting chairman with respect to the Minister of Finance resolution no. 108 for 2011 issued on 20 February 2011 and the appointment of Mr. Gilani Ahmed Alawi Al-Saqaf as general manager of the Bank with respect to the Minister of Finance resolution no. 123 for 2011 issued on 27 February 2011.

39 AUTHORIZATION OF THE FINANCIAL STATEMENT

The board of directors of the Bank in its meeting held on 15 May 2011 approved these financial statements and to present it to H.E. the Minister of Finance with the implementation of the requirements thereof, if deemed by.

Youth Talk

Compiled by Mahmood Al-Matari and Safiya Al-Jabry

In this section we talk to young people about their concerns, hopes and dreams. Every week we hit the streets and share what young people have to say right here.

This week's question:

The revolution has come and Yemen is not the same any more, as an individual, what can you do/what do u think should be done to help lift up Yemen once again?

Nabiha Saeed
What should be done is to have peace and unity among ourselves and try to build what we have destroyed in the past five months. Seeing our country going down the drain is one of the saddest things that has happened after the developments we have been seeing in the recent years.

Hamst Amal
First we must recognize that what is happening in Yemen is not revolution aimed for improvement; the aim unfortunately was clear and is sabotage and destruction which is terrible for everybody. All of us are Yemenis and we should support Yemen's unity. Unfortunately we have been divided into many parts like Mutamari, Eslahi, Eshtraki, Huthi, south and north, every part hating the other.

Mohammed Ismail
What we can do for ourselves now is just pray and hope that Allah hears and answers our prayers.

Ahlam Al-Ariqi
The government should listen to the demands of the people and come up with solutions that will satisfy those demands. If this is not done, how will we be able to lift the country up?

Salma Khalil
I've seen several youth initiatives and groups trying to come up with activities to ease the pain of those who have suffered during these past months and they are trying to lessen the tension in cities. This is a big step towards lifting the country.

Next Week's Question:

What is your feedback regarding the president's first speech after his attempted assassination? Was it the speech that you expected?

Follow this section for a new question every week and feel free to reply with your answers or feedback by sending an e-mail to ***ytyouth@gmail.com.*** So this is your chance to share your humorous stories, poems or opinions with other young readers!

Residents of Old Sana'a have devised methods to run generator using cooking gas amidst the fuel and electricity shortages.
Photo by Jeb Boone

What alas!

By: Abdulnasser Al-Abdali
Abdul_nasser12@yahoo .com

I can never believe
What I see
In my opinion, I disagree
Those who kill
With no mercy
Man or woman
And even a baby
Because of nothing
Except democracy
And to gain some interests
Together with money
Ignoring both crime and tyranny
Hey! Is this strange and also funny?
Or all I see is just a movie
O what alas! What a pity!
What is happening in my country?

Mr. President, the game is over

By: Naji Gazali
naji734@gmail.com

I am so eager to listen to Saleh's voice saying "I am fine if you are fine" in his awaited speech to the nation. I am sorry if some readers may take my comment as a joking or mocking statement, but here is some explanation. His famous comments were just stating how we, as Yemenis, became so important and actually could decide whether the president should be fine or not. Only look to the timing of that statement. In fact, I want to say Saleh is mocking us by that statement and lying to us. He knew we are not fine at all, and I don't think he wants to put his fate and wellbeing with our disastrous one.

Yet he might continue to mock us in his awaited speech if he ever utters another word again in this life. I think there are two expectations of how his speech will be. The first is hostile, with an avenging tone. Speaking of the hands of treason that stabbed him in the back, which will probably create a flashback moment reminding him of the late assassinated President of Yemen, Mr. Al-Humdi, and his brother. Both were slaughtered like chickens and as yet no one has been charged with that act of treason. Or alternatively, he may present himself as a president with a change of heart, who will renounce the presidency and say that he is stepping down under, and I repeat under, the Gulf initiative. He may claim that he agreed to it to bring about peace and order to Yemen, when the real motive is to come back as one of us Yemenis. He may also add to return as leader of the opposition party (yet to be) Al-Mutmar.

Having Saleh in court, or his children, nephews, brothers, and half-brothers, to answer for their crimes or to be prosecuted will not be mentioned. Because it will be given that by agreeing to the Gulf initiative, it gives him clear immunity and no one will dare to challenge it. But we must not wait for his last act to be aired and sink into our ears. We need to take a stand now and tell him, before he utters a word, either you stay in Saudi Arabia for good and we will follow you with court cases and charges, or come back to face us and be charged with murder, treason, stealing public funds, destroying our sovereignty, selling our borders and signing treaties without our permission. We will have an order against you ready to be served. It is our time, Mr. President, it is time for the people to speak. Mr. President, the game is over.

CANADIAN nexen

JOB VACANCY

Nexen is a Canadian-based, global energy company growing value responsibly. We are strategically positioned in some of the world's most exciting regions: the North Sea, deep-water Gulf of Mexico, Yemen in Middle East, offshore West Africa and the Canadian Athabasca oil sands Nexen has job opportunity at Terminal Location Mukalla – Yemen.

Terminal Manager P# 1121

We are seeking a Terminal Manager for our Ash Shihr Export Terminal. This is a unique, rewarding and challenging opportunity.
The successful candidate will be provided with familiarization training and development support during an initial probationary period.

Basic Function:

The role of the Terminal Manager is to lead and manage the onshore and offshore activities of the Ash Shihr Petroleum Export Terminal. These include, but are not limited to, oil movements, marine activities, shipping scheduling, and security and safety.
Serves as the Company's senior site representative at the Ash Shihr Terminal, where approximately four to six tankers per month of up to 400,000 dwt are loaded. Manages an onshore oil storage facility of over 3 million barrels and offshore loading facilities consisting of two Single Point Moorings (SPMs) and associated sub sea pipelines. The Terminal is manned by approximately 110 Yemeni Nationals.

Job Duties:

a) Administers and monitors the marine contract to ensure the safe and efficient operation and maintenance of the marine facilities, offshore and onshore.
b) Directs overall shipping program and coordinates the crude oil lifting objectives for the Yemen operation. Liaises with the Government Crude Oil Marketing Directorate and Nexen Marketing on behalf of Nexen's Masila Block operations.
c) Leads and monitors all oil movements, custody transfer and onshore export activities. Develops and implements strategies for operational efficiencies.
d) Oversees the preparation of shipping forecasts, budgets, manpower and other necessary reports that are sent to senior management, other departments and government agencies.
e) Takes lead role in Emergency Response activities related to Terminal facility management and evacuation of Company personnel according to the Company's SESR policies and procedures.
f) On behalf of the Operations Manager, serves as Nexen's representative at Governmental and Public functions held within the vicinity of the Terminal Facilities.

Minimum Requirements:

a) University degree in petroleum engineering discipline or, / and the international going Master Mariners certificate Class one with dangerous goods endorsement.
b) Minimum of 12 years in experience in oil Terminal operations and associated Marine Operations.
c) Business experience with strong commercial acumen.
d) Seagoing service as Master or Chief Officer on large ocean going tankers. Pilotage experience advantageous but not essential.
e) Comprehensive knowledge of International shipping procedures and regulations.
f) Management of marine terminal and pipeline operations.
g) Dynamic and static custody transfer measurement techniques and calculation methods of liquid hydrocarbons.
h) Understanding of crude oil sales.
i) Detailed knowledge of Terminal and related offshore marine equipment.
j) Safety and environment practices and emergency response procedures.
k) Extensive knowledge and the implementation of International Codes and Standards relating to oil measurement and Terminal marine systems.

- To Apply for this Job please apply to: recruiting_yemenna@nexenine.com
- Applications should be submitted NO later than August 7, 2011. Faxed applications will not be considered.
- Make sure that you mention the job title you are applying for in the email subject.
- Only short listed candidates will be contacted.

CANADIAN nexen

OIL MOVEMENT OPERATOR
Position#1120 Terminal – Hadhramout Blk (14)
For Yemeni Nationals Only

Basic Function:
Carries out a variety of operating tasks at the loading Terminal. Including gauging tanks, starting and shutting down pumps, starting up and shutting down reverse osmosis (RO) units, carrying out routine sampling and testing of water and monitoring the power generators. Ensures that work is carried out in accordance with safety and environmental standards. Trains and Coaches (Operator/Trainees) on skills ladders.

Job Duties:

a. Carries out visual inspections of all receiving, loading and related plant and equipment at the Terminal on a regular planned basis. Includes checking such equipment as power generators, air compressors, carrying out area checks, logging inspection results, reporting all defects and equipment failures to enable work order to be raised.
b. Ensures that all equipment used in loading operations such as generators, booster pumps, metering systems, cargo loading pumps and associated equipment functions efficiently and safely. Includes carrying out visual checks and logging parameter readings on a continuous basis during loading, and taking appropriate action to rectify faults and abnormalities as authorized. Notifies his Supervisor or Foreman as necessary.
c. Carries out a variety of routine maintenance tasks. Includes such work as checking and replenishing lubricating oil in pumps, cleaning up minor oil spills, changing filters in the R.O. unit, carrying out chemical cleaning of R.O. plant, checking for leaks and rectifying as necessary.
d. Drains water from crude oil tanks.
e. Carries out gauging checks on tanks.
f. Accompanied by surveyor and government representative, checks and gauges tanks from which oil will be loaded to export tankers, checks meter readings and passes information to the Foreman / Lead Operator.
g. Monitors potable water distribution throughout the site, conducting daily checks of chlorine content. Ensures that water storage tanks are kept at normal operational levels includes starting and stopping of R.O. units.
h. Starts and stops diesel transfers to the Day tank to ensure that operational levels are kept constant.
i. Carries out other similar or related duties such as test running fire water pumps, stroking motor and hand operated valves for opening and closing capability, pigging the sea line, retrieving pig from the main oil pipeline, batching diesel fuel from the main oil pipeline, pumping waste oil from slop tanks to crude tank and draining water from slop tanks, and assisting in the training of junior staff.
j. The Oil Movements Operator shares responsibility for the safety and security of the Terminal operations staff.
k. The Oil Movements Operator shares responsibility (with all other Terminal staff for implementing and supporting the Responsible Care program and it initiatives.
l. The Oil Movements Operator shares responsibility (with all other Terminal staff) for supporting the Process Safety Management (PSM) program.
m. Participates in other PSM elements within the Terminal, including Hazard Identification.

Minimum Requirements:

a. Secondary school.
c. Good knowledge of English.
e. Valid Yemen driving license.

- To Apply for this Job please apply to: recruiting_yemenna@nexenine.com
- Applications should be submitted NO later than July 24, 2011. Faxed applications will not be considered.
- Make sure that you mention the job title you are applying for in the email subject.
- Only short listed candidates will be contacted.

National Bank Of Yemen

البنك الأهلي اليمني

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

13-a Unclaimed Balances

This amount represents deposits that are over 15 years old and have not been claimed by the beneficiaries. The increase in the amount is due to the revaluation of the balances in foreign currencies at the year-end rate. Management frequently review the likelihood of these amounts being claimed and based on the outcome of such review it considers the amount that should be transferred to the Ministry of Finance in accordance with the relevant articles in the Banks Law No. 38 of 1998.

13-b Provision for Off-statement of financial position items

	31 December 2010 YR'000	31 December 2009 YR'000
Balance at beginning of the year	115,890	114,455
Revaluation of opening balance in foreign currencies	3,840	2,980
Provision charged during the year (note 21)	37,370	62,798
Provision written back during the year (note 21)	(64,968)	(59,380)
Balance at end of the year	92,034	115,853

14 INCOME TAX

	31 December 2010 YR'000	31 December 2009 YR'000
Balance at 1 January	774,986	924,347
Charged for the year in the statement of comprehensive income (note 14-a)	510,960	774,558
Paid during the year	(874,986)	(924,347)
Balance at 31 December	410,960	774,558

14 INCOME TAX (CONTINUED)

14-a Charge For The Year

The income tax charge for the year was then calculated on the basis of 20% (2009: 20%) of profit for the year.

14-b Prior Year Tax Assessments

The Bank received on 31 May 2010 the final tax clearance for the income tax liability for the financial year ended 31 December 2005.

14-c Income Tax on Provisions for Losses of Loans and Advances

In accordance with article no. 61 of the Banks Law No. 38 of 1998, which came into effect on 27 December 1998, and Article 14-a of the Income Tax Law No. 17 for 2010, any provisions for losses on loans and advances made by a Bank in compliance with the regulations of the Central Bank of Yemen in this respect, are not subject to the provisions of any income tax law and are allowable as a deduction by Ministry of the taxable income.

14-d Income Tax on Suspended Interests

Suspended interests are considered part of the provision for doubtful debts in accordance with article 65 of Banks Law No. 38 of 1998 and Article 14-a of the Income Tax Law No. 17 for 2010 which states that provisions for losses on loans and advances provided for years in accordance to the guidelines of the Central Bank of Yemen is not subject to provisions of any income tax when calculating the taxable income.

15 EQUITY

15-a Share Capital

	Number of shares 1000 shares	Value of shares YR	31 December 2010 YR'000	31 December 2009 YR'000
Share Capital				
Authorized	10,000	1,000	10,000,000	10,000,000
Issued and paid up	10,000	1,000	10,000,000	10,000,000

15-b Profit Distribution

In accordance with the provisions of the Public Corporations, Establishments and Companies Law No. 38 of 1991, the annual profit of the Bank shall be allocated as follows:

- 15% to statutory reserve
- 15% to general reserve
- 68% to the Government for its share of profit
- 2% to employee's incentives and
- 2% to employees' social funds.

15-c Surplus On Revaluation Of Property Reserve

The difference between the revalued amounts of the financial land and the buildings and their book value as of 31 December 1999 has been credited to this account and included in equity.

15-d Statutory Reserve

In accordance with article 12-1 of the Banks Law no. 38 of 1998, 15% of the net profit for the year is transferred to the statutory reserve and the balance of this reserve reaches twice the capital. The Bank cannot use this reserve without the prior approval of the Central Bank of Yemen.

15-e General Reserve

The balance of this reserve can be used for the purposes approved by the bank.

15-f Cumulative Changes in Fair Value Reserve

In accordance with the provisions of IAS 39 "Financial Instruments - Recognition and Measurement", the difference between the fair values and the book values of the "available for sale" investments are recognized in the cumulative changes in fair value until they are sold, collected, disposed off or until they are determined to be impaired, at which time the cumulative gain or loss previously recognized is included in the statement of comprehensive income.

16 CONTRA ACCOUNTS AND OTHER COMMITMENTS, NET

Credit related commitments include commitments to extend credit, standby letters of credit and guarantees, which are designed to meet the requirements of the Bank's customers.

Commitments to extend credit represent contractual commitments to make loans and revolving credits. Commitments generally have fixed expiration dates or other termination clauses and require the payment of a fee. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

16 CONTRA ACCOUNTS AND OTHER COMMITMENTS, NET (CONTINUED)

Standby letters of credit and guarantees commit the Bank to make payments on behalf of customers contingent upon the failure of the customer to perform under the terms of the contract.

The commitments on behalf of customers for which there were corresponding customer liabilities, net of the restricted deposits, consisted of the following:

As at 31 December 2010	Gross commitments YR'000	Covered by margin YR'000	Net commitments YR'000
Documentary letters of credit	9,872,058	1,851,910	8,020,040
Letters of guarantee - customers	5,850,673	1,046,661	4,804,016
Letters of guarantee - correspondent banks	10,497,721	-	10,497,721
Credit cards	58,485	9,461	50,024
Cheques purchased	58,589	9,874	50,715
Total financial contracts and other commitments	26,126,526	3,328,914	22,868,116

As at 31 December 2009	Gross commitments YR'000	Covered by margin YR'000	Net commitments YR'000
Documentary letters of credit	12,398,384	3,164,731	9,233,653
Letters of guarantee - customers	5,200,196	1,010,666	3,191,520
Letters of guarantee - correspondent banks	8,775,488	-	8,775,488
Credit cards	67,282	11,282	56,191
Cheques purchased	102,154	13,273	88,881
Total financial contracts and other commitments	26,543,388	4,600,352	21,943,036

17 INTEREST ON LOANS AND ADVANCES AND DUE FROM BANKS

	31 December 2010 YR'000	31 December 2009 YR'000
Interest on loans and advances to banks and banks:		
Loans and advances to customers	1,910,092	1,203,193
Other facilities	149	1,414
Murabaha investment	1,289	13
Total interest on loans and advances to clients and banks	1,912,491	1,203,620
Interest on accounts with Foreign Banks:		
Current accounts	4,250	3,021
Call accounts	-	341
Deposits	183,886	169,674
Interest on accounts with foreign banks	188,135	173,036
Interest on accounts with local banks:		
Reserves (savings) with the Central Bank of Yemen		
Total interest on accounts with banks	188,135	173,036
Total interest on loans and advances and due from banks	1,600,626	1,605,110

18 COST OF DEPOSITS

	2010 YR'000	2009 YR'000
Interest on current and saving accounts	2,865,971	1,560,204
Interest on time deposits	4,834,966	3,444,764
Total cost of deposits	7,691,937	5,007,968

19 COMMISSIONS AND FEE INCOME ON BANKING SERVICES

	2010 YR'000	2009 YR'000
Commissions on:		
Documentary letters of credits	112,108	172,049
Letters of guarantee	153,407	200,671
Transfer of funds	28,895	32,265
Acceptances	12,109	16,253
Cheques	446,336	324,000
Retainer:		
Banking services	10,853	16,331
Other services	46,308	48,266
Total commissions and fee income on banking services	710,196	809,835

20 LOSS/ GAIN ON FOREIGN CURRENCY TRANSACTIONS

	2010 YR'000	2009 YR'000
Revaluation differences on foreign currency transactions	(245,178)	154,203
Gain on foreign exchange trading transactions	82,386	82,397
Total (loss) / gain on foreign currency transactions	(162,794)	12,206

21 OTHER OPERATING INCOME

	2010 YR'000	2009 YR'000
Provision for losses on loans no longer required (note 7-a)	620,671	528,313
Provision for off-statement of financial position items no longer required (note 13-b)	64,968	59,380
Provision for outstanding receivable items no longer required (BCCI - under liquidation)	1,198	-
Sundry income	14,197	13,643
Total other business income	700,034	601,336

22 GENERAL AND ADMINISTRATION EXPENSES

	2010 YR'000	2009 YR'000
Salaries, wages and related benefits	1,126,812	1,028,144
Depreciation of property, plants and equipment (note 12)	58,657	51,105
Rent	35,318	38,730
Electricity and water	62,335	55,812
Repairs and maintenance	33,732	31,032
Telephones, telex and postages	37,378	33,033
Transportation and accommodation	36,858	31,253
Promotions and publications	30,858	47,370
Computer maintenance	1,413	526
Training	42,408	38,174
Taxes and government fees	104,202	48,715
Consultancy	13,324	13,050
Stationery and printing supplies	29,833	28,849
Consultancy fees for programmes for development and improvement of the Bank	30,841	32,848
Other general and administrative expenses	128,812	82,163
Total personnel and administrative expenses	1,903,491	1,659,768

23 PROVISIONS

	2010 YR'000	2009 YR'000
Provision for losses on loans and advances (note 7-a)	863,982	1,091,099
Provision for off-statement of financial position items (note 13-b)	37,370	62,798
Other provisions	43,480	45,798
Total provisions	1,944,834	1,199,193

24 SHARE

	2010 YR'000	2009 YR'000
Balance at 1 January	-	-
Charged for the year in the statement of comprehensive income (note 24-a)	150,000	85,000
Paid during the year	(150,000)	(85,000)
Balance at 31 December	50,000	-

25 BASIC EARNINGS PER SHARE

		2010	2009
Profit for the year	YR'000	3,075,274	3,436,577
Weighted average number of shares	Share	9,000	9,180
Basic earnings per share	YR	275	194

26 RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Bank conducts transactions with certain of its directors, senior management and their families and businesses in which they own 25% or more of its capital and who were customers of the Bank during the year.

The period balances included in the financial statements are as follows:

	31 December 2010 YR'000	31 December 2009 YR'000
Board members and parties related to them		
Loans and advances, gross	27,121	11,300
Customers' deposits	11,628	11,628

	2010 YR'000	2009 YR'000
Interest income for the year	1,437	1,135
Interest expense for the year	848	371

27 CASH AND CASH EQUIVALENTS

	31 December 2010 YR'000	31 December 2009 YR'000
Cash on hand and reserve balances with the central Bank of Yemen (note 4)	11,840,718	11,052,309
Due from banks (note 5)	22,403,119	28,752,209
Treasury bills with the Central Bank of Yemen (note 6)	32,868,128	32,587,188
Reserves balances with Central Bank of Yemen (note 4)	(10,026,589)	(9,697,702)
Treasury bills maturing after three months, net of unearned bond discount (note 28)	(14,380,843)	(11,423,170)
Due from banks maturing after three months (note 28)	(3,607,890)	(3,728,344)
Total cash and cash equivalents	38,094,418	37,541,305

28 MATURITIES OF ASSETS AND LIABILITIES

As at 31 December 2010	Less than 3 months YR'000	From 3 to 6 months YR'000	From 6 months to 1 year YR'000	Over 1 year YR'000	Total YR'000
ASSETS					
Cash on hand and reserve balances with the Central Bank of Yemen	11,840,718	-	-	-	11,840,718
Due from banks	21,395,390	1,322,509	2,489,847	195,373	27,403,119
Treasury bills, net	12,878,269	8,868,718	7,383,127	-	37,880,128
Loans and advances to customers, net of provisions	2,861,847	803,811	4,361,371	1,015,284	9,212,309
Available for sale investments, net	-	-	-	301,857	301,857
Total assets	50,776,235	9,471,738	14,234,345	1,512,514	75,994,832
LIABILITIES					
Due to banks	291,537	-	-	-	291,537
Customers' deposits	38,431,173	6,868,888	23,388,173	217,214	68,904,621
Total liabilities	38,724,655	6,868,888	23,388,173	217,214	69,196,158
Net Gap	12,051,716	2,604,738	(9,154,412)	1,116,468	6,798,674

As at 31 December 2009	Less than 3 months YR'000	From 3 to 6 months YR'000	From 6 months to 1 year YR'000	Over 1 year YR'000	Total YR'000
ASSETS					
Cash on hand and reserve balances with the Central Bank of Yemen	11,052,309	-	-	-	11,052,309
Due from banks	25,052,203	2,205,000	1,293,580	61,426	28,612,209
Treasury bills, net	19,164,003	-	11,423,185	-	30,587,188
Loans and advances to customers, net of provisions	2,152,280	432,875	4,750,085	2,952,232	10,287,473
Available for sale investments, net	-	-	-	276,324	276,324
Total assets	58,421,387	2,638,442	17,466,874	3,289,982	81,817,703
LIABILITIES					
Due to banks	323,413	-	-	-	323,413
Customers' deposits	37,814,213	2,598,432	22,013,231	301,443	62,727,319
Total liabilities	38,137,626	2,598,432	22,013,231	301,443	63,050,732
Net Gap	20,283,761	40,010	(4,546,357)	2,988,539	18,766,971

29 AVERAGE INTEREST RATES ON ASSETS AND LIABILITIES

As at 31 December 2010	Yemeni Rial %	US Dollar %	Saudi Riyal %	Sterling Pound %	Euro %
ASSETS					
Reserve balances with the Central Bank of Yemen	-	-	-	-	-
Due from banks:					
Current accounts	-	-	-	-	-
Time deposits	-	1.75	0.12	0.75	0.50
Treasury bills, net	22.00	-	-	-	-
Loans and advances to customers, net of provision	10.00	7.75	-	-	-
LIABILITIES					
Customers' deposits	10.00	0.25	0.25	0.25	0.25

As at 31 December 2009	Yemeni Rial %	US Dollar %	Saudi Riyal %	Sterling Pound %	Euro %
ASSETS					
Reserve balances with the Central Bank of Yemen	-	-	-	-	-
Due from banks:					
Current accounts	-	-	-	-	-
Time deposits	-	1.48	0.10	0.10	0.21
Treasury bills, net	12.37	-	-	-	-
Loans and advances to customers, net of provision	7.50	9.50	-	-	-
LIABILITIES					
Customers' deposits	10.00	0.37	0.37	0.37	0.21

30 DISTRIBUTION OF ASSETS, LIABILITIES, CONTINGENT LIABILITIES AND COMMITMENTS BASED ON ECONOMIC SECTORS

As at 31 December 2010	Manufacturing YR'000	Agriculture YR'000	Trade YR'000	Services YR'000	Financial YR'000	Personal YR'000	Total YR'000
ASSETS							
Cash on hand and reserve balances with the Central Bank of Yemen	-	-	-	-	11,840,718	-	11,840,718
Due from banks	-	-	-	-	27,403,119	-	27,403,119
Treasury bills, net	-	-	-	-	37,880,128	-	37,880,128
Loans and advances to customers, net of provision	758,110	-	3,369,366	13,000	3,206	5,068,627	9,212,309
Available for sale investments, net	-	-	-	-	301,857	-	301,857
Total assets	758,110	-	3,369,366	13,000	80,831,048	5,068,627	90,039,151
LIABILITIES							
Due to banks	-	-	-	-	291,537	-	291,537
Customers' deposits	1,826,226	171,716	12,803,868	3,646,793	314,984	35,141,033	54,904,621
Total liabilities	1,826,226	171,716	12,803,868	3,646,793	606,521	35,141,033	55,196,158
Contingent liabilities and other commitments	3,063,471	3,128	13,017,130	13,497	2,179,119	4,149,450	22,426,795

As at 31 December 2009	Manufacturing YR'000	Agriculture YR'000	Trade YR'000	Services YR'000	Financial YR'000	Personal YR'000	Total YR'000
ASSETS							
Cash on hand and reserve balances with the Central Bank of Yemen	-	-	-	-	11,052,309	-	11,052,309
Due from banks	-	-	-	-	28,752,209	-	28,752,209
Treasury bills, net	-	-	-	-	32,587,188	-	32,587,188
Loans and advances to customers, net of provision	891,231	-	3,375,257	11,421	13,754	3,994,270	8,285,931
Available for sale investments, net	-	-	-	-	276,324	-	276,324
Total assets	891,231	-	3,375,257	11,421	72,682,784	3,994,270	80,954,963
LIABILITIES							
Due to banks	-	-	-	-	323,413	-	323,413
Customers' deposits	1,260,573	93,428	17,164,930	3,537,441	315,009	40,356,137	59,814,428
Total liabilities	1,260,573	93,428	17,164,930	3,537,441	638,422	40,356,137	60,137,841
Contingent liabilities and other commitments	986,508	30,007	11,081,168	384,168	1,464,207	3,086,900	16,832,958

31 DISTRIBUTION OF ASSETS, LIABILITIES, CONTINGENT LIABILITIES AND COMMITMENTS BASED ON GEOGRAPHICAL LOCATIONS

As at 31 December 2010	Republic of Yemen YR'000	United States of America YR'000	Europe YR'000	Asia YR'000	Africa YR'000	Total YR'000
ASSETS						
Cash on hand and reserve balances with the Central Bank of Yemen	11,840,718	-	-	-	-	11,840,718
Due from banks	3,042,801	3,997,300	19,908,988	5,462,450	992,610	27,403,119
Treasury bills, net	37,880,128	-	-	-	-	37,880,128
Loans and advances to customers, net of provisions	9,212,809	-	-	-	-	9,212,809
Available for sale investments, net	301,857	-	-	-	-	301,857
Total assets	62,278,313	3,997,300	19,908,988	5,462,450	992,610	90,639,661
LIABILITIES						
Due to banks	-	-	-	291,537	-	291,537
Customers' deposits	54,904,621	-	-	-	-	54,904,621
Total liabilities	54,904,621	-	-	291,537	-	55,196,158

As at 31 December 2009	Republic of Yemen YR'000	United States of America YR'000	Europe YR'000	Asia YR'000	Africa YR'000	Total YR'000
ASSETS						
Cash on hand and reserve balances with the Central Bank of Yemen	11,052,309	-	-	-	-	11,052,309
Due from banks	3,888,200	3,462,314	8,958,668	12,170,557	892,700	28,752,209
Treasury bills, net	32,587,188	-	-	-	-	32,587,188
Loans and advances to customers, net of provisions	8,002,771	-	-	-	-	8,285,931
Available for sale investments, net	123,811	-	-	152,513	-	276,324
Total assets	55,654,279	3,462,314	8,958,668	12,323,070	892,700	81,291,031
LIABILITIES						
Due to banks	-	-	-	323,413	-	323,413
Customers' deposits	59,814,428	-	-	-	-	59,814,428
Total liabilities	59,814,428	-	-	323,413	-	60,137,841

32 TRUST ACTIVITIES

The Bank does not hold nor manage assets for or on behalf of other parties except for the housing project, which is managed on behalf of the Government.

33 CONTINGENT ASSETS AND LIABILITIES

The bank has filed a number of legal cases with the Public Fund Court and the Commercial (Primarily Court) against former employees and customers of the Bank relating to irregularities and default in settlements of amounts due respectively. Where there are legal cases filed against the Bank at the respective courts, management fully carries policy provided for such cases in the financial statements. In spite of the cases, although court decisions were made in favor of the Bank, their executions have not been affected, whereas the other cases are still pending in the courts.

34 SIGNIFICANT FOREIGN CURRENCY POSITIONS

The Central Bank of Yemen circular no. 4 of 1996 sets prudential limits for positions in individual foreign currencies as well as an aggregate limitation for all currencies. These limits are 10% and 20% of capital and reserves. The Bank has the following significant net exposures denominated in foreign currencies.

	31 December 2010 %	31 December 2010 YR'000	31 December 2009 %	31 December 2009 YR'000
United States Dollar	(0.05)	(129,150)	(0.10)	(1,962,971)
Pound Sterling	0.03	3,982	(0.01)	(13,120)
Euro	0.21	28,987	0.04	49,382
Saudi Riyal	0.40	53,783	1.00	205,068
Dollar Trunc	0.09	28,066	0.11	13,383
Japan Yen	0.11	14,560	0.10	12,457
United Arab Emirates Dirham	0.07	9,263	0.54	110,304
Other	0.00	19	-	19
Aggregate foreign currency positions	0.87	8,002	(0.32)	(585,898)

The foreign exchange rates as at 31 December 2010 were 214.65 YR/USD (31 December 2009: 215.00 YR/USD)

35 CAPITAL COMMITMENTS

Capital commitments as at 31 December 2010 amounted to (31 December 2009: 19,449 million).

36 PROGRAMME FOR THE DEVELOPMENT AND IMPROVEMENT OF THE BANK

During the year 2009, the Bank has accomplished engineering work stages related to part one of the documentation and drawing and engineering. The Bank is in the process of contracting part two of the programme, implied with implementation of marketing, operations and technology part. The Bank is financing the cost of both parts of the programme from the own financial resources.

37 COMPARATIVE FIGURES

Based when it becomes of an interpretation, and/or to reasons otherwise, all amounts are adjusted or reclassified with comparative information.

38 SUBSEQUENT EVENTS

The management of the Bank was changed by the appointment of Mr. Ahmed Obaid Al-Tony as acting chairman with respect to the Minister of Finance resolution no. 108 for 2011 issued on 20 February 2011 and the appointment of Mr. Gilani Ahmed Alawi Al-Saqaf as general manager of the Bank with respect to the Minister of Finance resolution no. 123 for 2011 issued on 27 February 2011.

39 AUTHORIZATION OF THE FINANCIAL STATEMENT

The board of directors of the Bank in its meeting held on 15 May 2011 approved these financial statements and to present it to H.E. the Minister of Finance with the implementation of the requirements thereof, if deemed by.

Yemen running dry as water shortage reaches extreme levels in Africa and the Middle East

During intense water shortages, small amounts of water must be carried long distances to be used.

By: Rola Tassabehji
For Green Prophet

For years now, Green Prophet has been reporting on the growing water shortage situation in Africa and the Middle East and its economic and geopolitical implications. However, the scale of the problem and the need for urgent international coordination to secure this basic commodity is becoming more urgent today as stories and pictures from Yemen warn of an inevitable social collapse in the middle of political uncertainty.

According to a recent report from Maplecroft, the Gulf nations are among the countries with the least available water per capita. The "water stress index" identifies areas of water stress by calculating the ratio of domestic, industrial and agricultural water consumption, against renewable supplies of water from precipitation, rivers and groundwater.

In a new ranking of 186 countries, the water stress index rates 17 countries as 'extreme risk,' with the Middle East and North African (MENA) nations of Bahrain (1), Qatar (2), Kuwait (3) Saudi Arabia (4) Libya (5), the disputed territory of Western Sahara (6), Yemen (7), Israel (8), Djibouti (9) and Jordan (10) topping the ranking.

Meanwhile, the population of the Middle East is expected to double to over 600 million in the next four decades. Add to that the changing climate change patterns expected to cause increased drought and flooding, and the water shortage situation is predicted to become more intense and permanent than past water shortages.

But of all counties in the region, the one coming closest to running dry is Yemen. As reported by Green Prophet recently, the food situation has been exacerbated by months of fighting to overthrow the current president Ali Abdullah Saleh. Directly linked with the food insecurity is the water shortage as agriculture is the primary use of water. Past predictions that Yemen may be the first country to run out of water are no longer implausible. According to a report drawn up by the Washington Centre for Strategic and International Studies, within six years the city of Sana'a will have run out of water completely.

Other recent reports confirm that 19 out of the nations 21 aquifers are no longer being replenished. Consumption in the Yemeni capital exceeds by a factor of four the amount of water fed back into the underground reserves by local rainfall. Tap water is available only once every four days in Sanaa, a capital of 2 million people, while in Taiz, a southern city, tap water is available only every 20 days. Meanwhile nearly half of all Yemenis live under the poverty line set by the World Bank at $2 per day and don't have access to proper sanitation, with more than 50 percent of children said to be malnourished.

The crisis is blamed on a number of factors, including inefficient irrigation techniques, increase in domestic consumption (the population of the region is set to double, from 24 to 48 million, over the next 17 years), corruption and poor resource management policies.

The problems created by the shortage of food and water in Yemen are exacerbated by the population's dependence on qat, an extremely profitable crop which requires extensive irrigation and is so widespread that it takes up some 40 % of the country's water resources.

While other " water-deficit" counties like the UAE and Saudi Arabia can afford to invest in desalination plants, build underwater reservoirs, or buy land from other countries to secure food for their own people, in the long run these countries are as sensitive to the effects of depleting aquifers and declining home grown food production as Yemen. But time is running out faster for Yemen.

HEALTH WATCH

By: Dr. Siva

This weekly column disseminates health information to readers in Yemen and beyond. Dr. Siva currently works at Aden Refinery Company Hospital. Lifestyle diseases and cancer prevention are his special interests. Complementary medicine and naturopathy are his passions.

The genetics of prostate cancer

According to the National Cancer Institute, one in six men will be diagnosed with prostate cancer in their lifetime. The risk is even higher in African-American men. The majority of cases of prostate cancer are sporadic, which means that one person in the family developed prostate cancer by chance at a typical age of onset.

About 20 percent of prostate cancers are familial, which means there is a father or brother also affected, at typical ages of onset. Familial cancers may be due to a combination of genes and shared lifestyle factors or environmental exposures (multifactorial inheritance). On the other hand, some of these histories can represent a chance occurrence of sporadic cancers. A familial history may also arise due to a single gene mutation (hereditary cancer) that has reduced penetrance (a mutation associated with lower cancer risks and later onset of cancer). In general, with familial cancer, close relatives have a modestly increased risk of developing the cancer in question. The chance that genetic testing will be beneficial in further assessing cancer risks is usually small. Studies have found a trend of an increased chance to develop prostate cancer, with an increasing number of family members. In other words, the more relatives you have with prostate cancer, the higher the risk. Which relatives are affected also influences risk:

- Relatives With Prostate Cancer
- Prostate Cancer Risk
- Father diagnosed with prostate cancer at any age
- 2 to 3 times higher (than the average population risk)
- Brother diagnosed with prostate cancer at any age
- 3 to 4 times higher (than the average population risk)
- 2 or more first-degree relatives (father, brother, or son) diagnosed at any age
- 5 times higher (than the average population risk)
- 1 second-degree relative (uncle, grandfather) diagnosed at any age
- 1.5 to 2 times higher (than the average population risk)

Approximately 5 percent of all prostate cancers can be attributed to a cancer susceptibility gene that is inherited as a dominant trait (from parent to child). Genetic heterogeneity has been observed with prostate cancer, which means that more than one gene has been implicated in its cause. At present, there are many continuing research studies to determine the specific mechanism of how gene mutations contribute to an increased susceptibility for prostate cancer; clinical testing is not available at the time of this writing.

10 early signs of prostate cancer that often go unnoticed

Sadly, many men don't find out they have prostate cancer until the cancer has spread, making it more difficult to treat. This is because in the early stages, prostate cancer often doesn't have many symptoms. That's a problem because prostate cancer is the second most common kind of cancer in American men, after skin cancer.

The good news is that there are signs to be alert for. If you or a man in your life notices any of these changes, it's important to head to the doctor for a checkup sooner rather than later.

1. **Difficulty urinating.** This may take the form of feeling like you have to go and then nothing comes out, stopping midstream, or having to go more often. Another sign is difficulty stopping, which often takes the form of extended dribbling, or the feeling that you still have to go even when you're done. Because the prostate gland surrounds the urethra -- the tube that carries both urine and semen -- even a very small tumor in this location can interfere with urination or ejaculation. The prostate gland becomes enlarged in many men as they age, and this enlargement can cause similar urinary problems, as can benign inflammation of the prostate. So there may be no need to worry, but only a doctor can sort out one from the other.

2. **Pain while urinating.** Again, the problem may be a prostate tumor pressing on the urethra. However, pain while urinating is also a symptom of infection of the prostate, known as prostatitis, and of benign prostatic hyperplasia (BPH), which is non-cancerous enlargement of the prostate gland.

3. **Blood in the urine.** This sign is less common, but is a reason to go straight to the doctor. It doesn't have to be very much blood; all you might notice is a pinkish tint or smear. Some types of urinary tract infections can cause blood in the urine as well, but the doctor will need to perform tests to distinguish.

4. **Difficulty getting or keeping an erection.** Yes, this one's really hard to talk about. But if it's not happening when you want it to, or things get stuck "half-mast," it's time for a checkup. (Female partners need to tread delicately around this one, but if it's happening often enough to interfere with your sex life on a regular basis, find a moment to introduce the subject in a kind and non-threatening way.) A prostate tumor can prevent the blood flow increase to the penis that allows an erection to happen, or it can prevent the erection from sustaining to ejaculation. Enlargement of the prostate and BPH can also cause this, so don't panic, but do talk to your doctor.

5. **Blood in the semen.** This sign, like blood in the urine (#3) is often not described very clearly. It's not a large amount of blood, more like just enough to make semen pinkish or streaked, according to men with prostate cancer. Gals, you can help with this one too; if you notice an odd color to semen after sex, speak up.

6. **Chronic constipation and other intestinal issues.** The prostate gland is located below the bladder and in front of the rectum, so a tumor in this location can interfere with digestive functions. However, it's sort of a chicken-and-egg situation; chronic constipation can contribute to an enlarged prostate by putting pressure on the gland, as well as vice versa. Chronic constipation and intestinal problems can also be an early indicator of colon cancer. A good general rule is, if you're suffering from constipation, gas, or other intestinal symptoms that don't go away when you modify your diet, talk to the doctor.

7. **Frequent pain in the lower back, hips, or upper thighs.** The most common sites for prostate cancer to spread are the lower back, pelvis, and hips. Unexplained pain and tenderness in this area is a sign of trouble. One way to distinguish this type of pain from run-of-the-mill sciatica and lower back pain is that it may feel deeper and more like a dull ache. However, experts say any lower back or hip pain that doesn't go away is a reason to see the doctor.

8. **Having to pee in the middle of the night.** This is one of the sly symptoms that men diagnosed with prostate cancer say they now look back and remember. If you find yourself waking more than once a night urgently needing to go, a trip to the doctor and a PSA test is in order.

9. **Leaking or dribbling urine.** Here's one almost no one talks about, but we need to. It's basically the male version of urinary incontinence, which typically occurs on a small but still noticeable scale. Longer bathroom trips while you wait for the dribbling to stop or leakage on the way to the bathroom are the telltale signs. Women, if while doing the laundry you notice that his pants or jeans smell like pee, delicately suggest a visit to the doctor.

10. **You're over 50 and have risk factors.** Since early prostate cancer most often has no symptoms at all, men who are at risk need to talk to their doctors and have regular PSA tests and rectal exams (sorry!) whether they notice anything odd happening or not. Family history - especially a father who had prostate cancer -- being overweight, eating a high-fat diet, being of African-American descent, and smoking all increase your risk of prostate cancer. Another one many men don't know: If the women in your family have a history of breast cancer, you may carry faulty genes that increase your prostate cancer risk.

YAKHYA MAGOMEDOV, DAVID NIÑO DE GUZMÁN, LUCIANO PEDROSA, VALERIO NASCIMENTO, ALFREDO HURTADO, TENKI ROBERTO ORDOÑEZ GALDÁMEZ, FRANCISCO MEDINA, LUIS MENDOZA, RODOLFO OCHOA, JOSÉ LUIS CERDA MELÉNDEZ, LUIS EMANUEL RUIZ CARRILLO, JULIO CÉSAR CASTILLO, WILFRED OJEDA, AHMED NEZAR, KARIM FAKKRAWI, ZAKARIYA RASHID HASSAN AL-ASHIRI, AHMED MOHAMMED MAHMOUD, KARIM FAKKRAWI, ZAKARIYA RASHID HASSAN AL-ASHIRI, AHMED MOHAMMED MAHMOUD, MOHAMED AL-HAMDANI, HILAL AL-AKMEDI, SABAH AL-BAZEE, MUAMMAR AL-KHAMIR ABDUL WAHID, TAHA HAMEED, ASIEH RAKHSHANI, SARA HAFTHARAHBAN, ALI HASAN AL-JABER, MOHAMMED AL-NAHDOUS, TIM HETHERINGTON, CHRIS GORDON, VITTORIO ARRIGONI, JAMAL AL-SHARABI, LUCAS MEBROUK DOLEGA, UMESH RAJPUT, WALI KHAN BABAR, GERARDO "GERRY" ORTEGA

51 JOURNALISTS HAVE BEEN KILLED SO FAR IN 2011 FOR DOING THEIR JOBS.

THAT'S 51 TOO MANY.

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.. أن تدعوكم
وترحب بكم على ركب إسطولها الحديث ورحلاتها المنتظمة وعلى بساط الراحة ندعوكم الى رحابنا لنشد الرحال معا صباحا ومسا، إبتداء من:
صنعاء ..... الفيظة - المكلا - سيؤن - شبوة - والعودة
الفيظة ..... المكلا - عدن - تعز - والعكس
فرشاكم امتنا وراحتكم مسعانا
فلا تنتظروا النمر فالنمر ينتظركم
صنعاء الإدارة العامة: ٢٦١١٥٧ - ٤٨٠٤٣١
الفروع: الغيظة: ٠٥/٦١٠٠٣٩ - المكلا: ٠٥/٣٠٧٨٠٦ - سيؤن: ٠٥/٤٠٨٣٤٢ - شبوة: (عتق) ٠٥/٢٠٠٧٥٧

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  711445354
- Bachelor of accountancy from Sana'a

  University diploma of secretary and computer courses in the English good in writing and specking, store keeper for 3 years inventory control and purchasing follow up for 6 years site administrator for one year.

  733409652
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YEMEN TIMES

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Mohammed Al-Emad

By: Sadeq Al-Wesabi

Mohammed Al-Emad, 29, is known for his big photographic documentation of the revolution since the beginning of the uprising in Yemen.

Al-Emad is called by many protesters and many media people as 'the photographer of the revolution' because of his huge photos of the revolution and pro-democracy protesters.

In any event belonging to the revolution you will find Al-Emad there taking pictures enthusiastically. He has taken tens of thousands of photos of protests and marches since the beginning of the revolution five months ago.

Al-Emad who graduated from the Faculty of Mass Communication at Sana'a University has documented some crimes of the security forces against 'peaceful protesters'.

He documented all events of the revolution voluntarily and He provided many newspapers and news websites with his pictures freely.

"I take photos for marches, festivals, revolutionaries, tents of protesters and everything in the change square in Sana'a to show all people and international community our peaceful revolution and our friendly manners," said Al-Emad.

"What I'm doing is a free service for the protesters and our revolution."

Despite his noticeable efforts into the revolution, Al-Emad described his contribution to the revolution as a small.

He was subjected to several attacks and several difficult situations because of his presence in all revolutionary activities and all rallies.

"During the marches, thugs always chase me to prevent me from taking picture," he said. "They scream: photographer! Photographer! And suddenly I see many thugs chasing me with their batons. Fortunately, I could run away from them many times,"

Al-Emad was repeatedly attacked and hit by so-called thugs but he could run away from them.

"They are too afraid of photographers and they always target them. They want to hide their heinous crimes against the protesters," said Al-Emad.

"I endeavor to document the crimes of the regime against the protesters through my camera in spite of dangers," he said.

"President Saleh's supporters attack us because they have been convinced that we are disloyal to our country and we are spy for other channels and international media means," he said.

Through his activity as a photographer in the revolution, Al-Emad witnessed many tragic scenes and he saw many deaths and seriously injured protesters in front of his eyes.

"I saw a journalist Jamal Al-Sharabi when he was shot dead by snipers last March. I saw many badly injured people. My hands were shaking and I couldn't control myself when I tried to take pictures for these sad scenes," he said. "It's the first time I have seen such scenes."

According to Al-Emad, the initiatives and negotiations about the revolution have delayed the revolution resolve. He highly commended the youth of the revolution for establishing a transitional council 'in this critical time'.

He praised also the youth's dogged determination to continue their revolution. "They are the best youth in Yemen. They really dream about a new and civil country with the justice and equality principles,"

He also greatly admired the effective participation of the Yemeni women in the revolution. "I was surprised about their unexpected determination. They have played a big role in the revolution,"

Al-Emad called for the youth and politicians to resolve the revolution. However, he refuses the idea of marching towards the presidential palace.

"I called on the international community to stand with the

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Youth volunteers help rebuild Al-Hasaba

By: Shatha Al-Harazi

Hundreds of young volunteers went to clean up the warf torn area of Al-Hasaba on Saturday. Putrid smells of dead bodies or other severed body parts still lingered in the area where the Yemeni Government and the Hashid tribal confederation engaged in a 13 day war.

"My colleague found a hand of a dead human being among the rubble. It's disgusting how anyone can live this way," said one of the volunteers.

The area which witnessed the most intense violence in the capital Sana'a is still unsecured as the truce that was made by a Saudi mediator is expected to be broken. Hundreds of residents were displaced from the area and have come back to find their homes destroyed.

Life in Al-Hasaba has yet to return to normal. To help rebuild the area, young volunteers who organized by the Eyoon initiative, had the idea to initiating the clean-up and rebuilding of the area themselves instead of waiting on the state to take the initiative.

For two weeks, several people warned members of the group not to put their lives at risk by entering the still volatile area. Once the volunteers has finished their days work, heavy gunfire was heard close by the area. Before they took cover, a six year old ran out the rubble to tell them to calm down.

"Don't be scared," he said. "This is a normal shooting between the tribesmen and the government. We hear it every day," added the child.

In every street, armed tribesmen still hold positions behind barricades and sandbags. Chewing qat, they await any return to violence.

When the volunteers started cleaning the streets, residents were amazed and thankful and several joined the volunteers for the clean-up.

"This event taught the residents how to rely on themselves and they liked what we did, they might have thought that it's impossible to make the neighborhood the way it was and that's why they didn't clean it before we do," said Randa Hussein, one of the volunteers.

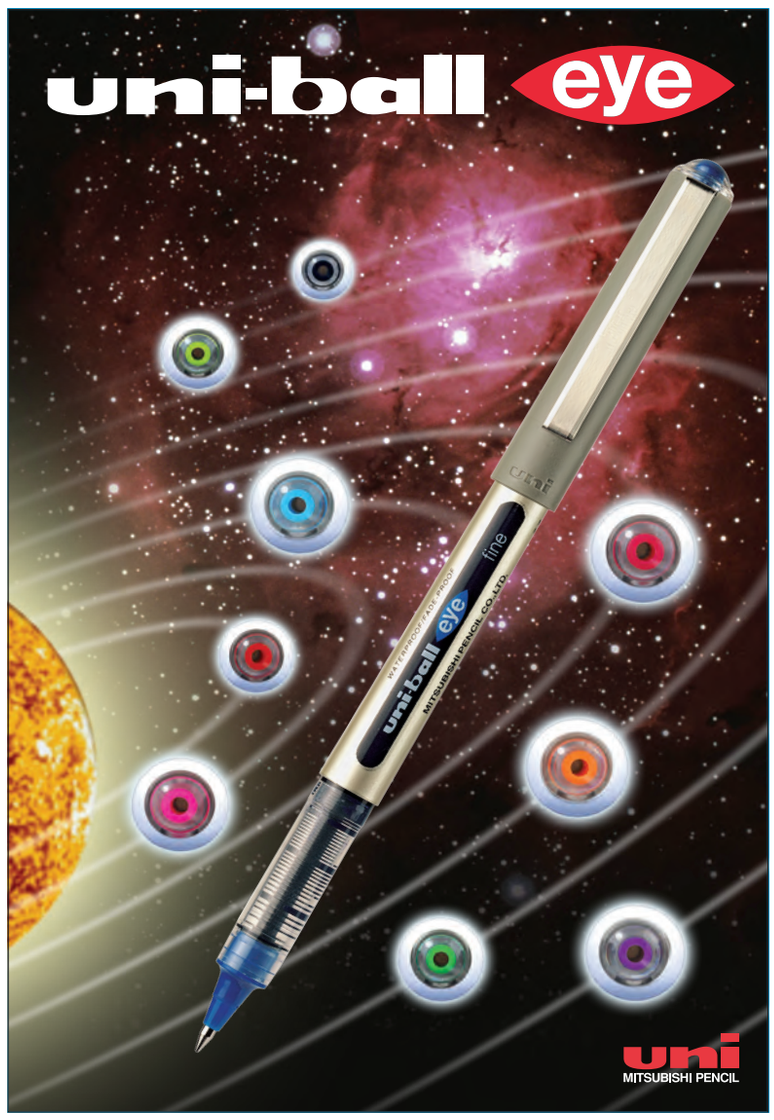
"You did what we should have done ourselves, we highly appreciating what you are doing, it would normally cost us one million and half YR to clean this dirt only," said a Al-Hasaba local council member to the volunteers.

Painting was another part of the campaign that was meant to take place only at one of the schools. To cover the bullet holes and RPG damage to the Al-Rahma school where the fighting began, volunteered painted over the damage.

In the school the volunteers integrated with the military college students who were located at this school to protect and to fight the tribes from. The soldiers who had to prepare for exams showed their respect to what the volunteers where doing in a small debates between the soldiers and the volunteers on why do the soldiers obey orders to fight the tribes in a civilian neighborhood, the soldiers nicely said "All what we know is to obey our leader in it's our responsibility to protect the governmental buildings" although the volunteers didn't agree on what he said they didn't judge him but respect his point of view which is another value that is not found easily in the capital these days.

"I went back to my life with more respect to these soldiers although I don't agree on what they said, but it was the first time that we get closer to them and see their misery" said a volunteer.

Youth volunteers painting on the bullet effects in Al-Rammah school which have been left behind following the Al-Hasaba war.



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