

CAIRO AMMAN BANK

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS**

31 MARCH 2008 (UNAUDITED)

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
CAIRO AMMAN BANK
AMMAN - JORDAN**

We have audited the accompanying financial statements of **CAIRO AMMAN BANK** (a public shareholding company) and its subsidiaries ("the Bank"), which comprise the consolidated balance sheet as at December 31, 2007 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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 consolidated financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2007 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Amman – Jordan
February 17, 2008

CAIRO AMMAN BANK
INTERIM CONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2008 (UNAUDITED)
(In Jordanian Dinars)

	Notes	31 March 2008	31 December 2007 (Audited)
<u>ASSETS</u>			
Cash and balances with Central Banks	4	310,945,577	291,657,073
Balances at banks and financial institutions	5	203,560,350	198,686,651
Deposits at banks and financial institutions		3,899,500	177,250
Trading investments		344,825	329,405
Direct credit facilities, net	6	566,714,497	539,389,673
Available for sale investments	7	280,837,601	226,441,329
Premises and equipment, net		31,578,798	30,981,739
Intangible assets, net		3,399,105	3,425,747
Other assets		43,466,919	28,156,363
Total Assets		<u>1,444,747,271</u>	<u>1,319,245,230</u>
<u>LIABILITIES AND EQUITY</u>			
Liabilities -			
Banks and financial institutions' deposits		59,408,607	52,468,652
Customers' deposits	8	1,093,868,430	994,859,431
Margin accounts		43,673,411	36,971,000
Loans and borrowings		23,439,294	23,449,475
Sundry provisions		8,339,776	8,193,998
Income tax liabilities	9	18,353,020	21,030,969
Deferred tax liabilities		14,995,897	12,373,360
Other liabilities		28,671,553	24,854,673
Total Liabilities		<u>1,290,749,988</u>	<u>1,174,201,558</u>
EQUITY			
Equity attributable to the Bank's shareholders			
Paid in capital		75,000,000	75,000,000
Statutory reserve		21,683,537	21,683,537
Voluntary reserve		1,321,613	1,321,613
General banking risk reserve		5,587,932	5,387,932
Cumulative changes in fair values, net		28,658,931	24,313,275
Retained earnings		4,837,315	4,837,315
Proposed issue of bonus shares	16	5,000,000	5,000,000
Proposed cash dividends	16	7,500,000	7,500,000
Profit for the period		4,407,955	-
Total equity attributable to the Bank's shareholders		<u>153,997,283</u>	<u>145,043,672</u>
Total Liabilities and Equity		<u>1,444,747,271</u>	<u>1,319,245,230</u>

The accompanying notes from 1 to 17 are an integral part of these interim condensed consolidated financial statements

CAIRO AMMAN BANK
INTERIM CONSOLIDATED INCOME STATEMENT
31 MARCH 2008 (UNAUDITED)
(In Jordanian Dinars)

	Notes	31 March 2008	31 March 2007
Interest income		23,649,668	18,047,488
Interest expense		<u>11,326,376</u>	<u>7,260,721</u>
Net interest income		12,323,292	10,786,767
Net commission		<u>13,582,560</u>	<u>2,722,844</u>
Net interest and commission income		15,905,852	13,509,611
Other income –			
Net gain from foreign currencies		913,813	751,615
Net gain (loss) from financial assets held for trading		26,755	22,928
Net gain from financial assets available for sale		348,113	2,784,605
Other income		<u>1,391,859</u>	<u>1,039,436</u>
Gross profit		18,586,392	18,108,195
Employees' expenses		6,403,033	5,947,999
Depreciation and amortisation		1,032,308	587,502
Other expenses		3,584,643	2,656,595
Impairment loss on direct credit facilities		95,100	2,240,085
Sundry provisions		<u>301,782</u>	<u>533,054</u>
Total expenses		<u>11,416,866</u>	<u>11,965,235</u>
Profit before tax		7,169,526	6,142,960
Income tax expense	9	<u>2,561,571</u>	<u>2,306,764</u>
Profit for the year		<u>4,607,955</u>	<u>3,836,196</u>
Earnings per share for the year:		<u>JD/Fils</u>	<u>JD/Fils</u>
Basic and diluted earnings per share	10	<u>0/061</u>	<u>0/051</u>

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CAIRO AMMAN BANK
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
31 MARCH 2008 (UNAUDITED)
(In Jordanian Dinars)

	<u>R e s e r v e s</u>							Proposed cash dividends	Proposed issue of bonus shares	Profit for the period	Total Equity
	Paid in capital	Statutory	Voluntary	General banking risk	Cumulative changes in fair values	Retained earnings					
<u>Three months period ended 31 March 2008</u>											
Balance as of 1 January 2008	75,000,000	21,683,537	1,321,613	5,387,932	24,313,275	4,837,315	7,500,000	5,000,000	-	145,043,672	
Cumulative changes in fair value	-	-	-	-	<u>4,345,656</u>	-	-	-	-	<u>4,345,656</u>	
Total revenues and expenses recognised in owners equity	-	-	-	-	4,345,656	-	-	-	-	4,345,656	
Profit for the period	-	-	-	-	-	-	-	-	<u>4,607,955</u>	<u>4,607,955</u>	
Total revenues and expenses for the period	-	-	-	-	4,345,656	-	-	-	4,607,955	8,953,611	
Transfers to reserves	-	-	-	<u>200,000</u>	-	-	-	-	(200,000)	-	
Balance as of 31 March 2008	<u>75,000,000</u>	<u>21,683,537</u>	<u>1,321,613</u>	<u>5,587,932</u>	<u>4,837,315</u>	<u>4,837,315</u>	<u>7,500,000</u>	<u>5,000,000</u>	<u>4,407,955</u>	<u>153,997,283</u>	
<u>Three months period ended 31 March 2007</u>											
Balance as of 1 January 2007	67,500,000	18,727,903	1,321,613	4,682,932	31,665,414	83,135	6,750,000	7,500,000	-	138,235,997	
Cumulative changes in fair value	-	-	-	-	<u>739,488</u>	-	-	-	-	<u>739,488</u>	
Total revenues and expenses recognised in owners equity	-	-	-	-	739,488	-	-	-	-	739,488	
Profit for the period	-	-	-	-	-	-	-	-	<u>3,836,196</u>	<u>3,836,196</u>	
Total revenues and expenses for the period	-	-	-	-	739,488	-	-	-	3,836,196	4,575,684	
Transfers to reserves	-	-	-	<u>224,631</u>	-	-	-	-	(224,631)	-	
Balance as of 31 March 2007	<u>67,500,000</u>	<u>18,727,903</u>	<u>1,321,613</u>	<u>4,912,563</u>	<u>32,404,902</u>	<u>83,135</u>	<u>6,750,000</u>	<u>7,500,000</u>	<u>3,611,565</u>	<u>142,811,681</u>	

The accompanying notes from 1 to 17 are an integral part of these interim condensed consolidated financial statements

CAIRO AMMAN BANK
INTERIM CONSOLIDATED CASH FLOW STATEMENT
31 MARCH 2008 (UNAUDITED)
(In Jordanian Dinars)

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>Notes</u>	<u>31 March 2008</u>	<u>31 March 2007</u>
Profit before income tax		7,169,526	6,142,960
Adjustments -			
Depreciation and amortisation		1,032,308	587,502
Provision for credit losses		95,100	2,240,085
Sundry provisions		301,782	533,054
Gain from sale of available for sale investments		(2,624,149)	(1,238,852)
Impairment of available for sale investments		3,013,147	-
Unrealised (gains) from trading investments		(4,239)	(3,763)
(Gain) on sale of premises and equipment		(9,001)	(14,808)
Gain from sale of collateral pending sale		(40,805)	(107,589)
Effect of exchange rate changes		(662,053)	(664,451)
Operating profit before changes in operating assets and liabilities		8,271,616	7,474,138
Changes in assets and liabilities -			
Increase in balances with Central Banks that mature after three months		(46,000,626)	(1,996,438)
(Increase) decrease in deposits at banks and financial institutions that mature after three months		(3,722,250)	500,000
Increase in direct credit facilities		(27,419,924)	(27,269,194)
Decrease (increase) in trading investments		(11,181)	51,569
(Increase) in other assets		(15,269,751)	(10,586,795)
Increase in banks and financial institutions deposits that mature after three months		(2,000,000)	-
Increase in customers' deposits		99,008,999	31,898,303
Increase (decrease) in margin accounts		6,702,411	(32,723)
Sundry provisions paid		(156,004)	(31,436)
Increase on other liabilities		<u>3,816,880</u>	<u>7,889,626</u>
Net cash from operating activities before income tax		23,220,170	7,897,050
Income tax paid		(5,239,520)	(6,160,387)
Net cash from operating activities		<u>17,980,650</u>	<u>1,736,663</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Purchase of available for sale investments		(91,919,206)	(20,569,650)
Sale of available for sale investments		44,104,129	30,163,999
Purchase of premises and equipment & project in progress		(1,417,716)	(1,643,751)
Purchase of intangible assets		(176,107)	(146,831)
Net cash (used in) from investing activities		<u>(49,410,900)</u>	<u>7,803,767</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from loans and borrowings		-	23,405
Repayment of Loans and borrowings		(10,181)	-
Net cash (used in) from financing activities		<u>(10,181)</u>	<u>23,405</u>
Effect of exchange rate changes on cash and cash equivalents		660,053	664,451
Net (decrease) increase in cash and cash equivalents		<u>(30,778,378)</u>	<u>10,228,286</u>
Cash and cash equivalents, beginning of the period		<u>395,785,072</u>	<u>311,257,577</u>
Cash and cash equivalents, end of the period	11	<u>365,006,694</u>	<u>321,485,863</u>

The accompanying notes from 1 to 17 are an integral part of these interim condensed consolidated financial statements

CAIRO AMMAN BANK
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2008
(In Jordanian Dinars)

(1) GENERAL

Cairo Amman Bank was established as a public shareholding company during 1960 in accordance with the Jordanian laws and regulations. Its registered office is at Suleiman Arrar Street, Wadi Saqra, Amman-Jordan.

The Bank provides its banking services through 55 branches and offices located in Jordan and 17 branches in Palestine , and its subsidiary companies located in Jordan and Palestine.

(2) Basis of preparation

The interim condensed financial statements of the Bank are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2007.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Bank's annual financial statements as of 31 December 2007. In addition, results for the 3 months ended 31 March 2008 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2008.

(3) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries where the Bank has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Bank controls another entity.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Bank obtains control, and continue to be consolidated until the date that such control ceases. Following are the subsidiaries of the Bank:

- Al-Watanieh Financial Services Company – Jordan: established during 1992; the Bank owned 100% of paid-up capital amounted to JD 5,000,000 as of 31 March 2008. The company's main activity is investment brokerage.
- Al-Watanieh Financial Securities Company – Palestine established during 1995, the bank owned 100% of paid-up capital amounted to JD 1,500,000 as of 31 March 2008. The company's main activity is investment brokerage.

- Cairo Amman Company - Marshall Islands: established during 1999; the Bank owned 100% of paid-up capital amounted to JD 5,000 as of 31 March 2008. The company's main activity is the investment in securities. The Bank is in the process of completing legal procedures to liquidate the Company.
- No consolidation has been made of the financial statements of Cairo for Real Estate Investment Company-Jordan, of which the Bank owns 100% of the paid-up capital of JD 50,000 as of 31 March 2008, due to the fact that on 31 July 2002 all assets and liabilities of the company were transferred to the Bank. The Bank is in the process of completing legal procedures to liquidate the company.

The financial statements of the subsidiaries are prepared for the same reporting year as the Bank, using consistent accounting policies.

All intra-company balances, transactions, income and expenses and profits and losses resulting from intra-company transactions that are recognised in assets, are eliminated in full.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Bank. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

(4) CASH AND BALANCES WITH CENTRAL BANKS

Except for statutory cash reserve held at the Central Banks the restricted cash balances amounted to JD 7,090,000 as of 31 March 2008 and 31 December 2007.

Certificates of Deposit maturing after three months amounted to JD 83,000,626 as of 31 March 2008 (31 December 2007: JD 37,000,000).

(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

Non interest bearing balances at banks and financial institutions amounted to JD 6,060,661 as of 31 March 31, 2008 (31 December 2007: JD 6,620,992).

(6) DIRECT CREDIT FACILITIES

	31 March 2007	31 December 2007
Consumer lending		
Overdrafts	15,723,083	14,598,977
Loans and bills *	238,637,758	223,540,261
Credit cards	7,709,474	7,891,113
Others	10,216,960	8,175,209
Residential mortgages	96,558,083	95,625,033
Corporate lending		
Overdrafts	29,409,711	26,279,658
Loans and bills *	63,136,185	62,471,684
Small and medium enterprises lending "SMEs"		
Overdrafts	16,815,381	21,136,890
Loans and bills *	26,718,401	21,798,718
Lending to governmental sectors	<u>117,875,162</u>	<u>113,693,447</u>
Total	622,800,258	595,210,990
Less: Suspended interest	13,561,316	13,391,972
Less: Allowance for impairment losses	<u>42,524,445</u>	<u>42,429,345</u>
Direct credit facilities, net	<u>566,714,497</u>	<u>539,389,673</u>

* Net of interest and commission received in advance of JD 12,964,442 as of 31 March 2008 (31 December 2006: JD 12,789,200).

(7) FINANCIAL ASSETS AVAILABLE FOR SALE

Included in financial assets available for sale investments carried at cost with value of JD 1,397,997 as of 31 March 2008 (31 December 2006: JD 1,410,541). The investments were stated at cost since the fair value could not be measured reliably and there is no indication of impairment in the values as of the balance sheet date.

(8) CUSTOMERS' DEPOSITS

	31 March 2008	31 December 2007
Current and demand deposits	321,089,357	267,544,589
Saving deposits	212,159,290	208,163,038
Time and notice deposits	<u>560,619,783</u>	<u>519,151,804</u>
	<u>1,093,868,430</u>	<u>994,859,431</u>

Governmental institutions' deposits amounted to JD 194,622,832 as of 31 March 2008 (31 December 2007: JD 168,988,381) representing 17.79% (2007: 16.98%) of total customers' deposits.

Non-interest bearing deposits amounted to JD 274,003,034 as of 31 March 2008 (31 December 2007: JD 243,632,276) representing 25.05% (2006: 24.49%) of total deposits.

(9) INCOME TAX

Income Tax liabilities

The movements on the income tax provision were as follows:

	March 31, <u>2008</u>	December 31, <u>2007</u>
At January 1,	21,030,969	18,585,457
Income tax paid	(5,239,520)	(7,240,652)
Provision for income tax for the period/year	<u>2,561,571</u>	<u>9,686,164</u>
At the end of the period/year	<u>18,353,020</u>	<u>21,030,969</u>

Income tax appearing in the statement of income represents the following:

	March 31, <u>2008</u>	March 31, <u>2007</u>
Provision for income tax for the year	<u>2,561,571</u>	<u>2,306,764</u>
	<u>2,561,571</u>	<u>2,306,764</u>

The Bank reached a final settlement with the Income Tax Department for the year ended 31 December 2003. The Bank appealed Income Tax Department assessment for the years 2004 and 2005, while 2006 was not reviewed yet by the Income Tax Department.

A final settlement has been reached for Palestine branches from the Income Tax Departments for the year 2005, while no final settlement has been reached for 2006.

Al-Watanieh Financial Services Company has reached a final settlement with the Income Tax Department for the years ended 31 December 2005 except for the year 1996 which is at court. The Income Tax Department did not review 2006 records.

Al-Watanieh Securities Company – Palestine has reached a final settlement for the year 2006.

The Income Tax Department has not reviewed the accounts of Cairo Real Estate Company for the years from 1997 to 2007.

No income tax was due on Cairo Amman Company – Marshall Islands as of 31 December 2007.

In the opinion of the Bank's management, income tax provisions as of 31 December 2007 are sufficient.

(10) BASIC EARNINGS PER SHARE

	March 31, <u>2008</u>	March 31, <u>2007</u>
Profit for the period	4,607,955	3,836,196
Weighted average number of shares	<u>75,000,000</u>	<u>75,000,000</u>
Basic and diluted earnings per share (JD/Fils)	<u>0/061</u>	<u>0/051</u>

Diluted earnings per share equal basic earning per share as the Bank has not issued any potentially convertible instruments to shares which would have an impact on earnings per share.

(11) CASH AND CASH EQUIVALENTS

Cash and cash equivalent balances in the statement of cash flows consist of the following balance sheet items:

	<u>March 31,</u> <u>2008</u>	<u>March 31,</u> <u>2007</u>
Cash and balances with Central Banks	310,945,577	264,831,845
Add: Balances at banks and financial institutions maturing within 3 months	203,560,350	164,381,763
Less: Banks and financial institutions' deposits maturing within 3 months	59,408,607	50,635,989
Certificate of deposit maturing after 3 months	83,000,626	50,001,756
Restricted cash balances	<u>7,090,000</u>	<u>7,090,000</u>
Net cash and cash equivalents	<u>365,006,694</u>	<u>321,485,863</u>

(12) RELATED PARTY TRANSACTIONS

The Bank enters into transactions with major shareholders, directors, senior management and their related concerns in the ordinary course of business at commercial interest and commission rates. All the loans and advances to related parties are performing advances and are free of any provision for credit losses.

	<u>March 31,</u> <u>2008</u>	<u>March 31,</u> <u>2007</u>
Balance sheet items:		
Direct credit facilities	5,122,520	5,102,106
Deposits at the bank	3,063,239	4,890,147
Margin accounts	1,819,775	243,660
Deposits with related parties	236,920	206,236
Off- balance sheet items:		
Indirect credit facilities	5,842,059	5,414,734
Income statement items:		
Interest and commission income	77,352	85,266
Interest and commission expense	23,236	37,785
Portfolio management fee	81,475	26,587

Compensation of the executive management personnel amounted to JD 109,285 as of March 31, 2008 (2007: JD 185,883)

(13) SEGMENTAL INFORMATION

Primary segment information

For management purposes the Bank is organized into three major business segments:

- Retail banking - Principally handling individual customers' deposits, and providing consumer type loans, overdrafts, credit cards facilities and funds transfer facilities;
- Corporate banking - Principally handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers;
- Treasury - Principally providing money market, trading and treasury services, as well as the management of the Bank's funding operations by use of treasury bills, government securities and placements and acceptances with other Banks, through treasury and wholesale banking.

These segments are the basis on which the bank reports its primary segment information.

	<u>Retail Banking</u>	<u>Corporate Banking</u>	<u>Treasury</u>	<u>Other</u>	<u>March 31, 2008</u>	<u>March 31,, 2007</u>
Gross income	11,088,269	6,218,760	11,895,736	710,003	29,912,768	25,368,916
Provision for credit losses	(881,908)	786,808	-	-	(95,100)	(2,240,085)
Segment result	7,250,940	4,590,802	5,939,546	710,004	18,491,292	15,868,110
Unallocated costs					<u>11,321,766</u>	<u>9,725,150</u>
Profit before tax					7,169,526	6,142,960
Income tax					<u>2,561,571</u>	<u>2,306,764</u>
Profit for the period					<u>4,607,955</u>	<u>3,836,196</u>
Other information						
Segment assets	320,717,725	245,996,772	800,045,777	77,986,997	1,444,747,271	1,216,797,704
Segment liabilities	320,261,092	241,920,402	672,602,469	55,966,025	1,290,749,988	1,073,986,023
Capital expenditure					1,593,823	1,790,582
Depreciation					1,032,308	587,502

(14) COMMITMENTS AND CONTINGENT LIABILITIES

a) The total outstanding commitments and contingent liabilities are as follows:

	<u>March 31,</u> <u>2008</u>	<u>December 31,</u> <u>2007</u>
Letters of credit		
Issued	96,444,171	56,840,620
Received	39,268,331	35,021,578
Acceptances	2,385,283	1,303,451
Letters of guarantee:		
Payments	5,747,264	6,888,876
Performance	8,427,973	8,552,506
Others	13,185,440	10,468,759
Irrevocable commitments to extend credit	<u>62,624,832</u>	<u>57,564,521</u>
	<u>228,083,294</u>	<u>176,640,311</u>

b) The contractual commitments of the Bank are as follows:

	<u>March 31,</u> <u>2008</u> JD	<u>December 31,</u> <u>2007</u> JD
Contracts to purchase property and equipment	<u>3,097,600</u>	<u>3,628,634</u>
	<u>3,097,600</u>	<u>3,628,634</u>

(15) LITIGATION

In the normal course of business, the Bank appears as a defendant in a number of lawsuits amounting to approximately JD 29,428,911 as of 31 March 2008 (31 December 2007: JD 28,840,018).

Provision for possible legal obligations amounted to JD 2,934,212 as of 31 March 2008 and 31 December 2007.

An amount of JD 19,577,914 out of the total lawsuits represents cases filed against the Bank by the customers of Wadi Al-Tuffah Branch.

In the opinion of the Bank's management and legal counsel, the Bank maintains adequate provisions against the lawsuits.

(16) DISTRIBUTED PROFITS

The General Assembly has approved in its extra-ordinary meeting held on 20 April 2008 increasing the Bank's paid in capital by JD 5,000,000 through the issue of bonus shares which is equivalent to 6.67% of paid in capital.

The General Assembly has approved in its ordinary meeting held on 20 April 2008 distributing cash dividends to shareholders amounted to JD 7,500,000 which is equivalent to 10% of paid in capital.

(17) RESERVES

The Bank did not appropriate any legal reserves according to Companies' Law since these are interim financial statements.