

Shahi Haleeb It's time for some real unity

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Medicine **Ancient practice continues** to offer popular medical

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alternative

Dear valued readership

Due to the Republic of Yemen's official transition from a Thursday -Friday weekend to a Friday -Saturday schedule, beginning this week, the Yemen Times' Monday issue will now come out o

ب تغيير الإجازة الأسبوعية في الجمهورية اليمنية من الخميس والجمعة الى الجمعة والسبت، فأن عدد يمن تايمز ليوم الإثنين سوف يصدر ابتداءا من هذا الأسبوع فصاعدا في يوم التلاثاء.





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Bedouin brides: Yemen's Summer Tourism Festival kicked off on Sunday in Sana'a's Al-Sabeen Park, drawing crowds from all over the country to partake in the two-week event. Designed to celebrate Yemen's diverse regions and cultural heritage, booths full of clothes, songs and dances are on display, including the one from the northern governorate of Marib pictured above.

## Following years of debate and hesitation, Yemen's official weekend change stirs controversy

**Economists praise the** change's financial potential—others dispute motives

### Samar Al-Ariqi

SANA'A, Aug. 19-For about five years, the Yemeni government has been talking about changing Yemen's weekend from a Thursday to Friday to a Friday-Saturday schedule. A potential logistical nightmare and a reluctance to anger those critical of a homogenized global schedule caused lawmakers to hold off on making the switch.

But in June, the Ministry of Civil Service officially announced that the southern Arabian Peninsula country would be aligning itself with Saudi Arabia and swapping its Thursday for Saturday. Last Saturday the decision went into affect and Yemen entered its first week on the new schedule. The decision has been met with various opponents who question the move.

For Mostafa Nasr, the head of the Studies and Economic Media Center, the change is only positive.

"It was supposed to be approved much earlier," he said. "I don't know why the government waited

Nasr thinks bankers will be the first to appreciate the convenience of having a weekend in line with neighboring countries.

"For banks [it's better] because

of the correspondence between international and Yemeni banks [can now be the same day],'

For some, the advantages of the change aren't just economic but also a symbol of Yemen's growing diplomatic ties with the rest of the world.

"It's natural for Arab countries to strengthen their relations and follow [each others'] systemsincluding those of [western nations]," political analyst Dr. Fadhl Al-Rabie said.

That is precisely why some are opposed to the change. They say Yemen is conforming to globalization and it compromises the country's unique culture and distinct-

"[The government] pretends that

the decision was approved because of economic motives," said Dr. Taha Al-Mutawakel, the imam of the Al-Hashoosh mosque in Sana'a. "[But] if they're really keen on Yemen's economy, they shouldn't impose this weekend on other sectors like education, health, judiciary and security.'

Some have made the argument that the new weekend violates religious doctrines, but most, like Dr. Nasr Al-Salami, a professor of comparative fiq'h (Islamic jurisprudence) at Al-Eman University in Sana'a, said the new weekend has no conflicts with sharia law.

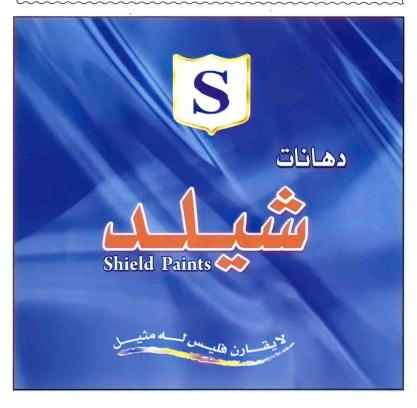
"It's a matter irrelevant of religion," he said. "The government's purpose is clear, and there is no need for speculation."

#### Dear valued readership

Due to the Republic of Yemen's official transition from a Thursday -Friday weekend to a Friday -Saturday schedule, beginning this week, the Yemen Times' Monday issue will now come out on Tuesdays.

تغيير الإجازة الأسبوعية في الجمهورية اليمنية من الخميس والجمعة الى الجمعة والسبت، فأن عدد يمن تايمز ليوم الإثنين سوف يصدر ابتداءا من هذا الأسبوع فصاعدا في يوم





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## **President Hadi negotiates with Southern** Movement to resume NDC participation

## Mohammed Al-Hassani

SANA'A. Aug. 19—Discussions to resume participation of the Southern Movement and southern representatives of other parties in the National Dialogue Conference (NDC) are ongoing between President Abdu Rabu Mansour Hadi and leaders of the major Southern Movement faction, the Southern People's Conference (SPC). Southerners suspended their participation in the NDC last Tuesday to protest the 'slow' resolution of the Southern Issue.

SPC member and Deputy President of the NDC Yasin Makkawi met with Hadi to convey a message from Mohammed Ali Ahmed, the leader of the Southern Issue Working Group, detailing the terms which would persuade the SPC to resume

their participation.

has been widely circulated in the press, explaining his position and demanding that the dialogue location be moved abroad and that Southerners and Northerners participate as equals. Other demands in the statement related to security and administrative issues in southern governorates.

Southern Movement leader and NDC representative Dr. Ahmed Al-Sulmani told the Yemen Times that President Hadi has been involved in intense discussions over the past days to bring the southerners back to the dialogue.

"The NDC hasn't provided any tangible solutions to the Southern Issue [so] far," Al-Sulmani said. The movement will not accept the out-

come of the conference if it reaches Ahmed issued a statement that decisions without the participation of Southerners, he said

NDC Deputy Secretary General Yasser Al-Ro'ini said Hadi ordered the ministerial committee assigned to carry out the 31 Points to specify a deadline for the implementation of the document. The 31 Points are a list of demands put forth by southern leaders.

The Southern Issue, Al-Ro'ini said, can only be resolved through NDC reconciliatory outcomes, adding that "President Hadi won't recognize any conditions beyond this choice.'

The NDC working groups were scheduled to submit their latest reports on Sunday but submission was delayed because of the Southern leaders' boycott.





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## 12 still missing, 17 family members die in Nakhla flooding

Nasser Al-Sakkaf

TAIZ, Aug. 19-Locals are still searching for 12 people who are believed to have been swept away in severe flooding in the Nakhla Valley of Taiz on Friday after area roads were compromised by heavy

They were a part of a wedding convey that was overcome by rising waters on the road, officials said. Seventeen people, who were also a part of the wedding, died as the result of the flooding and have already been buried, Taiz information assistant, Abubakr AlEzi, said. Although, the number of dead could be higher as estimates are still being confirmed locally.

The 17 that were buried all belonged to the same family and were participating in a wedding procession to bring the bride from her home in Ibb governorate to the groom in Taiz, Al-Ezi said.

Six people from the wedding party were rescued during the flooding by locals at the scene. They are being treated at the Al-Madina hospital in the Al-Odain district in Ibb, said Rashad Mufreh, the general secretary of the of the Al-Odain local council. President Abdu Rabu Mansour Hadi said the victims will be treated at the expense of the state.

Locals have complained to Mufreh about the lack of civil defense rescue responses in the area, he

"Only one ambulance and five state rescue personnel came to help the locals," Murfeh said.

The area is known for flooding, but residents typically are very cautious, suggesting that the wedding convoy was out of their element, Al-Ezi said.

Recent heavy rains have led to flooding all over the country. On Saturday, military forces rescued three soldiers and three civilians trapped in flooded areas in the Ahwr area of Abyan governorate, said Ahmed Qaed, a security officer of Brigade 90 at Al-Anad Air-

Two planes at Al-Anad Airbase have been assigned for disaster evacuations for the past six months, Qaed added.

When asked why the planes were not used for other rescue missions like the one in the Nahkla Valley, Qaed said, the planes are not able to fit into narrow areas, although much flooding takes place in rural areas with tough terrain.

Three children were also reported to have died in flooding in Rghwan, Marib on Friday, the head of the Civil Defense Authority, Adulkareem Me'iad, said.

Me'iad has defended the Authority's response to such incidents, saying their work is made difficult by a lack of cooperation and communication on the part of officials in governorates.

As many as 40 people have died in floods during the past two weeks, according to Me'iad. Damage to homes and property has also been extensive, he added.

**MARIB** 

Three children

Rghwan on Friday

died in heavy

flooding in



Yemen Oil Company's negotiating committee announced on Sunday that 18 international oil companies won contracts to operate in 20 land and marine oil

Eighteen companies were selected out of a pool of 45 international companies that competed. Oil companies had to meet certain conditions including a solid environmental and safety re-

Oil Exploration and Production Authority head Abdulkareem Ghailan said the 18 companies have submitted documents outlining their work for the past two years. Documents include financial reports and audits as well as technical reports explaining the work of each company in the field. R.A.

An earthquake measuring 3 on the Richter Scale hit the northern area of Al-Dale' governorate Sunday evening, affecting several of the governorate's northern districts.

No casualties were reported, but the incident did inflict panic said Ismail Al-Hitwar, secretary to governor of Al-Dale. R.A.

A soldier detonated a grenade in the middle of the popular Habra Market in the Shaoub district of Sana'a in mid afternoon on Monday, killing himself but causing no other casualties, security officials said. Dr. Abdul Aziz Al-Qadasi, the security deputy manager in the capital city, said it is believed the soldier suffered from emotional issues. A.A.

### **HODEIDA**

Three people died in the Meghlaf district and several houses and farms were damaged on Saturday

### IBB

Two people died in Al-Odain district on Saturday

#### **AMRAN**

Two women died in Amran on Saturday. A dam located in the Hamda area of the Raida district also collapsed the same day, destroying nearby agricultural fields

### **SHABWA**

A person died in the Baihn district of Shabwa on Saturday

## **DHAMAR**

A female child died in the Dawran district of Dhamar on Saturday

## **TAIZ**

Seventeen people died on Friday during a wedding procession in the Nakhla Valley, most of them women and

children

Al-Zalam said.

(Source: The Media Center at the Interior Ministry)

been stationed in the mountains of

Al-Radma since the dispute began.

head to the district in the next two

days and evacuate the gunmen of

both tribes from the mountains

and regain control of these sites,"

Once gunmen are removed the

mountains, discussions will be

had and a solution will be reached

through tribal arbitration or Sha-

ria law, Al-Salam said. The conflict

will likely be resolved by tribal ar-

Thirteen people affiliated with

the Al-Seraji tribe were kidnapped

by the Da'an tribe last week when

returning from Sa'ada governorate,

Al-Zalam stated. Da'an tribesmen

have accused the Al-Seraji tribe of

kidnapping two Da'an men.

bitration, according to Al-Zalam.

"The security committee will

## Political instability means more violations against judiciary, human rights report says

Many violations go unreported, judges afraid of appearing 'weak'

#### Mohammed Al-Hassani

SANA'A, Aug. 19—A human rights report issued by a local organization at the beginning of August revealed that 59 violations have taken place so far this year against judiciary staff, including judges, prosecutors, lawvers and administrators in relation to their work.

The report, issued by the Esnaad Center for Empowering an Independent Judiciary and Rule of Law, states that judges, lawyers and administrators have faced nine murder attempts, two kidnappings, five physical injuries and 19 other threats of varying degrees of seriousness this

The report also documented seven armed attacks on judges' homes, seven attacks on their vehicles and eight separate attacks on courts throughout Yemen. A majority of perpetrators behind the attacks are still at

The head of the Esnaad Center

Faisal Al-Majidi said the report is based on available judicial documents, statistics from the Ministry of

Justice and media reports. However, Al-Majidi realizes the report has its limitations.

"Figures in the report don't represent all abuses and violations committed against judicial employees nationwide," he said. "Several violations are not reported, particularly in remote areas where media and human rights organizations are largely

Many judges have said they are hesitant to report attacks and violations because they fear they will appear weak.

In line with mounting instability all over the nation, Al-Majidi says violations against the judiciary will continue as long as there is a compromised central state that cannot protect civilians or state workers.

A local judge and former minister of the Ministry of Endowment, Hamoud Al-Hitar, said he and fellow judges constantly feel like they are ınder threat.

"When I was the head of the Court for Appeals in Sana'a, I received death threats," Al-Hitar said.

"The judiciary will never earn

## Tribal dispute leads to kidnappings, killings

Salafis, a conservative Muslim

sect, and Houthis, a group of Zaidi

Shiites, are both prominent in the

Al-Radma district, according to Ali

Al-Zalam, the deputy of Ibb gov-

ernorate. Ibb's governor and the

head of the Security Committee,

Ahmed Abdulla Al-Hajri, met with

Ibb representatives on Sunday to

discuss bringing the conflict to an

Al-Seraji tribe and one person af-

filiated with the Da'an tribe were

killed last week in armed clashes

tribes in July in order to de-esca-

late the conflict, but it was of no

use. We've [now] decided to send

Armed men of both tribes have

in security forces," Al-Atab said.

"We arrested folks from both

between the two tribes.

Two people associated with the

Security committee to step in, remove armed tribesmen from mountains

#### Nasser Al-Sakkaf

IBB, Aug. 19-Ibb governorate will send a security committee to mediate a tribal dispute in Al-Radma district that began in July between the Houthi Al-Seraji tribe and the Salafi Da'an tribe.

Ibb Security Chief Fuad Al-Atab told the Yemen Times that the conflict between the two tribes began when a group associated with the Al-Seraji tribe set-up a checkpoint at the entrance of the district and prevented armed men from the Da'an tribe from entering.

prestige or independence if the state is unable to protect its judges," he

The Yemeni Judicial Forum media officer, Redhwan Al-Omisi told the Yemen Times that he believes the recently released report to be valuable and accurate of the circumstances judges face.

Al-Omisi expects violations to increase in the absence of a government authority taking them seriously.

## VACANCY ADVERTISEMENT

Given the rise in frequency and impact of natural disasters, the focus of the international community is shifting to disaster risk prevention and preparedness. The World Bank is seeking to recruit a Disaster Risk Management Specialist as Extended-Term Consultant for one year initially.

## Job Description and Accountabilities:

- Provide daily operational support to the Disaster Risk Management and the Climate Change Bank Task
- Lead the implementation of selected components of the Yemen DRM Country Program
- Articulate next phase of the Yemen Global Facility for Disaster Reduction and Recovery Country Program 2013-2015 and start its execution
- Provide close and direct support to clients on the preparation of proposal and the implementation of technical assistance in regards to disaster risk management.
- Ensure familiarity with the Bank's portfolio in Yemen from a field based perspective
- Write quarterly progress and constraints reports to be uploaded into the Grant Result Management System, as well as the Result Based Management System-RBMS
- Assist the World Bank Task Team perform Damage and Loss Assessment (DALA) training as well as assist perform Post Disaster Needs Assessment (PDNA) if and when disaster strike
- Contribute to GFDRR's Knowledge management system by preparing quarterly briefs and case studies, and providing the necessary inputs for the knowledge products developed for the donors and clients
- Upon the request of the World Bank Task Teams participate in preparation and implementation-support missions for the PPCR
- Review and assess the progress made on the PPCR program, by working closely with the PPCR Program Coordination Unit (PPCR PCU) as needed
- Review the PPCR implementation plan prepared by the project and provide support as requested to achieve the set milestones. Review technical documentation and material prepared by the DRM and PPCR and prepare a list of comments to be shared with the Task Team
- Provide guidance to the Task Team on any technical issues arising from the implementation of the DRM and PPCR programs that require action on part of the Team

## **Desired Skills/Competencies:**

- An advanced university degree in International Development, International Relations, or another relevant discipline with a focus on Disaster/Humanitarian Issues and at least 6 years of professional experience
- Deep knowledge of Yemen DRM program and experience working in the country are essential
- Highly developed communication and advocacy skills, including the ability to write concisely and clearly, and to present complex arguments in a clear and persuasive manner
- Demonstrated ability to work in international multidisciplinary environment with clear focus on key business/ operational outputs and under tight deadlines
- Proven creativity, resourcefulness, integrity and strong interpersonal skills, including client orientation
- Experience in working in a context of fragility, conflict and violence, including polarization of state-society relations, diminished client capacity, relevance of partnerships, etc.
- A candidate should be fully proficient in written and verbal English and Arabic

Interested candidates should apply via the World Bank site www.worldbank.org/jobs section: "employment opportunities" job number 131908, where you can find full particulars on the vacancy. Closing date for this job is August 28, 2013. Only short-listed candidates will be contacted.

## MPHP shutters the doors of seven private hospitals in Sana'a

Facilities found in violation of basic health codes

## Ali Ibrahim Al-Moshki

SANA'A, Aug. 19—The Ministry of Public Health and Population (MPHP) announced on Monday at a press conference that it would be closing seven private hospitals out in the capital city out of Sana'a's 62 health private health facilities including clinics. The closings are a result of a government evaluation campaign that began in April to assess facilities' compliance with health standards.

"The hospitals were found lacking in health work basics in addition to the lack of medical services, a lack of specialized staff and their buildings are inadequate," said Dr. Ahmed Al-Ansi, the Minister of Public Health and Population.

The minister said they are focusing on Sana'a at the moment but similar evaluation and monitoring campaigns are also underway in Hajja, Dhamar and Ibb governor-

Even though a majority of private hospitals are allowed to remain in operation, Dr. Yahia Al-Ghasali, the general manager of the private health facilities at the ministry said only eight hospitals were technically up to health code standards.



The MPHP has threatened to shut down an additional 38 private heath facilities in Sana'a unless improvements are

Nine other hospitals met 80 percent of requirements and were given a three-month grace period to bring their facilities up to health code standards. The remaining health facilities are under threat of closure,

Al-Ghasali said. The technical aspects of shutting down the hospitals will be the responsibility of the capital secre-

Pharmacies in Sana'a are also being evaluated, Ahmed Al-Qubati, the Central Inspection Coordinator at the ministry said. Only an estimated 50 percent of pharmacies have been examined.

"[So far] the inspection campaign [has] found 1,463 violations ranging from a lack of licensing to smuggled, expired and forged drugs," Al-

## Colorful influences from Pakistan

One woman hopes a clothing trend will bring a pay day

Story and photos by Samar Qaed

pend a day windowshopping or attend a Yemeni wedding and you'll spot a significant amount of Indian and Pakistani influence in dress fabrics and design. Pakistani national Rifat Fatima Rahmani is a teacher at the Pakistan School, but is increasingly dabbling in sales of Pakistani clothes, accessories, shoes and bags. The demand for such products is huge, she says, and she hopes to open a boutique soon if the demand continues.

With ambitious goals, Rahmani's sales have humble beginnings. The 30-year-old, who came to Yemen in 1994 with her family, held her first exhibit in her home recently. The halls of her house were filled with Pakistani clothes and accessories, as well as Yemeni friends checking out the display. She was unsure how the exhibit would go and how well the products would sell.

To Rahmani's delight, she sold nearly her entire line of products



In a trial run, budding entrepreneur and Pakistani-native, Rifat Fatima Rahmani, may have found a growing market for products from her home country.

during that first exhibition. She and her four daughters served beverages and answered questions as women tried on traditional Pakistani clothing, including embroi-

dered dresses coupled with trou-

"Yemeni women have a liking for Indian and Pakistani embroideries and styles," Rahmani said.

Thirty-five women attended the exhibition. After nearly selling out, Rahmani has decided to continue with this line of work.

"I noted what was most in demand by visitors, and I will bring an abundance of those items with me next time," she said.

One customer, Zahra Hassn, spent YR15,000, about \$70, at the exhibition.

"The prices are reasonable and traditional Pakistani clothing is known for its quality. My favorite products were the crystal-studded bags," Hassn said.

Alia Mosleh is from Aden and says the exhibit satisfied her nostalgia for Indo-Pakistani culture, which has a large influence in the southern city. A strategic coastal port, Aden attracted many Indian sailors and traders as early as the 17th century, many of whom settled down and never left. The Indo-Pakistani influence extends beyond clothing though and extends to food and incense.

Mosleh walked away from the exhibition with silver bracelets, but had a difficult time choosing

amongst all that was available. This encourages Rahmani.

"If this [line of business] continues to be successful and profitable in the coming months, I will open the first Pakistani shop in Yemen," she said.

Weddings in Yemen are often several days long, and increasingly, brides spend one of those days dressed in a traditional Indian or Pakistani dress. Saba Ahmed's

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the wedding days in a sari, a style

of dress where a piece of cloth is

loosely draped over the body. As Rahmani prepares for her second exhibition—to be held in the coming months—she prepares to import a large number of hand-

her sales will spread through cur-

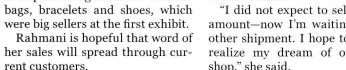
"Those who [have] visited my exhibition will let others know. I have Yemeni friends who not only buy, but also promote my products," she

Rahmani remembers the day of the exhibition fondly, and hopes it is an indication of the level of interest in Pakistani clothes and accessories to come.

"I did not expect to sell such an amount-now I'm waiting for another shipment. I hope to one day realize my dream of opening a shop," she said.



Women who attended Rahmani's exhibition walked away with what they call, high-quality and fashionable clothing and accessories from an interesting part of the world.







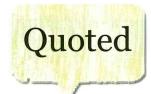
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"[President] Hadi has done nothing for Yemen, except to let American planes kill people whose guilt is not known."

 School teacher Majida al-Maqtari told Reuters in response to the U.S. drone campaign in Yemen.

"My team and I have been in regular contact with Yemeni ministers and officials, and we are glad to be back and working in Yemen after this brief hiatus."

— The British Ambassador, **Jane Marriott**, on the reopening of the British Embassy on Aug. 18.

"We know of several violations committed against judicial staff that weren't reported."

— Yemeni Judicial Forum media officer **Redhwan al-Omisi** on the difficulty of accurately tracking abuse directed at judicial workers.

"Yemeni women have a liking for Indian and Pakistani embroideries and styles."

— Sana'a resident **Rifat Fatima Rahmani** on why she thinks opening a Pakistani products store will be successful in Yemen.

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## Shahi Haleeb

## It's time for some real unity

Sara Al-Zawqari

or quite some time now, everyone has been thinking for themselves, and serving their own interests, such as focusing on how to fill their pockets or bank accounts with cash. As for the interest of the country, it has been put on a shelf that has been abandoned for years.

Selfishness has consumed some people. They act this way under the slogan of "nationalism" and "unity," which has caused many extremist opinions to emerge.

I want to talk about the term "unity." It seems we misunderstand this word.
Unity doesn't mean we all share the same views, have the same opinion or seek the same political or ideological goals. These differences are what make us special. One of the most interesting things about us is our personal differences. Unity doesn't ask us to forget our differences.

They say, "let's become one hand," "let's work as one," but if you look at your hand, you'll see each finger differs in height and width. If our fingers were identical, we wouldn't be able to use them the same way we do. This means we can have differences and be united at the same time.

In order to perpetuate corruption and oppressive rules in any nation, one must take away the freedom to voice opinions. But don't expect people to conform without entering a hopeless war. Oppression leads to escalating disputes, increasing hatred

and more tension. Even if an agreement is reached by one group completely complying with another's policies, the agreement's lifespan is usually short.

The concept of uniting the country in 1990 was a beautiful thing, the nation built hopes and dreams after the unification of Yemen. Many provinces celebrated the move. For many years the South has been neglected, but it wasn't "unity" that caused that. Instead, it

act appropriately. Others abused their authority for their own interests and disregarded that of others. Injustice, oppression and wrong doings have affected many people, especially in the South. But, instead of blaming the unification of the country, individuals should be held accountable.

was caused by the people

in power who failed to

The problem is not in the dish, it comes from the chef and the spectators who control the temperature of the dish from outside the country, which complicates the situation further still. Unfortunately, we have allowed others to interfere in our domestic affairs, which as caused more damage than

has caused more damage than good. People in the South weren't tyrannized alone. Injustice has spread all over Yemen from the east to the west. The country is filled with oppressed people whether in Aden, Hadramout, Hodeida, Ibb, Taiz or even Sana'a. Yemen has paid in blood for its

Alliances and political parties

shouldn't be enforced on others. If a person disagrees with your views, or criticizes your party, that doesn't give you the right to oppress, exploit or kill him. Killing has become as easy as drinking water.

We need to accept one another regardless of our political and religious ideologies. We must also learn to coexist and focus on personal relationships instead of political and religious divisions. Every person is free to choose their political affiliation without sacrificing relationships or creating hatred.

Our loyalty should be directed at our country, not at individuals. Individuals make mistakes and they make lots of them. A person who really loves another, will criticize those he loves when they make mistakes because they want them to improve. Following a person's religious doctrine, even when they do wrong is neither loyalty nor love. Use your own brain and sense of logic. If something makes sense then follow it, and if you think something is wrong, avoid it. You have a brain, use it. We are people and not sheep who blindly follow a shepherd. Forget about emotional talk and focus on logic.

If we want the country to flourish, we need new blood to take over. Enough with putting people's faces on signs, boards and stickers. Those need to be replaced with the Yemeni map. If we prioritize our country's interests, we will be able to move forward and achieve the impossible.

Hear more of Shahi Haleeb weekdays on Radio Yemen Times, aired 2:00— 3:00 p.m. and 10:00—11:00 p.m., Saturday through Thursday. Tune your dial to 88.8 and thanks for listening!



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## AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2012 AND INDEPENDENT AUDITOR'S REPORT



KPMG Yemen Mejanni & Co. Public Accountants 150 Zubairy St. PO Box 3501 Sana'a, Republic of Yemen Telephone +967 (1) 401 667 / 8 / 9 Fax +967 (1) 206 130 Internet vvv.w.kpmg.com.ye

English Translation of the Original Arabic Text

INDEPENDENT AUDITOR'S REPORT

TO H.E. THE MINISTER OF FINANCE OF 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, 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory 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

### 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 misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, 2012, 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.

## Other Matter

The financial statements of the Bank for the year ended December 31, 2011, were audited by another auditor who expressed an unqualified audit opinion on those statements on May 2, 2012.

## 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 Yemen Commercial Companies Law No. 22 of 1997 and its amendments, the Public Companies, Establishment and Corporation Law No. 35 of 1991 and Banking Law No. 38 of 1998 having occurred during the year which might have had a material effect on the financial statements as at December 31, 2012.



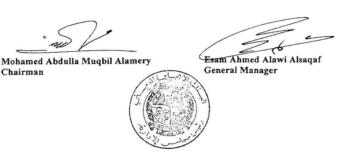
## STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2012

ASSETS	Note	2012 YR 000s	2011 YR 000s
Cash on hand and reserve balances with	_	0.500.455	7011174
Central Bank of Yemen (CBY)	7	9,508,477	7,811,174
Due from banks	8	27,896,311	23,068,091
Treasury bills - held to maturity	9	76,835,274	63,844,593
Loans and advances (net)	10	8,853,256	6,252,715
Available-for-sale investments	13	306,577	333,756
Debit balances and other assets (net)	14	1,037,274	439,720
Property and equipment (net)	16	2,695,688	2,713,339
TOTAL ASSETS		127,132,857	104,463,388

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2012

#### LIABILITIES AND EQUITY

LIABILITIES Due to banks Customers' deposits Credit balances and other liabilities Other provisions Total Liabilities	17 18 19 20	431,196 106,301,560 3,261,728 325,671 110,320,155	423,360 86,274,925 3,398,930 139,434 90,236,649
EQUITY	21	10 000 000	10 000 000
Paid-up capital	21-a	10,000,000	10,000,000
Legal reserve	21-b	2,890,480	2,499,084
General reserve	21-c	1,405,858	1,014,462
Revaluation of property surplus reserve	21-d	639,762	639,762
Fair value reserve	21-e	50,090	73,431
Proposed cash dividends		1,826,512	
Retained earnings		-	W)
Total Equity		16,812,702	14,226,739
TOTAL LIABILITIES AND EQUITY		127,132,857	104,463,388
Contingent liabilities and commitments (net)	22	24,436,706	17,308,405



#### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2012

	Note	2012 YR 000s	2011 YR 000s
Interest income Less: interest expenses Net interest income	23 24	16,519,869 ( <u>11,152,734</u> ) 5,367,135	14,698,097 ( <u>9,447,007)</u> 5,251,090
Commissions' revenues and banking service charges Less: Commissions expenses and banking service charges Income from available for sale investments Gain on foreign currency transactions	25 26	624,569 ( 13,593) 39,563 17,884	535,955 ( 21,025) 32,373 88,575
Other income Net operating income	27	<u>1,501,269</u> 7,536,827	7,290,129
Less: Provisions Less: General and administrative expenses, and depreciation	28 29	( 3,545,685)	( 2,119,576) ( 2,415,560)
NET PROFIT OF THE YEAR BEFORE INCOME TAX		3,213,091	2,754,993
Less: income tax for the year	19.a	(603,787)	(550,999)
NET PROFIT FOR THE YEAR AFTER TAX		2,609,304	2,203,994
Other comprehensive income Net change in fair value Gain on revaluation of available for sale investments (during the year)		( 25,104) 3,761	10,779
Revaluation differences of available for sale investments (reversed)		(1,998)	
Total other comprehensive income		(23,341)	10,779
Total comprehensive income for the year		2,585,963	2,214,773
Earnings per share	30	YR 261	YR 220



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 201

Year 2012	Paid-up Capital YR 000s	Legal Reserve YR 000s	General Reserve YR 000s	Revaluation of Property Surplus Reserve YR 000s	Fair Value Reserve YR 000s	Proposed Cash Dividends YR 000s	Retained Earnings YR 000s	Total YR 000s
Balance as at January 1, 2012	10,000,000	2,499,084	1,014,462	639.762	73,431			14,226,739
Total comprehensive income for the year								
Net profit for the year	141	¥		*			2,609,304	2,609,304
Other comprehensive income Net change in fair value reserve Total comprehensive income for the year		<u> </u>			( <u>23,341</u> )	<u>.</u>		2.585,963
Transactions with owners, recorded directly in equity								
Transfer to legal reserve (proposed)		391,396	-				( 391,396)	
Transfer to general reserve (proposed)		* "	391,396				( 391,396)	
Government share in profit (proposed)				2		1.696,048	( 1,696,048)	
Employees' share in profit (proposed)						130,464	( 130,464)	
Total transactions with owners		391,396	391,396			1,826,512	(2,609,304)	
Balance as at December 31, 2012	10,000,000	2,890,480	1,405,858	639,762	50,090	1,826,512		16,812,702

STATEMENT OF CHANGES IN EQUITY (continued) FOR THE YEAR ENDED DECEMBER 31, 2012

	Year 2011	Paid-up Capital YR 000s	Legal Reserve YR 000s	General Reserve YR 000s	Revaluation of Property Surplus Reserve YR 000s	Fair Value Reserve YR 000s	Proposed Cash Dividends YR 000s	Retained Earnings YR 000s	Total YR 000s
60									
2.5	Balance as at January 1, 2011	10,000,000	2,168,485	683,863	639,762	62.652	-		13,554,76
0	Total comprehensive income for the year								
4	Net profit for the year		140					2,203,994	2.203.99
9	Other comprehensive income Net change in fair value reserve					10.779			10,79
	Total comprehensive income for the year				-	10,779		2,203,994	2,214,77
00	Transactions with owners, recorded directly in equity								
4	Transfer to legal reserve	190	330,599					( 330,599)	
2	Transfer to general reserve	1.6		330,599		100		( 330,599)	
2	Government share in profit				*	(2)	4	( 1.432,596)	( 1,432,59
	Employees' share in profit	-					-	(110.200)	(110,20
1	Total transactions with owners		330,599	330,599		-		(2.203,994)	(1,542,79
	Balance as at December 31, 2011	10,000,000	2,499,084	1,014,462	639,762	73,431	-		14,226,73
0									

The attached notes on pages 8 to 47 are an integral part of these financial statements. Independent auditor's report is set out on pages 1 and 2.



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2012

	Note	2012 YR 000s	2011 YR 000s
Cash flows from operating activities			
Net profit for the year before income tax		.3,213,091	2,754,993
Adjustments to reconcile net profit to cash flows from		5,215,051	2,134,555
operating activities			
Depreciation of property and equipment	16	142,057	133,389
Provisions provided during the year	28	778,051	2,119,576
Retranslation differences of provisions in foreign currencies		8,530	( 3,037)
Retranslation difference of available-for-sale investments (reversed)		( 1,998)	
Provisions reversed	27	( 1,441,910)	( 1,317,566)
Reversal of impairment of available-for-sale investments Provisions used during the year	27	( 2,000) ( 430,749)	( 24,299)
Net loss on disposals of property and equipment		( 430,749)	4.755
Loss on retranslation differences (unrealized)		1,835	7,013
Operating profit before changes in assets and liabilities used in operating	19	- LANCE	
activities		2,266,907	3,674,824
Net (increase) decrease in assets			
Due from banks maturing after three months		( 2,148,998)	1,757,476
Reserve balances with the Central Bank of Yemen		( 1,390,498)	3,591,259
Treasury bills maturity after three months		( 8,785,463)	( 10,582,011) 1,067,610
Loans and advances Debit balances and other assets		( 1,708,779) ( 585,598)	179,310
Debit balances and other assets		( 383,398)	179,310
Net increase (decrease) in liabilities		2.024	121 022
Due to banks		7,836 19,837,099	131,823 ( 5,553,564)
Customers' deposits Credit balances and other liabilities		( 213,853)	690,345
Income tax paid		( 527,136)	( 418,969)
Net cash from (used in) operating activities		6,751,517	(5,461,897)
Cash flows from investing activities			
Cash payments for acquisition of property and equipment		( 124,406)	( 126,765)
Decrease (increase) in available-for-sale investments		388,538	( 10,000)
Proceeds from investments		5,372	
Net cash from (used in) investing activities		269,504	(136,765)
Cash flows from financing activities			( 1,542,796)
Government share (cash dividends)  Net cash (used in) financing activities			( 1,542,796)
Net cash (used in) thrancing activities			,
Net change in cash and cash equivalents		7,021,021	( 7,141,458)
Cash and cash equivalents, beginning of the year		60,951,774	68,094,478
Effect of exchange rate fluctuation on cash held		133,811	(1,246)
Cash and cash equivalents, end of the year		68,106,606	60,931,774
Cash and cash equivalents, end of the year consist of:		0.400.477	7011.77
Cash on hand and reserve balances with CBY	7	9,508,477	7,811,174
Due from banks	8	27,896,311	23,068,091 63,844,593
Treasury bills - held to maturity (net)	9	76,835,274 114,240,062	94,723,858
Less: Reserve balances with CBY		( 7,841,083)	( 6,438,550)
Less: Due from banks due after three months		( 4,344,056)	( 2,170,680)
Less: Treasury bills due after 3 months (net)		(33,948,317)	(25,162,854)
		68,106,606	60,951,774
The attached notes on pages 8 to 47 are an integral part of these f	inancial stateme	ents.	
Independent auditor's report is set out on pages 1 and 2.			

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

Mohamed Abdulla Muqbil Alamery

Esam Ahmed Alawi Alsaqaf General Manager

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

## 1. 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.
- 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 have been prepared in accordance with International Financial Reporting Standards (IFRS) and instructions issued by the Central Bank of Yemen (CBY).
  - In deviation from International Financial Reporting Standards, and to apply the provisions of local laws and regulations issued by CBY, the followings are treated as follows:
  - The adoption of minimum fixed percentages for loan provisions in accordance with Central Bank of Yemen circular No. 6 of 1996 and No. 5 of 1998,
  - The recording of provision for general risks calculated on performing loans under "loans provision" and not under equity,
  - c. 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, 2012.
  - The financial statements were approved by the Board of Directors on





## AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2012 AND INDEPENDENT AUDITOR'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2012

#### 2.2 Basis of measurements

The financial statements have been prepared on the historical cost basis except for available—for—sale investment and also land and buildings which are stated in property and equipment and 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, 13, 16 and 20.

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

#### a. 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.

#### b. 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 is 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.

## c. Useful lives of property and equipment

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

## 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 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 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

 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

## a. 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.

## b. Classification

## - Financial assets

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

## 1. 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.

## 2. 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.

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2012

#### 3. 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

Interest income is recognized in the statement of comprehensive income using the effective interest method. Dividend income is recognized in the statement of 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 the statement of 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 comprehensive income as a reclassification adjustment.

A non-derivative financial asset is reclassified from the available-forsale category to the loans and receivables category if it otherwise would have met the definition of loan and receivables and if the Bank had the intention and ability to hold that financial asset for the foreseeable future or until maturity.

#### Financial liabilities

The Bank has classified and measured its financial liabilities at amortized

#### 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 income statement unless required or permitted by any accounting standard or interpretation.

## e. 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 amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

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.

## 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.

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.

#### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2012

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 comprehensive income and reflected in an allowance account against loans and advances to customers.

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.

Impairment losses on available-for-sale investment securities are recognized by transferring the cumulative loss that has been recognized in other comprehensive income to income statement as a reclassification adjustment. The cumulative loss that is reclassified from other comprehensive income to income statement 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 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 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 comprehensive income under "other operating income".
- Commissions' revenues and bank service charges are recognized when the related services are performed.

## 3.4 Provision of loans, advances and contingent liabilities

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:

Performing loans and advances and contingent	
liabilities, including watchlist accounts	1%
Non-performing loans and advances and contingent	
liabilities:	
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).





## **AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2012** AND INDEPENDENT AUDITOR'S REPORT

#### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2012

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

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

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 comprehensive income. When revalued assets are sold, any related amount included in the revaluation surplus reserve is transferred to retained

#### 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 comprehensive income as incurred.

#### 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 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**

Buildings and constructions Improvement to leasehold property

Furniture, fixtures and vaults Motor vehicles Computer equipment

50 years years of lease or estimated useful life whichever is less

10 - 50 years 5 years 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.

## 3.9 Impairment of Non-Financial Assets

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

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 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 provided for present legal or constructive obligations as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation based on the study prepared by the Bank in order to estimate the amount of the obligation.

## 3.11 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 comprehensive income on a straight-line basis over the term of the relevant lease.

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2012

#### 3.12 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.

#### 3.13 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,

#### 3.14 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.

#### 3.15 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.

In accordance with the provisions of the Public Corporations, Establishments and Companies Law No. 35 of 1991, the annual profit after tax shall be allocated as follows:

- 15% to legal reserve;
- 15% to general reserve; - 65% to the government for its share of profit;
- 2% to employee's incentive; and
- 3% to employee's social fund

## 3.16 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

## 3.17 Comparatives

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

## APPLICABLE NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT

For the avoidance of doubt, the following applicable new standards, amendments to standards and interpretations, which were issued by IASB before December 31, 2012 and are not yet in effect, have not been early adopted.

- IAS 1 (amendment) 'Presentation of items of other comprehensive income' The amendments to IAS 1 require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendment is effective for annual periods beginning on or after 1 July 2012 with an option of early application.
- IAS 28 (2011) "Investment in Associates and jont ventures" has been amended to include IFRS 5 applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the entity does not remeasure the retained

The standard is effective for annual periods beginning on or after 1 January 2013 and is applied retrospectively.

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 amortised cost and

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 1 January 2015.

- IFRS 10, Consolidated Financial Statements.
- IFRS 11. Joint Arrangements.
- IFRS 12, Disclosure of Interest in Other Entities.
- IFRS 13. Fair Value Measurement

The above standards are effective for annual periods beginning on or after 1 January

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2012

#### 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 asset and

	20	012	2011		
	Carrying amount YR 000s	Fair Value YR 000s	Carrying amount YR 000s	Fair value YR 000s	
Financial assets					
Cash on hand and reserve balances with CBY Due from banks Treasury bills – held to maturity Loans and advances (net) Available for sale investments	9,508,477 27,896,311 76,835,274 8,853,256 306,577	9,508,477 27,896,311 76,835,274 8,853,256 306,577	7,811,174 23,068,091 63,844,593 6,252,715 333,756	7,811,174 23,068,091 63,844,593 6,252,715 333,756	
Financial liabilities					
Due to banks Customers' deposits	431,196 106,301,560	431,196 106,301,560	423,360 86,274,925	423,360 86,274,925	

## Fair value hierarchy

The Bank measures fair values 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

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).

Level 3: Fair values are based on inputs for assets that are not based on observable market data.

The fair value for available-for-sale investments comprise YR 306,577 thousand as at December 31, 2012 (as at December 31, 2011: YR 333,756 thousand) under the level 3 category. There are no investments qualifying for levels 1 and 2 fair

## 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

## 5.2 Risk management of financial instruments

Risk management structure

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.

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. 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

- 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





# البينائي (الأهما في الله عني

## AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2012 AND INDEPENDENT AUDITOR'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2012

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:

	2012 YR 000s	2011 YR 000s
Cash on hand and reserve balances with CBY (excluding cash on hand) Due from bank Treasury bill - held to maturity Loans and advances (net) Available for sale investments Debit balances and other assets (excluding prepaid expenses) (net)	7,841,083 27,896,311 76,835,274 8,853,256 306,577  998,230 122,730,731	6,438,550 23,068,091 63,844,593 6,252,715 333,756 410,654 100,348,359
Contingent liabilities and commitments  Total credit risk exposure	27,507,457 150,238,188	19,634,380 119,982,739

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

	2012		2011	
	Gross Maximum Exposure YR 000s	Net Maximum Exposure YR 000s	Gross Maximum Exposure YR 000s	Net Maximum Exposure YR 000s
Government	89,974,322	-	72,058,004	
Finance	24,572,317	22,904,923	22,999,610	21,626,986
Industry	991,340	991,340	1,297,754	1,297,754
General trade	3,874,353	3,874,353	1,983,245	1,983,245
Contractors	195,607	195,607	265,030	265,030
Consumer	2,124,562	2,124,562	1,334,062	1,334,062
Others	998,230	998,230	410,654	410,654
	122,730,731	31,089,015	100,348,359	26,917,731
Contingent liabilities				
and commitments	27,507,457	24,436,706	19,634,380	17,308,405
	150,238,188	55,525,721	119,982,739	44,226,136

The Bank manages concentration of risk by distributing the portfolio over diversified economic sectors and geographical locations. Note no. 33 to the financial statements shows the distribution of assets, liabilities, contingent liabilities and commitments based on economic sectors and Note no. 34 to the financial statements shows the distribution of assets, liabilities, contingent liabilities and commitments based on geographical locations at the financial statements date.

## b. Liquidity risk

Liabilities

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. To limit this 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 rate as at December 31, 2012 was 58% (as at December 31, 2011 was 67%).

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

Due within

six months

to one year

YR 000s

Due over

one year

YR 000s

YR 000s

Due within

three to six

months

YR 000s

Due within

three

months

YR 000s

Due to bank	s 431,196	5 -		-	431,196
Customers' deposits Credit balan	72,462,149 ces	11,440,359	22,165,643	233,409	106,301,560
and other liabilities	2,103,367	790,650	367,711		3,261,728
Total liabilities	74,996,712	12,231,009	22,533,354	223,409	109,994,484
			2011		
	Due within three	Due within three to six	Due within six months	Due over	
	months YR 000s	months YR 000s	to one year YR 000s	one year YR 000s	Total YR 000s
<u>Liabilities</u>	months YR 000s	months YR 000s	to one year YR 000s	one year YR 000s	Total YR 000s
Due to banks					
	YR 000s			YR 000s	YR 000s
Due to banks Customers' deposits	YR 000s 423,360	YR 000s	YR 000s	YR 000s	YR 000s 423,360
Due to banks Customers' deposits Credit balances and other	YR 000s 423,360 57,434,771	- 9,723,836	YR 000s - 18,856,195	- 260,123	YR 000s 423,360 86,274,925

In addition to the above, note no. 31 to the financial statements shows the maturity analysis of assets and liabilities and the net gap between them at the financial statements date.

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2012

#### c. Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of some of the financial instruments. The Bank performs a number of procedures to limit the effect of such risk 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 the Bank's exposure to interest rate risks:

				2012				
		From 3	From 6		Non-		Average i	nterest rates
	Less than	months to	months to	Over	interest		Local	Foreign
	3 months	6 months	1 year	1 year	sensitive	Total	Currency	Currency
Assets	YR 000s	YR 000s	YR 000s	YR 000s	YR 000s	YR 000s	%	%
Cash on hand and reserve balances with CBY						NATIONAL (1997)		
Due from banks	17,143,207	2,664,510	1,679,546		9,508,477	9,508,477		
Treasury bills - held to maturity	42,886,957	12,800,580	21,147,737		6,409,048	27,896,311	19.75	0.67
Loans and advances (net)	1,587,070	149,549	3,379,502	3,737,135		76,835,274 8,853,256	20.26 26.38	
Available for sale investments				2,737,133	306,577	306,577	20.38	7.63
Other assets (net)	69,421	10,090	6,360		3,647,091	3,732,962		
Total Assets	61,686,655	15.624.729	26,213,145	3,737,135	19,871,193	_127,132,857		
Liabilities and Equity								
Due to banks								
Customers' deposits	48,664,965	9,507,373	10 600 400		431,196	431,196		
Credit balances and other liabilities	957,039		18,692,428		29,436,794	106,301,560	19.50	0.25
Other provisions	757,039	186,971	367,603		1,750,115 325,671	3,261,728		
Equity	-				16,812,702	325,671 16,812,702		
Total Liabilities and Equity	49,622,004	9,694,344	19,060,031		48,756,478	127,132,857		
Interest rate sensitivity gap	12,064,651	5,930,385	7,153,114	3,737,135	(_28,885,285)			
Cumulative interest rate sensitivity gap	12,064,651	17,995,036	25,148,150	28,885,285				
				2011				
		From 3	From 6		Non-		Average in	terest rates
					Non-			rerest lates
	Less than	months to	months to	Over	interes		Local	Foreign
	3 months	months to 6 months	months to 1 year	1 year		Total		
Aura		months to	months to		interest	Total YR 000s	Local	Foreign
Assets	3 months	months to 6 months	months to 1 year	1 year	interest sensitive		Local Currency	Foreign Currency
Cash on hand and reserve balances	3 months	months to 6 months	months to 1 year	1 year	sensitive YR 000s		Local Currency	Foreign Currency
Cash on hand and reserve balances with CBY	3 months YR 000s	months to 6 months YR 000s	months to 1 year YR 000s	1 year	interest sensitive	YR 000s 7,811,174	Local Currency	Foreign Currency
Cash on hand and reserve balances with CBY Due from banks	3 months YR 000s	months to 6 months YR 000s	months to 1 year YR 000s	1 year	sensitive YR 000s	YR 000s	Local Currency <u>%</u>	Foreign Currency <u>%</u>
Cash on hand and reserve balances with CBY Due from banks Treasury bills - held to maturity	3 months YR 000s 15,009,650 38,681,739	months to 6 months YR 000s	Tyear YR 000s 588,590 14,437,321	1 year YR 000s	sensitive YR 000s	YR 000s 7,811,174	Local Currency <u>%</u>	Foreign Currency
Cash on hand and reserve balances with CBY Due from banks Treasury bills - held to maturity Loens and advances	3 months YR 000s	months to 6 months YR 000s	months to 1 year YR 000s	1 year	7,811,174 5,887,761	7,811,174 23,068,091	Local Currency <u>%</u>	Foreign Currency <u>%</u>
Cash on hand and reserve balances with CBY Due from banks Treasury bills - held to maturity Loans and advances Available for sale investments	3 months YR 000s 15,009,650 38,681,739 1,839,434	months to 6 months YR 000s 1,582,090 10,725,533 140,210	588,590 1,840,048	1 year YR 000s	7,811,174 5,887,761	7,811,174 23,068,091 63,844,593	Local Currency %	Foreign Currency %
Cash on hand and reserve balances with CBY Due from banks Treasury bills - held to maturity Loans and advances	3 months YR 000s 15,009,650 38,681,739	months to 6 months YR 000s	Tyear YR 000s 588,590 14,437,321	1 year YR 000s	7,811,174 5,887,761	7,811,174 23,068,091 63,844,593 6,252,715	Local Currency % 6 22.62 23	Foreign Currency %
Cash on hand and reserve balances with CBY Due from banks Treasury bills - held to maturity Loans and advances Available for sale investments	3 months YR 000s 15,009,650 38,681,739 1,839,434	months to 6 months YR 000s 1,582,090 10,725,533 140,210	588,590 1,840,048	1 year YR 000s	7,811,174 5,887,761	7,811,174 23,068,091 63,844,593 6,252,715 333,756	Local Currency % %	Foreign Currency %
Cash on hand and reserve balances with CBY Use from banks Treasury bills - held to maturity Loans and advances Available for sale investments Other assets (net)	3 months YR 000s 15,009,650 38,681,739 1,839,434 4,342	months to 6 months YR 000s - 1,582,090 10,725,533 140,210	months to 1 year YR 000s 588,590 14,437,321 1,840,048	1 year YR 000s	7,811,174 5,887,761 333,756 3,148,103	7,811,174 23,068,091 63,844,593 6,252,715 333,756 3,153,059	Local Currency % %	Foreign Currency %
Cash on hand and reserve balances with CBY Due from banks Treasury bills - held to maturity Loans and davances Available for sale investments Other assets (net) Total Assets Liabilities and Equity	3 months YR 000s 15,009,650 38,681,739 1,839,434 4,342	months to 6 months YR 000s - 1,582,090 10,725,533 140,210	months to 1 year YR 000s 588,590 14,437,321 1,840,048	1 year YR 000s	7,811,174 5,887,761 - 333,756 - 3,148,103	7,811,174 23,068,091 63,844,593 6,252,715 333,756 3,153,059	Local Currency % %	Foreign Currency %
Cash on hand and reserve balances with CBY Due from banks Tressury bills - held to maturity Loans and davances Available for sale investments Other assets (net) Total Assets Liabilities and Equity Due to banks	3 months YR 0005 15,009,650 38,681,739 1,839,434 4,342 55,535,165	months to 6 months YR 000s  1,582,090 10,725,533 140,210 466 12,448,299	months to 1 year YR 000s 588,590 14,437,321 1,840,048 148 16,866,107	1 year YR 000s	interess sensitive YR 000s 7,811,174 5,887,761 	7,811,174 23,068,091 63,844,593 6,252,715 333,756 3,153,059	Local Currency % %	Foreign Currency %
Cash on hand and reserve balances with CBY Due from banks Treasury bills - held to maturity Loans and davances Available for sale investments Other assets (net) Total Assets Liabilities and Equity Due to banks Customers' deposits	3 months YR 0005 15,009,650 38,681,739 1,839,434 4,342 55,535,165	months to 6 months YR 000s  1,582,090 10,725,533 140,210 466 12,448,299	months to 1 year YR 000s 588,590 14,437,321 1,840,048 148 16,866,107	1 year YR 000s	7,811,174 5,887,761 - 333,756 - 3,148,103	7,811,174 23,068,091 63,844,593 6,252,715 333,756 3,153,059	Local Currency %	Foreign Currency %
Cash on hand and reserve balances with CBY Due from banks Treasury bills - held to maturity Loans and davances Available for sale investments Other assets (net)  Total Assets  Liabilities and Equity Due to banks Customers' deposits Customers' Scrotist and other liabilities Credit balances and other liabilities	3 months YR 0005 15,009,650 38,681,739 1,839,434 4,342 55,535,165	months to 6 months YR 000s  1,582,090 10,725,533 140,210 466 12,448,299	months to 1 year YR 000s 588,590 14,437,321 1,840,048 148 16,866,107	1 year YR 000s	interess sensitive YR 000s 7,811,174 5,887,761 	7,811,174 23,068,091 63,844,593 6,252,715 333,756 3,153,059 104,463,388	Local Currency %	Foreign Currency %
Cash on hand and reserve balances with CBY Due from banks Treasury bills - held to maturity Loans and davances Available for sale investments Other assets (net) Total Assets Liabilities and Equity Due to banks Customers' deposits Credit balances and other liabilities Other provisions	3 months YR 0005 15,009,650 38,681,739 1,839,434 4,342 55,535,165	months to 6 months YR 000s  1,582,090 10,725,533 140,210 466 12,448,299	months to 1 year YR 000s 588,590 14,437,321 1,840,048 148 16,866,107	1 year YR 000s	interes sensitive VR 000s 7,811,174 5,887,761 - - - 333,756 3,148,103 - 17,180,794 423,360 22,882,031 2,156,077 139,434	7,811,174 23,068,091 63,844,593 6,252,715 333,756 3,153,059 104,463,388	Local Currency ½	Foreign Currency %
Cash on hand and reserve balances with CBY Due from banks Treasury bills - held to maturity Loans and daviances Available for sale investments Other assets (net) Total Assets Liabilities and Equity Due to banks Customer's deposits Customer's Coposits Credit balances and other liabilities	3 months YR 0005 15,009,650 38,681,739 1,839,434 4,342 55,535,165	months to 6 months YR 000s  1,582,090 10,725,533 140,210 466 12,448,299	months to 1 year YR 000s 588,590 14,437,321 1,840,048 148 16,866,107	1 year YR 000s	7,811,174 5,887,761	7,811,174 23,068,091 63,844,593 6,252,715 333,756 3,153,059 104,463,388	Local Currency ½	Foreign Currency %
Cash on hand and reserve balances with CBY Due from banks Treasury bills - held to maturity Loans and davances Available for sale investments Other assets (net) Total Assets Liabilities and Equity Due to banks Customers' deposits Credit balances and other liabilities Other provisions	3 months YR 0005 15,009,650 38,681,739 1,839,434 4,342 55,535,165	months to 6 months YR 000s  1,582,090 10,725,533 140,210 466 12,448,299	months to 1 year YR 000s 588,590 14,437,321 1,840,048 148 16,866,107	1 year YR 000s	interes sensitive VR 000s 7,811,174 5,887,761 - - - 333,756 3,148,103 - 17,180,794 423,360 22,882,031 2,156,077 139,434	7.811,174 23,068,091 63,844,593 6,252,715 333,756 3.153,059 104,463,388 423,360 86,274,925 3,98,930 139,434	Local Currency ½	Foreign Currency %
Cash on hand and reserve balances with CBY Due from banks Treasury bills - held to maturity Loans and advances Available for sale investments Other assets (net) Total Assets Liabilities and Equity Due to banks Customers' deposits Credit balances and other liabilities Other provisions Equity	3 months YR 0005 15,009,650 38,681,739 1,839,434 4,342 55,535,165	months to 6 months YR 000s  1,582,090 10,725,533 140,210 466 12,448,299  8,166,507 162,486	months to 1 year YR 000s 588,590 14,437,321 1,840,048 16,866,107	1 year YR 000s	interes sensitive VR 000s 7,811,174 5,887,761 333,756 3,148,103 17,180,794 423,360 22,882,031 2,156,077 139,434 14,226,739	7,811,174 23,068,091 63,844,593 6,252,715 333,756 3,153,059 109,463,388 423,360 86,274,925 3,398,925 139,434 14,226,739	Local Currency ½	Foreign Currency %
Cash on hand and reserve balances with CBY Due from banks Treasury bills - held to maturity Loans and davances Available for sale investments Other assets (net) Total Assets Liabilities and Equity Due to banks Customers' deposits Credit balances and other liabilities Other provisions Equity Total Liabilities and Equity	3 months YR 0005 15,009,650 38,681,739 1,839,434 4,342 55,535,165 38,847,708 773,887	months to 6 months YR 000 <sub>9</sub> :  1,582,090 10,725,533 140,210 466 12,448,299 8,156,507 162,486	months to 1 years 7 yR 00% 588,590 14,437,321 1,840,048 16,866,107	1 year YR 000s	interes sensitive YR 000s 7,811,174 5,887,761 - 333,756 3,148,193 17,180,794 423,360 22,882,031 21,156,077 139,434 14,226,739 39,807,641	7,811,174 23,068,091 63,844,593 6,252,715 333,756 3,153,059 109,463,388 423,360 86,274,925 3,398,925 139,434 14,226,739	Local Currency ½	Foreign Current %

Note no. 32 to the financial statements shows the average interest rates on assets and liabilities applied during this year compared with last year.

## Interest rate sensitivity

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 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.

The effect of increase in interest rate 2%
Sensitivity of

## December 31, 2012

Currency	Interest Rate Sensitivity Gap YR 000s	Comprehensive Income) YR 000s	Sensitivity of equity YR 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	13,148	10,519
	The	effect of decrease in intere	est rate 2%
		Sensitivity of	
		Net Interest Income	
	Cumulative	(Statement of	
	Interest Rate	Comprehensive	
Currency	Sensitivity Gap YR 000s	YR 000s	Sensitivity of equity YR 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	( 13,148)	( 10,519)
December 31, 2011			
	The	effect of increase in interes	st rate 2%
		Sensitivity of	
		Net Interest Income	
	Cumulative	(Statement of	
	Interest Rate	Comprehensive	
	Sensitivity Gap	Income)	Sensitivity of equity
Currency	YR 000s	YR 000s	YR 000s
Yemeni Rials	15,007,435	300,149	240,119
US Dollars	4,280,378	85,608	68,486
Sterling Pound	325,582	6,512	5,209
Euro	174,963	3,499	2,799
Other Currencies	405,466	8,109	6,487
	The e	ffect of decrease in interes	st rate 2%
		Sensitivity of	
		Net Interest Income	
	Cumulative	(Statement of	
	Interest Rate	Comprehensive	
	Sensitivity Gap	Income)	Sensitivity of equity
Currency	YR 000s	YR 000s	YR 000s
Yemeni Rials	15,007,435	( 300,149)	( 240,119)
US Dollars	4,280,378	( 85,608)	( 68,486)
Sterling Pound	325,582	( 6,512)	( 5,209)
Euro	174,963	( 3,499)	( 2,799)
Other Currencies	405,466	( 8,109)	( 6,487)

## NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2012

#### d. Exchange rate risk

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:

			2012			
	USS Dollars YR 000s	Sterling Pound YR 000s	Euro YR 000s	Saudi Rial YR 000s	Other currencies YR 000s	Total YR 000s
Assets Liabilities	50,956,436	1,653,352	2,930,693	2,909,530	102,420	58,552,431
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
		0. 11	2011	0 11	Other	
	US\$ Dollars YR 000s	Sterling Pound YR 000s	Euro YR 000s	Saudi Rial YR 000s	currencies YR 000s	Total YR 000s
Assets Liabilities	40,619,648	1,573,870	2,003,373	2,641,444	207,536	47,045,871
and equity	(41,184,508)	(1,518,419)	(1,972,611)	(2.438,888)	(238,129)	(47,352,555)
Net currency position	(564,860)	55,451	30,762	_202,556	(30,593)	(306,684)

### 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 comprehensive income and equity, with all other variables held constant:

5.	Change in Currency	_ (	Effect on Statement of Comprehensive Income				Effect on equity				
Currency	Rate%	_	2012_		2011		2012	_	2011		
US\$	+2		20,547		11,297		16,438		9,038		
Sterling Pound	+2		458		1,109		367		887		
Euro	+3		212		922		170		738		
Saudi Rial	+2		58		4,051		47		3,240		
Other Currencies	+2		672		612		538		489		
US\$	-2	(	20,547)	(	11,297)	(	16,438)	(	9,038)		
Sterling Pound	-2	(	458)	(	1,109)	(	367)	(	887)		
Euro	-3	(	212)	(	922)	(	170)	(	738)		
Saudi Rial	-2	į.	58)	(	4,051)	(	47)	(	3,240)		
Other Currencies	-2	ì	672)	(	612)	(	538)	(	489)		

Note 35 to the financial statements indicates the significant foreign currencies' positions at the financial statements date compared with the last year.

## e. Operational risk

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 processes.

## f. 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.

## 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 are 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) of 1997.

The CBY requires each bank in Yemen to maintain a minimum ratio of total capital to the risk-weighted 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:

	2012 YR Million	2011 YR Million
Core capital Supplementary capital Total capital	16,035 229 16,264	13,426 100 13,526
Risk-weighted assets and contingent liabilities and commitments: Total assets Contingent liabilities and commitments Total risk weighted assets and contingent liabilities and commitments	11,445 13,386 24,831	11,586 3,487
Capital adequacy ratio	65.5%	89.7%





## **AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2012 AND INDEPENDENT AUDITOR'S REPORT**

20 August, 2013

#### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2012

The core capital consists of paid-up 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.

#### CASH AND RESERVE BALANCES WITH CENTRAL BANK OF YEMEN

	2012 YR 000s	2011 YR 000s
Cash on hand - local currency	551,407	621,525
Cash on hand - foreign currency	1,115,987 1,667,394	751,099 1,372,624
8		
Mandatory reserve with CBY – local currency	5,238,311	4,077,984
Mandatory reserve with CBY - foreign currency	2,602,772 7,841,083	2,360,566 6,438,550
	9,508,477	7,811,174

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.

#### DUE FROM BANKS

	2012 YR 000s_	2011 YR 000s
Central Bank of Yemen		
Current accounts - local currency	2,029,207	1,418,700
Current accounts - foreign currency	768,758	356,161
	2,797,965	1,774,861
CBY certificates of deposits maturing within three		
months	2,500,000	
	5,297,965	1,774,861
Local Banks		
Current accounts - local currency	10,615	1,829
Time deposits - foreign currency	289,582	283,458
	300,197	285,287
Foreign banks		
Current accounts - foreign currency	3,600,468	4,111,071
Time deposits - foreign currency	18,697,681	16,896,872
Control of Tourist Control of Con	22,298,149	21,007,943
	27.896.311	23.068.091

- Time deposits with local and foreign banks carry variable interest rates while current 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 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 cash equivalents.

## TREASURY BILLS - HELD TO MATURITY

	2012 YR 000s	2011 YR 000s
Treasury bills maturing within 90 days	43,900,902	39,612,729
Treasury bills maturing within 180 days	13,485,360	11,400,350
Treasury bills maturing within 360 days	22,668,740	15,349,210
	80,055,002	66,362,289
Less: Unearned discount balance	(3,219,728)	(2,517,696)
	76,835,274	63,844,593

The treasury bills carry an interest rate between 19.42% and 22.93% during the year 2012 (between 22.5% and 22.9% during the year 2011). 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	2012 YR 000s	2011 YR 000s
Overdraft		4,300,310	6,056,004
Loans to customers		8,769,091	5,026,163
L/Cs financing		26,005	66,786
		13,095,406	11,148,953
Less:			
Provision for loans and advances	11	(3,203,481)	(4,077,766)
Uncollected interest	12	(1,038,669)	(818,472)
		8,853,256	6,252,715

- 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 classified as bad debts amounted to YR 3,709,841 thousand as at December 31, 2012 after deducting uncollected interest and balances secured by cash deposits (as at December 31, 2011: YR 5,551,561 thousand) broken down as follows:

	2012 YR 000s	2011 YR 000s
Substandard loans and advances	502,343	328,144
Doubtful loans and advances	198,372	729,428
Bad loans and advances	3,009,126	4,493,989
	3,709,841	5,551,561

#### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2012

Loans and advances by industry

		201	12	
	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	9,061,09
Industry	84,876	906,464		991,34
Service	51,656	9,155		60,81
Finance		134,796		134,79
Individuals and others		2,847,362		2,847,36
Total	4,300,310	8,769,091	26,005	13,095,40
		201	1	
	0	Loans to Customers	L/C Financing	Total
	Overdraft YR 000s	YR 000s	YR 000s	YR 000s
Trade		Control of Control	0	
Trade Industry	YR 000s	YR 000s	YR 000s	7,265,10
	YR 000s 5,968,811	YR 000s 1,229,508	YR 000s	7,265,10 1,297,75 49,18
Industry	YR 000s 5,968,811 55,658	YR 000s 1,229,508 1,242,096	YR 000s	7,265,10 1,297,75
Industry Service	YR 000s 5,968,811 55,658	YR 000s 1,229,508 1,242,096 17,651	YR 000s	7,265,10 1,297,75 49,18

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)

Provision for loans and advances by type

		2012	and the second s
Note	Specific YR 000s	General YR 000s	Total YR 000s
	4,056,966	20,800	4,077,766
	5 252	20	5,273
-00			
28	540,283	11,593	551,876
	( 42,211)	•	( 42,211)
27	(_1,386,546)	(2,677)	(1,389,223)
	3,173,745	29,736	3,203,481
	28 27	Note YR 000s 4,056,966 5,253 28 540,283 ( 42,211) 27 ( 1,386,546)	Note         YR 000s         YR 000s           4,056,966         20,800           28         540,283         11,593           ( 42,211)         -           27         ( 1,386,546)         ( 2,677)

					2011		
	Note	_	Specific YR 000s	_	General YR 000s	_	Total YR 000s
Balance as at January 1, 2011 Revaluation differences of			3,072,785		53,248		3,126,033
provision in foreign currencies		(	2,160)		-	(	2,160)
Add: provided during the year	28		2,086,747		5,611		2,092,358
Less: used during the year		(	24,299)		-	(	24,299)
Less: provisions reversed	27	(_	1,076,107)	(_	38,059)	(_	1,114,166)
Balance as at December 31, 2011		=	4,056,966	875	20,800	-	4,077,766

Provision for loans and advances by sector

	Corporate Lending YR 000s	2012 Consumer Lending YR 000s	Total YR 000s
Balance as at January 1, 2012 Revaluation differences of	4,056,966	20,800	4,077,766
provision in foreign currencies	5,253	3 20	5,273
Add: provided during the year	540,283		551,876
Less: used during the year	( 42,211		( 42,211)
Less: provisions reversed	(1,386,546	<u>(2,677)</u>	(1,389,223)
Balance as at December 31, 2012	3,173,745	29,736	3,203,481
		2011	
	Corporate Lending YR 000s	Lending	Total YR 000s
Balance as at January 1, 2011 Revaluation differences of	3,072,785	53,248	3,126,033
provision in foreign currencies	( 2,160	) -	( 2,160)
Add: provided during the year	2,086,747	,	2,092,358
ess: used during the year	( 24,299	) -	( 24,299)
ess: provisions reversed	(_1,076,107	) (38,059)	(_1,114,168)
Balance as at December 31, 2011	4,056,966	20,800	4,077,766

		2012 YR 000s		2011 YR 000s_
Balance at beginning of the year		818,472		730,250
Provided during the year		476,201		531,354
Written off during the year	(	96,500)	(	94,953)
Recovered during the year	(	170,563)	(	110,541)
Revaluation differences of uncollected				
interest - foreign currencies		11,059	(	237,638)
Balance at end of the year		1,038,669	-	818,472

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2012

#### 13. AVAILABLE-FOR-SALE INVESTMENTS

	Note	Ownership Percentage	No. of shares	2012 YR 000s	2011 YR 000s
<ol> <li>Financing investments - foreign</li> </ol>					
UBAC Curacao - Paris Alubaf Arab International		0.88	45,202	97,135	483,209
- Bahrain Arab Financial Services		0.344	6,880	147,866	165,209
Co Bahrain		0.167	10,000	10,745 255,746	22,919 671,337
ii. Financing investments - local					
Yemen Financial Services Co Yemen Yemen Mobile Co. for		10,000	3,107	66,766	66,428
Telecommunication Al-Amal Bank for		0.139	120,000	61,200	61,200
Microfinance - Yemen Al-Tadhamon		1.00	200	20,000	20,000
Microfinance - Yemen		1.00	100	1,000 148,966	1,000 148,628
Less: Impairment losses	13a			404,712 ( <u>98,135</u> )	819,965 ( <u>486,209</u> )
				306,577	333,756
All available for sale	invect	ments are in	navoted fin:	ancial investmen	nts. Due to

- 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
- 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

## 13.a Impairment losses

	Note	_	2012 YR 000s	2011 YR 000s
Balance at beginning of the year Less: used during the year			486,209 388,538)	486,209
Less: reversed during the year Revaluation differences – foreign	27	Ì	2,000)	-
currency			2,464	
Balance at end of the year		100000	98,135	486,209

2012

2011

## 14. DEBIT BALANCES AND OTHER ASSETS (NET)

	Note	2012 YR 000s	2011 YR 000s
Prepaid expenses		39,044	29,066
Accrued interest		70,808	4,982
Projects in process (advances)		320,305	200,404
Assets transferred to the Bank's ownership		56,832	163,875
Other debit balances		1,460,409	963,473
		1,947,398	1,361,800
Less: Provision for doubtful debts	15	(910,124)	(922,080)
		1,037,274	439,720

## 15. PROVISIONS FOR DOUBTFUL DEBTS

Note	<u> </u>	R 000s	_	YR 000s
		922,080		1,085,478
		447	(	877)
28		2,660		-
27	(	15,063)	(_	162,521)
		910,124		922,080
	28	28	922,080 447 28 2,660 27 (	922,080 447 ( 28 2,660 27 ( 15,063) (

## 16. PROPERTY AND EQUIPMENT (NET)

			201	12		
Cost	Land, Buildings and Constructions YR 000s	Leasehold Improvements YR 000s	Furniture and Equipment YR 000s	Motor Vehicles YR 000s	Computer Equipment YR 000s	Total YR 000s
Balance as at January 1, 2012 Additions during the year Disposals during the year Balance as at December 31, 2012	2,382,204 32,346 (1,605) 2,412,945	110,072 10,881 - 120,953	417,981 44,451 ————————————————————————————————————	121,516 15,410 - 136,926	495,131 22,914 - 518,045	3,526,904 126,002 ( <u>1,605)</u> <u>3,651,301</u>
Accumulated depreciation						
Balance as at January 1, 2012 Depreciation Disposals Balance as at December 31, 2012	137,318 25,864 (9) 163,173	58,794 9,111 	247,665 30,870 - 278,535	115,636 6,067 	254,152 70,145 - 324,297	813,565 142,057 (9) 955,613
Net book value						
December 31, 2012	2,249,772	53,048	183,897	15,223	193,748	2,695,688





## AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2012 **AND INDEPENDENT AUDITOR'S REPORT**

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2012

			20:	1		
Cost	Land, Buildings and Constructions YR 000s	Leasehold Improvements YR 000s	Furniture and Equipment YR 000s	Motor Vehicles YR 000s	Computer Equipment YR 000s	Total YR 000s
Balance as at January 1, 2011 Additions during the year Disposals during the year Balance as at December 31, 2011 Accumulated depreciation	2,333,685 51,114 (2,595) 2,382,204	102,185 7,887 - 110,072	395,056 30,299 (	121,516	452,452 45,039 (2,360) 495,131	3,404,894 134,339 ( <u>12,329</u> ) 3,526,904
Balance as at January 1, 2011 Depreciation Disposals Balance as at December 31, 2011 Net book value	112,474 24,844 	49,955 8,839 58,794	221,798 29,565 (3,698) 247,665	106,308 9,328 	189,641 65,568 (	680,176 138,144 (4,755) 813,565
December 31, 2011	2,244,886	51,278	170,316	5,880	240,979	2,713,339

#### 17. DUE TO BANKS

	2012 YR 000s	2011 YR 000s
Local banks - current account - local currency Foreign banks - current account - foreign currency	1,853 429,343	423,360
Total banks - current account - foreign currency	431,196	423,360

#### CUSTOMERS' DEPOSITS

Customers' deposits by type

	YR 000s	YR 000s
Current accounts	20,057,323	15,601,786
Time deposits	50,681,387	39,990,915
Saving accounts	31,869,851	27,688,854
Margins of LC's and LG's	3,070,751	2,325,975
Other deposits	622,248	667,395
	106,301,560	86,274,925

Customers' deposits as at December 31, 2012 include YR 6,081,547 thousand of margins held for direct and indirect facilities (as at December 31, 2011: YR 2,632,309 thousand)

## Customers' deposits by sector

	2012 YR 000s	2011 YR 000s
Public and mixed sectors	11,224,368	3,783,615
Individuals	81,531,477	70,205,103
Corporations	7,111,238	7,328,894
Others	6,434,477	4,957,313
	106,301,560	86,274,925

## 19. CREDIT BALANCES AND OTHER LIABILITIES

	Note	YR 000s	YR 000s
Income tax for the year	19.a	627,650	550,999
Interest payable		1,511,613	1,262,853
Unclaimed balances*		197,903	204,883
Employees share in profit			110,439
Accrued expenses		40,000	25,000
Other credit balances		884,562	1,244,756
		3,261,728	3,398,930

\*I inclaimed 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. 79 of the Banks Law No. 38 of 1998.

## 19.a Income tax for the year

		2012 YR 000s		2011 YR 000s	
Balance at beginning of the year		550,999		418,969	
Less: paid during the year	(	527,136)	(	402,899)	
Add: provided during the year		603,787		550,999	
Less: reversed during the year		-	(	16,070)	
Balance at the end of the year		627,650		550,999	

## 20. OTHER PROVISIONS

Description	Note	Contingent Liabilities YR 000s	Contingent Claims YR 000s	Total YR 000s
Balance as at January 1, 2012 Add: provided during the year Revaluation differences of	28	78,973 223,515	60,461	139,434 223,515
provision in foreign currencies Less: provisions reversed	27	166 ( <u>37,624</u> )	180	346 ( <u>37,624</u> )
Balance as at December 31, 2012		265,030	60,641	325,671
		Provision for	2011 Provision for	
Description	Note	Contingent Liabilities YR 000s	Contingent Claims YR 000s	Total YR 000s
Balance as at January 1, 2011 Add: provided during the year Less: provisions reversed	28 27	92,634 27,218 (40,879)	60,461	153,095 27,218 ( <u>40,879</u> )
Balance as at December 31, 2011		78,973	60,461	139,434

Provision for general risk on contingent liabilities is calculated at 1% on the total contingent liabilities after deducting balances secured by deposits and guarantees issued by high credit rated banks.

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2012

#### 21. EQUITY

a. Paid-up capital

As at December 31, 2012, the paid-up capital is YR 10 billion (as at December 31, 2011: YR 10 billion) divided into 10 million shares of YR 1,000 par value according to the Board of Directors' meeting held on April 15, 2007.

Legal reserve

According to the provisions of the Banks Law no. 38 of 1998, 15% of the net profit for the year is transferred to legal reserve until the reserve equals two times the paid-up capital. The Bank can not use this reserve without the prior approval of the Central Bank of Yemen.

General reserve

According to the provisions of the Public Corporations, Establishments and Companies Law No. 35 of 1991, 15% of the net profit for the year is transferred to general reserve. The balance of this reserve can be used for purposes approved by the Bank.

Revaluation of property surplus reserve

This reserve represents the difference between the revalued amounts of the owned land and buildings and their book values as at December 31, 1999.

Fair value reserve

Fair value reserve represents the revaluation profit and loss on the available-for-sale financial investments as at December 31, 2012 with a positive fair value of YR 50,090 thousand (as at December 31, 2011: YR 73,431 thousand).

#### 22. CONTINGENT LIABILITIES AND COMMITMENTS (NET)

	- P	Gross Commitments YR 000s	Margin Held YR 000s	Net Commitments YR 000s
Letters of credit Letters of guarantee Others		13,602,996 13,704,392 200,069	( 1,995,043) ( 1,065,125) ( 10,583)	11,607,953 12,639,267 189,486
		27,507,457	(3,070,751)	24,436,706
			2011	
		Gross Commitments YR 000s	Margin Held YR 000s	Net Commitments YR 000s
Letters of credit Letters of guarantee Others		7,741,794 11,820,963 71,623	( 1,318,947) ( 994,360) ( 12,668)	6,422,847 10,826,603 58,955
		10 634 380	( 2 325 975)	17.308.405

## 23. INTEREST INCOME

24.

Interest on loans to customers		
Interest earned on loans and overdrafts	1,523,552	1,535,316
Other interest	260	204
	1,523,812	1,535,520
Interest on due from banks		
Interest on certificates of deposit with CBY	66,284	
Interest from deposits	104,479	116,583
Interest from current accounts	184	3,024
	170,947	119,607
Interest on treasury bills held to maturity	14,825,110	13,042,970
	16,519,869	14,698,097
INTEREST EXPENSE		
	2012	2011
	YR 000s	YR 000s
Interest on customers' deposits		
Interest on time deposits	7,893,305	6,450,139
Interest on saving accounts	3,259,429	2,996,868

## 25. COMMISSIONS' REVENUES AND BANKING SERVICE CHARGES

	2012 YR 000s	2011 YR 000s
Commissions on letters of credits	115,475	65,656
Commissions on letters of guarantee	194,931	129,078
Commissions on transfer of funds	23,236	25,458
Other banking service charges	290,927	315,763
	624,569	535,955
CAIN ON FOREIGN CURRENCY TRAI	NSACTIONS	

## 26. GAIN ON FOREIGN CURRENCY TRANSACTIONS

		Z012 ZR 000s		ZR 000s
(Loss) from translation of foreign currencies Gain from dealing in foreign currencies	(	15,906)	(	51,621)
transactions		33,790	-	140,196
		17,884		88,575

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2012

#### 27. OTHER INCOME

	Note	2012 YR 000s	2011 YR 000s
Provisions reversed			
Provision for loans and advances	11	1,389,223	1,114,166
Provision for contingent liabilities	20	37,624	40,879
Provision for doubtful debts	15	15,063	162,521
		1,441,910	1,317,566
Reversal of impairment of available-for-			
sale investments	13.a	2000	-
Other income		57,359	85,595
		1,501,269	1,403,161

#### 28. PROVISIONS PROVIDED DURING THE YEAR

	Note	2012 YR 000s	2011 YR 000s
Provisions for loan and advances			
(performing and non-performing)	11	551,876	2,092,358
Provision for doubtful debts	15	2,660	
Other provisions	20	223,515	27,218
		778,051	2,119,576

### GENERAL AND ADMINISTRATIVE EXPENSES, AND DEPRECIATION

	Note	2012 YR 000s	2011 YR 000s
Wages and salaries		2,395,127	1,503,153
Zakat expenses		200,000	165,000
Duties and taxes		116,487	110,669
Depreciation of property and equipment	16	142,057	133,389
Training expenses		108,164	29,531
Water, electricity and fuel		69,642	66,586
Travelling and transportation		60,149	36,697
Maintenance and repairs		50,536	37,626
Donations		59,427	27,463
Rent		41,616	41,873
Advertisement and publication		41,445	41,098
Stationery and printing supplies		36,144	30,931
Professional fees		24,801	22,721
Communications		23,835	19,147
Computer maintenance		2,289	2,738
Write-off property and equipment		-	4,755
Other expenses		173,966	142,183
		3,545,685	2,415,560

## 30. EARNING PER SHARE

2011

9,447,007

YR 000s

2012 YR 000s

11,152,734

	2012	2011
Net profit for the year (YR thousand)	2,609,304	2,203,994
Number of shares (by thousand)	10,000	10,000
Earning per share (YR)	261	220
THE RESERVE OF STREET WAS A STR		

## 31. MATURITIES OF ASSETS AND LIABILITIES

Description	Due within three months YR 000's	Due from three to six months YR 000's	Due from six months to one year YR 000's	Due over one year YR 000's	Total YR 000's
a. Assets					
Cash on hand & reserve					
balances with CBY	9,508,477			w	9,508,477
Due from banks	23,552,255	2,664,510	1,679,546		27,896,311
Treasury bills - held to					
maturity	42,886,957	12,800,580	21,147,737		76,835,274
Loans and advances (net)	1,587,070	149,549	3,379,502	3,737,135	8,853,256
Available-for-sale				204 488	207 577
investments				306,577	306,577
Other assets	69,421	10,090	6,360	3,647,091	3,732,962
	77,604,180	15,624,729	26,213,145	7,690,803	127,132,857
b. Liabilities and equity					
Due to banks	431,196			14	431,196
Customers' deposits	77,868,350	9,507,373	18,692,428	233,409	106,301,560
Other liabilities and equity	957,039	186,971	367,711	18,888,380	20,400,101
	79,256,585	9,694,344	19,060,139	19,121,789	127,132,857
Net	(_1,652,405)	5,930,385	7,153,006	(11,430,986)	
			2011		
	Due within	Due from	Due from six		
	three	three to six	months to	Due over	
	months	months	опе уеаг	one year	Total
Description	YR 000's	YR 000's	YR 000's	YR 000's	YR 000's
a. Assets					
Cash on hand & reserve					
balances with CBY	7,811,174	-			7,811,174
Due from banks	20,897,411	1,582,090	588,590	-	23,068,091
Treasury bills - held to					
maturity	38,681,739	10,725,533	14,437,321	E.	63,844,593
Loans and advances (net)	1,839,433	140,210	1,840,048	2,433,024	6,252,715
Available-for-sale					
investments			-	333,756	333,756
Other assets	4,342	466	148	3,148,103	3,153,059
	69,234,099	12,448,299	16,866,107	5,914,883	104,463,388
. Liabilities and equity					
Due to banks	423,360	-	-		423,360
Customers' deposits					06 274 026
	57,434,771	9,723,836	18,856,195	260,123	86,274,925
Other liabilities and equity	57,434,771 773,887	9,723,836 162,486	18,856,195 326,480	16,502,250	17,765,103
	773,887	162,486	326,480	16,502,250	_17,765,103







## AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31,2012 AND INDEPENDENT AUDITOR'S REPORT

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2012

#### 32. INTEREST RATES APPLIED DURING THE YEAR

The interest rates on assets and liabilities during the year compared to last year were as follows:

		Year en	ded Decembe	r 31, 2012	
	YR %	USS %	Saudi Riyal %	Sterling Pound %	EUR
Assets	70	70		70	20
Loans and advances to customers:					
- Facilities Due from banks:	26.38	7.63		•	-
- Certificates of deposits	19.75	-	-	-	-
- Time deposits Treasury bills - held to	-	0.67	0.33	0.78	0.03
maturity	20.22	-		-	-
<u>Liabilities</u>					
Customers' deposits:					
- Time deposits	19.50	0.25	0.25	0.25	0.25
- Savings accounts	19.50	0.25	0.25	0.25	0.25
		Year end	led December	31, 2011	
			Saudi	Sterling	
	YR	US\$	Riyal	Pound	EUR
	%	%	<u>%</u>	<u>%</u>	%
Assets					
Loans and advances to					
- Facilities  Due from banks:	23.00	7.75	-:		-
- Certificates of deposits		+	-	-	-
- Time deposits		1.35	1.58	0.93	.50
Freasury bills - held to maturity	22.62			767	Α.
Liabilities					
Customers' deposits:					
- Time deposits	20.00	0.25	0.25	0.25	0.25
- Savings accounts	20.00	0.25	0.25	0.25	0.25
- Davings decounts	20.00	,	0.23	0.20	0.20

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

2012

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 balance with							
CBY				-	9,508,477		9,508,477
Due from banks	-		~	-	27,896,311		27,896,311
Treasury bills Loans and	1.0			*	76,835,274		76,835,274
advances (net) Available for sale	*	•	6,517,907	1,915	13,218	2,320,216	8,853,256
investments			-	*	306,577	*	306,577
<u>Liabilities</u> Due to banks					431,196		431,196
Customers					131,170		.51,.70
deposits	5,879,958	233,606	13,835,922	2,945,532	1,847,717	81,558,825	106,301,560
Contingent liabilities and commitments							
(net)	3,426,129	869,968	13,367,728	3,789,252	2,819	2,980,810	24,436,706
				2011		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							
balance with							
CBY Due from banks					7 011 174		7 011 174
		3.5			7,811,174	•	7,811,174
Treasury bills	:	:	÷	:	7,811,174 23,068,091 63,844,593		7,811,174 23,068,091 63,844,593
Treasury bills Loans and advances (net)	•	4,318,340		:	23,068,091	- - - 1,887,017	23,068,091
Treasury bills Loans and			-	:	23,068,091 63,844,593		23,068,091 63,844,593
Treasury bills Loans and advances (net) Available for sale			-		23,068,091 63,844,593 34,658 333,756		23,068,091 63,844,593 6,252,715 333,756
Treasury bills Loans and advances (net) Available for sale investments  Liabilities Due to banks			-	-	23,068,091 63,844,593 34,658		23,068,091 63,844,593 6,252,715
Treasury bills Loans and advances (net) Available for sale investments Liabilities			-	2,646,943	23,068,091 63,844,593 34,658 333,756		23,068,091 63,844,593 6,252,715 333,756
Treasury bills Loans and advances (net) Available for sale investments  Liabilities Due to banks Customers	1,225,127	4,318,340	12,700	- - - - - 2,646,943	23,068,091 63,844,593 34,658 333,756 423,360	1,887,017	23,068,091 63,844,593 6,252,715 333,756 423,360

12.895.315

2,258,006

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2012

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

			2	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	9,508,477 5,598,162	:	13,128,907	- 8,837,284	- 331,958	9,508,477 27,896,311
Treasury bills - held to maturity	76,835,274		-		•	76,835,274
Loans and advances (net) Available for sale	8,853,256	¥	•		•	8,853,256
investments	147,966	8		158,611	•	306,577
<u>Liabilities</u>						
Due to Banks	1,853		-	429,343	-	431,196
Customers deposits	106,301,560	-		-	-	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
			20	)11		
Assets	Republic of Yemen YR 000s	America YR 000s	Europe YR 000s	Asia YR 000s	Africa YR 000s	Total YR 000s
Cash on hand and reserve						
balances with CBY Due from banks Treasury bills held to	7,811,174 2,040,109	1,854,071	12,719,583	6,335,921	118,407	7,811,174 23,068,091
maturity Loans and advances	63,844,593	-			-	63,844,593
(net) Available for sale	6,252,715	•	•			6,252,715
investments	145,628	•	-	188,128		333,756
Liabilities						
Due to Banks Customers deposits	86,274,925	· ·	*	423,360	•	423,360 86,274,925
Contingent liabilities and commitments (net)	3,433,150	208,028	5,639,612	6,734,746	1,292,869	17,308,405
SIGNIFICANT FOR	EIGN CURI	RENCIES 1	POSITIONS	3		

## 35. 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 and reserves. The following schedule reflects the Bank's significant foreign currency positions at the financial statements date:

	Decembe	er 31, 2012	December	r 31, 2011
	Surplus	Percentage of	Surplus	Percentage of
	(Deficit)	Capital and	(Deficit)	Capital and
	YR 000s	Reserves	YR 000s	Reserves
US Dollars	1,027,389	6.84	(564,860)	(4.00)
Sterling Pound	22,919	0.15	55,451	0.41
Euro	( 2,922)	(0.04)	30,762	0.23
Saudi Rial	( 7,086)	(0.01)	202,556	1.50
Others	33,615	<u>0.21</u>	( <u>30,593</u> )	( <u>0.21</u> )
Net surplus (deficit)	1,073,915	<u>7.15</u>	(306,684)	( <u>2.16</u> )

The US Dollar exchange rate as at December 31, 2012 was YR 214.89 (as at December 31, 2011: YR 213.80).

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED DECEMBER 31, 2012

#### 36. 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 related parties are the members of the Board of Directors and companies owned by them, as well as the Bank's key management personnel.

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 and requires that the Bank applies the same terms and conditions that are applied with non-related parties. The following are the nature, related

	2012 YR 000s	2011 YR 000s
Loans and advances (net)	2,553	4,895
Customers' deposits	14,940	13,069
Interest received	24	80
Interest paid	899	826
Salaries and benefits	29,112	14,069

balances and volume of these transactions at the financial statements date:

#### 37. TAX STATUS

- The difference between accounting and tax profit for the year 2012 represents a deducting amount of YR 194,156 thousand, as a result of adjusting the accounting profit with the provisions provided during the year and charged to the statement of comprehensive income and provisions reversed which was previously subject to tax, as well as the difference between the accounting depreciation expense and depreciation rate and useful life in accordance with the Income Tax No. 17 of 2010, 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 year 2010, and paid the amount due
  within the legal deadline. The Tax Authority has performed its review for the said year
  and no assessment from the Tax Authority has been received yet by the Bank.
- The Bank has submitted the tax declaration for the year 2011, and paid the amount due according to the declaration. The Tax Authority has not performed the review and the Bank has not been notified of any assessment for the year 2011.

## 38. ZAKAT

- The Bank submits its Zakat declaration annually and remits the amount due based on the declaration.
- The Bank has paid the Zakat up to the end of 2011 according to the Zakat declaration. No assessment notification was issued by the Zakat Department.

## 39. 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.

## 40. 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.

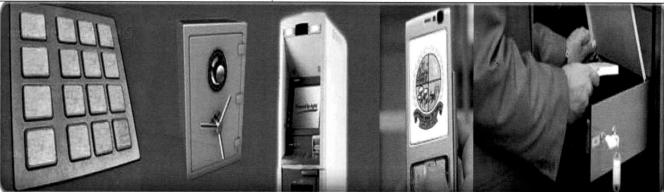
## 41. COMPARATIVE FIGURES

Certain comparative figures were reclassified to comply with current year's financial statements presentation. The reclassifications have no impact on the previously reported net profit or equity.



84.752

1,382,232 658,100 17.308.405





## YEMEN TIMES

## **VACANCIES**

Yemen Times LLC Announces the following vacancies

## **Deputy Editor-n-Chief**

The deputy editor-in-chief supports the editor-in-chief in managing the establishment's editorial department. Duties include but are not limited to the following:

- Implementing editorial policy and organizational plan
- Contributing to the establishment's media strategy
- Monstoring editorial production efficiently and in a timely manner
- Supervising the editorial department's staff and encouraging their personal and professional development
- Managing the newsroom in coordination with other supervisors
- Representing the organization locally and internationally
- Contributing to editorial columns and other editorial productions
- Maintaining Yemen Times values and principles while endorsing its organizational culture based on a professional and free press, human rights, democracy, transparency and good
- Implementing the organization's general policy and promoting to both staff and outsiders
- Reviewing the establishment's quality control and improvement
- Ensuring safety, progress, speed and quality of the establishment

#### **Required Qualifications:**

- Yemeni national
- A master's degree preferably in media or a related field \*
- English fluency in writing, speaking, reading and comprehension
- Computer literacy
- A minimum of seven years of experience in print media
- A minimum of three years experience in managing and supervising at least five people
- A demonstrated leadership skills and an ability to work in a team under pressure and tight
- A demonstrated commitment to professionalism in media and a comprehensive understanding of the risks and requirements associated with working in the media in Yemen

## **Deputy General Manager**

The deputy general manager supports the general manager in running the entire establishment. Duties include but are not limited to:

- Meeting the establishment's advertising and circulation goals and objectives
- Preparing a marketing plan including pricing policy, that reflects advertising and circulation price lists in coordination with the advertising manager to be reviewed by the CEO
- Assuring approved advertising, circulation and production budgets are apportioned and followed in an efficient manner
- Issuing the annual timetable of commercial projects, advertising sections and supplements in cooperation with the editor-in-chief and other editorial staff
- Preparing business contracts for the business department and submitting drafts to the CEO
- Supervising the performance of the advertising, circulation and marketing departments
- In partnership with the financial manager, monitoring the documentation that analyzes activities regarding production, advertising, circulation and marketing
- Overseeing the development and application of a corporate identity design manual Observing media market development and identifying significant changes for the CEO and
- other associated colleagues Acting as a proxy for the CEO during absences
- Maintaining relations with clients and suppliers

## Required qualifications:

- A minimum of five years experience in management, preferably in the private sector
- A comprehensive knowledge of Yemeni markets and environment
- A minimum of a bachelor's degree in management or a relevant field
- Leadership, team work and communication skills
- A demonstrated commitment to professionalism and demonstrated experience in achievement

تعلن مؤسسة يمن تايمز عن الوظائف الشاغرة التالية

## نائب رئيس تحرير

يقوم نائب رئيس التحرير بمهام رئيس التحرير في حال غيابه / غيابها ويساعد رئيس التحرير اثناء وجوده لتأدية مهامه لا فيه مصلحة العمل. تشمل الهام الطلوبة على سبيل المثال وليس الحصر:

- ♦ العمل على تنفيذ توجيهات رئيس التحرير الخاصة بالسياسة التحريرية وخطة عمل المؤسسة
  - المساهمة في إعداد الإستراتيجية الإعلامية للمؤسسة بشكل عام
    - متابعة الإنتاج الإعلامي للمؤسسة بجودة عالية ووقت مناسب
  - الإشراف على الإعلاميين وأداءهم المهنى وتطورهم الوظيفي إدارة غرف التحرير في المؤسسة بالتنسيق مع المدراء المباشرين
    - تمثيل المؤسسة محليا وعالميا
  - المساهمة في كتابة عمود إفتتاحية المؤسسة في جميع منتجاتها
- الحرص على قيم مؤسسة يمن تايمز وتعزيز ثقافتها المؤسسية المبنية على الصحافة المهنية والمصداقية وحقوق الإنسان وتعزيز الديمقراطية والشفافية والحكم الجيد
  - العمل على تنفيذ السياسة العامة للمؤسسة وتعميمها لدى العاملين
  - مراجعة منتجات المؤسسة بعد الإنتاج وتقييمها من اجل تحسين العمل
    - التأكد من سلامة العمل وسرعته وانتظامه

### الصفات والمؤهلات الطلوبة:

- حمل الجنسية اليمنية
- شهادة جامعية بدرجة ماجستير، يفضل في مجال الإعلام او المجالات الإنسانية ذات العلاقة
  - إجادة تامة للغة الإنجليزية ومهارات الكمبيوتر خبرة لا تقل عن ٧ سنوات في مجال الصحافة المطبوعة
- خبرة لا تقل عن ٣ سنوات في مجال الإدارة بحيث لا يقل الموظفين تحت إشراف مباشر عن ٥ موظفين
  - قدرة على العمل الجماعي وقيادة الفريق والعمل تحت الضغط والمواعيد النهائية
  - إثبات الإلتزام المسبق بمهنية اعلامية واستيعاب كامل لمخاطر المهنة ومتطلباتها

## نائب مدير عام

يقوم نائب المدير العام بمهام رئيس التحرير في حال غيابه / غيابها ويساعد المدير العام اثناء وجوده لتأدية مهامه لما فيه مصلحة العمل. تشمل المهام المطلوبة على سبيل المثال وليس الحصر:

- ♦ الإشراف على عمليات الإعلان والتوزيع وتحقيق اهداف المؤسسة بشكل عام
- بالتنسيق مع مدير التسويق والإعلانات الإتفاق على تسعيرة الإعلانات في الجريدة والراديو والموقع وكافة منتجات المؤسسة كما يساهم في تحديد أسعار الإشتراكات وعرضها على المدير العام
  - الاشراف على الموازنات التقديرية للإعلان والإنتاج الإعلامي والتوزيع بطريقة مهنية ووقت مناسب
- يضع جداول سنوية للمشاريع التجارية للمؤسسة بما فيها الإستراتيجية الإعلانية والملاحق واي مشاريع أخرى بالتنسيق المباشر مع رئيس التحرير
  - إعداد العقود التجارية وعرضها على المدير العام
  - الإشراف على إدارات الإعلان، التسويق والتوزيع
- بالتنسيق مع المدير المالي يحرص على توثيق كافة تفاصيل عمليات الإنتاج والإعلان والتسويق والتوزيع من ناحية
  - الحرص على اسم المؤسسة التجاري وثقافتها المؤسسية وتعزيزها داخليا وخارجيا
  - متابعة السوق الإعلامي وتطوره والتغييرات فيه بما فيها المنافسين واقتراح استراتيجيات للتفوق عليهم
    - يحل محل المدير العام في حال غيابه / غيابها
    - الإشراف على العقود مع العملاء والموردين العمل بشكل مبادر ومستقل وتقديم تقارير مباشرة للمدير العام

## المؤهلات المطلوبة:

- خبرة لا تقل عن ٥ سنوات في مجال الإدارة ويفضل في القطاع الخاص
  - خبرة عميقة في السوق والبيئة اليمنية على الأقل شهادة جامعية في الإدارة أو أي تخصص مناسب
    - 💠 مهارات قيادية وعمل جماعي ومهارات اتصال عالية
  - التزام وسمعة طيبة وإثبات القدرة على الإنجاز ❖ مهارات استخدام الكمبيوتر ومعرفة عالية باللغة الإنجليزية

## مدىر ادارة وموارد بشريت

يقوم مدير الإدارة والموارد البشرية بمساعدة الدير العام في المؤسسة فيما يتعلق بشؤون الإنتاج والإدارة الداخلية وعلاقات العمل وقضايا إدارية تشمل المهام التالية على سبيل المثال وليس الحصر:

- 💠 🛚 عمل تقييم دوري للعاملين ومساعدتهم في تحديد نقاط قوتهم وضعفهم واقتراح برامج تدريبية لهم بالتنسيق مع
  - ♦ درجة بكالاريوس في الإدارة، العلوم الإنسانية والإجتماعية، او مجالات متعلقة خبرة لا تقل عن سنتين في إدارة الموارد البشرية او شؤون الموظفين
    - درجة عالية من النزاهة والموضوعية والعمل الجاد إلمام بقانون العمل و التشريعات المتعلقة بعلاقات العمل

الصفات والمؤهلات المطلوبة:

- ♦ معرفة بطبيعة وبيئة العمل في القطاع الخاص وخصوصيات المجتمع اليمني
  - ❖ مهارات إتصال متقوقة وقدرة على التحفيز والعمل بروح الفريق مهارات استخدام الكمبيوتر ومعرفة عالية باللغة الإنجليزية
- العمل على تطوير مناخ العمل المؤسسى والرفع من مستوى البيئة الوظيفية داخل المؤسسة، عن طريق مراجعة وتطوير وإقتراح النظم واللوائح الإدارية المتعلقة بالموارد البشرية، والتي تشمل الإجازات والحضور والإنصراف والحوافز والتأمين الصحى وعلاقات العمل وغيرها. ❖ تطوير خطط التدريب وبناء القدرات والتأهيل لرفع مستوى الخبرات والمهارات لمختلف كوادر وأقسام المؤسسة،
- بالتنسيق مع مدراء الأقسام وتباعاً لخطة العمل السنوية المشتركة والأهداف العامة للمؤسسة. وضع خطة العمل السنوية والموازنة لقسم الطباعة والإنتاج بالتنسيق مع مدير قسم المطابع ورفعها للمدير العام
- الإشراف على تنفيذ النظم واللوائح الإدارية المتعلقة بالموارد البشرية، والتقرير عن تطويرها وتنفيذها للإدارة العليا بشكل دوري ومنتظم.
  - توفير المساعدة الفنية للإدارة فيما يتعلق بعمليات التوظيف والتسريح وقضايا شؤون الموظفين.
  - 💠 🛚 كتابة تقارير دورية عن الإداء العام والخاص لكافة العاملين وتقييمهم من اجل تطورهم الوظيفي والمهني
    - عمل برامج تعزيز الثقافة المؤسسية وقيم مؤسسة يمن تايمز

على المتقدمين المستوفين للشروط المطلوبة ارسال السير الذاتية مع رسالة تغطية توضح مدى ملائمتهم للوظيفة القدم اليها الى عنوان البريد الإلكتروني التالي: ytrecruitment@gmail.com الطلبات التي لا تحتوي رسالة التغطية لن تـُقبلُ. آخر مُوعد لإستقبال الطلبات هو ٣١ أغسطس ٢٠١٣م.

## Social activism with a face

'I can use puppets to teach children about citizenship and children's rights'

Story and photos by Samar Qaed

mmar Murshid has learned the hard way that human beings often disappoint and hurt each other. Despite his young age, the 24-year-old has been a certified civil society and human rights trainer since 2009. While he considers advocacy to be his duty, puppets are his passion. He uses the stuffed pieces of fabric with glued and sewed-on faces as an advocacy tool.

BUSINESS

FOUNDATION

Murshid left for Beirut in 2010 to learn more about civil society organizations. While there, he received a month-long training with other Arab youth on puppet making and theatre.

Once back in Yemen, Murshid trained a group of Muhamasheen children, often referred to in Yemen as the Akhdam, or "servants." Murshid trained them in puppet making. They went on to perform a short and acclaimed puppet show.

"I feel like puppets can be used to deliver messages to society. Since [that first performance], I've been using a puppet in all my lectures," Murshid said.

Puppets aren't simply a source of entertainment, he said, they can have practical and very serious uses. The puppeteer believes one can assess the psychological state of a child by observing what kind of puppet they make. An abused child may make a puppet with injuries and bruises, Murshid said.





"Psychologists can use puppets to understand the psychological and emotional states of children," he added.

Children find puppets to be a more interesting learning tool than projectors, the craftsman advo-

"I can use puppets to teach children about citizenship and children's rights," Murshid said. "Puppets are...more interesting than projectors, which children find boring."

If human beings are created in the image of their maker, puppet makers have some poetic license to divulge from the template.

Murshid's puppets often have funnylooking faces with different-sized eyes. He can make three puppets in an hour.

"A skilled puppet maker doesn't need long time to make a puppet," he said.

Murshid has made dozens of puppets in the past three years. There is low-demand for puppets in Yemen, he said, because Yemenis pay little attention to theatre in general."

"Unfortunately, interested youth appear for a short time and then disappear," he said. "I have presented several proposals to hold puppet

theatres in Yemen, but we lack sufficient funds and qualified people who can use puppets on stage."

Though the Ministry of Culture and civil society organizations have showed little interest in his proposals, Murshid is determined to find a sponsor and to hold a puppet theatre. He hopes to train a team specialized in puppet making and script writing for the theatres.

"My plays will prioritize an adult audience over an audience of children because if you can convince

adults [of the importance of puppets], they will encourage children to pay attention to puppet theatre."

He emphasized that puppet theatre is not only for children.

While Murshid has succeeded in the field of puppet-training, he regrets failing to complete his studies. He's attended two universities

but had to drop out because of his busy puppet schedule. He is now a first-level student at the Mass Communication College.

Murshid has several puppets in his bedroom but his favorites are Mused and Museda, based on two actors who used to host a radio program on Sana'a Radio.

"I like my puppets because we talk and laugh together," he said.



"These puppets are honest [and] they don't hurt anyone."

His mother shares his passion for puppets and often gives him ideas for new ones.

She helped him to create a robe

and shawl for Mused and a scarf for Museda.

"My mother likes making puppets and she draws caricatures for each puppet I make," Murshid said. "She inspires me."









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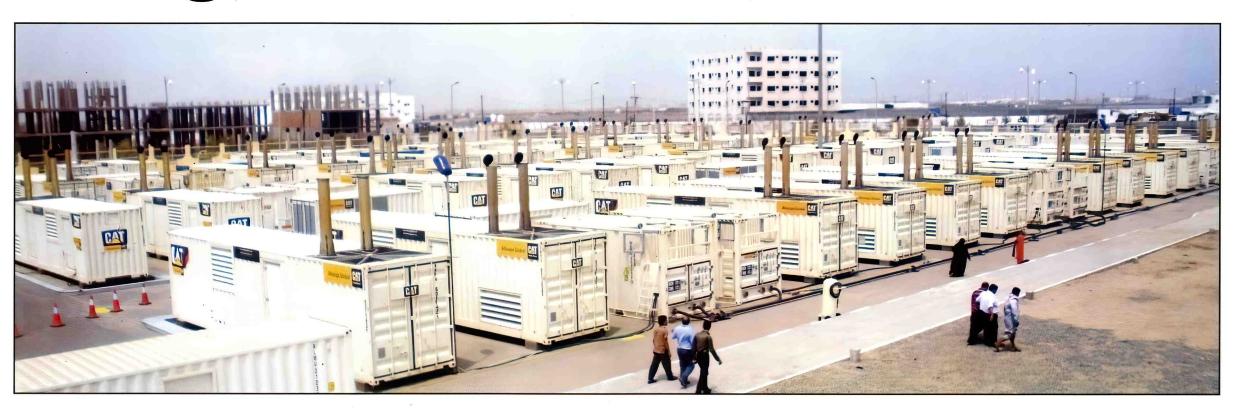
\*\*2012 World Travel Awards.





## Aden's Governor, PEC&Altaaqa Global

# Inaugurates 54 MW Power Plant





he 54 MW power plantwill supply up to 150,000 customers in Yemen which will benefit more than half a million people in the province of Aden.Altaaqa Global hired 95% of the total employees from Yemen and able to deliver the project on time. This is one of the great success stories of doing synergy between the government, local community and private company in the power industry.

Aden, Yemen – Altaaqa Global Cat Rental Power, a leading global power solutions provider, has successfully installed 54 MW power plant in the province of Aden, Yemen. The Governor and Public Electricity Corporation (PEC) officials, together with various government officials and the Executives of Altaaqa Global inaugurated the power plant that will provide up to 15% of the province summer electricitydemand.

Governor Wahid Ali Rashid expressed deep gratitude to the President, His Excellency AbdRabbuh Mansur Hadi for the great solution to the demands and needs of the governorate of Aden,he said "the President of the Republic of Yemen has spent a lot of time and efforts to make this power plant into reality. The President has personally been involved in providing the best solutions for electricity crisis and urgentlyrespondedto address the situation of electricity."The Governor appealed to the citizens of Aden to use the electricity wisely and be efficient in consuming energy to ensure a sustainable energy and avoid electric outages.

According to Engineer Khalil Abdul-Malik, Director General of Public Electricity Corporation (PEC), "This is the fastest power plant ever built in the history of Yemen. It only took us 23 days from the day

that we have signed the contract until the day that we have supplied electricity. This is a record breaking power project. The government, PEC and Altaaqa Global has worked diligently together to deliver electricity to the province of Aden." He pointed out that "this power plant will alleviate the suffering of the citizens due to power outages and reduce the powerdeficit."

"With this new power plant, 95% of the workforce is local Yemeni engineers and the remaining 5% are from Altaaqa Global Caterpillar." According to Steven Meyrick, Managing Director of Altaaqa Global, "We are committed to helping our immediate environs through a sustainable business model by creating employment opportunities in the areas where we operate. By hiring local talents in Yemen, we are proud to serve the community and contribute to their social lives. We have also invested a significant amount of resources to train the Yemeni workforce to ensure that our operation is still on its optimum level. In the end, we have passed on our technical know-how to the local workforce while maintaining our operational standards and processes. We will surely replicate the same process of hiring local people in other countries that we are planning to pursue in the future."

"Because of the successful collaboration between the Altaaqa Global workforce and the local Yemeni team, the power plants of 11kV and 33kV installation were completed as per schedule." According to Peter den Boogert, GM of Business Development of Altaaqa Global, "Even during summer when it can reach up to 38 degrees Celsius, and during Ramadan when we are only ableto work for a short period of time, we were able to complete the power project due to our strong appreciated and stronglined business process."



## **About Altaaqa Global**

Altaaga Global, a subsidiary of Saudi Arabia's Zahid Group, has been selected by Caterpillar Inc. to deliver multi-megawatt turnkey temporary power solutions worldwide. The company owns, mobilizes, installs, and operates efficient temporary independent power plants (IPP's) at customer sites, focusing on the emerging markets of Sub-Sahara Africa, Central Asia, the Indian Subcontinent, Latin America, South East Asia, the Middle East, and North Africa. Offering power rental equipment that will operate with different types of fuel such as diesel, natural gas, or dual-fuel, Altaaqa Global is positioned to rapidly deploy and provide temporary power plant solutions, delivering electricity whenever and wherever it may be needed.

www.altaaqaglobal.com

Altaaqa Global



## **About Zahid Group**

Zahid Group represents a diverse range of companies, offering comprehensive, customer-centric solutions in a number of thriving industries. Some of those include construction; mining; oil & gas; agriculture; power, electricity & water generation; material handling; building materials; transportation & logistics; real estate development; travel & tourism; waste management & recycling; and hospitality.

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A step-by-step guide

## How to kidnap a foreigner in Yemen

Haykal Bafana

international media olames Al-Qaeda or Yemeni tribesmen for the recent spate of foreigners kidnapped in Sana'a. But what if kidnapping has evolved into a new business model for ordinary Yemenis? Here's how I think kidnapping as a business could be done by the average Yemeni.

1. Recce all over Sana'a for foreigners who are suitable targets. Avoid those who are driving around in armored cars—these will be Western

embassy types who have many guns to shoot you with.

2. Hadda area is good for "recce" missions-a high concentration of Westerners due to the espresso bars and Western restaurants there. In fact, hanging out at espresso cafes is a good way to choose your potential targets. Do not order "shahi ahmar" or "bunni"-you reveal yourself as a "reefi" bumpkin type. You must speak Italian-order cafe latte (kaafay laa-tay) or cappuccino (kaa-fu-

3. Choose a European target. Kidnapping Americans are useless, as the U.S. government will never pay ransom-they may also drone you dead instead. But then again, I may be wrong on this point, as America has changed—they now kill their own citizens in Yemen without charge, jury or trial. So maybe Americans are good targets nowadays-just make sure you have enough food supplies, as Americans eat a lot.

4. When your target foreigner has been chosen, it's time to prepare. Borrow some guns and a Land Cruiser or Vitara, and ask two or three qat-chewing friends to help you. You must give them a commission—this

is Yemen, after all. You don't want to get lots of ransom money and then get kidnapped by your ex-accomplices for cheating them.

5. Kidnap the target foreigner from the streets of Sana'a in broad daylight. The best way to do this is to overtake the foreigner, suddenly swerve in and stop your car in front of his car. Foreigners are different from Yemenis-they will not purposely slam into your car to teach you a lesson. Grab and bundle the target into your car immediately and drive off. Leave the target's carmany have GPS trackers.

6. Do not kidnap at night-power failures happen all the time and in darkness, you may kidnap the wrong target, like a Yemeni sheikh's son. Remember: the goal is to make money and not to be shot dead on Khamsin Street by the sheikh's bodyguards.

7. Very important—always leave a telltale Al-Qaeda signature during the kidnapping- for example, you and your friends can shout, "Allahu Akbar" three times before driving off. The police will never investigate when they think Al-Qaeda did it.

8. Contact the target's embassy in Sana'a. Negotiate for tons of U.S. dollars (new notes, not the old ones- if not, the "hawala" chaps will stiff you). At the start, ask for at least \$10 million—anything less, and they will know what a dumb "gabili" you are.

9. Issue a threatening video and upload to YouTube if the Western government involved tries to shylock

10. Important—when you get the ransom, go to Dubai, open a bank account and join the rest of the Yemeni criminals who hide there.

Haykal Bafana is a writer and blogger based in Sana'a.

## US encourages democracy in Yemen, then turns deaf ear

Pam Bailey and Medea Benjamin Aljazeera.com First Published August 14

lowback" is a lesson the United govern-States ment should have learned in the mountains of Afghanistan, the streets of Iraq and the wild territories of Pakistan: Be careful what you sow, because you will reap it tomorrow.

A small delegation of CODEPINK peace activists travelled to the beautiful country of Yemen in June (and yes, despite the images in Western media of a dangerous country overrun by terrorists, it is a country rich with culture and a welcoming population).

We were greeted with some wise words from Abdul-Ghani Al Iryani, a political analyst and founder of Tawq, Yemen's Democratic Awakening Movement, "In the fight against al-Qaeda and the extremism it represents, we can do it the easy way, by killing, and thus have to do it again and again, or the hard way and really solve the problem. To truly fight Al-Qaeda and similar groups, we must deal with the root causes of its growth - poverty, injustice, lack of rule of law...and drone strikes.

That last part - Iryani's inclusion of drone strikes as a root cause of extremism - seems to be lost on the [American President Barak] Obama administration (as it was with the George W. Bush team). In what has come to be a trademark, "kill-firstanalyze-later-only-if-challenged" intervention style, Obama has authorized nine drone strikes on Yemeni territory since July 28, in a kneejerk response to intercepted Internet "chatter" suggesting an imminent terrorist attack against Western targets somewhere in the world.

To date, 38 individuals labeled as "suspected militants" have been assassinated, although U.S. officials admitted to The Washington Post that they have "no indication that senior Al-Qaeda operatives in Yemen have been killed...It's too early to tell whether we've actually disrupted anything. What the U.S. government is trying to do here is

So, basically, the US government is preemptively retaliating in response to a vague threat by infiltrating another country and killing people without any certainty of who they are, whether they are involved in an internal struggle or trying to kill Americans, or if their murder would actually have any effect -"just to buy time."

Innocents caught in the crossfire When we were in Yemen, we met with many families whose loved ones were injured or killed by drone strikes - becoming "collateral damage" as the United States (sometimes with the Yemeni government's overt or covert cooperation) killed anyone suspected of affiliation with Al-Qaeda, along with their unfortu-

nate companions and neighbors. Here is just one of the many stories we heard as we travelled the

It was 9 a.m. on a Tuesday and Ahmed Abdullah Awadh was at home with his 26-year-old son, Majed, in the small village of Ja'ar in southwestern Yemen. Suddenly, they heard a loud explosion. The house of Awadh's neighbor, a man he described as "an ordinary taxi driver," was hit. Everyone in the largely residential neighborhood, including Awadh and his son, ran to see what happened and help rescue anyone who was hurt.

The 33-year-old taxi driver was dead. Fortunately, the rest of his family had not been at home. Fifteen minutes later, as neighbors were still sorting through the rubble, there was a second strike in the same spot. This time, with almost the entire neighborhood concentrated in one location, the entire block was reduced to rubble, about 20 residents were injured and another 14-26 died - including Majed.

"Majed was burned over 50 percent of his body," recalled Awadh through an interpreter. "But there is only an emergency clinic in Ja'ar, and they said he was too seriously injured to be treated there. The nearest hospital is in Aden, and the main road was closed. It took four hours to get there. I held him in my arms while we were driving, and he kept bleeding. On the third day in the hospital, at 2:30 a.m., Majed's heart stopped, and he died.'

Was the taxi driver actually affiliated with Al-Qaeda? Awadh and his fellow residents - and American citizens, whose taxpayer dollars pay for this warfare - will never be told. They were merely left to pick up the

Faisal Bin Ali Jaber, a Yemeni engineer who lost his cousin and brother-in-law in a drone strike in August 2012, published an open letter to President Obama and Yemeni President [Abdu Rabu Mansour] Hadi. He wrote that his brother-inlaw was an imam who had strongly and publicly opposed Al-Qaeda and that his cousin was a policeman. 'Our town was no battlefield," he said.

"We had no warning. Our local police were never asked to make any arrest. Your silence in the face of these injustices only makes matters worse. If the strike was a mistake, the family - like all wrongly bereaved families of this secret air war - deserve a formal apology. To this day I wish no vengeance against the United States or Yemeni governments. But not everyone in Yemen feels the same. Every dead innocent swells the ranks of those

you are fighting." Even when drone targets are confirmed affiliates of AQAP (Al-Qaeda in the Arabian Peninsula), we were told that in most cases they could have been easily arrested and brought to trial, if the political will existed. And then there is the fact that many of the so-called "targets" have no possibility, or intent, of harming Americans.

One family we met told us that their 17-year-old son had been imprisoned on a trumped-up charge by former Yemeni dictator Ali Abdullah Saleh, kept in a tiny cell and terribly abused. While in prison, he met some members of Al-Qaeda and decided to join them in anger at his government - not at the United States. Yet, he soon became fodder for U.S. drones.

Should the United States be free to intervene in Yemen, a country with which it is not at war and assassinate anyone it suspects of terrorist affiliations, along with the unlucky individuals who happen to be around them?

Yemen's interim President Hadi seems to think so, since he has given his consent to President Obama. But the Yemeni people have answered that question with a resounding "No." Although their brave, historic vote was only reported in international media such as Al-Jazeera and Press TV, a nearly unanimous majority of the 565 participants in Yemen's multi-party National Dialogue Conference (NDC) - the grand effort to bridge the many internal divides and reach consensus on the future for the country - voted last month to criminalize drone strikes and all other forms of extra-judicial killings. Under the governing rules of the NDC, once the conference completes its work in about a month's time and a new constitution is drafted, the ban against drones is

required to become law. There are many critics of the NDC, but it is the most democratic institution that exists in Yemen right now, and as such has been embraced by the United Nations, the Gulf states and Western nations - including the United States. However, despite the vote against drones, the attacks continue.

"Despite all of Washington's recent commitments and actions in supporting the transition towards democratic elections in Yemen, the drones did nothing but edge Yemenis in the opposite direction," wrote Farea al-Muslimi, a Yemeni youth activist, in The Independent a British newspaper]. "More than 10 million Yemenis remain in need of humanitarian assistance, but none of that is on the tongues of policymakers in the West...Instead, the U.S. suddenly, via the drones, sent a message that (the NDC) and its delegates are much less important, and would be taken less seriously, than the shared enemy of both Yemenis and the U.S. -Al-Qaeda."

There are other ways to ensure our national security, although it requires more thought and effort in the short term: 1) Improve the quality of our intelligence, and work with the Yemeni government to arrest and try those individuals who are actually linked to terrorist plots against the United States. Leave action against those who have internal disputes to Yemen. Yes, that was difficult in the past when the country was led by former President

But, there is a new order now and Yemen deserves the chance to act as a sovereign body. If not, we will

Saleh, who tried to [work] with both

the United States and Al-Qaeda.

delegitimize an already weak government in the eyes of its people - a consequence that will carry its own blowback. 2) Increase our nonmilitary aid to Yemen to focus on the root causes of social discontent - poverty and lack of employment opportunities high among them.

If the United States truly supports and wants to encourage democracy as every American politician claims, then it is time to put our "money where our mouth is." Real political leadership and courage requires listening to and respecting the voice of the people, not just the transitional leaders, most of whom are hold-overs from the old regime and firmly in our orbit. Let's give them a chance to run their own country.

Pam Bailey is a freelance journalist and activist. They travelled to Yemen in June, in part to interview families impacted by American drone strikes.

Medea Benjamin is co-founder of Global Exchange and Codepink: Women for Peace.



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# Ancient practice continues to offer popular medical alternative

Cupping therapists say they lack the status and respect afforded to physicians

Story and photo by Ali Abulohoom

m Mohammed waits her turn at the Al-Shifa Cupping Therapy Clinic in Sana'a where she hopes to find relief for the joint paint she's been experiencing for the past five years.

In her 50s, Um Mohammed leans on her 20-year-old son, Mohammed. She limits her movements to manage the pain. She turned to cupping after a long journey with conventional medicine and drugs, which offered her little respite, she says. The therapy grants her relief from the pain, even if it's tempo-

"After the disappointment I experienced at hospitals, I started cupping therapy. It offers relief, but I have to come regularly," Um Mohammed said.

Cupping therapy is a form of ancient Chinese medicine that has enjoyed popularity around the world. The practice was first documented in the teachings of the Prophet Mohammed, who recommended it to his followers in 28 hadiths, according to religious scholars. Proponents of the therapy believe that improved blood flow can promote healing and relieve pain. It is often used to treat rheumatism, mi-

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graines and high blood pressure.

Cupping is mostly performed on the back, neck and shoulders. The practice can be dry or wet which involves bleeding the patient through small incisions and then suctioning the blood out through cupping equipment.

Cupping clinics are spreading throughout the capital city, and many are unlicensed. Physicians worry about the therapy, saying those behind the practice have no degrees or certifications.

"This is an inherited profession, passed down from one generation to another. [I'm] afraid that these people are not committed to the medical standards necessary for [treating people]," said Dr. Mahir Hamoud of Al Thwara hospital, a large government-run facility.

In the Al-Shifa Clinic, Um Mo-

hammed moans in the pain as she waits for treatment. She brings her own medical equipment to avoid contaminated cups or scalpels. Cupping equipment is available at pharmacies and patients are encouraged by conventional medical practitioners not to rely on shared equipment.

Licensed professionals criticize many cupping clinics hygienic practices.

Dr. Mohammed Mahdi, a surgeon at the privately-run Al Sahwa hospital, told the Yemen Times that clinics typically use only disinfectant and hot water—these measures are not enough to properly sterilize equipment, Mahdi said.

"The sterilization machine is costly and no cupping clinic can afford it," he added.

While cupping has been practiced in Yemen for generations, its origins in the country are unclear, but ancient civilizations including the Egyptians, Greeks and Romans also practiced cupping.

Even though the technique and its practitioners have a presumed long history in Yemen, those who perform the therapy are not afforded any of the social status or prestige associated with conventional medical practitioners.

There are unofficially four traditional social class categories that people will often identify in Yemen. They date back to before the rule of the imam and although more fluid today and disappearing, people still say historic class divisions carry over, stigmatizing certain professions. The first class of people are the Sayyidi's-those who trace their descent from the Prophet. People in this class often hold religious positions or positions in the judiciary. Next on the social hierarchy are the tribes, many of whom have significant amounts of regional control and autonomy. Following the tribes is the merchant class, which

The equipment used for the therapy come in all sorts of differ-

The equipment used for the therapy come in all sorts of different materials and sizes. Larger cups are usually used on the back and smaller ones on the head and neck.

includes butchers, barbers and vegetable sellers. At the bottom of the ladder are the marginalized Muhamasheen, or Akhdam (servants) as they're often referred to.

Cupping therapists belong to the third class and are considered blue collar workers. Sociologist Mohammed Al-Dabali told the Yemen Times that cupping is considered a low service job and has traditionally been looked down upon. Attitudes are beginning to shift, however.

"The attitude towards cupping specialists is starting to change because of the spread of free-market ideas, which link a person's value with their productivity," Al-Dabali said

Cupping therapists face so much stigma that in some governorates, it's difficult for them to find partners for marriage.

Dhamar governorate native Mohammed Kabood said that his region looks down on cupping specialists to the extent that marrying one is out of the question.

"Perhaps the isolation from more urban areas reinforces these views, whereas outside the villages cupping therapists are considered specialists and are afforded more respect," Kabood said.

Twenty-five year old Mohammed Sanhoob has been a cupping therapist for years. His father was a cupping therapist and Sanhoob followed in his footsteps. Despite offering an in demand service for society, people still look at him as though her were inferior, he says.

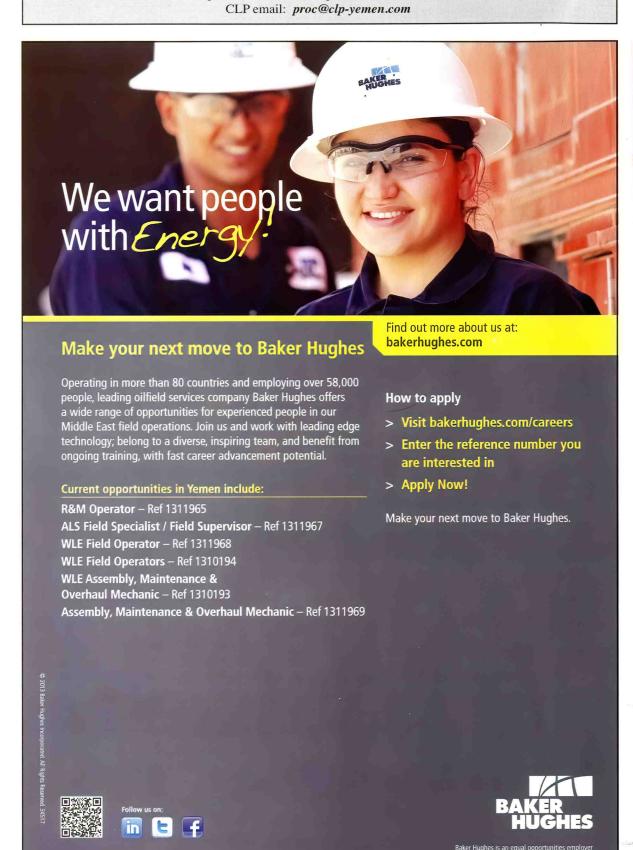
"Generation by generation, we've been prohibited from marrying into many non-cupping families because of our profession," Sanhoob said.

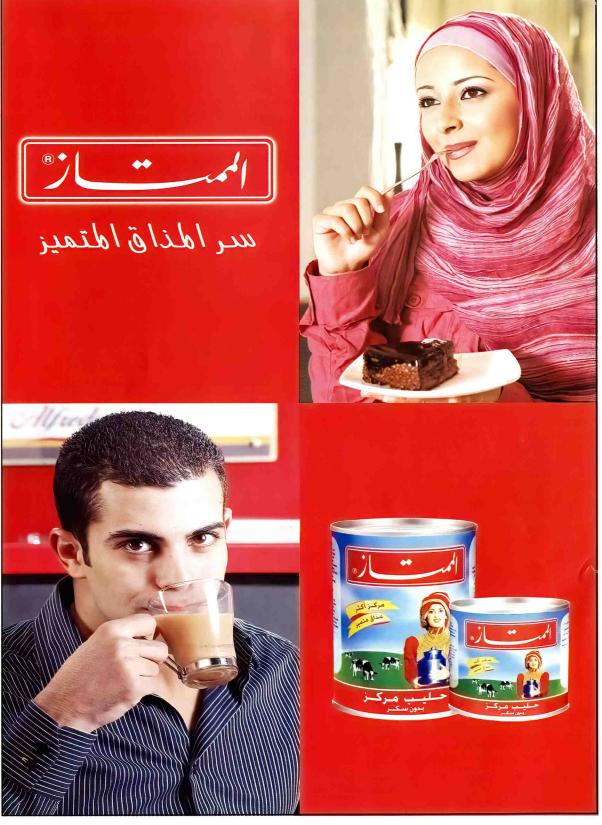
When Sanhoob moved to Sana'a and saw the number of cupping clinics, he felt an intense pride in himself and his profession. A Sana'a resident is more likely to value him and treat him as a physician, unlike his village's residents, he says.

Sheikh Yahia Al-Barti of Ibb governorate told the Yemen Times that not all Yemenis adhere to the strict class categories.

"The southern governorates are [more] free from such class attitudes. These beliefs are [more] deeply-rooted in the tribal northern governorates, however," Al-Barti said.

As cupping clinics continue to spread and Yemen changes with the rest of the world, the social categories which have historically boxed in citizens may begin to unravel. However, their popularity and spread in the capital means globalization and modern technologies have not yet done away with ancient alternative medicine.





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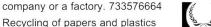


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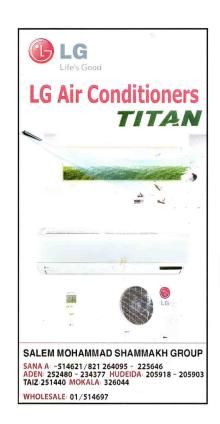
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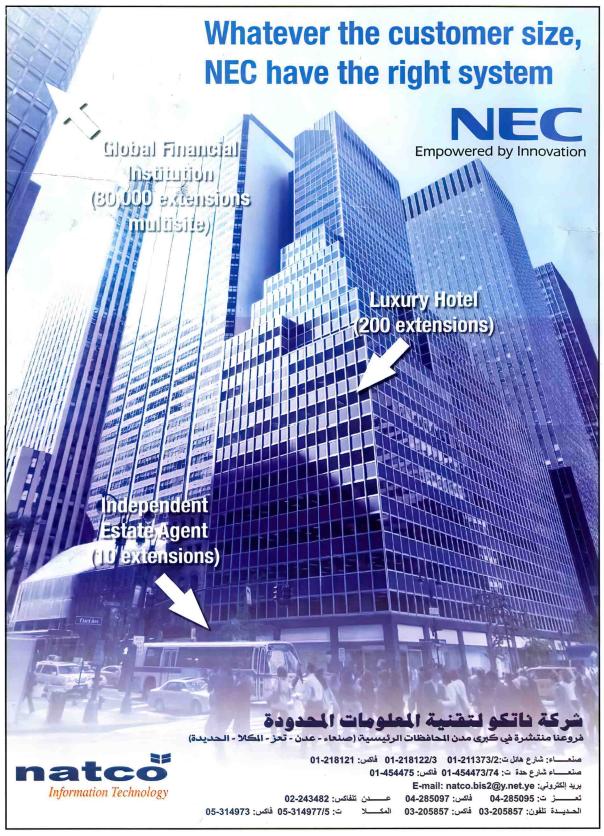
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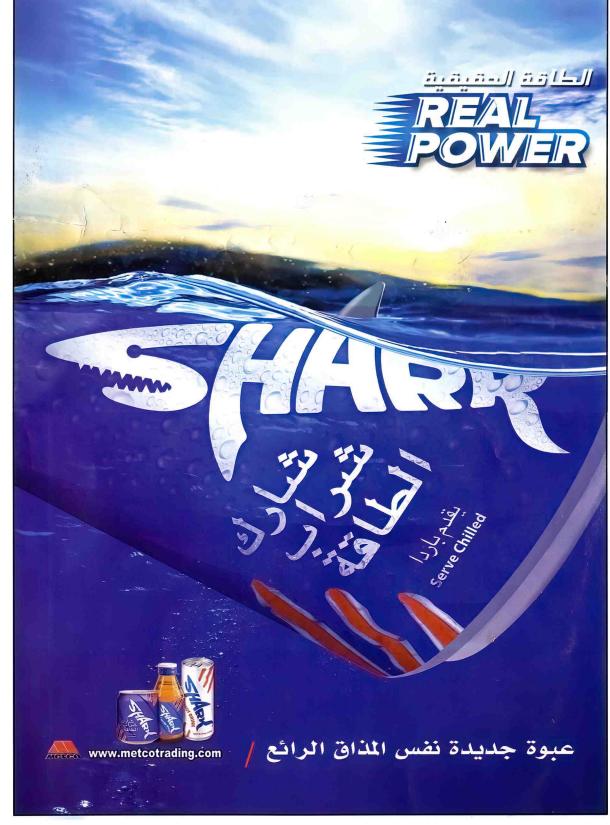












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