COMPANY REGISTRATION NUMBER 5781326

PUNJAB NATIONAL BANK (INTERNATIONAL) LIMITED

FINANCIAL STATEMENTS

31 MARCH 2008

CONTENTS

Company registration number	5781326 dated 13 April 2006
FSA authorisation	459701 dated 13 April 2007
The board of directors	***Dr. Kamlesh Chandra Chakrabarty***, Chairman– (appointed 13 July 2007) ***Madanjit Singh*** Managing Director and Secretary ***Muddoor Sadananda Nayak*** Executive Director (appointed 8 February 2008) ***Pendarell Hugh Kent*** (appointed 10 April 2007) ***Paresh Mashru*** (appointed 10 April 2007) ***Arun Kaul*** Other directors in office during the year are shown in the directors' report.
Company secretary	***Madanjit Singh***
Registered office	87 Gresham Street London EC2V 7NQ, UK Tel : 020 77969600 Fax: 020 77961015 Email : md@pnbint.com Website: www.pnbinternational.co.uk SWIFT : PUNBGB22
Auditor	Deloitte & Touche LLP Hill House 1 Little New Street London EC4A 3TR

The directors have pleasure in presenting the annual report and the audited financial statements for the year ended 31 March 2008. These financial statements have been prepared in accordance with the Companies Act 1985 and applicable accounting standards.

RESULTS AND DIVIDENDS

The profit before taxation for the year April,1 2007 to March, 31 2008 amounted to $587,963 and the profit after taxation is $374,324.
The directors do not recommend the payment of a dividend. The balance of profit in the sum of $374,324 will be retained in reserves.
At 31 March 2008 the Company had total assets of $170,825,897.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

Punjab National Bank (International) Limited (PNBIL) is a UK Incorporated Bank offering retail and commercial Banking services and is authorised and regulated by the Financial Services Authority (FSA). PNBIL is a 100% subsidiary of Punjab National Bank, one of the leading public sector Banks of India. Punjab National Bank has an asset base of USD 45,589 million as at 31 December 2007 and a capital base of USD 4026 million. PNBIL started its operations on 10 May 2007 after getting approval from the FSA on 13 April 2007. PNBIL's main strategy is to provide normal banking services to corporate and retail customers, particularly to those with business or personal links with India.

PNBIL started its operations with two branches in London, one in Southall and a second branch at Gresham Street. As Southall is the hub of the Indian population, the bank is focussing on Retail Clients and the Gresham Street branch is concentrating on Corporate Clients. Taking into account the good response received from Clients, PNBIL is well on its way to building a strong brand image in the local market. PNBIL has been able to build a clientele base of more than 2,500 within a period of ten months and expects this base to increase to more than 10,000 by the end of the next financial year.

PNBIL is able to establish a foothold in commercial lending business by way of bilateral loans, participation in syndicated lending and investment business. The commercial lending and investments has resulted in a good income generating source for the Bank. PNBIL is quite active in its treasury operations including inter-bank lending and borrowing. Treasury activities are also focussing on efficient liquidity and optimizing returns through appropriate investments. To strengthen its activities, it also focuses on building up correspondent relationship with various banks and to broad base the facilitiy of money market lines. The INR remittance scheme of the Bank is gaining in popularity and further innovations are under consideration with a view to making the scheme more customer friendly.

In view of the low cost of set up and the low cost of operations and through effective management the bank is able to post a net profit in its first year of operations itself after accounting for all set up costs.

FINANCIAL RESULTS

The financial statements for the reporting year ended 31 March 2008 are shown on pages 9 to 33. The profit after taxation for the year is $374,324.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

The bank has prepared the accounts under IFRS and has adopted IFRS 7 Financial Instruments Disclosures since commencement of operations in May 2007.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company is subject to various operational and market risks in its day-to-day operations.

The company's objectives and policies regarding financial risk, including the policy for hedging, are set out in note 2 to the financial statements and an indication of the exposure to financial risk is provided both there and in note 11.

CAPITAL BASE

The company's regulatory capital base at 31 March 2008 was as follows:

Tier 1 Capital	$49,630,629

KEY PERFORMANCE INDICATORS

The key performance indicators utilised by the company in this first year of operations centred on the opening of new accounts for customers and the making of commercial loans.

New accounts opened	2,520
Customer deposits	$81,427,369
Total loans sanctioned	$97,797,605
Investments	$22,076,928
Interbank Deposits	$38,350,350
Interbank Placements	$70,965,000

FUTURE DEVELOPMENTS

PNBIL is set to embark on internet banking in the coming months and to offer direct internet banking products to its clients. Issuance of debit cards to clients is also at an advanced stage of implementation. The bank is also planning a geographical expansion of its presence in UK by setting up new branches.

DIRECTORS

The current directors are listed on page 2. The following directors also served during the year

S C Gupta	(retired 31 July 2007)
N. Shah	(served from 10 April 2007 until resigned 4 January 2008)
H. Singh	(retired 7 August 2007)

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

ELECTIVE RESOLUTIONS

The company, being wholly-owned by Punjab National Bank, has elected to dispense with the requirement to hold annual general meetings, lay Directors' reports and financial statements before a general meeting and re-appoint auditors annually.

AUDITORS

Deloitte & Touche LLP have signified their willingness to continue in office as auditors.

GENERAL MEETINGS

The company has elected, in pursuance of s252 of the Companies Act 1985, not to lay accounts before the members in general meetings. Members, however, may by notice in writing to the company at its registered office require that the accounts are laid before the company in general meetings.

Approved by the board on 6 May 2008
and signed on its behalf by

MADANJIT SINGH
Secretary

PUNJAB NATIONAL BANK (INTERNATIONAL) LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2008

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires faithful representation of the effect of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all situations, a fair presentation will be achieved by complying with all applicable IFRSs. In preparing these financial statements, the directors are also required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance;
- state that the company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements; 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 that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions

We confirm to the best of our knowledge:

1.The financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;
and
2. The management report, which is incorporated into the directors' report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

By order of the Board

Madanjit Singh	Muddoor Sadananda Nayak
Managing Director	**Executive Director**

Date: 6 May 2008

PUNJAB NATIONAL BANK (INTERNATIONAL) LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
FOR THE YEAR ENDED 31 MARCH 2008

We have audited the financial statements of Punjab National Bank (International) Limited for the year ended 31 March 2008 which comprise the Income Statement, Statement of Changes in Equity, Balance Sheet, Cash Flow Statement and the related notes 1-23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant 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 Companies Act 1985. We also report to you whether the information given in the Directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 have read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

BASIS OF OPINION

We conducted our audit work 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 preparation of the financial statements, and of whether the accounting policies are appropriate for 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 a 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.

In forming our opinion we also evaluated the overall adequacy of the presentation of the financial statements. As the company was exempt from audit under section 249A Companies Act in the prior year we have not audited the corresponding amounts for that year.

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs adopted by the European Union, of the state of the company's affairs as at 31 March 2008 and of its profit for the period then ended;

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Directors' report is consistent with the financial statements.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, UK

6 May 2008

PUNJAB NATIONAL BANK (INTERNATIONAL) LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2008

	Notes	2008	*2007*
		$	*$*
Interest income		4,815,621	-
Less: Interest expense		(1,601,647)	-
NET INTEREST INCOME		3,213,974	-
Other operating income		500,905	-
Administrative expenses		(3,126,916)	-
PROFIT BEFORE TAX	3	587,963	-
Income tax expense	6	(213,639)	-
PROFIT FOR THE YEAR		374,324	-

Profit for the current year results solely from continuing operations.

Dr K C CHAKRABARTY
Chairman

ARUN KAUL
Director

Date 6 May 2008 , New Delhi, India

MADANJIT SINGH
Managing Director

M S NAYAK
Director

P H KENT
Director

P MASHRU
Director

Date : 6 May 2008, London, UK

PUNJAB NATIONAL BANK (INTERNATIONAL) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2008

	Issued capital $	AFS reserve $	Retained earnings $	Total equity $
Profit for the year	-	-	374,324	374,324
Gain on revaluation of AFS investment taken to equity	-	29,846	-	29,846
Total recognized income for the year	-	29,846	374,324	404,170
Balance at 1 April 2007	4	-	-	4
Issue of share capital	49,630,625	-	-	49,630,625
Balance at 31 March 2008	49,630,629	29,846	374,324	50,034,799

	Issued capital $
At 13 April 2006	
Profit for the year	-
Issue of share capital	4
Balance at 31 March 2007	4

PUNJAB NATIONAL BANK (INTERNATIONAL) LIMITED
BALANCE SHEET
AS AT 31 MARCH 2008

	Notes	2008 $	2007 $
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	**889,444**	-
Deferred tax assets	8	**604**	-
Intangible assets	9	**335,880**	
Investments held to maturity	10	**11,045,145**	-
Loans and receivables	12	**43,525,041**	-
Available-for-sale financial assets	13	**10,427,492**	-
		66,223,606	-
CURRENT ASSETS			
Loans and receivables	12	**20,530,871**	-
Trade and other receivables	15	**883,405**	-
Prepayments	16	**62,539**	-
Cash and cash equivalents	17	**82,342,875**	4
Bills purchased		**782,601**	-
		104,602,291	4
TOTAL ASSETS		**170,825,897**	4
EQUITY			
ISSUED CAPITAL AND RESERVES			
Issued share capital	18	**49,630,629**	4
Reserves	19	**29,846**	-
Retained profits		**374,324**	-
TOTAL EQUITY		**50,034,799**	4
NON CURRENT LIABILITIES			
Interest bearing borrowings	20	**1,132,020**	-
CURRENT LIABILITIES			
Interest bearing borrowings	20	**113,189,475**	-
Non-interest bearing borrowings	20	**5,505,867**	-
Tax payables		**251,807**	-
Trade and other payables	21	**711,929**	-
		119,659,078	-
TOTAL EQUITY AND LIABILITIES		**170,825,897**	4

Dr K C CHAKRABARTY
Chairman

ARUN KAUL
Director

Date 6 May 2008 , New Delhi, India

MADANJIT SINGH
Managing Director

M S NAYAK
Director

P H KENT
Director

P MASHRU
Director

Date : 6 May 2008, London, UK

PUNJAB NATIONAL BANK (INTERNATIONAL) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2008

	2008 $	2007 $
Cash flows from operating activities		
Profit after Tax	374,324	-
Adjustments to reconcile net profit to cash flow from/ (used in) operating activities:		
Income tax expense	213,639	-
Depreciation and amortisation	391,609	-
Cash flows from operating activities before changes in operating assets and liabilities	979,572	-
Net (increase)/decrease in operating assets:		
Loans and advances to customers	(64,055,912)	-
Debt securities	(21,430,000)	-
Bills purchased	(782,601)	-
Prepayments and accrued income	(945,944)	-
Net (increase)/decrease in operating liabilities		
Deposits by banks and customer accounts	119,827,362	-
Accruals and deferred income	706,158	-
Other liabilities	30,544	-
Net cash used in operating activities	34,329,179	-
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,137,105)	-
Purchase of intangible assets - software	(479,828)	-
Net cash used in investing activities	(1,616,933)	-
Cash flows from financing activities:		
Proceeds from issue of ordinary shares	49,630,625	4
Net cash from financing activities	49,630,625	-
Net increase in cash and cash equivalents	82,342,871	-
Cash and cash equivalents at beginning of year	4	-
Cash and cash equivalents at end of year	**82,342,875**	4
Represented by cash and assets with original maturity of 3 months or less within:		
Cash and balances at central banks	2,409,535	-
Loans and advances to banks	79,329,049	-
Other	604,291	4
	82,342,875	4

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRS's

The company's financial statements for the year were authorised for issue on 6 May 2008 and the balance sheet signed on the board's by all directors. Punjab National Bank (International) Limited is a limited company incorporated and domiciled in England & Wales.

The company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 1985. The principal accounting policies adopted by the company are set out in note 2.

The comparatives for the year ended 31 March 2007 are unaudited as the company was exempt from audit under section 249A Companies Act 1985 in the prior year.

2. ACCOUNTING POLICIES

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for providing loans, overdrafts and services in the normal course of business, net of discounts and VAT if applicable.

Interest income and expense

Interest income and expense for all interest bearing financial instruments are recognised in Interest and similar income and Interest expenses and similar charges in the income statement using the effective interest rates of the financial assets or financial liabilities to which they relate.

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

Fee and commission income

The Company earns fee income from services it provides to its customers. Fee income is accounted for as follows: i.e. if the income is earned on the execution of a significant act, it is recognised as revenue when the significant act has been completed (for example, fees arising on negotiating a transaction for a third party, such as the arrangement for the acquisition of securities); ii. if the income is earned as services are provided, it is recognised as revenue as the services are provided (for example, documentary credit confirmation fees, custody and banking service fees); and iii. if the income is an integral part of the effective interest rate of a financial instrument, it is recognised as an adjustment to the effective interest rate (for example, loan origination fees) and recorded over the period for which the service is provided.

Foreign currencies

The directors consider the US Dollar as the currency of the primary economic environment in which the company operates. Accordingly, the US Dollar is regarded as being the functional currency of the Company, which is also the reporting currency of the Company.

Transactions in foreign currencies are recorded in US Dollars at the rate of exchange prevailing at the rates ruling at the end of the day in which the transaction arose. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at balance sheet date. Any resulting exchange differences are included in the income statement.

Derivatives and hedge accounting

The Company does not utilise any derivative or hedge accounting instruments.

2. ACCOUNTING POLICIES (continued)

Financial assets

The Company has classified its financial assets in the following categories: financial assets at fair value through the income statement; loans and receivables; held-to-maturity investments; and available-for-sale financial assets.

i. Financial assets at fair value through profit and loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit and loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges.

The Company's management has not identified any assets as falling into this category.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money or services to a debtor with no intention of trading the receivable. Loans and receivables are measured at amortized costs using the effective interest method less any impairment.

iii. Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity.

All investments are initially recorded at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments which are classified as held to maturity are carried at cost and tested for impairment.

For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

All regular way purchases of financial assets are recognised on the trade date i.e. the date that the company commits to purchase the asset. All regular way sales of financial assets are recognised on the settlement date i.e. the date the asset is delivered to the counter party. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

iv. Available-for-sale

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates or exchange rates.

Purchases and sales of financial assets held to maturity and available-for-sale are recognised on settlement date, being the date on which the Company makes payment to receive the asset. Loans are recognised when cash is advanced to the borrowers. Financial assets are initially recognised at fair value plus directly attributable transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all risks and rewards of ownership. Derivatives and financial assets at fair value through profit and loss are recognised on trade date, being the date on which the irrevocable commitment to enter into a contract is executed.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Gains and losses arising from changes in the value of available-for-sale financial assets are recognised in income to the extent that the change in value arises from a fair value hedging relationship with the balance recognised directly in equity, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity is recognised in profit and loss. However, interest calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Company's right to receive payment is established.

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option price models and other valuation techniques commonly used by market participants.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

De-recognition of financial assets and liabilities

Financial assets are de-recognised when the rights to receive cash flows from the assets have expired; or where the Company has transferred its contractual right to receive the cash flows of the financial assets and either:

i. substantially all the risks and rewards of ownership have been transferred; or
ii. substantially all the risks and rewards have neither been retained nor transferred but control is retained.

Financial liabilities are de-recognised when they are extinguished, i.e. when the obligation is discharged or cancelled or expires.

Impairment of financial assets

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following loss events:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as default or delinquency in interest or principal payments;
- the Company granting to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, a concession that the lender would not otherwise consider
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cashflows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Company, including:
    - adverse changes in the payment status of borrowers in the Company; or
    - national or local economic conditions that correlate with defaults on the assets in the company

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Once a financial asset or group of similar assets has been written down as a result of an impairment loss, interest income is thereafter recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the loss.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Company's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Company and historical loss experience for assets with credit risk characteristics similar to those in the Company. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows for groups of assets reflect and are directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.

Loans (and the related impairment allowance accounts) are normally written off, either partially or in full, when there is no realistic prospect of recovery of these amounts and, for collateralised loans, when the proceeds from the realisation of security has been received.

If in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it is now excessive by reducing the loan impairment allowance account. The amount of any reversal is recognised in the income statement.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation calculated on a straight-line basis to write off the assets over their estimated useful lives as follows:

Computer equipment	3 – 4 years
Furniture, fixtures and fittings	5 years
Leasehold improvements	5 years

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the assets's fair value less costs to sell and value in use. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months' maturity from the date of acquisition, and include cash, notes and coin, treasury bills and other eligible bills, loans and advances to banks, and certificates of deposit.

Income tax

Income tax expense represents the sum of the tax currently payable and deferred income tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it furthers excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Intangible assets

Other non-internally generated intangible assets

Intangible assets are stated at cost or fair value on recognition less accumulated amortisation and any impairment in value.

Amortisation is calculated so as to write off the cost or valuation of intangible assets over their estimated useful lives, using the straight-line method, on the following bases:

Software	Over 3 – 4 years

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Operating lease commitments

Operating leases payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting) the following:

	2008 $	*2007* *$*
Interest expense	1,601,647	-
Depreciation of property, plant and equipment	247,662	-
Amortisation of intangible assets	143,948	-
Operating leases:		
Present value of minimum lease payments	202,251	-
Auditor's remuneration - audit services	139,020	-
Auditor's remuneration - non-audit services (secretarial and compliance services)	5,383	-
	144,403	-

	2008 $	*2007* *$*
Included in other operating income		
Foreign exchange profit	(204,962)	-
Included in administrative expenses:		
Employee benefits expense	1,164,807	-
Depreciation and amortisation	391,610	-
	1,556,417	-

4. EMPLOYEE EXPENSES

	2008 $	*2007* *$*
Wages and salaries	862,229	-
Other employee benefits	236,442	-
Social security costs	66,136	-
	1,164,807	-

The average monthly number of employees during the year was made up as follows:

	2008 No.	*2007* *No.*
Administration	11	-
Sales and marketing	11	-
	22	-

5. DIRECTORS' EMOLUMENTS

	2008 $	*2007* *$*
Emoluments	360,420	-

The above amount for remuneration includes $ 154612 in respect of salary paid to the highest paid director

6. INCOME TAX

Components of income tax expense

	2008 $	*2007* *$*
Current income tax expense		
Current income tax charge	214,243	-
Deferred income tax asset		
Relating to origination and reversal of temporary differences	(604)	-
Income tax expense reported in income statement	213,639	-

Reconciliation of income tax charge to accounting profit

	% age	2008 $	*% age*	*2007* *$*
Tax at the domestic income tax rate of	30	176,388	-	-
Tax effect of non-deductible expenses	30	37,207	-	-
Effect of a change in tax rate		44	-	-
Tax expense using effective rate	30	213,639	-	-

7. PROPERTY, PLANT AND EQUIPMENT

At 31 March 2008

	Leasehold improvements $	Fixtures and fittings $	Total $
Cost			
Additions	230,616	906,489	1,137,105
Depreciation			
Charge for year	(46,125)	(201,536)	(247,661)
Net book value			
At 31 March 2008	184,491	704,953	889,444

8. DEFERRED TAX

	Balance sheet 2008 $	Balance sheet *2007* *$*	Income statement 2008 $	Income statement *2007* *$*
Deferred tax assets				
Opening balance	-	-	-	-
Credit relating to depreciation	(604)	-	(604)	-
Closing balance	(604)	-	(604)	-

9. INTANGIBLE ASSETS

31 March 2008

	Software $
Cost	
Additions	479,828
Amortisation	
Charge for the year	(143,948)
Carrying value	
At 31 March 2008	335,880

10. INVESTMENTS HELD TO MATURITY

	2008 $	*2007* *$*
Marketable debt securities	11,649,436	-

Included in the amount of £11,649,436 is the sum of $604,291 maturing within 1 month and included in cash and cash equivalents.
Debt securities comprise marketable securities fully intended to be held to maturity.

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk Governance

The Board of Directors have overall responsibility of risk management of the Bank. The Board has constituted an Audit, Risk and Compliance Committee (ARCC) for overseeing the risk management function. There are various other committees formed with the role and responsibility to manage defined aspects of risk management.

The role and responsibilities of various risk management committees are set out in the following paragraphs.

Audit Risk and Compliance Committee (ARCC)

Audit, Risk and Compliance Committee is a committee of non-executive directors and certain executives with only non-executive directors having the voting rights.
This Committee is primarily responsible for oversight of the Bank's risk management, compliance and audit. The terms of reference of the ARCC are:

a) review financial statements and the Annual Report and Accounts of the company and recommend them to the Board;

b) review the effectiveness of internal controls and monitor the implementation of any remedial actions;

c) review effectiveness of risk management and the risk register; and report to the Board;

d) review MLRO Annual Report;

e) review Internal Audit reports;

f) review external audit reports, the annual audit plan and the External Auditor's annual management letter;

g) review policy exchanges and other major reports to or from the regulators;

h) review other compliance reports; and

i) review regularly its own terms of reference and its own effectiveness.

Asset and Liability Management Committee (ALCO)

The ALCO is an executive committee, which monitors and manages the Bank's balance sheet, interest rate on deposits, and liquidity. The ALCO will also strive to optimize the Bank's net interest income.

Credit Recommendation Committee

The credit recommendation committee assesses the loan applications and puts up its recommendation to the sanctioning authority.

Credit Sanction Committee

The Credit sanction committee is again an executive committee which will consider the recommendations of the credit recommendation committee and take decisions on the sanction or rejection of the credit proposals above the pre-determined levels.

Compliance

The main responsibility of Compliance is to support the Board and senior management in fulfilling their financial services regulatory obligations and to help maintain the Bank as a 'fit and proper' institution, in whatever form of business it undertakes, by helping to ensure compliance with the voluntary codes, principles, rules and regulations established by the various financial services regulatory organizations.

Compliance *(continued)*

Compliance sets the overall regulatory governance arrangements and provides information, advice and guidance to business on financial services regulations. It also monitors business activities to ensure that improper conduct and failures to comply with regulatory requirements are brought to the attention of management for appropriate corrective action.

Compliance provides a focal point to coordinate communications and consultations with regulatory authorities and also carries out reviews of relevant business units against applicable rules, guidance and the Bank's internal policies and procedures.

The Executive Director has the responsibility of oversight into the compliance aspects of the Bank and he is assisted by the Money Laundering Reporting Officer and Internal auditor for effective oversight.

Internal Audit

Bank has appointed an internal auditor and his main role is:

- To produce formal reports periodically on the adequacy and effectiveness of the control processes to the Managing Director and other operational heads.
- To produce a quarterly report to the ARCC on the operations of control processes and management's response in addressing identified issues.
- To obtain commitment from the management in undertaking remedial actions based on its findings.
- To review and recommend changes to the control processes from time to time.

Risk Categorization

The Bank has categorized various risks under following heads:

Credit Risk

Credit Risk is defined as potential financial loss on account of delay or denial of repayment of principal or interest with respect to a credit facility extended by the Bank, both fund and nonfund based. Credit Risk can also arise on account of downgrading of counterparties to whom credit facilities are extended or whose credit instruments the Bank may be holding, causing the value of those assets to fall.
The undertaking credit risk with a view to earn a return is the main feature of the Bank's business. Risks arising from changes in credit quality and recoverability of the credit facilities from the counterparties are inherent across most of the Bank's activities. Adverse changes in the credit quality of borrowers or general deterioration in the economic conditions under which these counter parties operate could also affect the recoverability and value of Bank's assets and therefore its financial performance.
The following techniques are in place to mitigate the credit risks:

- The bank has an approved lending policy wherein the types of credit facilities are defined as also the sanctioning authority with specific financial limits.
- Every credit facility beyond a pre-determined limit sanctioned is processed through recommending committee and sanctioned by the credit sanction committee
- Credit risk under each loan above the threshold limit is assessed both on financial and non-financial parameters

Credit Risk (continued)

- Concentration risk is taken into account both with respect to individual or group exposures as well as industry wide or country wide exposures
- Most of the facilities are secured by either tangible securities or third party guarantees
- With respect to large value facilities other than under- syndicated facilities, documentations are done through external solicitors
- Periodical review and monitoring of facilities undertaken to identify and attend to any observed weakness in any facility
- All facilities above prescribed threshold limits are reported to the Board from time to time
- Lending policies and limits are periodically reviewed by the Board

At present there are no impaired assets in the books of PNBIL

PNBIL does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

PNBIL measures and monitors large exposures on a daily basis. Any exposure to a single party or group in excess of 10% of its capital base is considered as large exposure as per regulatory guidelines.

Top five exposures of PNBIL as at 31 March 2008

Counterparty	Location	Rating	Credit Limit 31.03.2008	Carrying Amount 31.03.2008
French Corporate	France	Unrated	$7.92 Million	$7.92 Million
Shipping and Logistic Company	Cyprus	Unrated	$ 7.34 Million	$ 7.34 Million
Bank Group	Kazakhstan	AA (Moody's rating)	$ 7.00 Million	$ 7.00 Million
Norway Corporate	Norway	Unrated	$ 7.00 Million	$ 7.00 Million
Indian Corporate	India	Unrated	$ 7.00 Million	$ 7.00 Million

Market Risk

Market risk is defined as the potential adverse change in the Bank's income or net worth arising from movements in interest rates, exchange rates, equity prices and or other market prices. Effective identification and management of market risk is required for maintaining stable net interest income.

The most significant forms of market risk to which our Bank is exposed are identified as interest rate risk and exchange risk. Considering the fact that our Bank does not have a trading book, more than 90% of Bank's assets and liabilities are based on floating interest rates; the bank is exposed to market risk mainly due to the extent of maturity mismatches of its assets and liabilities and the exchange risk to the extent of its open position.
The bank is monitoring its maturity mismatches on a regular basis, and the potential loss on account of movement in interest rates by 1% based on the exposure of 31 March is calculated as follows-

SIMPLIFIED MATURITY TABLE AS ON 31/03/2008							
PARTICULARS	**UP TO 1 MONTH**	**1 TO 3 MONTHS**	**3 TO 6 MONTHS**	**6 - 12 MONTHS**	**1-3 YEARS**	**Non Sensitive Category**	**TOTAL**
ASSETS	**$ (000s)**	**$ (000s)**	**$ (000s)**	**$ (000s)**	**$ (000s)**	**$ (000s)**	**$ (000s)**
Non Current Assets							
Prop Plant and machinery	-	-	-	-	-	889	889
Def tax assets	-	-	-	-	-	1	1
Intangible Assets	-	-	-	-	-	336	336
Inv Held to Maturity	8,795	-	2,250	-	-	-	11,045
Available for sale fin Assets	10,427	-	-	-	-	-	10,427
Loans and Receivables	19,616	21,109	2,800	-	-	-	43,525
Current Assets							
Loans and Receivable	5,740	14,791	-	-	-	-	20,531
Trade and other receivables	-	-	-	-	-	883	883
Prepayments	-	-	-	-	-	63	63
Cash and cash equivalents	82,343	-	-	-	-	-	82,343
Bills Purchased	107	177	499	-	-	-	783
Total Inflows	**127,028**	**36,077**	**5,549**	-	-	**2,172**	**170,826**
LIABILITIES							
Equity							
Issued Capital & Reserves							
Issued Share Capital	-	-	-	-	-	49,631	**49,631**
Reserves & Retained profits	-	-	-	-	-	403	403
Total Equity						**50,034**	**50,034**
Non Current Liabilities	-	-	-	-	-	-	-
Interest bearing borrowings	-	-	-	-	**1132**	-	1,132
Current Liabilities							
Interest bearing borrowings	58,776	38,830	8,817	6,768	-	-	113,191
Non Interest bearing borrowing	5,506	-	-	-	-	-	5,506
Tax Payables	-	-		-	-	251	251
Trade and other payables	-	-	-	-	-	712	712
Total Outflows	**64,282**	**38,830**	**8,817**	**6,768**	**1132**	**50,997**	**170,826**
Inflows-Outflows	**62,746**	**-2,753**	**-3,268**	**-6,768**	**-1132**		
						Total Impact	
Variation 1%	**26.14417**	**-4.58833**	**-12.255**	**-42.3**	**-7.075**	**92.34**	
Note: The above position is a combined position in USD							

The bank has stipulated limit for open position and the actual open position is measured and monitored on a daily basis.

Foreign Exchange Risk

The bank is exposed to foreign exchange risk to the extent of its open position in each currency. The bank has stipulated an internal limit for maximum open position and it is measuring and monitoring this open position on a daily basis.
The bank is dealing in various currencies and it is not always possible to match the asset and liability in each currency. However whenever a fund available in one currency is used to finance funds in another currency, the Bank covers itself by a currency SWAP deal. Any amount not covered by a currency SWAP will become a part of the open position as discussed in the previous paragraph.
The financial statements are drawn up in US Dollars, which represent the currency of the primary economic environment in which the Bank operates and a significant portion of the banking assets and liabilities, revenues and expenses are transacted in US Dollars.
Monetary assets and liabilities denominated in other currencies are translated into US Dollars at the exchange rates ruling at the balance sheet date. Similarly income and expenses denominated in foreign currencies are converted into US Dollars from time to time at the prevailing exchange rate and remaining balances on the balance sheet date are translated into US Dollars at the ruling exchange rate on the balance sheet date. Resulting gains or losses on these translations are included in the profit and loss account. Forward foreign exchange contracts are valued at the market rates applicable to their respective maturities at the balance sheet date, and the resulting profit or loss is included in the profit and loss account for the year.

The open position of PNBIL as on 31 March 2008 is as follows

Currency	Open position(in 000')	USD equivalent(in 000')
Euro	+ 15	+ 24
Pound Sterling	-159	-316
Indian Rupees	+15877	+397
Nepalese Rupees	+835	+12
US Dollar	+41	+41

Total open position in US Dollar was 0.79 million

Liquidity Risk

Liquidity risk is the risk that the Bank may not be able to meet its payment obligations with respect to customer deposits or any borrowing or obligations under any other assets or liabilities, within stipulated time and without additional cost. The bank has documented liquidity policy in place, within the guidelines issued by the Financial Services Authority.
ALCO is primarily responsible for overseeing the smooth implementation of the liquidity policy of the Bank. The Bank measures and monitors the liquidity position on a daily basis. Bank considers the funding ability before committing additional credit facility and closely monitors the upcoming payment obligations.
The Bank undertakes stress tests on its liquidity position taking into account worst case scenarios, based on its own past experiences as well as industry level guidelines. The Bank has also put in place contingency plans to meet its liquidity obligations under stressed scenarios. The Bank is also holding near liquid assets (marketable assets) in its portfolio to meet its liquidity obligations.
The liquidity positions are reported to the Board from time to time and the policy is reviewed periodically to meet the changing needs.

Operational Risk

Operational risk is defined as the potential risk of financial loss resulting from inadequate or failed internal process systems, people or external events.
Major sources of operational risks for the Bank are identified as IT security, internal and external fraud, process errors, money laundering risks and external events like failure of transportation, non- availability of utilities etc.
The Bank has identified each of such possible eventualities and established mitigation processes and internal controls, including IT Security Policy, Maker checker for all financial transactions, A Business Continuity Plan in case of a disaster, documentation of processes and procedures, AML/CFT guidelines, staff handbook, compliance code of conduct etc.

12. Capital management

The capital structure of PNBIL consists of debt, which includes borrowings, cash and cash equivalents and equity attributable to equity holders of the parent, compromising issued capital, reserves and retained earnings.

PNBIL's Audit Risk and Compliance Committee (ARCC) reviews the capital structure on a semi annual basis.

	2008 $	*2007* *$*
Debt	119,827,362	-
Less: Cash and cash equivalents	(82,342,875)	*(4)*
Net Debt	37,484,487	*(4)*
Equity	49,630,629	*4*
Total capital	49,630,629	*4*
Net Debt to Equity ratio	*0.75*	

Liquidity management

The following table analyses the Company's assets and liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date at the balance sheet date.

As at 31 March 2008	Up to 1 month (000s) $	1-3 months (000s) $	3-12 months (000s) $	1-5 years (000s) $	Over 5 years (000s) $	Undated (000s) $	Total (000s) $
Loans and advances to banks	81,700	682	-	-	-	-	82,382
Loans and advances to customers	9	7,610	12,912	26,620	16,905	-	64,056
Debt securities	604	-	-	21,473	-	-	22,077
Other assets						2,311	2,311
Total assets	**82,313**	**8,292**	**12,912**	**48,093**	**16,905**	**2,311**	**170,826**
Deposits from banks	19,855	15,000	3,495	-	-	-	38,350
Other deposits	41,461	25,140	13,744	1,132	-	-	81,477
Other liabilities and shareholders funds	-	-	-	-	-	50,999	50,999
Total equity and liabilities	**61,316**	**40,140**	**17,239**	**1,132**	-	**50,999**	**170,826**
Net liquidity gap	**20,997**	**(31,848)**	**(4,327)**	**46,961**	**16,905**	**(48,688)**	

FINANCIAL INSTRUMENTS

	Carrying amount 2008 $	*Carrying amount* *2007* *$*	*Fair value* 2008 $	*Fair value* *2007* *$*
Financial assets				
Cash and cash equivalents	**82,342,875**	*4*	**82,342,875**	*4*
Available-for-sale financial assets	**10,427,492**		**10,427,492**	
Other financial assets	**75,101,057**	-	**74,409,397**	-
Financial liabilities				
Fixed rate borrowings	**(67,191,119)**	-	**(67,191,119)**	-
Floating rate borrowings	**(47,130,376)**	-	**(47,130,376)**	-
Non- interest bearing loans and borrowings	**(5,505,867)**	-	**(5,505,867)**	-

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

2008 *2007*

	$	$
Marketable debt securities at fair value - listed	10,427,492	-

14. RELATED PARTY TRANSACTIONS

Ultimate controlling party

The ultimate controlling party of the company is Punjab National Bank, a company incorporated in India and which is both the immediate parent company and ultimate controlling party.

Related parties

The company regards Punjab National Bank, registered in India, as being a related party in view of its 100% shareholding in the company.

Included in the financial statements is a service charge of $201,500, levied by Punjab National Bank, for support services provided during the year. The services provided include IT Hosting, maintenance and support services to PNBIL and is backed by a Service Level Agreement (SLA). The company enters into commercial transactions with its parent company in the ordinary course of business on an arm's length basis.

At 31 March 2008 the company held bank balances with its parent company totalling $405,791 and bank balances repayable to its parent company totalling $25,438,569.

The company considers that the cost of secondment of executives to or from the parent company is not material.

Key management compensation

	2008	*2007*
	$	*$*
Wages and salaries	323,817	-

15. TRADE AND OTHER RECEIVABLES

	2008	*2007*
	$	*$*
Accrued income	883,405	-

16. PREPAYMENTS

	2008	*2007*
	$	*$*
Current		
Prepayments	62,539	*-*

17. CASH AND CASH EQUIVALENTS

	2008	*2007*
	$	*$*
Cash on hand	138,698	*4*
Cash at bank	2,270,837	*-*
Short-term deposits	79,329,049	*-*
Investments held to maturity	604,291	*-*
	82,342,875	*4*

18. SHARE CAPITAL

Authorised share capital

	2008		*2007*	
	No.	$	*No.*	*$*
Ordinary shares of £1 each	2	4	*2*	*4*
Ordinary shares of $1 each	100,000,000	100,000,000	*-*	*-*
	100,000,002	100,000,004	*2*	*4*

Issued share capital

	2008		*2007*	
	No.	$	*No.*	*$*
Issued and fully paid				
Ordinary shares of £1 each				
At 1 April 2007	2	4	*-*	*-*
New issues of share capital	-	-	*2*	*4*
At 31 March 2008	2	4	*2*	*4*
Ordinary shares of $1 each				
At 1 April 2007	-	-	*-*	*-*
New issues of share capital	49,630,625	49,630,625	*-*	*-*
At 31 March 2008	49,630,625	49,630,625	*-*	*-*
At 31 March 2008	49,630,627	49,630,629	*2*	*4*

All issued share capital is classified as equity.

19. RESERVES

	Available-for-sale financial assets reserve
	$
Increase in fair value for the year	29,846

The profit for the year in the sum of $42,637 has been reduced by attributable current income tax in the sum of $12,791 at the domestic income tax rate of 30%.

20. FINANCIAL LIABILITIES

	2008	*2007*
	$	*$*
Non-current		
Interest bearing other loan	1,132,020	-
Current		
Deposits from banks	38,350,575	-
Interest bearing fixed term deposits	66,074,672	-
Savings accounts	8,764,228	
Non-interest bearing current accounts	5,456,449	-
Bills payable	49,418	-
	118,695,342	-

Bank loans and other borrowings

	2008	*2007*
	$	*$*
Floating rate deposits from banks	38,350,575	-
Other floating rate borrowing	15,573	-
Other floating rate borrowing	8,764,228	-
Other fixed rate borrowing	67,191,119	-
Other non-interest bearing borrowing	5,456,449	-
Bills payable	49,418	-
	119,827,362	-
Less: current instalments due on loans and borrowings	(118,695,342)	-
	1,132,020	-

A maturity analysis for financial liabilities is shown in note 11.

21. TRADE AND OTHER PAYABLES

	2008	*2007*
	$	*$*
Other payables	5,771	-
Accrued liabilities	706,158	-
	711,929	-

22. OPERATING LEASE COMMITMENTS

As lessee

	2008 $	*2007* *$*
Less than one year	**312,150**	-
Later than one year but less than five years	**796,138**	-
Later than five years	**968,175**	-
	2,076,463	-

23. OTHER COMMITMENTS AND CONTINGENCIES

Commitments

Commitments in respect of software contracts at the balance sheet date totalled $42,000.