

ARABELLA FOR IT SERVICES LTD

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2005

Company Registration No: 5042544



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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr. Abdel Hamid Shoman
Mr. Omar Agha
Mr. Ramadan Abulhawa
Mr. Ghassan Tarazi

Chairman
Vice Chairman (appointed 14 September 2005)
Managing Director (appointed 1 February 2006)
Non Executive Director

SECRETARY

Mr. Ramadan Abulhawa

REGISTERED OFFICE

15 Moorgate,
London,
EC2R 6LP

BANKERS

Arab Bank plc
15 Moorgate,
London,
EC2R 6LP

AUDITORS

Deloitte & Touche LLP
London

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The Directors present their annual report and the audited financial statements of the Company for year ended 31 December 2005.

PRINCIPAL ACTIVITIES

The business of the Company is the provision of Financial and Business Continuity IT Services.
The Company currently acts as a Central Shared Services Centre for Arab Bank Plc's European IT Centres.

RESULTS, DIVIDENDS AND FUTURE PROSPECTS

The results for the year are as set out in the profit and loss account. The Directors recommend that no dividend be paid in respect of the period ended 31 December 2005 (11 months to 31 December 2004 - £nil). The profit for the year after taxation was £187,127 (11 months to 31 December 2004 - Loss of £116,301). The Directors consider the results and state of affairs to be satisfactory. The Directors do not anticipate any significant change in the activities of the Company in the foreseeable future.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors who served throughout the period were as follows :

Mr. Abdel Hamid Shoman	Chairman
Mr. Majed Abdel-Rahim	Vice Chairman (resigned 18 September 2005)
Mr. Omar Agha	Vice Chairman (appointed 14 September 2005)
Mr. Antoine Sreih	Managing Director (resigned 1 February 2006)
Mr. Ghassan Tarazi	Non Executive Director

All the Directors served as Officers/Directors of Arab Bank PLC (the ultimate parent undertaking) during the period and none of the directors had any beneficial shareholding in the company.

APPOINTMENT OF AUDITORS

A resolution to appoint Deloitte & Touche LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Financial Statements.
The Directors have chosen to prepare accounts for the Company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). Company law requires the directors to prepare such Financial Statements for each financial year which give a true and fair view of the Company and of the profit or loss of the Company for that period and comply with UK GAAP and the Companies Act 1985. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.


The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' report which comply with the requirements of the Companies Act 1985.

Registered Office:
15 Moorgate,
London,
EC2R 6LP

By order of the Board:

Mr. Ramadan Abulhawa
Managing Director

Date: 18TH SEPTEMBER 2006



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARABELLA FOR IT SERVICES LIMITED

We have audited the financial statements of Arabella For IT Services Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 10. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the statement of Directors' responsibilities, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

We read the Report of the Directors for the above period and consider the implications for our report if we become aware of any apparent misstatements.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of financial statements and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion:

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Company as at 31 December 2005 and of its profit for the year ended; and

the financial statements have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

Date:

18 September 2006

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	Year Ended 31 December 2005 £	Eleven Months to 31 December 2004 £
Turnover	2	3,105,182	491,050
Administrative expenses		(2,874,323)	(607,351)
Operating profit/(loss) and profit/(loss) on ordinary activities before taxation	3	230,859	(116,301)
Taxation on ordinary activities	4	(43,732)	-
Profit/(loss) on ordinary activities after taxation and retained profit/(loss) carried forward		187,127	(116,301)

The results of the Company for the year and prior period are wholly attributable to continuing operations.

There are no recognised gains or losses in the year or prior period other than those included in the profit and loss account shown above and therefore no separate statement of total recognised gains and losses has been presented.

BALANCE SHEET

AS AT 31 DECEMBER 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Tangible assets	5	2,282,294	2,246,827
CURRENT ASSETS			
Debtors: Amounts receivable within one year	6	1,150,193	-
Prepayments and accrued income	6	88,911	14,210
CREDITORS: amounts falling due within one year	7	(1,450,572)	(377,338)
NET CURRENT LIABILITIES		(211,468)	(363,128)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,070,826</u>	<u>1,883,699</u>
CAPITAL AND RESERVES			
Called up share capital	8, 9	2,000,000	2,000,000
Profit and loss account	9	70,826	(116,301)
EQUITY SHAREHOLDERS' FUNDS	9	<u>2,070,826</u>	<u>1,883,699</u>

These financial statements were approved by the Board of Directors on 18TH SEPTEMBER 2006
Signed on behalf of the Board of Directors:



Mr M Abulhawa



Mr O Agha

NOTES TO THE ACCOUNTS - 31 DECEMBER 2005

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice). The particular accounting policies adopted are described below.

Accounting convention:

The financial statements are prepared in accordance with the historical cost convention.

Tangible fixed assets:

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows; Hardware 20%, Software 33%, Leasehold Improvements 17%, Set-Up Costs 33% and Relocation 12.50%.

Taxation:

Corporation tax payable is provided at the current rate.

Deferred taxation:

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Cash flow:

The Company is exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard 1 (Revised 1996) - Cash Flow Statements, as a consolidated cash flow statement is included in the publicly available consolidated financial statements of the ultimate parent Company, Arab Bank plc, which is registered in Amman, Jordan.

Related Party Transactions:

Advantage has been taken of the exemption available to wholly owned subsidiaries under Financial Reporting Standard 8 not to disclose related party transactions.

2. TURNOVER

Turnover represents fees for the provision of IT services receivable excluding VAT.

3. OPERATING PROFIT

	Year Ended 31 December 2005 £	Eleven Months to 31 December 2004 £
Profit on ordinary activities before taxation is stated after charging :		
Depreciation of tangible fixed assets	641,287	123,613
Auditors' remuneration :		
- Audit fees	8,000	5,000
- Other fees	500	500

The Directors' emoluments have been borne by other group companies. The Directors were employed and remunerated as directors or executives of other group companies in respect of their services to the group as a whole.

The Company had no employees during the period.

NOTES TO THE ACCOUNTS - 31 DECEMBER 2005 (continued)

4. TAXATION

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

i) Analysis of tax charge on ordinary activities

UK Corporation tax at 30% based on profit/(loss) for the period
 Deferred tax - Timing differences, originating and reversal
 Tax on profit on ordinary activities

Year Ended	Eleven Months to
31 December	31 December
2005	2004
£	£

-	-
43,732	-
<u>43,732</u>	<u>-</u>

ii) Factors affecting the tax charge for the current period

The tax assessed for the period is higher/lower than that resulting from applying the standard rate of corporation tax in the UK of 30% (2004: 30%).
 The differences are explained below:

Year Ended	Eleven Months to
31 December	31 December
2005	2004
£	£

Profit/(loss) on ordinary activities before tax

230,859	(116,301)
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Corporation tax (charge)/credit at 30%

(69,258)	34,890
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Factors affecting charge:

Expenses not deductible for tax purposes
 Capital allowances in excess of depreciation
 Creation/utilisation of tax losses brought forward

(9,257)	(3,790)
19,138	108,632
59,376	(139,732)

Current tax charge for period

-	-
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iii) Factors that may affect the future tax charge

A deferred tax liability has been recognised in respect of timing differences relating to capital allowances in excess of depreciation.

iv) Deferred tax

Movements in the provision for deferred taxation

2,005
£

As at 1 January
 Movement

-
43,732

As at 31 December

<u>43,732</u>

Analysis of deferred tax balance

2,005
£

Capital allowances in excess of depreciation
 Losses

43,732
-

Provision for deferred tax

<u>43,732</u>

NOTES TO THE ACCOUNTS - 31 DECEMBER 2005 (continued)

5. TANGIBLE FIXED ASSETS	Hardware £	Software £	Leasehold Improvements £	Set-up Costs £	Relocation £	Totals £
Cost:						
At 1 January 2005	1,849,655	282,154	155,731	82,900	-	2,370,440
Additions	235,894	344,524	25,479	-	70,857	676,754
At 31 December 2005	2,085,549	626,678	181,210	82,900	70,857	3,047,194
Depreciation:						
At 1 January 2005	91,644	19,336	5,725	6,908	-	123,613
Charge for year	405,244	179,002	29,408	27,633	-	641,287
At 31 December 2005	496,888	198,338	35,133	34,541	-	764,900
Net Book Value:						
At 31 December 2005	1,588,661	428,340	146,077	48,359	70,857	2,282,294
At 31 December 2004	1,758,011	262,818	150,006	75,992	-	2,246,827

6. DEBTORS	2005 £	2004 £
Debtors: Amounts due by group undertakings	1,150,193	-
Prepayments and accrued income	88,911	14,210
	<u>1,239,104</u>	<u>14,210</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2005 £	2004 £
Bank overdrafts	795,833	230,003
Amounts due to group undertakings	478,950	108,661
Other creditors including taxation and social security	100,616	33,174
Accruals and deferred income	31,441	5,500
Provision for Deferred Tax	43,732	-
	<u>1,450,572</u>	<u>377,338</u>

8. CALLED UP SHARE CAPITAL	2005 £	2004 £
Authorised ordinary shares of £1 each	4,000,000	4,000,000
Allotted, called-up, and fully paid ordinary shares of £1 each	2,000,000	2,000,000
Balance as at 31 December	<u>2,000,000</u>	<u>2,000,000</u>

9. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS	2005 £ Share Capital	2005 £ Profit and Loss	2005 £ Total
Balance as at 31 December	2,000,000	(116,301)	1,883,699
Profit for the year	-	187,127	187,127
Balance as at 31 December	<u>2,000,000</u>	<u>70,826</u>	<u>2,070,826</u>

10. ULTIMATE PARENT COMPANY

The Company is a wholly owned subsidiary undertaking of Arab Bank plc, registered in Amman, Jordan. The ultimate parent company and controlling party is also Arab Bank plc for which group accounts are prepared. Copies of the group accounts can be obtained from 15 Moorgate, London, EC2R 6LP.