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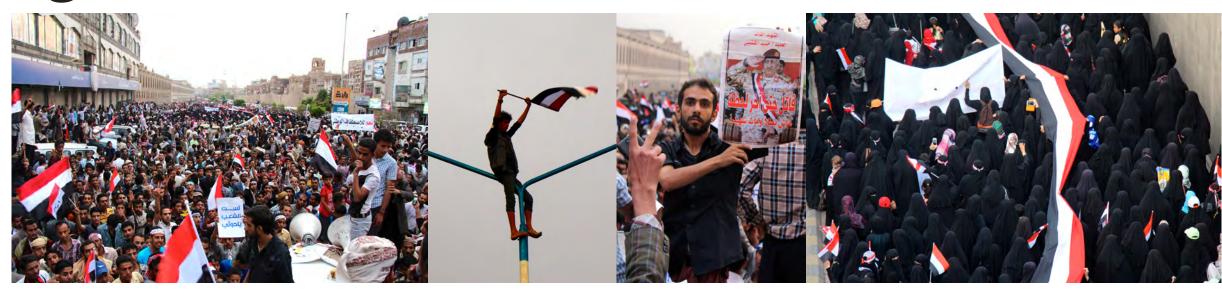
Heritage meets communication

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Tens of thousands march in Sana'a against the Houthis



Story by Ali Ibrahim Al-Moshki Photos by **Brett Scott**

SANA'A, Aug. 25-Tens of thousands of people took to the streets of Sana'a on Sunday, protesting against the demands and growing presence of the Houthis in Sana'a, and rallying in support of President Abdu Rabu Mansour Hadi.

Marches started in Sana'a from Asser Roundabout, west of the capital, and protesters roared through the packed streets all the way to Bab Al-Yemen, the Old City. Along with a plethora of Yemeni flags, demonstrators held signs calling for the

expedited implementation of the outcomes of the National Dialogue Conference (NDC), and announcing their rejection of any actions targeting the security, unity, and republican regime of the country.

Protesters were shouting slogans condemning the Houthis' presence in Sana'a, their encampments at the entrances to the city, and what many see as threats made by the Houthis' leader, Abdulmalik Al-Houthi.

They recited slogans accusing the Houthis of besieging Sana'a in preparation for an incursion of the

protesters accused the Houthis of trying to instate a royal regime, shouting "republican, republican, no royalty or Imamate, no price-increase, no Houthis, Houthis are terrorists," and "Houthis you are liars, you are befriending Jews."

Many protesters also announced their rejection of the government's decision to lift the fuel subsides.

There were many independent youth activists attending the protest; the majority of protesters appeared to be roughly split between supporting the General People's Congress (GPC) and the Islah Party.

A statement made by members of the organizing committee of the protest demanded the government to spread its control nationwide; disarm militias and armed groups wherever they are; undertake economic reforms to reduce the suffering of citizens; reinstate social justice; combat terrorism; and to try corrupt officials in court.

"We reject all actions by the Houthis and we reject the besieging of Sana'a to re-subsidize fuel prices," said Mohammed Ali Al-Bawda, a participant of Sunday's protest.

He confirmed "Al-Houthi is not the people. When he speaks and says he is the people, we refuse that." Al-Bawda also says that "in case the Houthis attacked Sana'a, we will fight them and defend the capital."

Political acts, security measures Some political parties publicly

announced their view on current events in Yemen. The GPC's official spokesperson, Abdu al-Ganadi, called on President Hadi to sack the government and freeze the price in-

In a press statement issued on Sunday the Islah Party called for a stop to escalations, provocations, and marches in order to allow for the negotiation process to continue without any pressures, influences, or challenges.

The office of the United Nations special Advisor to Yemen, Jamal Benomar, said in a statement that Benomar is proceeding negotiating with various entities and political leaders to find a peaceful solution to the current tensions in the country.

Benomar is set to brief the UN Security Council on August 29.

The Ministry of Interior on Sunday ordered for all entrances leading to Sana'a to be closed in order to prevent the smuggling of arms and armed men into the capital.

The ministry announced on its website, "the armed sit-ins that are besieging the main entrances leading to Sana'a are causing real distractions and preventing the apprehension wanted men and suspi-

Sana'a Tourism Summer Festival kicks off

Story and photo by Ali Abulohoom

SANA'A Aug. 25—The seventh Sana'a Tourism Summer Festival was inaugurated on Sunday in Al-Sabaeen Park under the slogan "towards a stable Yemen and prosperous tourism."

Over 2,500 individuals and organizations of different Yemeni governorates and Arabic countries are participating in this year's week-long festival, through activities and exhibitions reflecting their respective cultural backgrounds.

According to Mutahar Taqi, the deputy tourism minister, 90 handicrafts associations and non-governmental organizations participate in the festival, in addition to over 100 tourism-related institutions, including hotels, restaurants, and tourist agencies.

Speaker of Parliament Yahva Al-Raie and Yemeni Tourism Minister Qasim Salam were among the attendees at Sunday's inauguration ceremony.

Al-Raie announced in his speech, "this festival will send a strong message to our enemies inside and outside Yemen, showing that our country is safe and will stay safe."

Tourism Minister Salam proclaimed that the ministry insisted on holding Sana'a's seventh tourism festival despite the security and economic unrest inside the country.

Salam hopes the festival will promote Yemen's tourism industry and offer cultural and entertaining activities to Yemeni families, balancing the negative psychological consequences caused by Yemen's deteriorating security, political, and economic situa-

According to Salam, "this in not only a summer festival... but it is the summer of love, safety, and stabil-

The festival's cultural activities include art exhibitions, singing competitions, dancing, and sports activi-

Many Yemeni business companies and associations that work in the field of tourism or deal with cultural handicrafts have been invited by the Ministry of Tourism to exhibit and sell their products.

Yunis Âl-Shami, a 45-year-old Yemeni, is participating in the festival for the seventh time. He appreciates that a large number of visitors are joining the festival in spite of Sana'a's multiple security and economic concerns.

Al-Shami, who sells traditional handicrafts such as necklaces, earrings, and bracelets, explains that he doesn't care how much he earns from the festival. "All I care about is introducing traditional Yemeni handicrafts," he said.

Continued on page 2



Sports, arts, singing, and dancing offer a much needed respite from Yemen's deteriorating security, political, and economic situation.

Fighting continues in Al-Jawf, casualties mounting

■ Bassam Al-Khameri

SANA'A, Aug. 25—Tribesmen in Al-Jawf governorate attacked Houthi posts in Al-Ghail district on Sunday night and Monday morning, leaving two tribesmen killed and six others injured, according to Saleh Al-Rawsa, the leader of the popular committees in Al-Jawf.

Al-Rawsa told the Yemen Times that the popular committees took over Houthi posts and killed several Houthis, adding that the number of Houthi casualties is unknown as Houthi members took the bodies.

Mohammed Al-Bukhaiti, a member of the Houthis' Political Office, confirmed to the Yemen Times that tribesmen launched an attack on Monday morning in Al-Ghail but he says they failed to gain control over posts that were attacked.

According to Al-Bukhaiti no Houthi militants were killed in the

The attack on Monday morning

came amidst ongoing clashes that renewed on Friday, following the withdrawal of the presidential committee from Al-Ghail district, leaving two tribesmen killed and ten injured, according to Al-Rawsa.

Al-Bukhaiti said he has no information regarding Houthi casualties from the clashes on Friday.

"The Houthis are using the weaponry they looted from military camps in Amran, including tanks, military vehicles, and heavy weapons," said

These allegations are refuted by Al-Bukhaiti, who denied that tanks are being used by the Houthis.

"We use light weapons, but the tribesmen and Islah Party members use tanks and weapons from the 115th Infantry Brigade in Al-Jawf," he claimed.

The clashes in Al-Ghail renewed after the presidential committee, tasked to broker a ceasefire in Al-

Jawf, left the governorate on Friday. The agreement it had brokered on August 19 required all fighters in Al-Jawf who came from other governorates to return to the areas they came from and demanded for brigades and battalions to maintain security in Al-Jawf.

Mabkhout Mohammed, a journalist based in Al-Jawf, confirms that clashes renewed between the two warring parties on Friday and that the presidential committee left Al-Jawf without putting an end to the fighting.

Yahya Al-Thulaia, a senior freelance journalist who covered the fighting between the Houthis and opposing tribesmen in Amran governorate, emphasizes the uselessness of presidential committees sent to broker ceasefire agreements between the two warring parties.

"These committees are only established to calm the situation, not to reach a final resolution. The conflicting parties use these committees to reorganize themselves in order to then start fighting again," he asserts.

Clashes in Al-Jawf have been ongoing since late June. Several families have left their homes due to the

Increasing number of internally displaced persons in Al-Jawf The United Nations Office for the Coordination of Humanitarian Affairs reported on August 14 that 650 families (about 4,550 people) have been displaced because of the clashes in Al-Jawf.

Mohammed estimates that the number of displaced families in Al-Jawf has reached 700.

Mohammed Nasser, the head of a displaced ten-member family in Al-Jawf, said that he left his house in Al-Ghail district in late June due to ongoing clashes and moved to Al-Rawd district.

"We moved from one area to another until we reached Al-Rawd district. I'm currently living with my family in an old house owned by a relative of mine," he added.





Southern Movement watchful of Sana'a's developments

Ali Saeed

SANA'A, Aug. 25—The Southern Movement (Hirak) is closely watching recent developments in the capital Sana'a after members of the Houthis set up protest camps nearby three ministries in the city and growing numbers of their militants are gathering at camps at the city's main en-

The Southern Movement is a popular movement in south Yemen that appeared in 2007 and calls for the independence of the former South Yemen from the north.

Egypt-based journalist and Southern Movement supporter, Khaled Al-Kuthairy reported from Cairo that on Friday the prominent leader of the Southern Movement, Hassan Baom, met the exiled southern leader Haider Al-Attas. The latter used to be the prime minister of the national unity government that followed the unification of the South and the North of Ye-

Al-Kuthairy said that Al-Attas and Baom discussed new developments related to the southern issue.

The Southern governorates, which

include Aden, Lahj, Al-Dhale, Shabwa, Hadramout, Al-Mahra, and Abyan, saw no protests either for or against the Houthis, unlike northern governorates.

The Houthis took control of Amran governorate, 50km north of Sana'a, on July 8 and residents of Sana'a fear that the Houthis will take over the capital next. The Houthis' leader Abdulmalik Al-Houthi denied his intention to occupy Sana'a last Friday.

"We are watching carefully and waiting to see how the situation will go," said Abdu Al-Ma'atari, spokesperson of the Southern Movement and resident of Al-Dhale.

He said the Southern Movement does not care about who will win in the north "because our cause is to have our independence.

Mohamed Al-Sharafi, a political activist from Hadramout who supports the independence of South Yemen, said in a conversation with the Yemen Times that if the people in the south were to side with any rivals of Sana'a, this would spark sectarian conflict.

"We have Ansar Al-Sharia [Al-Qaeda in the Arabian Peninsula] supporters here and other Salafis and standing for any certain party will plunge us into sectarian conflict," said Al-

The government has been engaged in sporadic fighting with suspected Al-Qaeda in the Arabian Peninsula (AQAP) militants in Hadramout since August 4. AQAP executed 14 soldiers on August 9, accusing them and other soldiers of being pro-Houthi.

Religion plays a significant role in influencing people's attitudes and stances towards developments in Yemen. The Aden Al-Ghad, a pro-Southern Movement newspaper in Aden, reported on Sunday that pro-independence preachers in Aden called on people during the Friday sermons "to reinstall their state by force if the Houthis took control of the capital

Al-Ma'atari said it is not time to say what the Southern Movement will do if the Houthis were to take control of Sana'a, saying only that "when this happens, we will decide what to do."

The former President Ali Abdullah Saleh, who was ousted in a popular uprising in 2011, and the Islah Party, often considered Yemen's branch of the Muslim Brotherhood, dominated the government after they defeated the former ruling party of South Yemen, the Yemeni Socialist Party (YSP) during the 1994 civil war. YSP leaders attempted to separate the former South Yemen, yet had to ultimately flee the country.

Both Saleh's party, the General People's Congress (GPC), and the Islah Party are still in control of the government and the Houthis are calling for

"Toppling the government and canceling the fuel price increase are legal demands for all Yemenis [in the south and the north] because this government failed to react to the southern cause," said Al-Sharafi.

He explained that if the interim president Abdu Rabu Mansour Hadi sacked the current government and replaced it with a "technocratic government," he would be able to stabilize the country and improve public services for citizens nationwide.

"If this happened, the Southern Movement will lose 30 percent of its popularity in the south because people are only looking for security, good service, and stability," said Al-

AWARD

Specialized Criminal Court issues death sentence

Aug. Specialized Criminal Court issued a death sentence on Monday convicting three suspects for the murder of Arafat Abdulmoghni, the deputy head of the Sana'a Public Works Office, and his escort Yahia Al-Jumaie.

"The court sentenced Mohammed Al-Sawadi, Maeen Al-Sheikh, and Mohammed Hameed to death as they were convicted of murdering Abdulmoghni and his escort, stated a judicial source on the Defense Ministry's website.

The court also issued a twoyear imprisonment verdict on one of the arrested suspects and acquitted another person accused of having been involved in the murder

Engineer Abdulmoghni and Al-Jumaie were killed in Hiziz area of Sana'a on March 1, 2013.

Two soldiers killed, eight others wounded in Hadramout

SANA'A, Aug. 25—Two soldiers were killed and eight others wounded on Sunday in a bomb explosion targeted at a military patrol in Al-Yahira area, between Seyoun and Shibam districts in Hadramout.

A source at the 135th Infantry Brigade spoke to the Yemen Times on condition of anonymity, saying, "some Al-Qaeda affiliates detonated a bomb when the patrol passed in the area."

"The soldiers pursued the militants who kept watching the explosion and arrested three of them," the source added. The source denied the news

reported by local media about the arrest of six militants, including an American and two Ethiopians. Several clashes have taken

place between the military and

affiliates of Al-Qaeda in the

Arabian Peninsula in mid-August that have left dozens dead on both sides.

President Hadi calls for Houthis to withdraw from Amran

SANA'A, Aug. 25-President Abdu Rabu Mansour Hadi said the Houthis gained control over Amran while the military was battling affiliates of Al-Qaeda in the Arabian Peninsula in Shabwa and Abyan, the state-run Saba News Agency reported. After a meeting with the ambassadors of the ten countries that support the Gulf Cooperation Council (GCC) initiative, on Monday, President Hadi said "the Houthis must withdraw from Amran and all gunmen from other governorates should leave Amran and submit all weapons they have taken to the state.

The Houthis took over Amran on July 8, after two-months of fighting with the 310th Armored Brigade, which was backed by armed Sunni tribesmen.

Aden Gulf Coastguard seizes 650 cartons of cigarettes

SANA'A, Aug. 25-The coast guard in Aden Gulf confiscated 650 cartoons of smuggled cigarettes late Sunday evening.

Colonel Saleh Al-Fani, director of the coast guard's operations nationwide, told the Times the coast guard seized two ships carrying 650 cartoons of cigarettes in Al-Kadaha at the coast of Gulf of Aden.

Al-Fani said, "the ships came from Djibouti and one of them unloaded half of its cargo in the sea because it was about to sink.

"The two ships and cargo are kept in the Al-Mocha Center of the coast guard in the Gulf of Aden to take the needed legal procedures," he added.

Houthis expand their presence in the capital

■ Nasser Al-Sakkaf

SANA'A Aug. 24—As a sign of their growing frustration with the government and unmet demands, Houthi supporters have set up dozens of tents inside Al-Thawra amusement park in Al-Jeraf area north of Sana'a on Friday.

Thousands of Houthi loyalists filled the streets on Friday, along the Airport Road, demanding the government's resignation, a reversal of its decision to raise fuel prices, and the implementation of the National Dialogue Conference (NDC) out-

Several government offices and ministries are located in Al-Jeraf

area where Houthis have spread their encampments, including the ministries of interior, electricity, and telecommunication. "The group has erected new tents in Al-Thawra park. This is the beginning of the revolutionary phase which began on Friday and was announced by the group's leader, Abdumalik Al-Houthi," said Hizam Al-Assad, a member of the Houthis' political office.

Saad Bin Aqeel, a Sunni Mufti from Taiz governorate, presented Friday's sermon to the Houthi masses in an attempt to show Sunni support for the Shia Houthi group.

A Mufti is an Islamic scholar who is consulted for religious rulings and judgments. The idea underlying Bin

Aqeel's sermon was to emphasize that all religious sects in Yemen are present in the sit-ins which the Houthis began on Monday in the vicinity of the residence of Sheikh Abdullah Bin Hussein Al-Ahmar's sons.

Since Hussein Al-Ahmar's sons witnessed feuds with the Houthis in the past, the current sit-in could create tension in the area, according to Nabeel Al-Sharjabi, a professor of political science at Sana'a University.

Houthis have previously engaged in fighting with tribesmen, including Al-Ahmar's sons, in different areas in Amran governorate, located 50 kilometers north of Sana'a. On July 8 Houthis took control over Amran.

Bin Ageel requested his audience to

government to meet the people's demands. "All sit-ins inside Sana'a will be

erect tents near the ministries and

to peacefully exert pressure on the

peaceful, we will not use guns. Sana'a is not an ordinary governorate, it is the capital and it deserves respect," assured Al-Assad.

Since Monday armed Houthi supporters have spread their presence along the entrance of Sana'a in Al-Subaha area west of the capital, Hizyaz area, south of the capital, and in Al-Azzvaqain, north of the capital. The camps were established to repel potential attacks from the government forces on Houthi demonstrators in the capital.

Al-Mekhlafi: Houthis stalling, no agreement reached

■ Ali Ibrahim Al-Moshki

SANA'A, Aug. 25—Abdulmalik Al-Mekhlafi, the official spokesperson for the presidential committee tasked to reach an agreement between the government and the Houthis, revealed in an interview with Al-Jazeera channel on Sunday evening that Houthi leaders intentionally delayed their response to the suggestions offered by the committee and that further meetings planned for Monday were can-

A meeting between the presidential committee and the Houthis, which began on Thursday in Sa'ada to reach an agreement between the Houthis and the Yemeni government, was abruptly ended on Sun-

In a recent development, Al-Mekhlafi told Al-Jazeera that the committee refused to meet the Houthis on Monday in reaction to the Houthis' continuous delay in responding to the committee's suggestions.

Al-Mekhlafi considered the Houthis' postponement as a strategy to buy more time and allow for more Houthi supporters to usurp Sana'a. Commenting on the failure of earlier talks, Al-Mekhlafi was quoted by Al-Jazeera as saying, "we have presented the Houthis with several written solutions," which include agreeing on a new unity government.

"We agreed on implementing the National Dialogue Conference (NDC) outcomes in accordance with an agreed-upon timed mechanism from all parties, and we have also agreed on making major unprecedented economic reforms," he said.

At the beginning of its meeting, the presidential committee had requested the Houthis to submit an official letter listing all of the group's demands.

The Yemen Times learnt that instead of being delivered to the presidential committee on Thursday the letter was directly handed over by the Houthis to President Hadi on Monday.

"The letter was supposed to be delivered by the committee but they rushed leaving. Some of the committee members released unfair statements saying the committee failed, and that it intentionally ignored the letter," said Ali Al-Bukhaiti, a member of the Houthis' political office.

Al-Bukhaiti considered the letter sent by the Houthis' leader, Abdulmalik Al-Houthi, to be inclusive of the leader's vision.

"The letter they handed over to President Hadi demanded that fuel subsidy removal must be reviewed. corruption has to be controlled, and government jobs must be allocated on the basis of competency," Al-Bukhaiti said.

Al-Bukhaiti alluded that those who are quick to declare the committee's failure should wait for the president's reaction to Al-Houthi's letter.

The presidential committee and Al-Houthi failed to reach an agreement after three days of talks. The committee filed its report to the president who received committee members in the presidential compound in Sana'a.

According to the state-run Saba News Agency, the committee's members have expressed frustration after the talks and discussions that took place with Al-Houthi, describing the preliminary report to be disappointing.

After failing to reach a reconciliation, Al-Mekhlafi told Agence France Press (AFP), "Houthis appear to be here for war, they have rejected all the proposals they have been given."

When the Yemen Times contacted the Houthi's office. Muhammed Abdulsalam, the Houthis' official spokesperson, referred to his personal Facebook account.

Abdulsalam stated online that "the committee had proposed we betray the people and take deals and avoid discussions on price hikes. We told them we are part of the people and we want a competent government not controlled by powerful figures, a government that represents a national partnership according to the NDC's out-

He also accused members of the presidential committee of rejecting the numerous alternatives and solutions put forth by the Houthis. Abdulsalam called the alleged Houthi requests for a number of ministries as completely baseless, arguing that the Houthis do not aim to be part of any coming government.



ISLAMIC HELP (UK) - YEMEN PROGRAM

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Islamic Help UK (IHUK) is an international NGO with cooperative agreement with Ministry of Planning & International Cooperation and working in Yemen since 2012 in the sectors of Water, Sanitation and Hygiene, Emergency response with food, non-food items and basic health services. IHUK is inviting contractors and engineering firms of good reputation and experience of working with UN and International NGOs in rehabilitation of water supply projects and water & sanitation services in schools and health centers to provide their profile and documentation of experience for registering as pre-qualified firms which will be invited to submit tenders, bids and quotations.

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CONTINUED FROM PAGE 1

Sana'a Tourism Summer Festival kicks off

The lifestyle of some Yemeni governorates, such as Marib and Shabwa, whose inhabitants are clinging on to their traditions, are also exhibited at

Visitors learn about Yemen's various styles in architecture, cooking, and

Taking a break from dancing to the traditional music of his governorate, 25-year-old Mohammed Saeed from Shabwa says he is proud to introduce his culture "in a very modern and

peaceful way.'

Jehad Othman, who heads a traditional Syrian music band, said "our participation comes while Yemeni and Syrian people are still suffering from the consequences of the 2011 uprising. We aim to show solidarity with Yemeni people and prove that we face the same destiny which means we should support each other to get through this

Sana'a Tourism Summer Festival was first inaugurated in 2008 with the aim of promoting tourism in Yemen and introducing Yemenis and tourists alike to traditional handicrafts and Yemeni culture.

For the first time representatives of other Arabic countries are participating in the festival this year.

While the Sana'a Tourism Summer Festival used to last about a month, its duration this year has been shortened to only week as it coincides with the beginning of school. The festival was supposed to be held in early August but has been delayed for security reasons.

The popular committees of Abyan

Nearly four years after being formed, the committees continue to fulfill a range of duties in place of the government

■ Nasser Al-Sakkaf

n the wake of increasing attacks on military forces and government headquarters by Al-Qaeda in the Arabian Peninsula (AQAP) in 2011, popular committees mobilized in governorates like Shabwa and Abyan to end AQAP's predominance there.

BUSINESS

AWARD

In fact, it was with the help of popular committees that the military could expel AQAP from the governorates in 2012.

While the emergence and continued existence of popular committees is widely known, little has been said about their build up and working mechanisms.

In Abyan, as in other governorates, the exact number of popular committees is difficult to determine. They are usually responsible for ensuring security in designated areas, ranging from only a few villages to vast areas of land. Although popular committees are often headed by tribal leaders they are not equivalent to tribes, as they often cut across tribal divides and have non-tribal volunteer members.

In general, the structure of popular committees is very local. In Abyan each district has its own popular committee. Each district committee commands over a number of subcommittees.

In Abyan's Zinjibar district alone approximately ten sub-committees exist with about one thousand members, according to Hussein Al-Wohaishi, one of the leaders of the Zinjibar district committee. Overall, popular committees in Abyan comprise about 6,000 members.

The chain of command between Abyan's numerous popular committees is of a hierarchical nature. Accordingly, decisions as important as adding new members, while made by each committee's commander, need to be approved by the head of popular committees in Abyan, Abdulateef Al-Saved.

Sub-committees report to the district committees, which again report to Al-Sayed, explains his spokesperson Ali Aeeda. Al-Sayed, in turn, communicates with the Ministry of Defense.

Meetings among the leaders of the district committee in Zinjibar take place whenever there is an attack in a specific area or if important investigative information has been reported by one of the committee's members, according to Al-Wohaishi.

Popular committees as a quasipolice force

The most prominent task of popular committees is the provision of security services: fighting crime, arresting suspected criminals, and securing and monitoring roads.

Committee members are divided into specialized teams that all have different functions.

The security team is responsible for capturing suspects. In areas like Al-Mahfad, where official security institutions are largely absent, they also solve problems between civilians, acting as a quasi-police force.

The observation team is tasked with setting up checkpoints and observing roads, recording AQAP movement, and providing the security teams with information on AQAP suspects.

Over the past three months, Aeeda says he has received several orders by the government to set up new checkpoints at Abyan's borders.

"We established new checkpoints in the last three months and were able to arrest many suspects who we suspected were AQAP affiliates," he said.

Aeeda explains that upon the arrest of suspected AQAP members, popular committees interrogate them and, depending on whether or not they are found guilty, forward them to the nearest security department in the governorate.

"When we arrested four armed men in suspicious cars four months



Without sufficient support and oversight from the government, popular committees in Abyan, which act as quasi-police forces, often go unchecked.

ago, we took them to our prison in a house in Zinjibar. We asked them about their work in Abyan and where they are from. We found out that one of them was Saudi and that the others weren't from Abyan, so we suspected them to be Al-Qaeda and took them to Abyan security," Aeeda said.

Alkhader Haidan, a member of one of the popular committees in Lawdar district in Abyan, adds "we are working all year, but when there is an increase in AQAP activities we have to respond to it and be on alert all day, and this is what is happening nowadays."

While some committee members might by motivated by a genuine sense of responsibility, others, like Haidan, are at least partially driven by monetary incentives.

Haidan used to work as a farmer but the 2011 war destroyed his farm, leading him to join the popular committee in his area to get money and protect his governorate from AQAP.

Popular committees and lacking state control

The relationship between the popular committees and the Defense Ministry is tense. In February, the popular committees demanded the government and the military to officially conscript and train their members and to supply them with adequate weapons to confront AQAP militants.

Until today, their demands remain unfulfilled.

In addition to lacking supplies, it is the delay in salary payments that constitutes persistent complaints among popular committee members.

According to Aeeda, the Defense Ministry pays each committee member in Abyan a salary of YR30,000 (\$140).

Yet, members like Hussam Al-Dalee, who joined a popular committee in Zinjibar city in 2011, say they do not receive their full salary. While Al-Dalee used to be paid the full YR30,000 in 2011 and 2012, the amount he has been getting lately is only YR23,000 (\$106).

According to Al-Wohaishi, such salary cuts are caused by the district committee's decision in 2012 to gradually increase the number of popular committee members by 2000, without the ministry's approval.

In light of sparse government presence, maintaining peace in the district necessitated the increase in the number of committee members, explains Al-Wohaishi.

"There are almost 2000 [new] members in the committees who have not been given their salaries from the Ministry of Defense. We deduct a part of the salary of each registered committee member to give to those who have not been approved by the Ministry of Defense," he adds

Although the governorate needed

ago, we took them to our prison in additional security services, he says, no members were added to the comabout their work in Abyan and where mittees since the end of 2012.

Al-Wohaishi explains that in recruiting "we focused on the poorest families in the governorate and included their members to the popular committees because of their financial status."

Jamal Al-Geez, the head of the security department in the Defense Ministry, explains that popular committees were free to decide their membership and their payment, but that the government does not support any additional members, instead relying on its military.

Al-Geez distances the Yemeni government even further from popular committees by emphasizing that none of their members, even registered and paid ones, count as official government employees.

While Aeeda says that an agreement exists between the Defense Ministry and the head of the popular committees in Abyan, laying out ground rules, such as payment and tasks, the terms of the agreement are not accessible to the public.

Al-Geez confirms that the right to review the agreement between the popular committees and the Ministry of Defense is exclusive to the two contracting parties. He hinted that it

included the number of the popular committee members and the range of authority they have.

Not only is the public left in the dark concerning the regulative framework within which popular committees are operating, but members themselves do not seem to have a clear understanding of it.

They simply follow the commands of their leaders and it is almost impossible for leading figures on the district and governorate level to control whether or not they are doing their work, according to Aeeda.

The only specific rule mentioned by Aeeda is that popular committees can only use violence in self-defense. "Our work is to defend the people when there is an attack, these directions were given to us since 2011 from our leader," he says.

Without sufficient support and oversight from the government, however, popular committees remain pretty much unchecked and abuses of power go unpunished.

In 2013 Al-Masdar Online reported that members of popular committees in Abyan used excessive force and executed individuals outside the framework of the law, especially those who were suspected of being involved in attacks by AQAP against the popular committees.

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Popular Committees and AQAP

There have been allegations that some popular committee members in Abyan were working with AQAP. Knowing both the territory they operate in as well as a familiarity with AQAP makes them ideal fighters in the eyes of the Defense Ministry, according to Haidan.

Abdulateef Al-Sayed, the head of the popular committees in Abyan, is alleged to have once been a member of AQAP. He left the group in 2011 to join the popular committees, Haidan says.

According to him, Al-Sayed rejected AQAP when he learned that their aim is to fight the government with the goal of building their own emirate—a goal that he deemed to be unrealistic.

Aeeda and several local newspapers confirmed that Al-Sayed used to be a member of AQAP.

Haidan is not the only one raising problematic links between AQAP and popular committees. Mohsen Khosroof, a retired colonel who used to work with the Defense Ministry, claims that AQAP members are infiltrating popular committees. In his eyes, this problem is caused by the fact that tribal leaders, who at times are working with AQAP, are responsible for choosing the committees'

"The unemployed youth should be members of these committees, this would solve the problem of young men joining AQAP," Khosroof asserts.

Links between AQAP and popular committee members reflect how interwoven AQAP members and locals are in Abyan. In fact, AQAP's integration into local social networks contributes to the ongoing importance of popular committees.

"After the 2011 war in Abyan poo

"After the 2011 war in Abyan people became afraid of the military's presence in the area, thinking that it will create tension with the armed groups [suspected AQAP]," says Al-Wohaishi.

He explained that after military offensives against AQAP in the region in 2011, many residents came to oppose the army. A number of those who were viewed as AQAP members by the military were seen as friends, neighbors, or relatives by locals.

Al-Geez from the Defense Ministry confirms Al-Wohaishi's assessment, arguing that popular committees were of particular importance in areas where citizens rejected the army.

Shaker Al-Ghadier, a soldier from the 111th Infantry Brigade in Abyan agrees, explaining that many residents in Abyan feel sympathy with AQAP members.



BUSINESS FOR PEACE AWARD

Yemenis seek energy and transport alternatives

Creative ways of mitigating rising fuel costs

■ Bassam Al-Khameri

Ith the difficult economic situation plaguing Yemen, including a debt of more than six billion dollars, Yemenis are trying to find transport and energy alternatives in order to save money.

On June 30 the government substantially cut fuel subsidies on gas and diesel, calling it a necessary measure to correct imbalances in the state treasury and provide funds for vital development projects.

Accordingly, prices of gas and diesel increased from YR2,500 (\$11.6) and YR2,000 (\$9.3) per 20 liters, respectively, to YR4,000 (\$18.6).

However, the government maintained the subsidy on propane, which is currently sold at YR1,500 (\$7) per 20 liters.

This price difference led several car owners to change their cars' fuel system from gas to propane.

Bashir Sharaf Mohammed, a taxi-driver in Sana'a, explains, "the price of gas was good in the past but now I can't afford paying YR4,000 (\$18.6) per day for 20 liters. So, I changed the fuel system to propane gas which is cheaper."

Mohammed adds "I save YR2,500 (\$11.6) per day and this means I can collect the YR50,000 (\$233) I paid to change the fuel system of my car within only 20 days.'

Abdulaziz Saleh Nasser, a 40year-old resident of Sana'a who owns a Toyota car, said that he decided to change his car's fuel system because as a six cylinder vehicle it consumes a lot of gas.

Once he arrived at the Petroleum Gas Technology Company in Sana'a, Nasser realized he had to wait for about a month for his requested



In reaction to fuel subsidy cuts and increased transportation costs an increasing number of young Yemeni men use bicycles.

changes to be implemented, "because many people want to change the fuel systems of their cars."

Alternative energy

The fuel price hike has also had a significant impact on residents who use gas and diesel-operated generators in an attempt to deal with the constant power cuts.

Ahmed Taha Noman, a 40-yearold resident in Sana'a, says that he stopped using his gas-operated generator at home after the government lifted the fuel subsidies.

"I used to consume about 10 liters of gas per day for YR1,250 (\$5.8) but I can't afford paying YR2,000 (\$9.3). Now I'm using solar panels to generate power," says Noman.

According to him, although solar panels are expensive, he is saving about YR2,000 (\$9.3) per daynot to mention he does not have to listen to the sound of the generator anymore.

Emad Al-Saggaf, the director of Sehab Tech for Green Technology, a Yemeni company that supplies and installs solar energy systems, says the demand for solar panels has increased markedly following the recent fuel subsidy cuts.

"Only individuals used to install solar energy systems, but after the government cut the fuel subsidies, large companies and institutions began to install solar systems because they spend high amounts of money on gas to generate electricity," added Al-Saqqaf. The government announced on July 9 that it started studying the exemption of solar power system inputs from customs fees. However, Al-Saqqaf asserted that nothing has happened

yet and that the government would need a long time to reform Yemen's customs fees.

"We have to pay more transportation fees now to transport the solar panels and batteries from harbors in Aden to Sana'a because of gas price hikes, so it would be nice if they were to be exempted from customs fees," said Al-Saqqaf.

Some Yemenis also resorted to using uninterruptible power supply (UPS) devices, which provide backup power when the main source is shut off, instead of using gas-operated generators.

Ahmed Al-Anesi, who works as a finance assistant with a private pharmaceutical company, said he bought a UPS

device to generate power at home during power cuts.

"I bought a UPS device for about \$400(YR85,962) because power outages last for a long time. It's better than a generator because I don't have to pay for gas at \$200 (YR42,981) per liter," added Al-

Alternative transport

Another unforeseen consequence of rising fuel prices is the increasing use of bicycles in Yemen. Many young men, who wish to avoid increased transportation fees, began to rely on the environmentally friendly two-wheeler.

Abdulnasser Jubari, a student at Sana'a University's Media College, said he bought a bicycle following the gas price hike.

"Some bus drivers demanded YR80 (\$0.37) per passenger and some others charged people YR100 (\$0.47), so I bought a bicycle and started using it to go to different places in the capital," explains Jubari.

Mutahar Al-Saeedi, an economist

in Sana'a, explains that the fuel subsidy cuts are not the only reason that made people resort to using alternative energy and transport in an effort to save money. Unemployment, bad economic policies, and low wages also contributed to these choices, he says.





اسماء الفائزين بمسابقة مصرجان كأس العالم-البرازيك 2014

الموديــــــــــــــــــــــــــــــــــــ	الجــــائـــــزة	رقم الكوبون	اسم الفائز	
ROYAL-LCD32	تلفزيون رويال إل سي دي 32 بوصح متعدد الانظمح	059191	أروى مفظل النهاري	.1
ROYAL-CH250	فريزرات رويال باب واحد 250 لتر	058111	صهيب طارق عبدالرؤف العريقي	.2
ROYAL-26LCD60	تلفزيون رويال إل سي دي 26 بوصى متعدد الانظمى	011100	جميل سيف قائد	.3
ROYAl-RD14DR4HC	ثلاجة رويال بابين ثلج 108 لترلون أبيض.	058973	بلال شايف سيف احمد	.4
ROYAL-WT1500	غسالة رويال ذات الحوضين 15 كيلو ROYAL- WT1500.	036932	محمد حسن عبدالله حسان	.5
ROYAL-GC504/G	طباخة رويال الإيطالية 50*50 أربع شعل	014161	وليد على قحطان	.6
WF1300E	كناسة ديلونجي كنس وشفط ماء 1300 وات.	000373	ماهر محمد سنان	.7
AKAI-AKR125F	ثلاجة أكاي - لون أبيض - سعة 125 لتر.	002852	بثينة على سيف احمد	.8
ROYAL-WT1200N	غسالة رويال ذات الحوضين 12 كيلو ROYAL- WT1200N.	030581	جميلة حفظ الله القيسي	.9
THOMSON-TT80ATT	غسالة طومسون آلة حوض الفسيل 8 كيلو جراه.	034461	مأمون مهيوب	.10
ROYAL-DVD8805TUC	مسجلة رويال مع شاشة عرض تلفزيون LCD و DVD.	010365	نورسمير عبد التواب سعيد	.11
ROYAL-SMW981BG	عجانة رويال بالقاعدة - 700 وات مع مطحنة البن وقلص الخلط	023979	توفيق حسن عبدالفني	.12
AKAI-MD520MW	مايكرويف إليكتروني أكاي - 20 لتر - اللون أبيض .	041671	حسين محمد عبدالله صالح	.13
AKAI-HK700FPB	محضرة طعام أكاي 25 وظيفت - 700 وات.	012987	حلمي فؤاد علي حسان	.14
ROYAL-VC3667SB	كناسة رويال برميل 1800 وات ماليزي لون فضي ستيل + أزرق.	044861	منى فضل سالم الدبعي	.15
AKAI-HK1200FPB	محضرة طعام أكاي(16 وظيفت) + الخلاط - 1000 وات.	009629	رغد محمد عبدالله عبدالواحد	.16
BAB2073E	مملس شعر بايبيليس برو للاستعمال على الشعر الجاف أو الرطب.	027493	ماجد محمود صالح	.17
F34441	خلاط كرويس 600 وات XL16.	030470	سهام علي ناصر لطف الله	.18
LM2070BD	خلاط مولينكس سوبر بلندرديو 500 وات مع مطحنة بن ومبرشة.	040141	عمر طه سعيد العزعزي	.19
ROYAL-GS32B	كاويت رويال العمودية البخارية 1260~1260 وات - اللون أزرق .	015158	وسيم توفيق علي العبسي	.20
FDK251	صانعة بان كيك كروبس FDK251.	034158	محمد عبدالباري علي محمد الحربي	.21
AKAI-HK350CBK	خلاط أكاي(خفاقة غاطسة) - 350 وات مع الفرامة.	041790	هاني يوسف عبدالعزيز	.22
AT717127	فرامة مولينكس ملتي مولينيت 400 وات مع وعاء إضافي.	032963	نبيل محمد العريقي	.23
ROYAL-JBL208	عصارة جزر وفواكه رويال 1°3 مع خلاط زجاج ومطحنة بن .	027115	انس عبدالرحمن قائد	.24
BAB6444E	مجفف شعر باسيبيليس برو 1400 وات .	000568	إيهاب عبد القوي قائد سعيد	.25
LM2221BA	خلاط مولينكس أونو قوة 350 وات مع مطحنة البن ومبشرة.	051687	حنان احمد علي المطري	.26
IM1215M0	كاوية بخار مولينكس انيسيو قوة 1800 وات- 50 جم.	000573	إلياس عبدالقوي قائد سعيد	.27
ROYAL-NMS650	صانعة اللوزية رويال-	018620	محمد عادل محمد أحمد	.28
ROYAL- SF16059	مروحة رويال عمودية .	036945	صلاح حسن	.29
KS407	عصارة برتقال ديلونجي KS407.	005210	سالم حامد احمد علي المحضار	.30
ROYAL-SMS650	صانعة الساند ويش رويال -	025389	زبيدة صلاح علوان	.31

الفء مبروك للفائز بالصائزة الكبرى

كوبون رقم 051525

تذكرت سفر ذكابا وإيابا الى اسطنبول مع الاقامة الفندقية لمدت خمس أيام



هي دائما ...

ألف مبرووك لمميع الضائزين

شروط استلام الجوائز

1. حضور الفائز شخصياً مع احضار البطاقة الشخصية أو جواز السفر. 2. احضار اصل الكوبون المطابق لكوبون الفائز.

* يرجى من الفائزين الحضور لاستلام جوائزهم خلال شهر من تاريخ الاعلان.





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THOMSON





2012

YR 000s

2013

YR 000s



National Bank Of Yemen



FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2013 AND INDEPENDENT AUDITOR'S REPORT



KPMG Yemen Mejanni & Co. 150 Zubairy St. PO Box 3501 Sana'a, Republic of Yemen

Telephone +967 (1) 401 667 / 8 / 9

English Translation of the Original Arabic Text

INDEPENDENT AUDITOR'S REPORT

TO H.E. THE MINISTER OF FINANCE NATIONAL BANK OF YEMEN Aden, Republic of Yemen

Report on the Financial Statements

We have audited the accompanying financial statements of National Bank of Yemen (the Bank), which comprise the statement of financial position as at December 31, 2013, and the statement of profit or loss and other 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 information.

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 instructions issued by Central Bank of Yemen, 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. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material

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, we consider internal control relevant to the Bank'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 Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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 financial statements present fairly, in all material respects, the financial position of National Bank of Yemen as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and instructions issued by Central Bank of Yemen.

Report on Other Legal and Regulatory Requirements

We have obtained from management the information and clarifications that we deemed necessary for our audit. The Bank keeps proper books of account, and the accompanying financial statements are in agreement with these books. We are not aware of any violations of the terms of Articles of Association, Yemeni Commercial Companies Law No. 22 of 1997 and its amendments and the provisions of Banking Law No. 38 of 1998 having occurred during the year which might have had a material effect on the business of the Bank or its financial position as at December 31, 2013.



STATEMENT OF FINANCIAL POSITION	Ţ
AS AT DECEMBER 31, 2013	

	ASSETS	Note	2013 YR 000s	2012 YR 000s
9	Cash on hand and reserve balances with		10 522 104	0.600.400
•	Central Bank of Yemen (CBY)	/	10,573,184	9,508,477
	Due from banks	8	23,688,388	27,896,311
	Treasury bills - held to maturity	9	89,882,004	76,835,274
	Loans and advances (net)	10	11,619,462	8,853,256
	Available-for-sale investments	13	239,811	306,577
	Debit balances and other assets (net)	14	643,445	1,037,274
	Property and equipment (net)	16	2,725,484	2,695,688
	TOTAL ASSETS		139,371,778	127,132,857
	LIABILITIES AND EQUITY			
	LIABILITIES			
	Due to banks	17	2,774	431.196
	Customers' deposits	18	120,362,808	106,301,560
	Credit balances and other liabilities	19	2,868,757	3,261,728
	Other provisions	20	249,216	325,671
	Total Liabilities		123,483,555	110,320,155
	EQUITY			
	Share capital	21-a	10,000,000	10,000,000
	Legal reserve	21-b	3,025,785	2,890,480
	General reserve	21-c	1,541,163	1,405,858
	Revaluation of property surplus reserve	21-d	639,762	639,762
	Fair value reserve	21-е	50,090	50,090
	Proposed cash dividends		631,423	1,826,512
	Retained earnings			-
	Total Equity		15,888,223	16,812,702
	TOTAL LIABILITIES AND EQUITY		139,371,778	127,132,857
	Contingent liabilities and commitments (net)	22	20,838,872	24,436,706

The attached notes on pages 8 to 51 are an integral part of these financial statements. Independent auditor's report is set out on pages 1 and 2.

Mohamed Abdulla Muqbil Alamery Chairman

Esam Ahmed Alawi Alsaqaf General Manager

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2013

Note	YR 000s	2012 YR 000s
23 24	15,977,352 (<u>11,059,289</u>) 4,918,063	16,519,869 (<u>11,152,734</u>) 5,367,135
25	496,168 (<u>19,307)</u> <u>476,861</u> 5,394,924	624,569 (<u>13,593)</u> 610,976 5,978,111
26 27	33,514 33,755 1,055,055	39,563 17,884 1,501,269
	6,517,248	7,536,827
13-a 28 29 16 30	(66,766) (867,262) (3,279,043) (143,999) (993,361)	(778,051) (2,395,127) (142,057) (1,008,501)
	1,166,817	3,213,091
19.a	(264,784)	(603,787)
	902,033	2,609,304
	161	(25,104)
	18/	3,761
		(23,341)
	902,033	2,585,963
31	YR 90	YR 261
	23 24 25 26 27 13-a 28 29 16 30	23 15,977,352 24 (11,059,289) 4,918,063 25 496,168 (19,307) 476,861 5,394,924 26 33,755 27 1,055,055 6,517,248 13-a (66,766) 28 (867,262) 29 (3,279,043) 16 (143,999) 30 (993,361) 1,166,817 19.a (264,784) 902,033

The attached notes on pages 8 to 51 are an integral part of these financial statements. Independent auditor's report is set out on pages 1 and 2.

Mohamed Abdulla Muqbil Alamery Chairman

Esam Ahmed Alawi Alsaqaf General Manager

STATEMENT OF CHANGES IN EQUITY

Year 2013	Share Capital YR 000s	Legal Reserve VR 000s	General Reserve YR 000s	Revaluation of Property Surplus Heserve YR 000s	Fair Value Reserve YR 000s	Retained Earnings YR 000s	Proposed Cash Dividends VR 000y	Total YR 000s
Bulance as at January 1, 2013	10,000,000	2,890,480	1,405,858	639,762	50,090		1,826,512	16,812,702
Total comprehensive income for the year					-			-100012-100
Net profit for the year	161	1	-	~	8	902,033	100	902,533
Other comprehensive income Net change in fair value reserve	نف			-140-		-		, and a second
Total comprehensive income for the year	_		_			902:033		902,033
Transactions with owners, recorded directly in equity Propised dividends Transfer to legal reserve (proposed) Transfer to general reserve (proposed) Government share in profit (proposed) Employees' share in profit (proposed)	1.000	135,305	135,305		((135,305) (135,305) (541,220) (90,203)	(1,826,512) 541,220 90,203	(1,826,512)
Total transactions with owners	- AL	135,305	135,305			902,033)	[1,195,089)	(
Balance as at December 31, 2013	10,000,000	1,025,785	1.541,163	639,762	50,090	- t	631,423	13,888,223

STATEMENT OF CHANGES IN EQUITY (continued) FOR THE YEAR ENDED DECEMBER 31, 2013

Year 2012	Share Capital YR 000s	Legal Reserve YR 000s	General Reserve YR 000s	Revaluation of Property Surplus Reserve YR 000s	Fair Value Reserve YR 000s	Retained Earnings YR 000s	Proposed Cash Dividends YR 000s	Total YR 000s
Balance as at January 1, 2012	10,000,000	2,499,084	1,014,462	639,762	73,431		1,542,796	15,769,535
Total comprehensive income for the year								
Net profit for the year	-	45	-	-		2,609,304	8	2,609,304
Other comprehensive income Net change in fair value reserve.					(23,341)		- 2-31	23.341
Total comprehensive income for the year				-	23,341)	2,609,304		2,585,963
Transactions with owners, recorded directly in equity Proposed dividends Transfer to Igaal reserve (proposed) Transfer to general reserve (proposed) Government share in profit (proposed) Emplayees' share in profit (proposed)	23.412	391,396	391,396	1	1	391,396) (391,396) (1,696,040) (1,696,046)	((.542,796) 1.596,048 130,464	(1,542,796
Total transactions with owners	-	391,396	391,396		-	(2,609,304)	283,716	1,542,796
Balance as at Describer 34, 2012	000,000,000	7.890,480	1,405,858	639,762	50,090	-	1,826,512	16.817.702

ident auditor's report is set out on pages 1 and 2.

Cash flows from operating activities

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2013

Cash flows from operating activities					
Net profit for the year before income tax			1,166,817		3,213,091
Adjustments in:			200000		60.00
Depreciation of property and equipment			143,999		142,057
Provisions provided during the year	28		867,262		778,051
Retranslation differences of provisions in foreign currencies			3,175		8,530
Retranslation difference of available-for-sale investments (reversed)			and you	1	1,998)
Provisions reversed	27	(1,000,617)		1,441,910)
Reversal of impairment on available-for-sale investments			- Fair-	(2,000)
Impairment on available-for sale-investments			66,766	100	1500.00
Provisions used during the year		(2,757)	(430,749)
Loss on foreign currency translation (unrealized)		-	7,840	9	1,835
			1,252,485		2,266,907
Change in:			2,136,142	7	2,148,998)
Due from banks maturing after three months		9		- 5	1,390,498)
Reserve balances with the Central Bank of Yemen		1	1,103,885)	5	
Treasury bills maturity after three months		1	9,448,428)	1	8,785,463)
Loans and advances			2,704,790)		1,708,779)
Debit balances and other assets		100	393,258		585,598)
Due to banks		1	428,422)		7,836
Customers' deposits			13,983,450		19,837,099
Credit balances and other liabilities		1	30,105)	1	1,328,943
Income tax paid		(627,650)	-	527,136) 8,294,313
Net cash from operating activities		-	3,422,055	-	8,294,313
Cash flows from investing activities		100	Cast 4000		101 100
Cash payments for acquisition of property and equipment		(173,795)	(124,406)
Decrease in available-for-sale investments			-		388,538
Proceeds from financial investments		7	100 000	>=	5,372
Net cash (used in) from investing activities		(173,795)	-	269,504
Cash flows from financing activities			1,826,512)	1	1,542,796)
Government share (cash dividends)		-	1,826,512)	-	1,542,796)
Net cash (used in) financing activities		_		_	-740.00
Net change in cash and cash equivalents			1,421,748		7,021,021
Cash and cash equivalents, beginning of the year			68,106,606		60,951,774
Effect of exchange rate fluctuation on cash held		-	70,843	-	133,811
Cash and cash equivalents at the end of the year		-	69,599,197	-	68,106,606
Cash and cash equivalents at the end of the year consist of:	7		10 522 104		9,508,477
Cash on hand and reserve balances with CBY	8		10,573,184		27,896,311
Due from banks			23,688,388		
Treasury bills - held to maturity (net)	9	-	89,882,004	-	76,835,274
ACCOUNT OF THE PARTY OF THE PAR		10	124,143,576	100	114,240,062
Less; Reserve balances with CBY			8,944,968)	,	7,841,083) 4,344,056)
Less: Due from banks due after three months Less: Treasury bills due after 3 months (net)		-	2,202,666) 43,396,745)	1	33,948,317
Less: Treasury onto due after 5 months (net)		-		_	an contra
			69,599,197	-	68,106,606

The attached notes on pages 8 to 51 are an integral part of these financial statements. Independent auditor's report is set out on pages 1 and 2.

Mohamed Abdulla Muqbil Alamery Chairman

Esam Ahmed Alawi Alsaqaf General Manager

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

I. BACKGROUND INFORMATION

- 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 No. 1748. On August 5, 2013, the President of Council of Ministers issued Decision No. 405 of 2013 to reorganize the National Bank of Yemen, which was established under Law No. (37) of 1969 as amended by Law No. (36) of 1972 (both laws are now cancelled) in accordance with the provisions of the prevailing Banking Law, the Islamic Banks Law and the Yemeni Commercial Companies Law as a bank fully owned by the
- The Bank undertakes all banking activities and carries out banking retail activity in the Republic of Yemen through its head office in Aden and 27 branches spread all over the governorates of the Republic of Yemen.

PREPARATION BASIS OF THE FINANCIAL STATEMENTS

2.1 Statement of compliance

- The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and instructions issued by the Central Bank of Yemen
- In deviation from International Financial Reporting Standards, and to apply the provisions of local laws and regulations issued by CBY, the followings are treated
 - The adoption of minimum fixed percentages for loan provisions in accordance with Central Bank of Yemen circular No. 6 of 1996 and No. 5









FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2013 AND INDEPENDENT AUDITOR'S REPORT

- The recording of provision for general risks calculated on performing loans under "loans provision" and not under equity,
- The recording of provision for contingent liabilities under "other provisions" and not under equity.

The effect of these deviations is immaterial on the financial statements of the Bank as at December 31, 2013.

The financial statements were approved by the Board of Directors on May 25, 2014.

2.2 Basis of measurements

The financial statements have been prepared on the historical cost basis except for nontrading investments classified as available-for-sale investment and also land and buildings which are stated in property and equipment are measured at fair value.

2.3 Functional and presentation currency

The financial statements are presented in Yemeni Rials, which is the functional currency of the Bank, and all values are rounded to the nearest one thousand Yemeni Rial except when otherwise indicated.

2.4 Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in notes 5, 11, 15, 16, 19 and 20.

The judgments, estimates and assumptions applied by the Bank are presented in these financial statements as follows:

Provision for impairment of assets

The Bank exercises judgment in the estimation of provision for impairment of assets. The methodology for the estimation of the provision is provided in the impairment of financial assets and non-financial assets (if any) which is shown in the significant accounting policies below.

Provision for impairment of available-for-sale investments

The Bank exercises judgment to consider impairment on available-for-sale investments. This includes determination of significant or prolonged decline in the fair value below its cost. In making this judgment, the Bank evaluates among other factors, the normal volatility in share price. In addition, the Bank considers the impairment were appropriate when there is objective evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operating and financing cash flows.

Useful lives of property and equipment

The Bank uses estimates of useful lives of property and equipment for depreciating these assets.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements

3.1 Foreign currencies transaction

The Bank maintains its book of account in Yemeni Rial, which the Bank's functional currency. Transactions in other currencies are translated to the respective functional currency during the financial year at the prevailing exchange rates at the date of transaction. Balances of monetary assets and liabilities in other currencies at the end of the financial year are translated at the prevailing exchange rates at that date. Gains or losses resulting from translation are taken to the statement of profit or loss and other comprehensive income.

The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in the foreign currency translated at the exchange rate at the end of the year. Foreign currency differences arising on retranslation are recognized in the statement of profit or loss and other comprehensive income.

Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation of available-for-sale investments are recognized in other comprehensive income.

The Bank does not deal in forward contracts to cover its needs for foreign currencies or foreign exchange contracts to cover the risks of settling its future liabilities in foreign currencies.

3.2 Financial assets and financial liabilities

Recognition and Initial Measurement

The Bank initially recognizes loan and advances to customers, due from or to banks, customers' deposits and other borrowings on the date at which they are originated. Also, other financial assets and liabilities are recognized in the statement of financial position when the Bank becomes a party to the contractual provisions of the instrument with other party.

Classification

Financial assets

At inception financial assets are classified in one of the following categories:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative assets with fixed or determinable payments and fixed maturity that the Bank has the positive intent and ability to hold to maturity. Treasury bills held to maturity are considered part of these investments and are recorded at face value and the balance of unearned discount is recorded under credit balances and other liabilities. Treasury bills are presented in the statement of financial position net of the balance of unearned discount outstanding at the financial statements date according to the instructions of the Central Bank of Yemen.

Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

Available-for-sale investments

Available-for-sale investments are non-derivative investments that are designated as available-for-sale or are not classified as another category of financial assets. Unquoted equity securities are carried at cost less impairment, and all other available-for-sale investments are carried at fair value.

Interest income is recognized in the statement of profit or loss and other comprehensive income using the effective interest method. Dividend income is recognized in the statement of profit or loss and other comprehensive income when the bank becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognized in other comprehensive income.

Other fair value changes are recognized in other comprehensive income until the investment is sold or impaired, whereupon the cumulative gains and losses previously recognized in other comprehensive income are reclassified to the statement of profit or loss and other comprehensive income as a reclassification adjustment.

Financial liabilities

The Bank has classified and measured its financial liabilities at amortized cost

Derecognition

- Financial assets are derecognized when the contractual rights related to the financial instruments have expired which ordinarily coincide with the sale or transfer of the contractual right to receive cash flows related to the asset to an independent party.
- Financial liabilities are derecognized when they extinguished, that is when the contractual obligation is discharged, canceled or expired.

d. Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. Income and expense is not offset in the statement of profit or loss and other comprehensive income unless required or permitted by any accounting standard or interpretation.

Measurement principles

Financial assets are measured by amortized cost or fair value

Amortized cost measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment loss. The calculation of effective interest rate includes all fees and points paid or received that are an integral part of the effective interest rate.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Bank has access at the date. The fair 3.4 Provision of loans, advances and contingent liabilities value of a liability reflects its non-performance risk.

The Bank measures the fair value of listed investments at the market closing price for the investment. For unlisted investments, the Bank recognizes any increase in the fair value, when they have reliable indicators to support such an increase. These reliable indicators are limited to the most recent transactions for the specific investment or similar investments made in the market on a commercial basis between desirous and informed parties who do not have any reactions which might affect the price.

In the absence of a reliable measure of fair value, the investment is carried

f. Identification and measurement of impairment

At each reporting date the Bank assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has a negative impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or advance by the Bank on terms that the Bank would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of the Bank's borrowers or issuers, or economic conditions that correlate with defaults in the Bank.

The Bank consider evidence of impairment loss for loans and advances to customers and held-to-maturity investment securities at both a specific asset and collective level. All individually significant loans and advances to customers and held-to-maturity investment securities are assessed for specific impairment. All individually significant loans and advances to customers and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances to customers and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances to customers and held-to-maturity investment securities with similar risk characteristics.

Impairment losses on assets carried at amortized costs are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognized in statement of profit or loss and other comprehensive income and reflected in an allowance account against loans

For listed investments, a decline in the market value by 20% from cost or more, or for a continuous period of 9 months or more, are considered to be indicators of

Impairment losses on available-for-sale investment securities are recognized by transferring the cumulative loss that has been recognized in other comprehensive income as a reclassification adjustment. The cumulative loss that is reclassified from other comprehensive income is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized in the statement of profit or loss and other comprehensive income. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

In subsequent periods, the appreciation of fair value of an impaired available-forsale investment securities is recorded in fair value reserves.

3.3 Revenue recognition

Interest income and expenses for all interest bearing financial instruments are recognized in the statement of profit or loss and other comprehensive income using the effective interest rate method except for interest on non-performing credit facilities, in order to comply with the requirements of CBY circular No. 6 of 1996, the Bank does not accrue interest on non-performing loans and advances. When an account is treated as non-performing loan, all uncollected interest relating to the three months prior to categorizing the loan as non-performing is reversed from income and transferred to other credit balances as suspense interest.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate.

The effective interest rate is a method of calculating the amortized costs of financial assets and financial liabilities and of allocating the interest income and expenses over the relevant period.

Income from held to maturity investment securities is recognized based on the effective interest rate method.

Dividends income is recognized when the right to receive income is established.

In accordance with CBY instructions, the reversed provisions, no longer required provisions, are recorded in the statement of profit or loss and other comprehensive income under "other operating income".

Fee and commissions income are recognized when the related services are performed.

In order to comply with CBY circular No. 6 of 1996 and No. 5 of 1998 relating to classification of assets and liabilities, provision is provided for specific loans, advances and contingent liabilities, in addition to a percentage for general risks calculated on the total of other loans, advances and contingent liabilities after deducting balances secured by deposits and banks' guarantees issued by foreign worthy banks. The provision is determined based on periodical comprehensive reviews of the credit portfolio and contingent liabilities. Accordingly, the provision is provided in accordance with the following minimum rates:







FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2013 AND INDEPENDENT AUDITOR'S REPORT

Performing loans and advances and contingent liabilities, including watchlist accounts

Non-performing loans and advances and contingent liabilities: Substandard debts

 Substandard debts
 15%

 Doubtful debts
 45%

 Bad debts
 100%

- Loans and advances are written off if procedures taken towards their collection prove useless, or if directed by CBY examiners upon review of the portfolio by debiting the provision. Proceeds from loans previously written off in prior years are credited to the provision.
- Loans and advances to customers and banks are presented on the statement of financial position net of provision and interest in suspense.

3.5 Contingent liabilities and commitments

Contingent liabilities and commitments, in which the Bank is a party, are presented off financial position, net of any margins held from customers, under "contingent liabilities and commitments" as they do not represent actual assets or liabilities at financial statements date.

3.6 Statement of cash flows

The Bank uses the indirect method to present cash flows, whereby net profit or loss is adjusted with net cash flows from (used in) operating, investing and financing activities.

3.7 Cash and cash equivalent

For the purpose of preparing the statement of cash flows, cash and cash equivalent consist of cash balances, due from banks other than reserve balances, and treasury billsheld to maturity which are due within three months from the issuance date.

3.8 Property, equipment and depreciation

a. Recognition and measurement

Property and equipment are measured at cost less accumulated depreciation and impairment losses, if any, (land and buildings are measured at fair value).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items, (major components) of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and is recognized net within "other income/expenses" in the statement of profit or loss and other comprehensive income. When revalued assets are sold, any related amount included in the revaluation surplus reserve is transferred to retained earnings.

b. Subsequent costs

The cost of replacing a component of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Bank, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in the statement of profit or loss and other comprehensive income as incurred.

c. Depreciation

Depreciation is based on the cost of an asset less its residual value, if any. Significant components of individual assets are assessed and if a component has useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation for property and equipment, except land, is recognized in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each component of an item of property and equipment. The estimated useful lives are as follows:

Estimated Useful Lives

5 years

Buildings and constructions Improvement to leasehold property 50 years years of lease or estimated useful life whichever is less 10 - 50 years

Furniture, fixtures and vaults Motor vehicles Computer equipment

Computer equipment 5 years

The depreciation method, useful lives and residual values are reviewed at each

reporting date and adjusted if appropriate.

On December 31, 1999, the Bank revalued the property and equipment by an independent professional. The surplus resulting from the revalued had been recorded under equity in the revaluation of property surplus reserve (Note no. 21.d).

3.9 Impairment of Non-Financial Assets

The Bank reviews the carrying amounts of the assets, according to their materiality, at each financial statements date to determine whether there is any indication of impairment, if any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its related cashgenerating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit").

The Bank's corporate assets that do not generate separate cash inflows and are utilized by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognized in the statement of profit or loss and other comprehensive income. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rate basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.10 Other provisions

A provision is recognized if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows, at a pre-tax rate, that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.11 <u>Valuation of assets whose titles have been transferred to the Bank as a repayment of loans</u>

According to CBY instructions, assets whose titles have been transferred to the Bank are presented in the statement of financial position under debit balances and other assets at the acquired values, less any impairment in their values, if any, at the financial statements date. Impairment losses are charged to the statement of profit or loss and other comprehensive income.

3.12 Lease contracts

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. All the leases entered into by the Bank are operating leases. Rentals payable under these leases are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the term of the relevant lease.

3.13 Taxation

- Corporate tax is calculated in accordance with the prevailing laws and regulations in the Republic of Yemen.
- Due to the characteristics of the tax accounting in Yemen, application of International Accounting Standard on Income Taxes does not usually result in deferred tax liabilities. In the case that deferred tax assets have resulted from the application of this standard, these assets are not booked unless there is assurance that these assets will be realized in the near future.

3.14 Zakat due on equity

The Bank remits the Zakat due on equity to the relevant governmental authority which decides on the allocation of the Zakat.

3.15 End of service benefits

- All 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. Payments are made to the Social Security General Corporation before the 10th day of next month. The Bank's contribution is charged to the statement of comprehensive income.
- The provisions of Social Insurance Law are applied to all employees of the Bank concerning the end of service benefits.
- In accordance with the Bank Articles of Association which is issued according to the President of Council of Ministers Decision No. 405 of 2013 dated August 12, 2013, the Bank provides 5% from the total permanent wages and salaries at end of each year to end of services fund. The related accrued amount is included in the credit balances and other liabilities in the statement of financial position.

3.16 Dividends on ordinary shares

Dividends on ordinary shares are recognized in equity in the period in which they are approved by the Bank's shareholders. Dividends for the year that are declared after the date of statement of financial position are dealt as a separate disclosure.

According to the Bank Articles of Association, the annual profit after tax and zakat are allocated as follows:

- 15% to legal reserve;
- 15% to general reserve;
 60% to the government?
- 60% to the government's share of surplus profits;
- 10% incentives for employees according to their activity according to the
 performance reports and, at the suggestion of the Bank's management and Board
 approval.

3.17 Earnings per share

The Bank presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year.

3.18 Comparatives

Except when standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

I. NEW STANDARDS AND INTERPRETATIONS AND AMENDMENTS TO STANDARDS

4.1 The following amendments to IFRS and new IFRSs have been applied by the Bank in preparation of these financial statements which are effective from January 1, 2013.

- IAS 1 Financial statement presentation (Amendment), regarding other comprehensive income.
- IFRS 7 Financial instruments: Disclosures (Amendment).
- IFRS 13 Fair Value Measurement.

The adoption of the above did not result in any changes to previously reported net profit or equity. However, the above resulted in additional disclosures.

4.2 Standard issued but not yet effective.

For the avoidance of doubt, the following applicable new standards, amendments to standards and interpretations, which were issued by IASB before December 31, 2013 and are not yet in effect, have not been early adopted.

- IAS 32, Financial Instruments, (Amendments to IAS 32 Offsetting financial assets and financial liabilities): clarifies the offsetting criteria by explaining when an entity has a legal and enforceable right to set-off and when gross settlement is equivalent to net settlement. The amendments are effective on or after January 1, 2014.
- IFRS 9, Financial Instruments' is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets amortized cost and fair value.

The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015.

The Bank is currently assessing the impact of these standards on future periods.

5. FINANCIAL INSTRUMENTS AND THEIR RELATED RISKS MANAGEMENT

5.1 Financial instruments

a. The Bank's financial instruments are represented in financial assets and liabilities. Financial assets include cash balances, due from banks, treasury bills – held to maturities, loans and advances to customers and other financial assets. Financial liabilities include customers' deposits, due to banks and other financial liabilities. Also, financial instruments include rights and obligations stated in contingent liabilities and approximates.

Note (3) to the financial statements includes significant accounting policies applied for recording and measuring significant financial instruments and their related revenues and expenses.

b. Fair value hierarchy

The Bank measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair values are based on quoted prices (unadjusted) in active markets for identical assets.

- Level 2: Fair values are based on inputs other than quoted prices included within level 1 that are observable for the assets either directly (i.e. as price) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Fair values are based on valuation techniques using unobservable inputs. This category includes all instruments where the valuation technique includes input not based on observable data and the unobservable input have a significant impact on the instrument's

The fair values for available-for-sale investments comprise YR 239,811 thousand as at December 31, 2013 (YR 306,577 thousand as at December 31, 2012) under the level 3 category. There are no investments qualifying for levels 1 and 2 fair value disclosures.

c. Financial instruments for which fair value approximates carrying value

For financial assets and financial liabilities that are liquid or having a term maturity of less than three months, the carrying amounts approximate to their fair value.

d. Fair value of financial instruments

The fair value of financial assets traded in organized financial markets is determined by reference to quoted market bid prices on a regulated exchange at the close of business on the year-end date. For financial assets where there is no quoted market price, a reasonable estimate of fair value is determined by reference to the current market value of another instrument which is substantially the same. Where it is not possible to arrive at a reliable estimate of the fair value, the financial assets are carried at cost until sometime reliable measure of the fair value is available.

Based on valuation bases of the Bank's assets and liabilities stated in the notes to the financial statements, the fair value of financial instruments does not differ fundamentally from their book value at the financial statements date.

The following table provides a comparison by class of the carrying amount and fair values of the Bank's financial instruments that are carried in the financial statements. The table does not include the fair values of non-financial assets and non-financial liabilities.

¢							
e		field to Maturity YR 000s	Loans and Advances YR 000s	Available- For-Sale YR 000s	Other Amortized Cost YR 000s	Total Carrying Amount YR 000s	Fair Value YR 000s
	At 31 December 2013						
	Financial assets Cash on hand and reserve balances with CBY Oue from banks Treasury bills – held to		2	14)	10,573,184 23,688,388	10,573,184 23,688,388	10,573,184 23,688,388
e	maturity						
d	Carried at amortized cost Loans and advances	89,882,004	8	+	31	89,882,004	89,882,004
	(net)		11,619,462	9		11,619,462	11,619,462
	Available-for-sale- investments	-		239,811		239,811	239,811
:	1	89,882,004	11,619,462	239,811	34,261,572	136,002,849	136,002,849
f	Financial Liabilities				7.0		7
	Due to banks Customers' deposits		3	-	2,774	2,774	2,774
	Summing Supering				120,365,582	120,365,582	120,365,582
		Held to Maturity YR 000s	Loans and Advances YR 000s	Available- For-Sale YR 000s	Other Amortized Cost YR 000s	Total Carrying Amount YR 000s	Fair Value VR 000s
	At 31 December 2012						
)	Financial assets Cash on hand and reserve balances with CBY				9,508,477	9,508,477	9,508,477
)	Due from banks Treasury bills – held to maturity Carried at amortized		-7		27,896,311	27,896,311	27,896,311
r	cost Loans and advances	76.835.274	8	0.	-	76,835,274	76,835,274
	(net) Available-for-sale		8,853,256	14	-	8.853,256	8,853,256
	investments	-		306,577		306,577	306,577
	X	76,835,274	8,853,256	306,577	37,404,788	123,399,895	123,399,895
t	Financial Liabilities Due to banks Customers' deposits			7	431,196 106,301,560	431,196 106,301,560	431,196 106,301,560
		-	-		106,732,756	106,732,756	106,732,756
							-







FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2013 AND INDEPENDENT AUDITOR'S REPORT

Risk management of financial instruments

Risk management frame work

Risk is inherent in the Bank's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities.

Risk management structure

The Board of Director is ultimately responsible for identifying and controlling risks in addition to other parties which are responsible for risk management.

Monitoring and controlling risks is primarily performed based on limits established by the Bank. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept, with additional emphasis on selected industries.

Information compiled from all businesses is examined and processed in order to analyze, control and identify early risks.

The Bank is exposed to credit risk, liquidity risk, market risk (which include interest rate risk and currency risk), operating risk and other risks.

Loans and credit facilities to customers and banks, current accounts and deposits with banks and rights and obligations from others are considered as financial assets exposed to credit risk. Credit risk represents the inability of these parties to meet their obligations when they fall due.

Management of credit risk

The Bank uses an internal risk rating system to assess the credit quality of borrowers and counterparties. The risk rating system has 5 grades. Grades 1 and 2 are performing loans and advances and Grades 3-5 are nonperforming. Non-performing grades are classified based on the below criteria which agree with CBY instructions.

37.1111		
3	Sub-standard loans and advances	Overdue greater than 90 days, and shows some loss due to adverse factors that hinder repayment.
4	Doubtful loans and advances	Overdue greater than 180 days, and based on available information, full recovery seems doubtful, leading to loss on portion of these

Bad loans and Overdue greater than 360 days, and probability advances of no recovery.

The performing loans and advances portfolio of the Bank based on the internal credit ratings is as follows (excluding cash secured loans and advances):

		2013	2012
Grade	Classification	YR 000s	YR 000s
1-2	Performing and watchlist	4 246 659	3.751.838

In order to comply with CBY circular No. 10 of 1997 regarding to the credit risk exposure, the Bank applies some procedures in order to properly manage its credit risk. The following are examples of the procedures applied by the Bank:

- Preparing credit studies on customers and banks before dealing with them and determining their related credit risk rates.
- Obtaining sufficient collaterals to minimize the credit risk exposure which may result from financial problems facing customers or banks.
- Following up and periodical reviews of customers and banks in order to evaluate their financial positions, credit rating and the required provision for non-performing loans.
- Distributing credit portfolio and balances 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:

	YR 000s	YR 000s
Cash on hand and reserve balances with CBY		
(excluding cash on hand)	8,944,968	7,841,083
Due from bank	23,688,388	27,896,311
Treasury bill - held to maturity	89,882,004	76,835,274
Loans and advances (net)	11,619,462	8,853,256
Available for sale investments	239,811	306,577
Debit balances and other assets (excluding		
prepaid expenses) (net)	93,782	677,925
	134,468,415	122,410,426
Contingent liabilities and commitments	23,510,581	27,507,457
Total credit risk exposure	157,978,996	149,917,883

The following analysis of the Bank financial assets and contingen liabilities by industry sector, before and after taking into account collatera held of other credit enhancements (risk concentration for maximum exposure to credit risk by industry sector) is as follows:

	2013		2012	
	Gross Maximum Exposure YR 000s	Net Maximum Exposure YR 000s	Gross Maximum Exposure YR 000s	Net Maximum Exposure YR 000s
Government	102,180,017	- X	89,974,322	
Finance	22,023,370	20,575,154	24,572,317	22,904,923
Industry	657,868	657,868	991,340	991,340
General trade	7,460,125	7,460,125	3,874,353	3,874,353
Contractors	275,414	275,414	195,607	195,607
Consumer	1,777,839	1,777,839	2,124,562	2,124,562
Others	93,782	93,782	677,925	677,925
	134,468,415	30,840,182	122,410,426	30,768,710
Contingent liabilities and commitments	23,510,581	20,838,872	27,507,457	24,436,706
	157 978 996	51 679 054	149 917 883	55 205 416

The Bank manages concentration of risk by distributing the portfolio over | The Bank performs a number of procedures to limit the effect of such risk diversified economic sectors and geographical locations. Note no. 34 to the financial statements shows the distribution of assets, liabilities, contingent liabilities and commitments based on economic sectors and Note no. 35 to the financial statements shows the distribution of assets, liabilities, contingent liabilities and commitments based on geographical locations at the financial statements date.

Liquidity risk

Liquidity risk arises from cash flows generated by assets and liabilities, not being matched in currency, size and term, thereby creating financing needs which potentially cannot be met without incurring substantially higher costs or at any cost at all.

Liquidity risk is the risk that the Bank will be unable to meet its obligations when they fall due and other risks related to sufficient liquidity without incurring losses on timely basis.

Management liquidity risk

The Bank's management in addition to its core deposit base, manages assets with liquidity in mind and monitors future cash flows and liquidity on a daily basis and has arranged diversified funding sources.

The Central Bank of Yemen Circular No. 3 of 1997 requires that the liquidity ratio be 25% as a minimum. The liquidity ratio as at December 31, 2013 was 54% (as at December 31, 2012 was 58%).

The table below shows the maturity analysis for financial liabilities that shows the remaining contractual maturities:

			2013		
	Due within three months YR 000s	Due within three to six months YR 000s	Due within six months to one year YR 000s	Due over one year YR 000s	Total YR 000s
Liabilities	2.20				7.41
Due to banks Customers'	2,774	*	-	-	2,774
deposits	83,946,429	11,874,656	24,397,192	144,531	120,362,808
Credit balances and other					
liabilities	2,375,620	264,784	228,353		2,868,757
Total liabilities	86,324,823	12,139,440	24,625,545	144,531	123,234,339
			2012		
	Due within three months YR 000s	Due within three to six months YR 000s	Due within six months to one year YR 000s	Due over one year YR 000s	Total YR 000s
Liabilities					
Due to banks	431,196	4	3	-	431,196
Customers' deposits	72,462,149	11,440,359	22,165,643	233,409	106,301,560
Credit balances and other					
liabilities	2,103,367	790,650	367,711	_ 3	3,261,728
Total liabilities	74,996,712	12,231,009	22,533,354	223,409	109,994,484

Note no. 32 to the financial statements shows the maturity analysis of financial assets and liabilities and the net gap between them at the financial statements date.

Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads will affect the Bank's income, future cash flows or the value of its holdings of financial instruments. Market risk consists of exchange rate risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Management of market risk

The Bank separate exposure market risk between two portfolios, one for trading portfolios and non-trading portfolios.

The Bank has no trading positions in equity and the main source of market risk for the Bank is its foreign exchange exposure and interest rate gap.

The Bank does not deal in forward contracts to cover its needs for foreign currencies or foreign exchange contracts to cover the risks of settling its future liabilities in foreign currencies.

All foreign exchange income/losses arising out of customer transactions and revaluation of statement of financial position assets and liabilities are booked by the treasury department. The responsibility for monitoring and managing the related risks also rests with the Treasury department.

Overall authority for market risk management is vested with the Asset and Liability Management Committee. The Risk Management Department is responsible for the development of detailed risk management policies (subject to review and approval by appropriate approving authorities) and the Financial Control Department is responsible for the day-to-day review of their implementation.

Exposure to interest rate risk - non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates.

Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. The Asset and Liability Committee (ALCO) is the monitoring body for compliance with these limits and is assisted by Bank Central Treasury in its day-to-day monitoring activities.

to the minimal level as follows:

Correlating interest rates on borrowing with interest rates on lending. Considering the discount rates for different currencies when determining interest rates.

Monitoring the matching of maturity dates of financial assets and

The table below shows interest rate gap position on non-trading portfolios:

	with Chy					19,573,184	10.573,184	_	10
и	Doe from banks	19,007,003	515,610	526,650	1	2,648,135	23,688,388		0.21
. 1	Treasury bilds - held to manney	40.572.122	21,784,921	27,524,961	-	-	39.852,004	15.99	190
- 1	Learn and advances (net)				2007300				7.60
- 1		1,286,771	819,760	1,547,677	7,965,254		11,619,462	21.00	4,000
- 1	Available for sale investments	7.	Y		-	239,811	239,811	-	7
- 1	Other assets (net)	3,499	- 95	98		3,366,235	3,368,929	0.00	-
- 1	Total Assets	61,359,384	23,126,386	29,599,186	7.965,254	16,927,368	199,371,278		
d	Compound	2000000	The street out	- American	TO DO MAN	Contraction	The Decidence		
ч									
J	Liabilities and Equity								
п	Service Service					Cont	100		
- 1	Due to banks			- 20	0.0	2,774	2,774	3.5	
- 1	Customers' deposits	19,800,511	9.885,077	20.677,436		29,999,784	120,562,808	16.25	6.28
	Credit balancos and other bubilities	944,628	156/111	329,319	240	1,439,459	2,965,757		-
ш	Other provisions	-		2		249,216	249,216		
ч	Equity					15,858,223	(5 995 221		
٠I	- Edino.	_	_			12,858,223	13333777		
- 1	Total Liabilities and Equity	60.745/341	10.041.254	21.005.725		47,579,456	(39,371,778		
- 1		-				-	-300		
- 1	Interest rate sensitivity gup	1,114,041	13,079,132	X.595.661	7,965,254	(30.752,088)	_		
- 1	Parties to the same of the sam	1,(14,04)	116306306	25,786,854	30,752,088				
- 1	Cumulative interest rate seminivity gap	1,1(4,04)	14.193,175	26,700,024	30,752,000		-		
- 1									
- 1		_			2012			-	1000
- 1			Erom 3	From 6		Non-			terest rates
- 1		Learthan	months to	months to	Over	interest		Local	Foreign
- 1		3 months	6 months	t year	Lyear	semitive.	Lotat	Currency	Currency
- 1		YR 000a	YR 600)	VR mms	V R: 000x	YR 000k	VIE 0000	24	5
- 1	Assets	2.00					-		
- 1	Cash on hand and reserve balances								
- 1	with CBY		- L			9,508,477	9,505,477		- 2
- 1	Due from banks	17,145,007	2,6643(0 -	1,679,546	4	6,409,043	21,896,511	19.75	0.67
. 1	Tremury Bills - held to magnify	42,886,957	17,600,550	21,647,733		and the second	76,634,274	20.26	-
- 1	Loam and advinces (net)	1,587,070	149 540	3,179,502	1,737,138	100	4.885,256	26.35	2.63
1		1,247,000	100000	201.00	STOCKING.	306,577			
1	Available for sale investments	5.5			S. COLOR	1647.007	306,577	-	
		69,421	10,000	6,160		306.577 3,641,091			-
1	Available for sale investments	5.5			3,737,135		306,577	-	
	Available for sale investments Other assets (not) Total Alisets	69,42]	11(09)	6,160		1,641,091	3,732,962	-	4
	Available for sale investments Other users (net)	69,42]	11(09)	6,160		1,641,091	3,732,962	-	
	Available for sale investments Other pages (not) Total Assets Liabilities and Equaty	69,42]	11(09)	6,160			306,577 3,732,962)27,]32,857	-	
	Available for sale investments Office assets (net) Total Assets Labilities and Equity Due to busis	6(,646,655	15,634,729	6,260 26,213,145		19,811,193 19,811,193	306,577 3,732,962 327,132,887 431,196		423
	Available for sale investments Other posent men Total Assets Liabilities and Equity Due to bunks Cuscoment Approach	61,646,635	15,634,739	6,160 26,213,145		1,641,091 19,811,193 4,31,196 29,436,794	306,577 3,732,962 327,332,857 431,596 106,501,550	1930	625
	Available for sale investments Other assets (net) Total Alacts Liabilities and Equity Due to basis Customen' deposits Credi balances and other liabilities	69,42] 61,646,635 44,664,965 957,039	15,634,729	6,260 26,213,145		19,871,193 19,871,193 431,196 29,436,794 1,750,115	306,577 3,732,962 327,332,857 431,396 106,301,560 3,261,728	1936	4.24:
	Available for sale investments Other instea facts Total Abuses Liabilities and Egistr Due to binds Customers' deposits Credit belonces and other liabilities Other provisions	61,646,635	15,634,739	6,160 26,213,145		431,196 29,436,794 1,750,115 22,671	306,577 3,732,962 327,132,85T 431,196 106,801,560 3,261,226 325,671	920	0.25
	Available for sale investments Other assets (net) Total Alacts Liabilities and Equity Due to basis Customen' deposits Credi balances and other liabilities	69,42] 61,646,635 44,664,965 957,039	15,634,739	6,160 26,213,145		19,871,193 19,871,193 431,196 29,436,794 1,750,115	306,577 3,732,962 327,332,857 431,396 106,301,560 3,261,728	1936	0.25
	Available for sale investments Other instea facts Total Abuses Liabilities and Egistr Due to binds Customers' deposits Credit belonces and other liabilities Other provisions	69,42] 61,646,635 44,664,965 957,039	15,634,739	6,160 26,213,145		431,196 29,436,794 1,750,115 22,671	306,577 3,732,962 327,132,85T 431,196 106,801,560 3,261,226 325,671	920	424
1	Available for sale investments Other insent (ner) Total Alices Liabilities and Equity Due to hinds Customers' deposits Credit belonces and other liabilities Other provisions Equity Total Liabilities and Univery	69,42] 61,696,635 46,664,985 957,039 49,622,004	9,001,113 19,694,744	6,169 36,213,145 18,991,425 367,603	3,737,135	431,196 29,436,794 1,250,415 325,671 16,672,702 48,756,878	106,577 3,732,962 122,132,857 431,196 106,801,560 1,261,726 132,671 16,812,102	920	424
8	Available for sale investments Other instea facts Total Alices Liabilities and Equity Due to hinds Customers' deposits Cyclic belonces and other liabilities Used to the control of the provisions Equity	61,646,655	9,97,115 19,97,115	6,265 26,213,145 16,042,426 367,600		19,811,193 19,811,193 431,196 29,436,794 1,750,115 325,671 16,872,702	106,577 3,732,962 122,132,857 431,196 106,801,560 1,261,726 132,671 16,812,102	920	42s
4 8 7 9	Available for sale investments Other insent (ner) Total Alices Liabilities and Equity Due to hinds Customers' deposits Credit belonces and other liabilities Other provisions Equity Total Liabilities and Univery	69,42] 61,696,635 46,664,985 957,039 49,622,004	9,001,113 19,694,744	6,169 36,213,145 18,991,425 367,603	3,737,135	431,196 29,436,794 1,250,415 325,671 16,672,702 48,756,878	106,577 3,732,962 122,132,857 431,196 106,801,560 1,261,726 132,671 16,812,102	920	42s

compared with last year

Interest rate sensitivity

US Dollars.

Other Currencies

The following table demonstrates the sensitivity to a possible and reasonable change in interest rates, with all other variables held constant. The sensitivity of the statement of profit or loss and other comprehensive income is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate of non-trading financial assets and financial liabilities. The sensitivity of the equity is the net change in interest income after deducting the income tax effect

	1403	Lucia Gui	of November 2 of Frank	code:	
	The el	.,	in interest rate	2%	
Currency	Cumulative Interest Rate Sensitivity Gap YR 000s	Net Inter (Statement Loss a Comprehen	est Income t of Profit or nd other usive Income)		ivity of equity YR 000s
Yemeni Rials	17,802,611		356,052		284,842
US Dollars	3,818,052		76,361		61,089
Sterling Pound	302,652		6,053		4,842
Euro	298,785		5,976		4,781
Other Currencies	564,734		11,295		9,036
	The el	fect of decrease	in interest rate	2%	
Сиггенсу	Cumulative Interest Rate Sensitivity Gap YR 000s	Net Inter (Statement Loss at Comprehen	ivity of est Income t of Profit or nd other usive Income) 000s		ivity of equity YR 000s
Yemeni Rials	17,802,611	4	356,052)	(284,842
US Dollars	3,818,052	(76,361)	1	61,089
Sterling Pound	302,652	.(6,053)	(4,842
Euro	298,785	-C	5,976)	(4,781
Other Currencies	564,734	(11,295)	(9,036
December 31, 2012					
	The el		in interest rate	2%	
Currency	Cumulative Interest Rate Sensitivity Gap YR 000s	Net Inter (Statement Loss at Comprehen	est Income t of Profit or nd other usive Income) 000s		ivity of equity /R 000s
Yemeni Rials	17,981,989		359.640		287,712
US Dollars	5,868,999		117,380		93,904
Sterling Pound	332,004		6,640		5,312
Euro	307,734		6,155		4,924
Other Currencies	657,424		(3.148		10,519
Currency	The effe Cumulative Interest Rate Sensitivity Gap	Sensit Net Inter (Statement Loss a	n interest rate 2 livity of est Income t of Profit or nd other usive Income)		ivity of equity
Yemeni Rials	YR 000s		000s		YR 000s 287,712
	17,981,989		359,640)		





26 August, 2014



FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2013 AND INDEPENDENT AUDITOR'S REPORT

d. Exposure to exchange rate risk for foreign currency

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rate and arises from financial instruments denominated in a foreign currency. The Bank's functional currency is the Yemeni Rial.

Due to the nature of the Bank's activity, the Bank deals in different foreign currencies, hence it is exposed to exchange rate risk. In order to minimize the exposure to exchange rate risk, the Bank is trying to maintain a balanced foreign currencies position in compliance with CBY instructions and the requirements of CBY circular No. 6 of 1998 which specifies that individual foreign currency positions should not exceed 15% of the Bank's capital and reserves, and that the aggregate open position for all foreign currencies should not exceed 25% of the Bank's capital and reserves.

In order to comply with CBY circular No. 6 of 1998, the Bank regularly monitors its foreign currency positions and sells the excess funds in foreign currencies at the prevailing rates on the dates of sale.

The table below shows the Bank's significant net exposures to foreign currencies:

			2013			
	US Dollars YR 000s	Sterling Pound YR 000s	Euro YR 000s	Saudi Rial YR 000s	Other currencies YR 000s	Total YR 000s
Assets Liabilities	48,346,597	1,713,233	2,681,234	3,377,475	301,623	56,420,162
and equity	(_46,877,394)	(_1,689,462)	(2,636,182)	(_3,499,445)	(217,744)	(_54,920,227)
Net currency position	1,469,203	23,771	45,052	(121,970)	83,879	1,499,935
			2012			
	USS Dollars YR 000s	Sterling Pound YR 000s	Euro YR 000s	Saudi Rial YR 000s	Other currencies YR 000s	Total VR 000s
Assets	50,956,436	1,653,352	2,930,693	2,909,530	102,420	58,552,431
Liabilities and equity	(49,929,047)	(1.630,433)	(2.937,779)	(2,912,452)	68,805	(57,478,516)
Net currency position	1,027,389	22,919	(7,086)	(2,922)	33,615	1,073,915

Effect of change in fair value of currency

The table below indicates the effect of a reasonably possible movement of the currency rate against the Yemeni Riyal on the statement of profit or loss and other comprehensive income, with all other variables held constant:

EI	or Loss	and o	other
	2013 (R 000s	1	2012 YR 000s
	14,692		10,274
	238		229
	450	(71)
(1,220)	(29)
	839		336
		or Loss Comprehe 2013 YR 000s 14,692 238 450 (1,220)	YR 000s 14,692 238 450 ((1,220) (

Note no. 36 to the financial statements indicates the significant foreign currencies' positions at the financial statements date compared with the last year.

Operational risk is the risk of direct or indirect loss due to an event or action causing failure of technology, process, infrastructure, personnel and other risks having an operational risk impact. The Bank seeks to minimize actual or potential losses from operational risks failure through a framework of policies and procedures that identify, assess, control, manage and report those risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment

Other risks

Other risks to which the Bank is exposed are regulatory risk, legal risk, and reputational risk. Regulatory risk is controlled through a framework of compliance policies and procedures. Legal risk is managed through the effective use of internal and external legal advisers. Reputational risk is controlled through the regular examination of issues that are considered to have reputational repercussions for the Bank, with guidelines and policies being issued as appropriate.

6. CAPITAL MANAGEMENT

The primary objectives of the Bank's capital management are to ensure that the Bank complies with capital requirements which issued by the Central Bank of Yemen (CBY), the rules and ratios established by the Basel committee on banking supervision and that the Bank maintains strong credit ratings and excellently by 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 CBY for supervisory purposes. The required information is filed with the CBY on a quarterly basis, in order to comply with the requirements of CBY circular no. (2)

The CBY requires each bank in Yemen to maintain a minimum ratio of total capital to the riskweighted assets at or above the internationally agreed minimum of 8%. In addition, the Bank is required to maintain a minimum ratio of total capital to the customer deposits at or above

The capital adequacy ratio calculated in accordance with the guidelines of the Central Bank of Yemen compares between the bank core and supplementary capital with risk weighted total assets and liabilities at the financial statements date, is as follows:

	2013 YR Million	YR Million
Core capital	15,109	16,035
Supplementary capital	136	229
Total capital	15,245	16,264
Risk-weighted assets and contingent liabilities and commitments:		
Total assets	11,563	11,445
Contingent liabilities and commitments	12,399	13,386
Total risk weighted assets and contingent liabilities and		
commitments	23,962	24,831
Capital adequacy ratio	63.6%	65.5%

The core capital consists of share capital, reserves and retained earnings (after deducting investment in any local bank or financial company, if any) while supplementary capital consists of general provisions on performing debts with percentage 1% which should not exceed more than 2% of risk weighted assets.

7. CASH ON HAND AND RESERVE BALANCES WITH CENTRAL BANK OF YEMEN

	2013 YR 000s	2012 YR 000s
Cash on hand - local currency	865,501	551,407
Cash on hand - foreign currency	762,715	1,115.987
and the second s	1,628,216	1,667,394
Mandatory reserve with CBY - local currency	6,053,169	5,238,311
Mandatory reserve with CBY - foreign currency	2,891,799	2,602,772
Manager Contract of Same Same Same Same Same Same Same Same	8,944,968	7,841,083
	10,573,184	9,508,477

The mandatory reserve balances with CBY represent the minimum reserve requirements against customers' accounts in Yemeni Rial and foreign currencies (without interest). These funds are not available for the Bank's daily business.

8. DUE FROM BANKS

	2013 YR 000s	2012 YR 000s
Central Bank of Yemen		
Current accounts - local currency	1,736,040	2,029,207
Current accounts - foreign currency	1,617,005	768,758
	3,353,045	2,797,965
CBY certificates of deposits maturing within three		
months		2,500,000
	3,353,045	5,297,965
Local Banks		
Current accounts - local currency	413	10,615
Time deposits - foreign currency	12	289,582
,	413	300,197
Foreign banks		
Current accounts - foreign currency	5,690,944	3,600,468
Time deposits - foreign currency	14,643,986	18,697,681
	20,334,930	22,298,149
	23,688,388	27,896,311

- accounts with Central Bank of Yemen, local and foreign banks do not carry any interest.
- The certificates of deposits carry an interest rate between 19.58% and 19.75% during the year 2013 (interest rate between 19.58% and 19.75% during the year 2012). In accordance with the Central Bank of Yemen instructions, certificates of deposits which mature within a period not exceeding three months are considered as a part of cash and eash equivalents.

9. TREASURY BILLS - HELD TO MATURITY

	YR 000s	YR 000s
Treasury bills maturing within 90 days	47,372,675	43,900,902
Treasury bills maturing within 180 days	16,096,000	13,485,360
Treasury bills maturing within 360 days	29,696,040	22,668,740
And the second s	93,164,715	80,055,002
Less: Unearned discount balance	(3,282,711)	(3,219,728)
	89,882,004	76,835,274

The treasury bills carry an interest rate between 17.4% and 22.9% during the year 2013 (between 19.42% and 22.93% during the year 2012). In accordance with the Central Bank of Yemen instructions, treasury bills which mature within a period not exceeding three months are considered as part of cash and cash equivalents.

10. LOANS AND ADVANCES (NET)

a. Loans and advances by type

	Note		2013 YR 000s		2012 YR 000s	
Overdraft			9,297,656		4,300,310	
Loans to customers			5,935,433		8,769,091	
L/Cs financing			41,057		26,005	
			15,274,146		13,095,406	
Less:						
Provision for loans and advances	11.	(3,146,428)	(3,203,481)	
Uncollected interest	12	(_	508,256)	(_	1,038,669)	
			11,619,462		8,853,256	

- According to Article No. 85 of the Banks Law No. 38 of 1998, and Article No. 14 of the Income Tax Law No. 17 of 2010, all provisions made in compliance with the Central Bank of Yemen instructions on loans, advances, and contingent liabilities are exempt from income tax.
- Non-performing loans and advances amounted to YR 3,632,424 thousand as at December 31, 2013 after deducting uncollected interest by amount of YR 508,256 thousand and balances secured by cash deposits by amount of YR 7,395,063 thousand. As at December 31, 2012, the non-performing loans and advances amounted to YR 3,709,841 thousand after deducting uncollected interest by amount of YR 1,038,669 thousand and balances secured by cash deposits by amount of YR 5,633,727 thousand. The break-up of the above amount is as

	YR 000s	YR 000s
Substandard loans and advances	487,475	502,343
Doubtful loans and advances	198,201	198,372
Bad loans and advances	2,946,748	3,009,126
7773	3,632,424	3,709,841
want die de le constant le constant de la constant		

Loans and advances by industry

		201	3	
	Overdraft YR 000s	Loans to Customers YR 000s	L/C Financing YR 000s	Total YR 000s
Trade	9,170,141	1,524,485	41,057	10,735,683
Industry	89,066	568,802		657,868
Service	38,449	100	4	38,449
Finance	9	236,965		236,965
Individuals and others		3,605,181	- 3	3,605,181
Total	9,297,656	5,935,433	41,057	15,274,146
		201	2	
		Loans to	L/C	

	4	201	2	
	Overdraft YR 000s	Loans to Customers YR 000s	L/C Financing YR 000s	Total YR 000s
Trade	4,163,778	4,871,314	26,005	9,061.097
Industry	84,876	906,464	18	991,340
Service	51,656	9,155		60,811
Finance	1.5	134,796	- 6	134,796
Individuals and others		2,847,362		2,847,362
Total	4,300,310	8,769,091	26,005	13,095,406

The amounts above are shown gross figures before subtracting the provision for loans

and advances and uncollected interest.

11. PROVISION FOR LOANS AND ADVANCES (PERFORMING AND NON-PERFORMING)

a. Provision for loans and advances by type

					2013		
	Note		Specific YR 000s	į	General YR 000s	į,	Total YR 000s
Balance as at January 1, 2013			3,173,745		29,736		3,203,481
Retranslation differences of provision in foreign currencies			2,939		4		2,939
Add: provided during the year	28		740,620		15,534		756,154
Less; used during the year		0	2,092)		-	(2,092)
Less: provision reversed	27	(_	806,153)	(_	7,901)	(_	814,054)
Balance as at December 31, 2013		-	3,109,059	ä	37,369	į,	3,146,428

					2012		
	Note		Specific YR 000s	Ų.	General YR 000s		Total YR 000s
Balance as at January 1, 2012 Retranslation differences of			4,056,966		20,800		4,077,766
provision in foreign currencies			5,253		20		5,273
Add; provided during the year	28		540,283		11,593		551,876
Less: used during the year		(42,211)			(42,211)
Less: provisions reversed	27	(1,386,546)	(2.677)	(_	1,389,223)
Balance as at December 31, 2012		з	3,173,745		29,736	١.	3,203,481

b. Provision for loans and advances by sector

		2013	
	Corporate Lending YR 000s	Consumer Lending YR 000s	Total YR 000s
Balance as at January 1, 2013	3,173,745	29,736	3,203,481
Retranslation differences of provision in foreign currencies	2,939		2,939
Add: provided during the year	740,620	15,534	756,154
Less: used during the year	(2,092)		(2,092)
Less: provisions reversed	(806,153)	(7.901)	(814,054)
Balance as at December 31, 2013	3,109,059	37,369	3.146.428

					2012		
			Corporate Lending YR 000s	(Consumer Lending YR 000s	,	Total YR 000s
	Balance as at January 1, 2012 Retranslation differences of		4,056,966		20,800		4,077,766
	provision in foreign currencies		5,253		20		5,273
	Add: provided during the year		540,283		11.593		551,876
	Less: used during the year	(42,211)		4,000	C	42,211)
	Less: provisions reversed	£.	1,386,546)	(_	2,677)	(_	1,389,223)
	Balance as at December 31, 2012		3,173,745		29,736		3,203,481
2.	UNCOLLECTED INTEREST						

	12.0	2013 YR 000s	2	2012 YR 000s
Balance at beginning of the year Provided during the year		1,038,669 453,009		818,472 476,201
Written off during the year	(960,455)	-(96,500)
Recovered during the year	(13,612)	- (170,563)
Retranslation differences of uncollected interest in foreign currencies	(_	9,355)		11,059
Balance at end of the year		508,256		1,038,669

Uncollected interest is interest on non-performing loans and advances, which is recognized as revenue only when collected in accordance with CBY regulations.

13. AVAILABLE-FOR-SALE INVESTMENTS

		Note	Percentage %	shares	YR 0005	YR 000s	
i.	Financing investments - foreign	-					
	UBAC Curacao - Paris Alubaf Arab International		0.88	45,202	97,135	97,135	
	- Bahrain Arab Financial Services		0.344	6,880	147,866	147,866	
	Co Bahrain		0.167	10,000	10,745 255,746	10,745 255,746	
ji.	Financing investments - local						
	Yemen Financial Services Co Yemen Yemen Mobile Co. for		10	3,107	66,766	66,766	
	Telecommunication Al-Amal Bank for		0.139	120,000	61,200	61,200	
	Microfinance - Yemen Al-Tadhamon		.1.	200	20,000	20,000	
	Microfinance - Yemen		1	100	1,000	1,000	
					148,966	148,966	
					404,712	404,712	
L	ess: Impairment on available-for-sale						
	investments	13a			(164,901)	(98,135)	
					239,811	306,577	

- All available-for-sale investments are unquoted financial investments. Due to the difficulty of obtaining a reliable estimate of fair value for these investments as there are no quoted market prices and future cash flows are not determinable, these investments are carried at cost.
- The Bank recognized impairment on some of the available-for-sale investments because the Bank did not receive any dividends from these investments during prior years and furthermore, no dividends are expected to be received in the coming years.
- All the available-for-sale investments are non-classified by any international ratings companies
- 13.a Impairment on available-for-sale investments

	Note	YR 000s	- 2	YR 000s
Balance at beginning of the year Add: Impairment during the year		98,135 66,766		486,209
Less: used during the year		-	-(388,538)
Less: reversed during the year Retranslation differences – foreign	27		C	2,000)
currency				2,464
Balance at end of the year		164,901		98,135

(4. DEBIT BALANCES AND OTHER ASSETS (NET)

	Note	2013 YR 000s	100	012 R 000s
Prepaid expenses		169,254		39,044
Accrued interest		2,707		70,808
Projects in process (advances)		380,409		320,305
Assets transferred to the Bank's ownership		56,867		56,832
Other debit balances		944,903	1	,460,409
		1,554,140	1	,947,398
Less: Provision for doubtful debts	15	(910,695)	£	910,124)
		643,445		.037,274

End of service benefits

Other credit balances

19.a Income tax for the year

79 of the Banks Law No. 38 of 1998.

Balance at beginning of the year

Add: provided during the year

Balance at the end of the year

Less: paid during the year

Accrued expenses







Provision for Contingent

Claims YR 000s



FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2013 DITOR'S REPORT

5.PROVISIONS FO	R DOUBTF	UL DEBTS					20. OTHER PROVISIONS	
			Note	2013 YR 000s	YI	012 R 000s		Provision for Contingen Liabilities
Balance at beginnin Retranslation differ	ences of prov	ision		910,124		922,080		ote YR 000s
in foreign current Add: provided durin Less: used during the	ng the year ne year		28	1,000 665		2,660 -	Retranslation differences of	265,030 28 20,100
Less: provisions rev Balance at end of th			27	910,695	<u> </u>	15,063) 910,124	provision in foreign currencies Less: provisions reversed	27 (186,56.
							Balance as at December 31, 2013	98,57
16. PROPERTY AND EQUI	PMENT (NET)							Provision for
	Land, Buildings and	Leasehold	Furniture and	Motor	Computer		Description N	Contingen Liabilities ote YR 000s
Cost	Constructions YR 000s	Improvements YR 000s	Equipment YR 000s	Vehicles YR 000s	Equipment YR 000s	YR 000s	Balance as at January 1, 2012	78,97
Balance as at January 1, 2013. Additions during the year	2,412,945 34,603	120,953 24,938	462,432 81,878	136,926 16,843	518,045 15,533	3,651,30) 173,795	Retranslation differences of	28 223,51:
Disposals during the year Balance as at December 31, 2013	2,447,548	145,891	544,310	153,769	533,578	3,825,096		27 (37,624
Accumulated depreciation		A.744	4000	- 245	3.22		Balance as at December 31, 2012	265,030
Balance as at January 1, 2013 Depreciation Disposals Balance as at December 31, 2013	163,173 26,615 189,788	67,905 10,759 - 78,664	278,535 34,752 313,287	121,703 5,116 126,819	324,297 66,757 391,054	955,613 143,999 1,099,612	liabilities after deducting balances se rated banks.	
Net book value	197(190		V14469./	75/0/12	221,029		21. EQUITY a. Share capital	
December 31, 2013	2,257.760	67,227	231,025	26,950	142,524	2,725,484		es of Association w No. 405 of 2013
	Land, Buildings and Constructions	Leasehold Improvements	Furniture and Equipment	7.77.7	Computer Equipment	Total	YR 50 billion and share capital As at December 31, 2013, the s	amounted to YR 20 share capital is YR I
Cost	YR 000s	YR 000s	YR 000s	YR 000s	YR 000s	YR 000s	YR 10 billion) divided into 10 r The break-up of the above amou	
Balance as at January 1, 2012	2,382,204 32,346	110,072	417,981	121,516	495,131	3,526,904	200000000000000000000000000000000000000	
Additions during the year Disposals during the year Balance as at December 31, 2012	(<u>1,605</u>) 2,412,945	120,953	44,451	15,410	22,914	126,002 (1,605 3,651,301	Share capital according to the A Less: amounts not yet paid	articles of Associatio
Accumulated depreciation							Share capital as at December 31	, 2013
Balance as at January 1, 2012 Depreciation	137,318 25,864	58,794 9,111	247,665 30,870	115,636 6,067	254,152 70,145	813,565 142,057		the Banks Law no. 3
Disposals Balance as at December 31, 2012	(9) 163,173	67,905	278,535	121,703	324,297	955,613	the year is transferred to legal	reserve until the re
Net book value							c. General reserve	
December 31, 2012 17. DUE TO BANKS	2,249,772	53,048	183,897	(5,223	193,748	2,695,688	According to the Bank Article transferred to general reserve u this reserve can be used to in	ntil the reserve equa
Y 67-09 C.9 X-2-C4-10				2013 YR 000s	201 YR (activities based on the Bank ma Minister of Finance.	anagement suggestio
Local banks - curren	t account - loc	al currency	, ·	1,342	_ IK	1,853	 d. Revaluation of property surplus This reserve represents the diff 	
Foreign banks - curr			ncy _	1,432		29.343	and buildings and their book value. Fair value reserve	
Comment of the commen	List on door	. Lamba da	A	2,774	4	31,196	As at December 31, 2013, fair positive fair value amount of Y	
Current accounts w		o banks do n	of carry any	interest.			thousand) which represent the investment.	
 CUSTOMERS' DI Customers' d 	EPOSITS leposits by typ	NP.					22. CONTINGENT LIABILITIES AND	COMMITMENTS
	reposite of Of			2013	20			Gross Commitments
	Size C		Y-	YR 000s	YR	* * * * * * * * * * * * * * * * * * *	Letters of credit	7,900,593
Current accor Time deposit	S			19,916,965 62,148,278	50,6	57,323 81,387	Letters of guarantee Others	14,334,785 1,275,203
Saving account Margins of L	ints .C's and LG's			34,764,109 2,671,709		69,851 70,751		23,510,581
Other deposit			-	861,747		22,248		Gross Commitments
Customers' dep			2013 include		5 thousand		Letters of credit Letters of guarantee	YR 000s 13,602,996 13,704,392
held for direct a			December 31,	, 2012: YR 6,0	81,547 tho	usand).	Others	200,069 27,507,457
b. Customers' d	leposits by sec	tor		2013	20		23. INTEREST INCOME	20,000,000
Dubile and	ived contes		1,2	YR 000s	YR (2.222		
Public and m Individuals				10,541,175 94,126,833	81,5	24,368 31,477	Interest on loans to customers Interest earned on loans and overdra	fts
Corporations Others				10,700,122 4,994,678		11,238 34,477	Other interest	
				120,362,808	106,3	01,560	Interest on due from banks	
19. CREDIT BALANG	CES AND OT	HER LIAR	ILITIES				Interest from deposits Interest on certificates of deposit wit	th CBY
CALDIT DALAN	CEO MIDO	LIAD	LILIE	2013	20	12	Interest from current accounts	
			Note _	YR 000s	YR	000s_	Interest on treasury bills held to mat	urity _
Income tax for the y Interest payable	year		19.a	264,784 1,427,706	1,5	27,650 11,613		-
Unclaimed balances	0*			198,931		97,903	24. INTEREST EXPENSES	

37,343

56,000

883,993 2,868,757

2013

YR 000s

627,650

264,784

627,650)

264,784

*Unclaimed balances represent balances from previous years which have not been claimed by the beneficiaries. Management regularly reviews the likelihood that these amounts will be claimed, and based on the outcome of such review, the Bank considers the amount that should be transferred to the Ministry of Finance in accordance with the relevant Article No.

884,562

3,261,728

2012

YR 000s

550,999

603,787)

527,136)

627,650

40,000

	_			
Balance as at January 1, 2013 Add: provided during the year Retranslation differences of	28	265,030 20,108	1	325,671 110,108
provision in foreign currencies Less: provisions reversed	27	(186,563	0	(186,563
Balance as at December 31, 2013		98,575	150,641	249,216
			2012	
		Provision fo	or Provision for	
100 may 200 m	Let's	Contingent Liabilities	Claims	Total
<u>Description</u>	Note	YR 000s	YR 000s	YR 000s
Balance as at January 1, 2012 Add: provided during the year Retranslation differences of	28	78,973 223,515	-	139,434 223,515
provision in foreign currencies Less: provisions reversed	27	(37,624		(37,624
Balance as at December 31, 2012		265,030	60,641	325,671
Provision for general risk on cont liabilities after deducting balances rated banks. EQUITY				
According to the Bank Art Council of Ministers Decis YR 50 billion and share capi As at December 31, 2013, the YR 10 billion) divided into 1 The break-up of the above at	ion No. tal amo he share 10 millio	. 405 of 2013, unted to YR 20 less capital is YR 1 on shares of YR	the authorized cap billion. 0 billion (as at Dec	ital amounted I
111-11-11-11-11-11-11-11-11-11-11-11-11		the statement	Amo	
Share capital according to th Less: amounts not yet paid Share capital as at December			(10.00	00,000 00,000 00,000
Bank cannot use this reserve General reserve According to the Bank Arti transferred to general reserv this reserve can be used to activities based on the Bank Minister of Finance. Revaluation of property surp This reserve represents the and buildings and their book	icles of e until to increa manage	Association, 15 the reserve equa se the capital c ement suggestion erve	5% of the net profile twice the capital. or to the developm and the approval	t for the year The balance of ent of the Ban of the Board an
investment. CONTINGENT LIABILITIES A	ND CO	Gross Commitments	2013 Margin Held	Net Commitments
etters of credit		7,900,593	YR 000s (1,380,910)	YR 000s
etters of guarantee others		14,334,785	1.380.9101	6,519,683
		1,275,203	(1,254,024) (36,775)	13,080,761 1,238,428
			(1,254,024)	13,080,761
		1,275,203	(1,254,024) (36,775) (2,671,709)	13,080,761 1,238,428 20,838,872 Net
etters of credit		1,275,203 23,510,581 Gross Commitments YR 000s	(1,254,024) (36,775) (2,671,709) 2012 Margin Held YR 000s	13,080,761 1,238,428 20,838,872 Net Commitments YR 000s
etters of guarantee		1,275,203 23,510,581 Gross Commitments YR 000s 13,602,996 13,704,392 200,069	(1,254,024) (36,775) (2,671,709) 2012 Margin Held YR 000s (1,995,043) (1,065,125) (10,583)	13,080,761 1,238,425 20,838,872 Net Commitments YR 000s 11,607,953 12,639,267
etters of guarantee thers		1,275,203 23,510,581 Gross Commitments YR 000s 13,602,996 13,704,392	(1,254,024) (36,775) (2,671,709) 2012 Margin Held YR 000s (1,995,043) (1,065,125)	13,080,761 1,238,428 20,838,872 Net Commitments YR 000s 11,607,953 12,639,267 189,486
etters of guarantee thers		1,275,203 23,510,581 Gross Commitments YR 000s 13,602,996 13,704,392 200,069	(1,254,024) (36,775) (2,671,709) 2012 Margin Held YR 000s (1,995,043) (1,065,125) (10,583)	13,080,761 1,238,428 20,838,872 Net Commitments YR 000s 11,607,953 12,639,267 189,486
INTEREST INCOME		1,275,203 23,510,581 Gross Commitments YR 000s 13,602,996 13,704,392 200,069	(1,254,024) (36,775) (2,671,709) 2012 Margin Held YR 0005 (1,995,043) (1,065,125) (10,583) (3,070,751) 2013 YR 000s	13,080,761 1,238,428 20,838,872 Net Commitments YR 000s 11,607,953 12,639,267 189,486 24,436,706 2012 YR 000s
INTEREST INCOME Interest on loans to customers interest earned on loans and over	drafts	1,275,203 23,510,581 Gross Commitments YR 000s 13,602,996 13,704,392 200,069	(1,254,024) (36,775) (2,671,709) 2012 Margin Held YR 000s (1,995,043) (1,065,125) (10,583) (3,070,751)	13,080,76 1,238,428 20,838,872 Net Commitments YR 000s 11,607,953 12,639,267 189,486 24,436,706 2012 YR 000s
etters of guarantee thers INTEREST INCOME Interest on loans to customers Interest earned on loans and over	drafts	1,275,203 23,510,581 Gross Commitments YR 000s 13,602,996 13,704,392 200,069	(1,254,024) (36,775) (2,671,709) 2012 Margin Held YR 000s (1,995,043) (1,065,125) (10,583) (3,070,751) 2013 YR 000s	13,080,76 1,238,428 20,838,872 Net Commitments YR 000s 11,607,953 12,639,267 189,486 24,436,706 2012 YR 000s 1,523,555 260
INTEREST INCOME Interest on loans to customers Interest earned on loans and over Other interest	drafts	1,275,203 23,510,581 Gross Commitments YR 000s 13,602,996 13,704,392 200,069	(1,254,024) (36,775) (2,671,709) 2012 Margin Held YR 000s (1,995,043) (1,065,125) (10,583) (3,070,751) 2013 YR 000s 1,537,749 805 1,538,554	13,080,761 1,238,428 20,838,872 Net Commitments YR 000s 11,607,933 12,639,267 189,486 24,436,706 2012 YR 000s 1,523,555 260 1,523,813
INTEREST INCOME Interest on loans to customers Interest earned on loans and over Other interest Interest on due from banks Interest from deposits Interest on certificates of deposit		1,275,203 23,510,581 Gross Commitments YR 000s 13,602,996 13,704,392 200,069 27,507,457	(1,254,024) (36,775) (2,671,709) 2012 Margin Held YR 000s (1,995,043) (1,065,125) (10,583) (3,070,751) 2013 YR 000s 1,537,749 805 1,538,554 84,831 150,277	13,080,761 1,238,428 20,838,872 Net Commitments YR 000s 11,607,953 12,639,267 189,486 24,436,706 2012 YR 000s 1,523,55: 266 1,523,81: 104,476 66,28
INTEREST INCOME Interest on loans to customers Interest earned on loans and over Other interest Interest on due from banks Interest from deposits Interest on certificates of deposit		1,275,203 23,510,581 Gross Commitments YR 000s 13,602,996 13,704,392 200,069 27,507,457	(1,254,024) (36,775) (2,671,709) 2012 Margin Held YR 000s (1,995,043) (1,065,125) (10,583) (3,070,751) 2013 YR 000s 1,537,749 805 1,538,554 84,831	13,080,761 1,238,428 20,838,872 Net Commitments YR 000s 11,607,953 12,639,267 189,486 24,436,706 2012 YR 000s 1,523,55: 266 1,523,81: 104,47' 66,28- 189
INTEREST INCOME Interest on loans to customers interest earned on loans and over Other interest interest on due from banks interest from deposits interest on certificates of deposit interest from current accounts	with CI	1,275,203 23,510,581 Gross Commitments YR 000s 13,602,996 13,704,392 200,069 27,507,457	(1,254,024) (36,775) (2,671,709) 2012 Margin Held YR 000s (1,995,043) (1,065,125) (10,583) (3,070,751) 2013 YR 000s 1,537,749 805 1,538,554 84,831 150,277 311	13,080,761 1,238,428 20,838,872 Net Commitments YR 000s 11,607,953 12,639,267 189,486 24,436,706 2012 YR 000s 1,523,55: 260 1,523,81: 104,479 66,28: 18: 170,94*
INTEREST INCOME Interest on loans to customers interest earned on loans and over Other interest interest on due from banks interest from deposits interest on certificates of deposit interest from current accounts	with CI	1,275,203 23,510,581 Gross Commitments YR 000s 13,602,996 13,704,392 200,069 27,507,457	(1,254,024) (36,775) (2,671,709) 2012 Margin Held YR 000s (1,995,043) (1,065,125) (10,583) (3,070,751) 2013 YR 000s 1,537,749 805 1,538,554 84,831 150,277 311 235,419	13,080,761 1,238,428 20,838,872 Net Commitments YR 000s 11,607,953 12,639,267 189,486 24,436,706 2012 YR 000s 1,523,555 266 1,523,815 104,476 66,286 170,946 14,825,116
INTEREST INCOME Interest on loans to customers Interest earned on loans and over Other interest Interest from due from banks Interest from deposits Interest on certificates of deposit Interest from current accounts Interest on treasury bills held to response	with CI	1,275,203 23,510,581 Gross Commitments YR 000s 13,602,996 13,704,392 200,069 27,507,457	(1,254,024) (36,775) (2,671,709) 2012 Margin Held YR 000s (1,995,043) (1,065,125) (10,583) (3,070,751) 2013 YR 000s 1,537,749 805 1,538,554 84,831 150,277 311 235,419 14,203,379	13,080,761 1,238,428 20,838,872 Net Commitments YR 000s 11,607,953 12,639,267 189,486 24,436,706 2012 YR 000s 1,523,555 266 1,523,815 104,476 66,286 170,946 14,825,116
Interest on loans to customers Interest on loans to customers Interest earned on loans and over Other interest Interest from deposits Interest from current accounts Interest on treasury bills held to r INTEREST EXPENSES Interest on customers' deposits	with CI	1,275,203 23,510,581 Gross Commitments YR 000s 13,602,996 13,704,392 200,069 27,507,457	(1,254,024) (36,775) (2,671,709) 2012 Margin Held YR 000s (1,995,043) (1,065,125) (10,583) (3,070,751) 2013 YR 000s 1,537,749 805 1,538,554 84,831 150,277 311 235,419 14,203,379 15,977,352 2013 YR 000s	13,080,761 1,238,428 20,838,872 Net Commitments YR 000s 11,607,953 12,639,267 189,486 24,436,706 2012 YR 000s 1,523,555 266 1,523,817 104,476 66,286 186 170,947 14,825,110 16,519,866
INTEREST INCOME Interest on loans to customers Interest earned on loans and over Other interest Interest from due from banks Interest from deposits Interest on certificates of deposit Interest from current accounts Interest on treasury bills held to response	with CI	1,275,203 23,510,581 Gross Commitments YR 000s 13,602,996 13,704,392 200,069 27,507,457	(1,254,024) (36,775) (2,671,709) 2012 Margin Held YR 000b (1,995,043) (1,065,125) (10,583) (3,070,751) 2013 YR 000s 1,537,749 805 1,538,554 84,831 150,277 311 235,419 14,203,379 15,977,352	13,080,761 1,238,428 20,838,872 Net Commitments YR 000s 11,607,953 12,639,267 189,486 24,436,706 2012 YR 000s 1,523,55: 266 1,523,81: 104,47: 66,28: 170,94 14,825,110 16,519,866 2012 YR 000s
Interest on loans to customers Interest on loans to customers Interest earned on loans and over Other interest Interest from deposits Interest from current accounts Interest on treasury bills held to r INTEREST EXPENSES Interest on customers' deposits Interest on customers' deposits Interest on time deposits	with CI	1,275,203 23,510,581 Gross Commitments YR 000s 13,602,996 13,704,392 200,069 27,507,457	(1,254,024) (36,775) (2,671,709) 2012 Margin Held YR 0009 (1,995,043) (1,065,125) (10,583) (3,070,751) 2013 YR 0008 1,537,749 805 1,538,554 84,831 150,277 311 235,419 14,203,379 15,977,352 2013 YR 000s	13,080,761 1,238,428 20,838,872 Net Commitments YR 000s 11,607,953 12,639,267 189,486 24,436,706 2012 YR 000s 1,523,813 104,479 66,28 188 170,94 14,825,119 16,519,869 2012 YR 000s 7,893,30 3,259,429
Interest on loans to customers Interest on loans to customers Interest earned on loans and over Other interest Interest from deposits Interest from deposits Interest from current accounts Interest on treasury bills held to r INTEREST EXPENSES Interest on customers' deposits Interest on time deposits Interest on saving accounts	with CI	1,275,203 23,510,581 Gross Commitments YR 000s 13,602,996 13,704,392 200,069 27,507,457	(1,254,024) (36,775) (2,671,709) 2012 Margin Held YR 000s (1,995,043) (1,065,125) (10,583) (3,070,751) 2013 YR 000s 1,537,749 805 1,538,554 84,831 150,277 311 235,419 14,203,379 15,977,352 2013 YR 000s	13,080,761 1,238,428 20,838,872 Net Commitments YR 000s 11,607,953 12,639,267 189,486 24,436,706 2012 YR 000s 1,523,812 104,479 66,284 184 170,944 14,825,110 16,519,869 2012 YR 000s
Interest on loans to customers Interest on loans to customers Interest earned on loans and over Other interest Interest from deposits Interest from deposits Interest from current accounts Interest on treasury bills held to r INTEREST EXPENSES Interest on customers' deposits Interest on time deposits Interest on saving accounts	with CI	1,275,203 23,510,581 Gross Commitments YR 000s 13,602,996 13,704,392 200,069 27,507,457	(1,254,024) (36,775) (2,671,709) 2012 Margin Held YR 000s (1,995,043) (1,065,125) (10,583) (3,070,751) 2013 YR 000s 1,537,749 805 1,538,554 84,831 150,277 311 235,419 14,203,379 15,977,352 2013 YR 000s	13,080,761 1,238,428 20,838,872 Net Commitments YR 000s 11,607,953 12,639,267 189,486 24,436,706 2012 YR 000s 1,523,813 104,479 66,28 188 170,94 14,825,119 16,519,869 2012 YR 000s 7,893,30 3,259,429
Interest on loans to customers Interest on loans to customers Interest earned on loans and over Other interest Interest from deposits Interest from deposits Interest from current accounts Interest on treasury bills held to r INTEREST EXPENSES Interest on customers' deposits Interest on fime deposits Interest on saving accounts	with CI	1,275,203 23,510,581 Gross Commitments YR 000s 13,602,996 13,704,392 200,069 27,507,457	(1,254,024) (36,775) (2,671,709) 2012 Margin Held YR 000s (1,995,043) (1,065,125) (10,583) (3,070,751) 2013 YR 000s 1,537,749 805 1,538,554 84,831 150,277 311 235,419 14,203,379 15,977,352 2013 YR 000s 8,207,751 2,851,538 11,059,289	13,080,761 1,238,428 20,838,872 Net Commitments YR 000s 11,607,953 12,639,267 189,486 24,436,706 2012 YR 000s 1,523,555 266 1,523,815 104,476 66,286 170,947 14,825,116 16,519,866 2012 YR 000s 7,893,300 3,259,420 11,152,736
Interest on loans to customers Interest on loans to customers Interest earned on loans and over Other interest Interest from due from banks Interest from deposits Interest on certificates of deposit Interest from current accounts Interest on treasury bills held to r INTEREST EXPENSES Interest on customers' deposits Interest on saving accounts FEE AND COMMISSIONS I	with Cl	1,275,203 23,510,581 Gross Commitments YR 000s 13,602,996 13,704,392 200,069 27,507,457	(1,254,024) (36,775) (2,671,709) 2012 Margin Held YR 000s (1,995,043) (1,065,125) (10,583) (3,070,751) 2013 YR 000s 1,537,749 805 1,538,554 84,831 150,277 311 235,419 14,203,379 15,977,352 2013 YR 000s 8,207,751 2,851,538 11,059,289 2013 YR 000s 1,537,749 805 1,538,554	13,080,761 1,238,428 20,838,872 Net Commitments YR 000s 11,607,953 12,639,267 189,486 24,436,706 2012 YR 000s 1,523,552 266 1,523,812 104,479 66,284 170,94' 14,825,116 16,519,869 2012 YR 000s 7,893,300 3,259,429 11,152,734
Interest on loans to customers Interest earned on loans and over Other interest Interest on due from banks Interest from deposits Interest on certificates of deposit Interest from current accounts Interest on treasury bills held to r INTEREST EXPENSES Interest on customers' deposits Interest on time deposits Interest on saving accounts FEE AND COMMISSIONS I	with CI maturity INCOM	1,275,203 23,510,581 Gross Commitments YR 000s 13,602,996 13,704,392 200,069 27,507,457	(1,254,024) (36,775) (2,671,709) 2012 Margin Held YR 0009 (1,995,043) (1,065,125) (10,583) (3,070,751) 2013 YR 000s 1,537,749 805 1,538,554 84,831 150,277 311 235,419 14,203,379 15,977,352 2013 YR 000s 8,207,751 2,851,538 11,059,289 2013 YR 000s	Commitments YR 000s 11,607,953 12,639,267 189,486 24,436,706 2012 YR 000s 1,523,552 266 1,523,812 104,476 66,286 170,947 14,825,116 16,519,866 2012 YR 000s 7,893,300 3,259,426 11,152,736

496,168

624,569

	26.	GAIN ON FOREIGN C	URRENCY	TRANSAC			2012
					2013 YR 000	<u>s</u>	YR 000s
Total	Н	(Loss) from translation of Gain from dealing in fore			(2,	174) (15,906
YR 000s 325,671		transactions	ign currence		35.	929	33,790
110,108	27	OTHER OPEN TING	INCOME		33,	755	17,884
186,563)	300	OTHER OPERATING	INCOME		2013		2012
249,216				Note	YR 00		YR 000s
		Provisions reversed Provision for loans and	advances	11	812	1,054	1,389,223
		Provision for contingent Provision for doubtful d		20 15		5,563	37,624 15,063
Total YR 000s	П				1,000	0,617	1,441,910
139,434	П	Reversal of impairment o sale investments	r avanabie-i	13.a	1 6	Sud.	2,000
223,515		Other income			0.54	1,438 5,055	57,359 1,501,269
346: 37,624)					1,00	- M22	1,501,207
40 1 7 6 8	28.	PROVISIONS PROVID	ED DURIN	NG THE YE	AR		
contingent				*****	2013		2012
high credit	П	Provisions for loans and a	dvances	Note	YR 00	Us	YR 000s
		(performing and non-pe	rforming)	11		5,154	551,876
President of		Provision for doubtful del Other provisions	DIS	15 20		0,000 0,108	2,660 223,515
imounted to					86	7,262	778,051
er 31, 2012:							
	29.	STAFF COST			28.0		
				Note	2013 YR 00		2012 YR 000s
00	П	Basic salaries				1,204	846,102
00		Rewards and incentives Allowances and benefits			692	7,803 2,062	790,325 470,898
net profit for	Н	Social security Others				5,247 9,727	66,241 221,561
capital. The of Yemen.	U	STATE THE STATE OF			3,279	0,043	2,395,127
	1	OTHER EXPENSES					
the year is e balance of					2013 YR 0		2012 YR 000s
of the Bank e Board and		Zakat expenses				0,000	200,000
	H	Subscriptions Water, electricity and fuel	i i		7	1,814 2,548	152,39° 69,642
owned land	V.	Security guard Professional fees				9,718 1,601	63,875
		Advertisement and public			5	8,670	41,444
ent include a		Travelling and transportat Training expenses	ion		4	2,266 9,127	60,149 23,145
e: YR 50,090 able-for-sale		Maintenance expenses Rent				8,931 8,998	52,825 41,616
		Stationery and printing su Donations	pplies			6,523 5,608	36,14/ 59,42
Net	Į,	Telephone, telex and post	age		2	6,535	36,17
YR 000s		Hospitality and reception Government fees				7,490 3,603	20,842 3,63
6,519,683	1	Other expenses				9,929 3,361	1,008,50
1,238,428 20,838,872					99	2,201	1,008,30
	31.	EARNING PER SHARE	2				
Net ommitments YR 000s					20	13	2012
11,607,953		Net profit for the year (YI Number of shares (by tho				2,033 0,000	2,609,304
12,639,267 189,486		Earning per share (YR)	arana)			90	26
24,436,706	32.	MATURITIES OF ASSETS	AND LIABI	ILITIES	2013		
2012 YR 000s			Due within three	Due from three to six	Due from six months to	Due over	200
		Description	YR 000's	YR 000's	yR 000's	YR 000's	YR 000's
1,523,552 260	10	a. Assets Cash on hand & reserve balances with CBY	10,573,184				10,573,184
1,523,812		Due from banks Treasury bills – held to	22,554,768	515,610	526,650	91,360	23,688,388
104,479		maturity Loans and advances (net) Available-for-sale	40,572,122 1,286,771	21,784,921 819,760	27,524,961 1,547,677	7,965,254	89,882,004 11,619,462
66,284 184		investments Other assets	2,498	95	- 98	239,811 3,366,238	239,811 3,368,929
170,947	Ш	b. Liabilities and equity	74,989,343	_23,120,386	29,599,386	_11,662,663	139,371,778
16,519,869		Due to banks Customers' deposits	2,774 83,946,429	11,874,656	24,397,192	144,551	2,774 120,362,808
10,010,000		Other liabilities and equity	2,624,836 86,574,039	264,784 12,139,440	228,353	15,888,223	19,006,196 139,371,778
12.2		Net	(11.584,696)	10,980,946	4,973,841	(_4,370,091)	
2012 YR 000s		3	Due within	Due from three to six	Due from six	Duchini	_
7 902 205		Description	months YR 000's	months YR 000's	months to one year YR 000's	One over one year VR 000's	Total YR 000's
7,893,305	1	a. Assets Cash on hand & reserve	121.3	-		2	
3,259,429		balances with CBY Due from banks	9,508,477 23,552,255	2,664,510	1,679,546	2	9,508,477 27,896,311
		Treasury bills - held to	42,886,957	12,800,580	21,147,737	122	76,835,274
7 . 6		maturity Loans and advances (net)		149,549	3,379,502	3,737,135	
2012		maturity Loans and advances (net) Available-for-sale investments	1,587,070	4	3,379,502	3,737,135	8,853,256 306,577
2012 YR 000s		maturity Loans and advances (net) Available-for-sale investments Other assets		149,549 10,090 15,624,729	3,379,502 6,360 26,213,145		8,853,256
11,152,734		maturity Loans and advances (net) Available-for-sale investments	1,587,070	10,090	6,360	306,577 3,647,091	8,853,256 306,577 3,732,962

3,393,720

3,679,79) (9,355,308)







FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2013 AND INDEPENDENT AUDITOR'S REPORT

33. INTEREST RATES APPLIED DURING THE YEAR

The table below shows interest rates on assets and liabilities during the year compared to las year were as follows:

			2013		
	YR %	USS %	Saudi Riyal %	Sterling Pound	EUR
Assets	-	-		-	-
Loans and advances to customers:	21.00	7.00			
- Facilities Due from banks:	21.00	7.60	-	-	-
- Certificates of deposits	19.75	20	12	_	
- Time deposits	12.20	0.21	0.45	0.44	0.15
Treasury bills - held to		0,41	0.45	9.71	0.10
maturity	15.96		-	-	1-1
Liabilities					
Customers' deposits:					
- Time deposits	15.25	0.25	0.25	0.25	0.25
- Savings accounts	15.25	0.25	0.25	0.25	0.25
			2012		
			Saudi	Sterling	_
	YR	USS	Riyal	Pound	EUR
	%	0/6	%	%	%
Assets		100		-	11.42
Loans and advances to customers:					
- Facilities	26.38	7.63		1.7	-
Due from banks:					
- Certificates of deposits	19.75	4			-
- Time deposits		0.67	0,33	0.78	0.03
Treasury bills - held to	22.2				
maturity	20.22	-	8	-	-
The second secon					
Liabilities					
Liabilities Customers' deposits: - Time deposits - Savings accounts	19.50 19.50	0.25 0.25	0.25 0.25	0.25 0.25	0.25 0.25

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

Individuals

	Industrial YR 000s	Agriculture YR 000s	Trading YR 000s	Service YR 000s	Finance YR 000s	& others YR 000s	Total YR 000s	
Assets Cash on hand and reserve								3
balance with	4				12/24/10/		76 444 789	l
CBY	2		-	*	10,573,184	2.	10,573,184	П
Due from banks Treasury bills held to	2	•	7	-	23,688,388	121	23,688,388	
maturity Loans and	9.				89,882,004	154	89,882,004	ľ
advances (net) Available for sale	-		8,885,653		29,128	2,704,681	11,619,462	l
investments	9-			61,200	178,611	9	239,811	l
Liabilities Due to banks	2		è		2,774		2,774	
Customers deposits	1,291,432	496,506	7,264,490	8,367,433	1,258,787	101,684,160	120,362,808	ı
Contingent liabilities and commitments								
(net)	100,391	1,000	15,715,442	921,427	1,090,976	3,152,508	20,981,744	
				2012				
	200	Valla Valla	CALL	7.00	4,5,000	Individuals	-	ı
	Industrial YR 000s	Agriculture YR 000s	YR 000s	Service YR 000s	Finance YR 000s	& others YR 000s	YR 000s	l
Assets Cash on hand and reserve balance with								
CBY	7		-57	- 3	9.508,477		9,508,477	L
Due from banks			-	1	27,896,311	-	27,896,311	
Treasury bills held to								3
maturity Loans and	٠		-		76,835,274		76,835,274	l
advances (net) Available for sale		-	6,517,907	1,915	13,218	2,320,216	8,853,256	l
investments	8	-	-	18	306,577	7	306,577	
Liabilities								L
Liabilities Due to banks Customers	144		•	19	431,196		431,196	
Due to banks	5,879,958	233,606	13,835,922	2,945,532	431,196 1,847,717	81,558,825	431,196 106,301,560	
Due to banks Customers deposits Contingent liabilities and commitments	**********				1,847,717		106.301,560	
Due to banks Customers deposits Contingent liabilities and	5,879,958 3,426,129	233.606 869,968	13,835,922	2,945,532 3,789,252		2,980,810	1.777	

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

			20	013		
	Republic of Yemen YR 000s	America YR 000s	Europe YR 000s	Asia YR 000s	Africa YR 000s	Total YR 000s
Assets						
Cash on hand and reserve balances with CBY Due from banks Freasury bills - held to	10,573,184 3,353,458	2	11,473,900	8,760,195	100,835	10,573,184 23,688,388
maturity Loans and advances	89,882,04	1		2	- 4	89,882,004
(net) Available for sale	11,619,462	(5)		3	-	11,619,462
investments	81,200			158,611	150	239,811
Liabilities						
Due to Banks	1,342	~	- 1	1,432	2.	2,774
Customers deposits	120,362,808	7.1	-	1	7	120,362,808
Contingent liabilities and commitments (net)	3,526,968	33,504	10,087,740	7,008,730	324,802	20,981,744
			20	012		
	Republic of Yemen YR 000s	America YR 000s	Europe YR 000s	Asia YR 000s	Africa YR 000s	Total YR 000s
Assets						
Cash on hand and reserve balances with CBY Due from banks Treasury bills - held to	9,508,477 5,598,162		13,128,907	8,837,284	331,958	9,508,477 27,896,311
maturity oans and advances	76.835.274	10-	.2"	. ~)-1	76,835,274
(net) Available for sale	8,853,256	-	-	=		8,853,256
investments	147,966	~	-	158,611	-	306,577
Liabilities						
Due to Banks	1,853			429,343		431,196
Customers deposits	106,301,560	.6	10.00	-	-	106,301,560
Contingent liabilities and commitments (net)	5,161,769	215,879	7,658,168	9,956,538	1,444,352	24,436,706
THEST.	2,101,102	212,073	7,020,100	757-1450-20	147771224	44,429,700

36. SIGNIFICANT FOREIGN CURRENCIES POSITIONS

To comply with the Central Bank of Yemen circular No. 6 of 1998, the Bank establishes limits for each individual foreign currency position as well as aggregate limits for all currencies. The limits for individual foreign currencies shall not exceed 15% of the total capital and reserves, whereas the aggregate limit for all foreign currencies shall not exceed 25% of the total capital The following schedule reflects the Rank's significant foreign over at the financial statements date:

	Decemb	er 31, 2013	Decembe	r 31, 2012
	Surplus	Percentage of	Surplus	Percentage of
	(Deficit)	Capital and	(Deficit)	Capital and
	YR 000s	Reserves	YR 000s	Reserves
US Dollars	1,469,203	9.59	1,027,389	6.84
Sterling Pound	23,771	0.16	22,919	0.15
Euro	45,052	0.29	(2,922)	(0.04)
Saudi Rial	(121,970)	(0.80)	(7,086)	(0.01)
	83,879	0.54	33,615	0.21
Net surplus	1,499,935	9.78	1,073,915	7.15

The US Dollar exchange rate as at December 31, 2013 was YR 214.89 (as at December 31, 2012: US Dollar exchange rate was YR 213.80).

37. TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if the party has the ability to control or exercise significant influence over the Bank's operating and financial decisions.

The Bank deals with related parties on the same basis applied to third parties in accordance with the Banks Law as implemented by CBY Circular No. 4 of 1999, which limits credit transactions with related parties. The Bank related parties are the members of the Board of Directors and companies owned by them, as well as the Bank's key management personnel This transactions consist of obtaining loans and advances and other various transactions conducted as part of the Bank's normal activities. The following are the nature and balances of these transactions at the financial statements date:

Air Port Road,

maksar.

Republic of Yemen

Tel +967 2 231076 Fax +967 2 231950

	2013 YR 000s	2012 YR 000s
Loans and advances (net)	7,152	2,553
Customers' deposits	28,166	14,940
Interest and commissions received	74	24
Interest and commissions paid	1,313	899
Salaries and benefits	52,497	29,112
38. TAX STATUS		

- The difference between accounting and tax profit for the year 2013 represents an additional amount of YR 90.337 thousand as a result of adjusting the accounting profit with the provisions provided during the year which are subject to tax and charged to the statement of profit or loss and other comprehensive income and provisions used during the year which was previously subject to tax on the basis of 20% tax rate.
- Corporate and salaries taxes have been cleared up to the year 2009, and the relevant taxes were paid in accordance with the Tax Authority assessment.
- The Bank has submitted the tax declaration for the years 2010 and 2011 and paid the amount due according to the declaration within the legal deadline. During the year 2014, the Bank was notified of differences in the corporate tax amounting to YR 60,916 thousand (after deducting the tax paid) and the Bank has agreed about that and provide the adequate provisions as at December 31, 2013.
- The Bank has submitted the tax declaration for the year 2012, and paid the amount due within the legal deadline according to the declaration. The Tax Authority has not performed the review and the Bank has not been notified of any assessment.

, ZAKAT

- The Bank submits its Zakat declaration annually and remits the amount due based on the
- The Bank has paid the Zakat up to the end of 2012 according to the Zakat declaration. No additional assessment notification has been issued by the Zakat Department.

. 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.

41. CONTINGENT LIABILTIES

The Bank has filed a number of legal cases before the Public Fund Court and the Commercial Court against third parties, and management has provided for the required provisions for these cases. Also, there are legal cases filed against the Bank at the respective courts, and the Bank's management believes that there are no obligations on those cases except for the provisions provided and stated in other provisions.

42. OPERATING LEASE

The total amount of future minimum lease payment under non-cancellable operating lease is as

	YR 000s	YR 000s
No later than one year	8,413	8,413
Later than one year and not later than five years	28,272	24,506
Later than five years	26,409	13,204
	63,094	46,123

43. COMPARATIVE FIGURES

Certain comparative figures were reclassified to conform to current year's financial statements classification for more appropriate presentation. The reclassifications do not impact the previously reported net profit or equity.



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BUSINESS

Being played

Pay down 70 percent from last year, Yemeni actors say

Story and photo by Ali Abulohoom

nlike previous years, Yemeni actors and actresses on staterun TV channels were asked to go to a protected compound, called "Tourist City" in Sawan district, east of Sana'a, to receive their wages for their acting in drama series which aired during Ramadan.

Actors and actresses say the wages were far below what they had been expecting, and that having them head to the compound to receive their salaries was in an effort to better manage the expected backlash. The compound is fortified by security forces, according to Jalal Al-Badai, a Yemeni actor who appeared in Droob Shaeka, or "Barbed Routes," in addition to two other series.

Usually, the wages are disbursed in public place like cafes. However, this time the location of payment was changed to minimize the impact of any attempt by the actors to express their anger publically.

Many state-run and privatelyproduced dramas only film during the season preceding Ramadan, causing many actors and actresses to work an intense amount for a short period of time, and have the rest of the year off. This custom was adopted from Egypt. In both countries, a number of citizens are able to take the entire month of Ramadan off, meaning more TV time. Even for those working during the holy month, gathering around the TV for a Ramadan drama with the family is tradition.

Yemeni Actors Union, harshly criticizes the practice of producing series for only one month of the year, leaving actors and actresses unemployed for the rest of the year. For those without second or third jobs, that means no income for 11 out of 12 months.

While in Egypt dramas and movies are now year-round, in Yemen they are still only filmed once a year. This, combined with the fact that Egyptian dramas are broadcast throughout the Arab world while Yemeni dramas are largely produced for Yemeni audiences, means that actors and actresses in Egypt are faring better than their colleagues in Yemen.

Other actors and actresses say their grievances go far beyond the dearth of production, but extend to the treatment they receive from producers.

Actors complain that unlike previous years, they were not provided with contracts before filming began. Producers said they would supply them with their contracts after the first episode, and then after the second episode, and then the third, but the contracts never came. Not having signed any contracts, actors are unable to take their grievances to court, despite being paid about one-tenth of what they were paid

The wages were an "insult to our dignity," Al-Badai exclaimed.

After collecting their wages and realizing what had happened, Al-Badai says that "many actors looked so grieved you would think they had lost a loved one. Some could barely walk, overcome with grief and sob-

Abdulaziz Al-Harazi, head of the bing. I was in such shock I had to lie down on a bench. Some screamed and refused to accept the wages. It was all in vain, everyone was forced by circumstance to accept the meager wages.'

> Sara Jaber, an actress with the Yemen TV channel, said she repeatedly asked producers for a contract during shooting, and that they kept brushing her off until the whole series had been filmed.

Abdularahman Dalaq, the production manager at the state-run Yemen TV channel, calls the actors' complaints "groundless." Although actors have received their contracts before filming every year, Dalag claims the actors "never asked" for the contracts this year.

Dalaq did, however, confirm that actors and actresses were not provided contracts. He blamed this on the Ministry of Finance, who he said delayed dispersing the funds this year.

Dalaq admits that the funds were dispersed two weeks before filming, which would not account for why the actors and actresses would not receive their contracts prior to

He deemed it unnecessary to inform actors about their lower wages this year, as salaries are usually not discussed and "telling actors ahead is useless."

Dalag believes actors and actresses should take into consideration that they are working for a staterun channel, "dedicated to serving society and improving it through its commentary on social values." He discouraged actors from focusing on "profiting." Dalaq declined to divulge his wage, so it is unclear



Actors and actresses claim the location they were sent to receive their wages was changed to a guarded compound in an effort to dissuade any backlash against the unexpectedly low pay.

whether, as a state employee, he is also sacrificing "profit" for the "improvement" of society.

"Every year we are the victims of the producers' greed, but this year the situation reached the pinnacle of injustice when we received what amounts to one-tenth of our salaries compared to last year," Al-Badai said.

The actual amount was between 20 and 30 percent of last year's salaries, according to the numbers given to the Yemen Times by Al-Badai. Dalag declined to reveal the amount paid out to actors this year, saying the information was private.

According to Al-Badai and Jaber, the wages they received were determined based on the role the actor or actress played in the series, with three ranking positions: starring roles, second support, and third support.

Last year, those acting in starring roles were paid YR30,000 (about \$150) per episode. Those acting in secondary supporting roles were treatment for her blood clot." paid YR25,000 (about \$120) per episode, and those in third supporting roles were paid YR20,000 (about \$100) per episode.

Al-Badai told the Yemen Times that starring actors and actresses received only YR6,000 (\$30) for each episode, the secondary roles got paid YR5,000 (\$25) whilst the third role received YR4,000 (\$20). Dalag declined to comment on these figures.

Al-Badai and the rest of the series staff protested the pay, but without contracts, they had nothing to stand on and were forced to accept the rates.

"What choice did we have? Especially so close to the Eid holiday, when our children were expecting new clothes," Al-Badai asked.

Ahmed Yahya, a 60-year-old actor, explains, "you can imagine my shock when I received YR60,000 (\$280) for my work. I need at least YR300,000 (\$1,400) to get my wife

Al-Harazi said he and the union warned the actors. "I held several meetings with the actors and actresses, advising them not to work without contracts."

Ahmed Al-Mamari, a Yemeni actor, refused to act in any government-funded series this year.

"I only worked in the private sector because the rights of actors and actresses are more secured than in public sector. We signed the contracts [before starting work] and our allowances were disbursed through weekly installments until the end of the series," said Al-Mamari.

Al-Mamari, along with several Yemeni actors and actresses, acted in "Al-Madina Route," a series produced by the private TV channel, Yaman Shabab.

Al-Badai says he has learned his lesson. "For me, I learned from this lesson and I will never participate in any drama unless I sign a contract ahead."



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Here Is Me ..









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26 August, 2014

(جامعة صنعاء في اليمن وكلية ماسترخت للإدارة بهولندا)

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Introducing Internet governance to Yemen

■ Ali Saeed

or a long time, the citizens of Yemen have battled with a lack of accessible communications. Last Thursday saw an unprecedented step forward, with the Internet Society of Yemen (ISOC Yemen) holding a meeting on Internet governance in Sana'a. It was the first time the concept was discussed in Yemen, since its first presentation at the World Summit on the Information Society in 2003.

The mission of ISOC's Yemeni branch, which was registered as an NGO in 2013, "is the same as that of the global Internet Society (ISOC), whose goal is to promote an open development, evolution and beneficial use of the Internet," said Walid Al-Sagaf, head of ISOC Yemen.

In spite of its young age, ISOC Yemen has actively participated in global events organized by the Internet Corporation for Assigned Names and Numbers (ICANN), the Réseaux IP Européens (RIPE), and the Internet Governance Forum (IGF). Its members have won several grants and fellowships, allowing them to attend global training events and launch various projects, including a series of e-commerce workshops, according to Al-Saqaf.

Membership of ISOC Yemen spans across a variety of demographics and locations, including women and representatives from several Yemeni governorates.

"While we focus on Yemen... we also aim at contributing to the Internet's open development and beneficial use on the global level," Al-Saqaf explained.

"[ISOC Yemen] can bring domestic stakeholders and international actors together to discuss and brainstorm in order to identify problems and come up with solu-

عاما من الري

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_20 عاماً من الريادة

_20 عاماً من الريادة



Ahmed Ubaid Bin Daghr, minister of telecommunications and information technology, in a meeting with the Internet Society-Yemen and a delegation from ICANN and RIPE.

Saqaf.

tions. Thereafter, the society can help monitor and evaluate progress in implementing those solutions," he said.

On Thursday, ISOC Yemen brought Internet stakeholders together to educate them about Internet governance in an attempt to develop solutions and standards for more efficient, open, and fair Internet usage in the country.

Internet governance is a broad term that was defined in 2005 at an international UN meeting as "the development and application by governments, the private sector, and civil society, in their respective roles, of shared principles, norms, rules, decision-making procedures, and programs that shape the evolution and use of the Internet."

Expanding Internet services throughout the country constituted one of the key issues raised during the meeting of ISOC Yemen. A large part of Yemen's population lives in rural areas that continue to lack internet access.

"The Internet service and access is extremely poor even when com-

pared to countries that are unstable like Syria and Somalia," said Al-

"The telecommunication infrastructure that the Internet relies on and the Internet installations and services need massive and drastic improvements on multiple levels... this can't happen unless a multistakeholder approach is adopted and the monopoly of the Internet sector is put to an end," added Al-

Sadeq Muslih, the general manager of the state-run Public Telecommunications Corporation (PTC), which is the only Internet provider in Yemen, announced in a speech held during the meeting on Thursday that the PTC works to engage both the government and the private sector in the provision of internet, the state-run Saba News Agency reported.

In addition, the Ministry of Telecommunication is currently preparing a document outlining a two-year transition from Internet Protocol Version 4 (IPV4) to Internet Protocol Version (IPV6). Those changes,

according to Muslih, will increase Internet capacity and speed in Yemen and adapt to latest technological advances in the IT sector, with many new computers using IPV6.

The internet speed provided by the existing infrastructure in Yemen is 32 GB. To increase internet speed, Yemen and 16 other countries signed a contract with a Chinese company in February, agreeing on the construction of a new submarine internet line to connect Asia, Europe and Africa.

Over the next two years, Yemen aims to connect to this new Internet line in Aden, which links the country to the submarine cable in the Arabian Sea.

The new speed of the planned Internet infrastructure is two terabytes-equivalent to 2048 GB-according to Ali Al-Mawri, head of the Internet Department at the PTC.

In an attempt to increase Internet access nationwide, the government established a project last year called the "one million-landline phones and ADSL project."

In implementing that project, the PTC has so far installed 100,000 new landline phones in areas with existing landline phone services nationwide, according Al-Mawri.

Another 292,000 new phone lines will be established in serviceproviding areas, he adds.

Breaking the government's Internet monopoly

One of the main challenges in terms of internet service and access in Yemen is Internet monopoly.

"We can encourage decision makers to end the monopoly. We do this by showcasing examples of other countries, which serve as convincing evidence that using tactics of the past cannot work in the future. We are urging the government to open up [Internet services] as it is only then that the country will be

ممال الأمهزة المنزلية والإلكترونية توفر لك فرصة تمقيق طموماتك من غلال: أن بكون بعني المنسعة وحاسل على البطاقة الشم ينضل من لديه مؤهل جامعي ودينوم في النسويق أو البيعات يقضل من الديه خير ة مناسية في مجال البيع والتسويق. أن تكون للربه قدرات التظيمية جيدة. بغضل من لذيه معرطة بالثقة الانتحليزية واستخدام الحاسب الاك وخسة فبالإنسارية الشعول. وتحدث ليق: حسن للظهر بتحلي بالسلولية والعدرية وفظه يعمل بروح القريق الواحد ويشبته بمهارات التعامل موالاخرين

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- القدرة على توهير الضبانات التجارية اللازمة

able to improve the Internet sector," Al-Saqaf said.

The censorship of online content used to be very strict under former President Ali Abdullah Saleh. While it has decreased dramatically in the course of Yemen's political transition, the possibility and risk of re-establishing online censorship

remains. Al-Saqaf believes that "allowing the establishment of multiple internet service providers and implementing clear guidelines as to when and how websites violate the law will be needed to prevent the return of online censorship."

"The government already appears convinced that it has to improve internet access in remote areas. But perhaps it needs guidance and help in understanding how to go about it," Al-Saqaf explained.

"That's where we need to push for a change in mindsets on the governmental level to abandon the monopoly and rigid control of the past and embrace a multi-stakeholder approach," he said.

Only then can we provide robust and affordable Internet to all citizens across Yemen.



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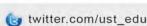
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Being a Yemeni

Afrah Nasser Blogger and writer

t takes a lot of effort to process the load that comes with being a Yemeni citizen-whether you are inside or outside the country. You're constantly trying to walk as a normal person, despite the inner and external hurdles. The world sees you in a pre-defined frame and you even struggle to perceive yourself in a refined view. Headlines in media reveal a gloomy side of Yemen, which has a great extent of truth, and we are portrayed as a land that exists outside the planet. That was an actual suggestion in one of the American TV series, Supernatural. Hence, any attempt to attest that we are more than those portraits becomes extremely hard.

Why does Yemen have to endure all that? I wondered. I thought it would be interesting to search for

an answer. I typed in simple search terms into Google (i.e. Why Yemen) and looked into what the auto-fill completed. I ended up with these autocomplete results: "why Yemen is poor," "why Yemen is important," "why Yemen is not included in GCC," and "why Yemen is a failed state." Then, I regretted my initial question because those questions by Google were not simply arbitrary questions. They were statements.

Yemen might not be important to anyone else but it is certainly important to its nation - at least that is how I like to think, trying to forget reading posts in online forum by Yemenis inside the country, in which they, out of despair, offer their passports for sale. Why bother to belong to a land where you feel stepped on. The state doesn't provide you with the least basic services. Why bother to cling to a state where half of your day is wasted on figuring out how to get electricity and water. Why bother to hold on to a state that couldn't protect their own soldiers from being slaughtered, let alone to protect the public. On top of all that, why bother to cling to a state that deprives you from having any sense of dignity.

For those who dared to seek dignity outside Yemen, it gets confusing for them-even though they hear nothing but horrific news about their homeland, the homesickness would never cease. Yemenis in the diaspora share different forms of hardships like the locals have. They are considered privileged in the eyes of the locals and a source of threat in the eyes of the host land. The Yemeni living abroad struggles in dealing with the humiliation of working as a legal or illegal guest worker while being far away from their own family inside Yemen, or the humiliation of knocking on asylum offices' doors. If you are in a better off situation, then you belong to the excep-

tion. You will be given a life that you know that you were not supposed to have-simple details, like; having electricity and running water 24/7 can be unbelievably blissful yet shocking reality. The most bitter part is receiving questions from people inside Yemen about how to seek asylum in where you live.

Speaking of humiliation, do you know that some of the detainees in the world's notorious prison, Guantanamo, are Yemenis? Out of the current 149 Guantanamo detainees, dozens of Yemenis are still kept there even though they were approved for release. The horrifying stories about the conditions of these Yemeni detainees speak for themselves. Around three Yemeni detainees have committed suicide in their solitary confinement at Guantanamo since 2006. The most daunting words that came from our Yemeni fellows at Guantanamo were made by Samir Moqbel. In April 2013, the

New York Times published a letter he wrote, "Gitmo is killing me." "I've been detained at Guantánamo for 11 years and three months. I have never been charged with any crime. I have never received a trial," he wrote. "When I was at home in Yemen, in 2000, a childhood friend told me that in Afghanistan I could do better than the \$50 a month I earned in a factory, and support my family. I'd never really traveled, and knew nothing about Afghanistan, but I gave it a try." It's dismaying, how Moqbel's life would have looked like if he was not born into a poor family that represents the majority in Ye-

Even in the less severe cases, you might have awkward experiences just because you're related to Yemen. A Yemeni man, Khaled Soufyan was stuck for two days at Abu Dhabi's airport a couple months ago just because he was a Yemeni citizen. He found himself in a stalemate as he

missed his next flight and it was illegal for him to enter the city without a visa. Another Yemeni-born man, Osama Saleh was awkwardly able to turn his misfortune into fortune. After being punched and bullied by a co-worker who had repeatedly called him "Bin Laden" and "terrorist," Saleh was finally awarded \$4.7 million by a federal jury, earlier this year. And it goes without saying, Yemeni citizens and even foreigners who work in Yemen frequently experience special interrogations at airports.

I think it's useful to reflect on the question, what does it mean to be a Yemeni citizen?

Each detail of that meaning shape our collective Yemeni consciousness. We experience the world in a special way just because we belong to Yemen. Dismantled from all the world's frames imposed on us, only our fortitude is what keep us go on.

Exposing the great "poverty reduction" lie

The UN claims that its Millennium Development Campaign has reduced poverty globally, an assertion that is far from true.

Jason Hickel

aljazeera.com First published Aug. 21

received wisdom comes to us from all directions: Poverty rates are declining and extreme poverty will soon be eradicated. The World Bank, the governments of wealthy countries, and—most importantly—the United Nations Millennium Campaign all agree on this narrative. Relax, they tell us. The world is getting better, thanks to the spread of free market capitalism and Western aid. Development is working, and soon, one day in the very near future, poverty will be no more.

It is a comforting story, but unfortunately it is just not true. Poverty is not disappearing as quickly as they say. In fact, according to some measures, poverty has been getting significantly worse. If we are to be serious about eradicating poverty, we need to cut through the sugarcoating and face up to some hard facts.

False accounting

The most powerful expression of the poverty reduction narrative comes from the UN's Millennium Campaign. Building on the Millennium Declaration of 2000, the campaign's main goal has been to reduce global poverty by half by 2015-an objective that it proudly claims to have achieved ahead of schedule. But if we look beyond the celebratory rhetoric, it becomes clear that this assertion is deeply misleading.

The world's governments first pledged to end extreme poverty during the World Food Summit in Rome in 1996. They committed to reducing the number of undernourished people by half before 2015, which, given the population at the time, meant slashing the poverty headcount by 836 million. Many critics claimed that this goal was inadequate given that, with the right redistributive policies, extreme poverty could be

ended much more quickly. But instead of making the goals more robust, global leaders surreptitiously diluted it. Yale professor and development watchdog Thomas Pogge points out that when the Millennium Declaration was signed, the goal was rewritten as "Millennium Developmental Goal 1" (MDG-1) and was altered to halve the proportion (as opposed to the absolute number) of the world's people living on less than a dollar a day. By shifting the focus to income levels and switching from absolute numbers to proportional ones, the target became much easier to achieve. Given the rate of population growth, the new goal was effectively reduced by 167 million. And that was just the beginning.

After the UN General Assembly

If we are to be serious about eradicating poverty, we need to cut through the sugarcoating and face some hard facts.

adopted MDG-1, the goal was diluted two more times. First, they changed it from halving the proportion of impoverished people in the world to halving the proportion of impoverished people in developing countries, thus taking advantage of an even faster-growing demographic denominator. Second, they moved the baseline of analysis from 2000 back to 1990, thus retroactively including all poverty reduction accomplished by China throughout the 1990s, due in no part whatsoever to the Millennium Campaign.

This statistical sleight-of-hand narrowed the target by a further 324

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million. So what started as a goal to reduce the poverty headcount by 836 million has magically become only 345 million—less than half the original number. Having dramatically redefined the goal, the Millennium Campaign can claim that poverty has been halved when in fact it has not. The triumphalist narrative hailing the death of poverty rests on an illusion of deceitful accounting.

Poor numbers

But there's more. Not only have the goalposts been moved, the definition of poverty itself has been massaged in a way that serves the poverty reduction narrative. What is considered the threshold for poverty—the poverty line"—is normally calculated by each nation for itself, and is supposed to reflect what an average human adult needs to subsist. In 1990, Martin Ravallion, an Australian economist at the World Bank, noticed that the poverty lines of a group of the world's poorest countries clustered around \$1 per day. On Ravallion's recommendation, the World Bank adopted this as the first-ever International Poverty Line

But the IPL proved to be somewhat troublesome. Using this threshold, the World Bank announced in its 2000 annual report that "the absolute number of those living on \$1 per day or less continues to increase. The worldwide total rose from 1.2 billion in 1987 to 1.5 billion today and, if recent trends persist, will reach 1.9 billion by 2015." This was alarming news, especially because it suggested that the free-market reforms imposed by the World Bank and the IMF on Global South countries during the 1980s and 1990s in the name of "development" were actually making things worse.

This amounted to a PR nightmare for the World Bank. Not long after the report was released, however, their story changed dramatically and they announced the exact opposite news: While poverty had been increasing steadily for some two centuries, they said, the introduction of

free-market policies had actually reduced the number of impoverished people by 400 million between 1981 and 2001.

This new story was possible because the Bank shifted the IPL from the original \$1.02 (at 1985 PPP) to \$1.08 (at 1993 PPP), which, given inflation, was lower in real terms. With this tiny change—a flick of an economist's wrist-the world was magically getting better, and the Bank's PR problem was instantly averted. This new IPL is the one that the Millennium Campaign chose to

The IPL was changed a second time in 2008, to \$1.25 (at 2005 PPP). And once again the story improved overnight. The \$1.08 IPL made it seem as though the poverty headcount had been reduced by 316 million people between 1990 and 2005. But the new IPL—even lower than the last, in real terms-inflated the number to 437 million, creating the illusion that an additional 121 million souls had been "saved" from the jaws of debilitating poverty. Not surprisingly, the Millennium Campaign adopted the new IPL, which allowed it to claim yet further chimerical gains.

A more honest view of poverty

We need to seriously rethink these poverty metrics. The dollar-a-day IPL is based on the national poverty lines of the 15 poorest countries, but these lines provide a poor foundation given that many are set by bureaucrats with very little data. More importantly, they tell us nothing about what poverty is like in wealthier countries. A 1990 survey in Sri Lanka found that 35 percent of the population fell under the national poverty line. But the World Bank, using the IPL, reported only four percent in the same year. In other words, the IPL makes poverty seem

much less serious than it actually is. The present IPL theoretically reflects what \$1.25 could buy in the United States in 2005. But people who live in the US know it is impossible to survive on this amount. The prospect is laughable. In fact, the US government itself calculated that in 2005 the average person needed at least \$4.50 per day simply to meet minimum nutritional requirements. The same story can be told in many other countries, where a dollar a day is inadequate for human existence. In India, for example, children living just above the IPL still have a 60 percent chance of being malnour-

Poverty is getting worse, not better, with nearly 353 million moe people impoverished today than in 1981.

According to Peter Edwards of Newcastle University, if people are to achieve normal life expectancy, they need roughly double the current IPL, or a minimum of \$2.50 per day. But adopting this higher standard would seriously undermine the poverty reduction narrative. An IPL of \$2.50 shows a poverty headcount of around 3.1 billion, almost triple what the World Bank and the Millennium Campaign would have us believe. It also shows that poverty is getting worse, not better, with nearly 353 million more people impoverished today than in 1981. With China taken out of the equation, that number shoots up to 852 million.

Some economists go further and advocate for an IPL of \$5 or even \$10—the upper boundary suggested by the World Bank. At this standard, we see that some 5.1 billion people nearly 80 percent of the world's

population—are living in poverty today. And the number is rising.

These more accurate parameters suggest that the story of global poverty is much worse than the spin doctored versions we are accustomed to hearing. The \$1.25 threshold is absurdly low, but it remains in favor because it is the only baseline that shows any progress in the fight against poverty, and therefore justifies the present economic order. Every other line tells the opposite story. In fact, even the \$1.25 line shows that, without factoring China, the poverty headcount is worsening, with 108 million people added to the ranks of the poor since 1981. All of this calls the triumphalist narrative into question.

A call for change

This is a pressing concern; the UN is currently negotiating the new Sustainable Development Goals that will replace the Millennium Campaign in 2015, and they are set to use the same dishonest poverty metrics as before. They will leverage the "poverty reduction" story to argue for business as usual: Stick with the status quo and things will keep getting better. We need to demand more. If the Sustainable Development Goals are to have any real value, they need to begin with a more honest poverty line-at least \$2.50 per day-and instate rules to preclude the kind of deceit that the World Bank and the Millennium Campaign have practiced to date.

Eradicating poverty in this more meaningful sense will require more than just using aid to tinker around the edges of the problem. It will require changing the rules of the global economy to make it fairer for the world's majority. Rich country governments will resist such changes with all their might. But epic problems require courageous solutions, and, with 2015 fast approaching, the moment to act is now.

Dr. Jason Hickel lectures at the London School of Economics and serves as an adviser to /The Rules.

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16 Analysis 26 August, 2014

Iraq's forgotten displaced

IRIN
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n recent weeks the world's attention has fixed on the plight of the Christians and Yezidis of northern Iraq as hundreds of thousands have fled advancing Islamic militants to the semi-autonomous Kurdistan. Yet across the country the same number again of Iraqis have fled their homes since January to other regions, receiving far less attention and support. While the UN and NGOs are trying to reach them with aid, many feel forgotten and complain of preferential treatment.

Following the start of a northward surge in late June by the jihadist group calling themselves the Islamic State (IS), the international community has rushed to the support of Kurdistan.

Semi-autonomous Kurdistan—with a population of just over five million and an existing caseload of 220,000 Syrian refugees—has been the base of the relief effort. The region certainly needs support—it

is now hosting what is believed to be more than 700,000 internally displaced persons (IDPs), many of whom endured grueling journeys to reach safety.

The UN Refugee Agency (UN-HCR) has mounted what it is calling its "largest single aid push in a decade," with a plan to send in more than 2,000 tons of tents and other items, and governments from around the world, who in recent years had wound down their assistance for Iraq, are also flying in large quantities of aid and military equipment.

Yet Kurdistan is not the only part of Iraq where people require help. Away from the glare of the international media being shone on the tented camps of Yezidis in Dohuk, another 700,000 people are currently homeless.

Among them are some 70,000 sheltering in the holy Shia cities of Karbala and Najaf. They are being supported mainly by mosques and local associations, who have made available accommodation usually used by religious pilgrims, the Iraqi

Red Crescent, and the International Committee of the Red Cross (ICRC).

There have also been small contributions from UN agencies, such as the UN Children's Fund (UNICEF), who have provided water and other supplies, but people there told IRIN their needs were desperate.

Abdul Ghafour Ahmed, a member of Iraq's long-persecuted Turkoman ethnic group, told how he and his family of nine fled their home in Tal Afar, west of the city of Mosul, in early June, but were blocked, he said, from entering the majority Sunni Kurdistan, so he headed south to Najaf by road.

"After ISIL swept through our village, we tried to go to Kurdistan, but they didn't receive us for being from the Shia sect," the 67-year-old said. While IRIN was not able to verify his story, there have been growing allegations that the Kurdish government has turned away some of those fleeing. "They were receiving only Kurds and Sunnis. We spent four days at the main border entrance to Kurdistan, but got nothing."



A displaced family from Mosul in Najaf province sits in the August sun. Hundreds of thousands of Iraqis have fled their homes in recent months.

Egyptians tolerating cuts in subsidies—for now

Mohannad Sabry al-monitor.com First published Aug. 18

n one smoldering July weekend that also happened to be during the Muslim fasting month of Ramadan, Egypt's regime, led by military strongman Abdel Fattah Al-Sisi, announced that it was reducing fuel subsidies. The decision sent waves of anger through the poor—and poorer classes of the country—still suffering through the political and security turmoil the nation has been undergoing since the January 2011 revolution.

When the subsidies were reduced, middle-class workers screamed, taxi drivers frowned, and memories of Anwar Sadat's 1977 bread riots were discussed at tea shops that already had raised the prices of their top selling products: tea, coffee, and water-pipe tobacco. But the next day, lines at every gas station across the country seemed as normal as ever, except for some loud drivers who also slipped back into fearful silence after noticing that their screams—unlike those made during the three-and-a-half years before Sisi's presidency-had ceased to echo in the ears of others.

"It's not surprising, the regime seems to have strategized how to secure and pass its decision before it even finalized drafting it," a stateowned gas station manager told Al-Monitor on condition of anonymity.

"Those two gates were manned by police vehicles and their armed personnel," he added, pointing to the massive entrances of the station opening on a main Cairo artery. "The police convoy arrived a couple of hours before the decision was put into effect. The officer told me not to worry, no one will dare to protest. And no one did."

Besides manning gas stations, the police department deployed formations of riot police around main arteries, in addition to forces that have been deployed to other areas since June 2013, while brand-new Jeep Wranglers carrying masked special forces continued to patrol the capital, Cairo, and main cities around the clock. But the sudden and more effective change was the policing of public transport stations across the country and mobilizing military buses at lowered prices to fight inflation.

"People thought they would pay 100 percent more on transportation, but the firm policing allowed an inflation of 25-35 percent at most, except for a few incidents in more distant areas. As for private vehicles, they continue to consume, but in a different pattern."

This different consumption pattern was in itself a sign of acceptance and coping with whatever the regime decided. The gas station's records of July 2014 show a decrease in consumption of expensive fuel, but a rise in cheaper kinds.

"The sales of 92 unleaded gasoline [a private vehicle's optimal option] dropped from 20,000 liters per day to 16,000; the difference shifted to 80 gasoline [the cheaper leaded gasoline] and natural gas."

The only cars around the gas station during Al-Monitor's interview were new mid- and top-range vehicles that cost between 100,000 Egyptian pounds (\$14,500) and 300,000 Egyptian pounds (\$43,000). Many said protesting the government's decision would be more expensive than heeding it, while others from higher economic classes consider the inflation to be normal, which is exactly the case for them: The subsidies lifted off the more expensive kinds of fuel consumed by the richer and richest were less than those removed from the middle and poorer classes' fuel.

Meanwhile, Mahmoud Hafez, an owner of a multimillion-pound construction business, said "the rich class continues to drive the economy despite the ongoing inflation."

"They have more options and more financial capabilities than the classes that might protest, their lives are backed by bank loans and jobs at private businesses and they will continue to generate revenue," said Hafez, who told Al-Monitor that his business has not suffered any losses since January 2011. "Revenue might have slowed at the time of security unrest, but it continued to increase."

He went on, "if demand continues, a 20,000 pound [\$3,000] inflation per apartment is nothing for someone who has a job and wants to get married, and it will be covered by the revenues increasing with the general inflation."

"Whoever invested \$100,000 in real estate knows exactly what they are doing," Hafez said, "and no matter what happens, they will generate revenues, as opposed to someone who invested \$5,000 and has two years of installments they cannot afford," Hafez said. "Between those two poles of the Egyptian market, the six-, seven- and eight-digit investors are always driving the market and forcing it to accept inflation."

But the military didn't only rely on the acceptance of these basic economic patterns. Over the six months before the fuel subsidy reduction was declared, the military opened three main state-of-the-art traffic intersections; it had taken over the reconstruction duties for the intersections in 2013. All three points relieved massive traffic jams the eastern part of Cairo has suffered for years; in addition, the military continues to build new roads and highways across the country.

Besides increasing the value of real estate in what became districts with good road infrastructure, it also had positive effects for public transportation and taxi services.

"There is a slight drop in customers who decided to buy relatively cheap cars or have been forced to use public transport instead of taxis at least for a portion of their trips," said Ahmed Ali, a taxi driver who believes he won't be able to make a living if another drop in customers or another wave of inflation kicks in.

"But not having to take massive detours around protest areas and traffic jams definitely increased my income, and despite the inflation, it remains better than when protests paralyzed the city for months on end."

That being said, Ali has no chance to "make up for three-and-a-half years of losses since 2011."

In fact, a recent report published by the Egyptian Center for Economic and Social Rights (ECESR) indicated that the months since Sisi's rise to presidency have witnessed the least number of protests since 2011. The drop in protests and a return of relative stability, at least in the capital's central areas, has had a positive effect on tourism. Some ten international hotels situated around Tahrir Square have seen a rise in the numbers of their favorite and toppaying customers coming from the Arabian Gulf countries, while hotels being built have significantly increased their pace of construction, which had come to a halt due to the unrest.

Hatem Zayed, an economic researcher and program manager at ECESR, told Al-Monitor that there are two reasons for the public's acceptance of the recent economic decisions. "Fear comes first; the public decided to accept those decisions after seeing the massive crackdowns on opposition protesters since [President Mohammed] Morsi's ouster in July 2013. The second reason is that inflation is happening gradually, while Sisi continues to promise mitigation policies. The combination convinced people to be patient," said Zayed.

But if the contractors, including drivers and construction businesses, have broken even, "the consumer was left paying more despite receiving the same income. And this is what the government has to worry about," he said.

"Sisi has not improved or saved the economy, he is just maneuvering around it while people are dreaming of the national projects and prosperity the regime continues to promise," said Zayed, who agrees that the regime is just extending the period before the economy crashes.

"It's only a matter of time before people start protesting the economic distress; it is inevitable." Muhsin Al-Timimi, the head of the human rights committee at Najaf Provincial Council, also told IRIN that not enough aid had come to his part of Iraq. "We demand international organizations to stand equally with IDPs all over Iraq. They are giving more to those in Kurdistan and no one cares about us," he said.

Under siege

But Najaf and Karbala are at least safe. Large swathes of the governorates of Nineveh, Anbar, Saleheddin, and Diyala are overrun by armed groups with front lines moving on a daily basis. As battles rage between militants and government forces, civilians are being killed, injured, and cut off from humanitarian supplies. The situation is particularly acute in a small Shia Turkomen town of Amirli in the Tuz District of Saleheddin governorate, located midway between Baghdad and Kurdistan's capital Erbil, under siege from

Between 15,000 and 20,000 people have been surrounded and trapped, and all roads in and out blocked. The population has formed a local army and is defending itself against the militants, with some support from the Iraqi security forces, but as the weeks go on, their resolve is weakening and they are running low on food, water, fuel, and medical supplies. During the sweltering Iraqi summer, where temperatures reach 50 degrees, families sleep on the roofs of their homes to keep cool, but with constant rocket at-

tacks they must stay inside.

BUSINESS

"People are dying because of the lack of clean water, while diarrhea and vomiting are common," Dr. Vasser Mahmoud, who is volunteering in the area, told IRIN by phone from Amirli.

"The children are malnourished. There isn't enough milk for the babies. Sometimes I can only make a mix of sugar water to nourish them and give them energy," he said.

A few people have been airlifted out of the town by the Iraqi Air Force, but a recent negotiated attempt to move a group of children, women, and elderly people towards Sulymaniah went wrong and as many as 30 people are reported to have been killed trying to escape.

Continued on the back page





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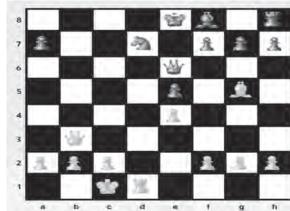
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	rax. 0/300

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CONTINUED FROM PAGE 16

Iraq's forgotten displaced

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"All the people are hungry, my family tell me they are only eating a little bit because we need to save food for the other days," said Muhammed Essmat Ibrahim, a board member of the Iraqi Red Crescent, who is based in Baghdad but whose relatives are in Amirli.

According to the UN, which says it has been seeking a way to get food to Amirli for several weeks, the Iraqi Air Force has been providing limited humanitarian assistance through airdrops and the Iraqi Red Crescent, though the last delivery was over a month ago.

"The Iraqi government has been

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trying to assist them. It's not like no one is trying to assist them," explained Kieran Dwyer, chief of communications for the UN Office for the Coordination of Humanitarian Affairs (OHCA), but he said the UN was unable to get physical access to the town due to security.

Preferential treatment?

Those in towns such as Karbala and Amirli increasingly accuse the international community of preferential treatment. Zaid Al-Ali, an Iraqi lawyer and the author of The Struggle for Iraq's Future, agreed that people did

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"There is a complaint that Kurdistan is getting preferential treatment compared to Baghdad, no question. That's from among officials and from among the general population," he

not see the response as equal.

Al-Ali added that a number of other places had also been, and were still under, IS control, but he said the international media and to a large extent governments had "mostly ignored" them and focused on Sinjar and Kurdistan.

NGOs, too, are increasingly aware that their coverage is not seen to be equal. "I think the humanitarian community as a whole is not doing enough to access the areas where the most vulnerable persons are," said Juan Gabriel Wells, deputy country director for Jordan and Kurdistan for French NGO Action Against Hunger

"These are areas where people are affected by fighting, like Anbar, Saleheddin, Kirkuk, and Diyala... [and] I think that a lot of these areas have been neglected not just now, but for far too long."

International NGOs, often perceived to be more at risk, are increasingly seeking to work with local partners to improve coverage across the country. Saleh Dabbakeh, ICRC spokesman in Baghdad, told IRIN that ICRC teams-including international staff—were working in 12 out of Iraq's 19 governorates, though he admitted that Amirli was too dangerous to reach due to the siege.

However, he said they had managed to negotiate some access to deliver medical and other supplies into Anbar, the province where IS (ISIL at the time) began its advance in January and from where 600,000 people have been displaced, and into other areas under control of armed groups.

"We continue to talk to all parties involved in this fighting and armed conflict in order to be able to access areas," he said. "But if we can't reach an area, we do the next best thing and supply to places where people are being displaced."

placed."

Defending the UN's lack of aid operations outside Kurdistan, OCHA's Dwyer said "we are getting everywhere we can within our security limitations. This is Iraq, the security limitations are not arbitrarily or unnecessarily applied; it's a dangerous place."

Call for corridors

CONSTRUCTION OF MECHANICAL

Dabbakeh welcomed the significant international response for the displaced in Kurdistan, which has included a lump-sum donation of \$500 million from Saudi Arabia, but added: "Yes the minorities from the Nineveh plain have been victimized, but we should not forget that there are all kinds of other people that have also been victims and also been dis-

In the past week there have been several calls for negotiated humanitarian corridors to allow aid workers access to people in militantAND HEAVY CIVIL PROJECTS

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controlled areas.

But Dwyer said "the security situation in Iraq is immensely complicated and things are changing and moving very fast. What is a safe area one day can very rapidly become not safe the

"This notion of a humanitarian corridor might sound simple enough, but it is actually very complicated. Not all armed groups are the same, so being able to negotiate with one or two, doesn't mean that you are going to [get] full and free access to where you want to be."

He stressed the risks involved with aid workers going into these areas had to be taken into account.

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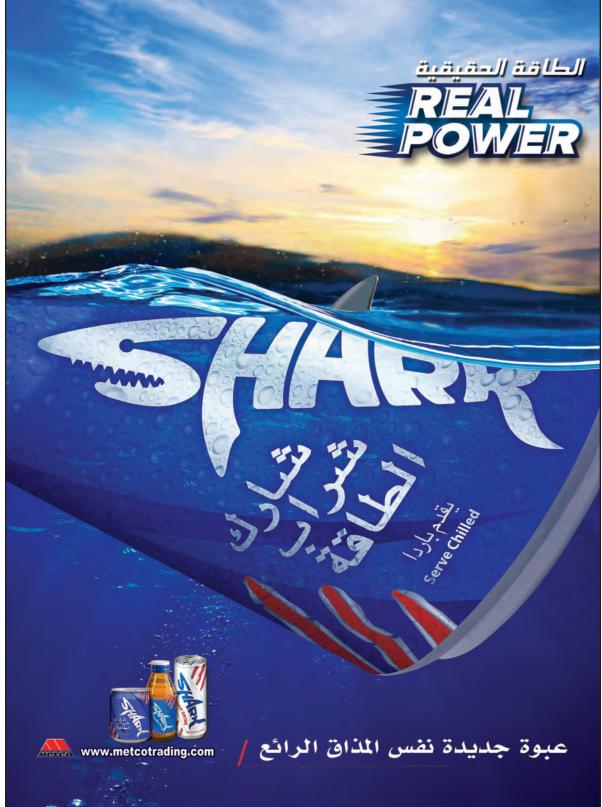
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