

BankMuscat  بنك مسقط

CMA REPORT
PERIOD ENDED MARCH 31, 2008

CONTENTS		PAGE NO.
1	CHAIRMAN'S REPORT	
2	SUMMARY OF UNAUDITED RESULTS	2
3	UNAUDITED PROFIT AND LOSS ACCOUNT	3
4	UNAUDITED BALANCE SHEET	4
5	UNAUDITED STATEMENT OF CASH FLOW	5
6	UNAUDITED STATEMENT OF CHANGES IN EQUITY	6
7	NOTES TO THE FINANCIAL STATEMENTS	7-13

Chairman's Report

Dear Shareholders,

I am glad to share with you the results achieved by the Bank during the first quarter of the year 2008.

The Bank achieved a net profit of RO 26.5 million for period ended March 31, 2008 as against a net profit of RO 19.0 million reported during the same period in 2007, thus recording an impressive growth of 39.4%.

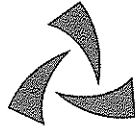
Net interest income increased by 31.2% to RO 37.0 million during the first quarter of 2008 from RO 28.2 million reported during the corresponding period in 2007, mainly driven by asset growth. Non-interest income has grown by 84.5% to RO 17.9 million for the first quarter of 2008 as compared to RO 9.7 million of the same period in 2007. Operating income for the quarter ended March 31, 2008 increased by 45.1% to RO 55.0 million from RO 37.9 million for the same period in 2007. Operating expenses have increased by RO 6.1 million in the first quarter of 2008 as compared to the same period in 2007 mainly due to increase in manpower and other administrative costs as a result of increased business activities and expansion of business lines. However, cost to income ratio reduced to 38.1% during the first quarter of 2008 as against 39.2% during the first quarter of 2007.

Impairment for credit and other losses was RO 6.5 million for the first quarter of 2008 as compared to RO 4.1 million during the corresponding period in 2007.

The basic earnings per share on an annualized basis works out to 99 baizas for every 100 baiza share of the Bank.

The Bank's net Loans and Advances of RO 2,978 million as of March 31, 2008 has grown by 46.3% as compared to the position as of March 31, 2007. Customer deposits grew by RO 617 million or 30.2% from RO 2,040 million as of March 31, 2007 to RO 2,657 million as of March 31, 2008. Savings deposits have registered an impressive growth of RO 242 million or 52.7% from RO 459 million as of March 31, 2007 to RO 702 million as of March 31, 2008.

The most significant development that took place in the first quarter of the year 2008 was the Bank's acquiring a major stake (35%) in Saudi Pak Commercial Bank in Pakistan in association with Sinthos Capital (led by Mr. Shaukat Tarin), International Finance Corporation, and Nomura International. The consortium has already signed the Share Purchase Agreement with Saudi Pak Investment Company (SAPICO) to buy a 68% stake in the Bank. As per the consortium agreement, Sinthos Capital will manage the Bank and Mr. Shaukat Tarin will be the CEO of the bank.



Centurion Bank of Punjab (CBoP) and HDFC Bank have agreed to a merger between the two banks. The combined entity, which will be named HDFC Bank post merger, would have a nation-wide network of 1,148 branches (the largest amongst the private sector banks), a very sizeable balance sheet of USD 38 billion (RO 15 billion), strong deposit base of around USD 30 billion (RO 11.5 billion) and net advances of around USD 21 billion (RO 8 billion). BankMuscat currently holds a stake of 17.3% in CBOP. Once the merger is completed, BankMuscat will hold a 2.7% stake in HDFC Bank.

The Bank continued to prosper across its various business lines, thanks to the tireless efforts of our people to enhance product and service standards across the Bank's operations.

The Consumer Banking Group continued to focus on sales, which has resulted in keeping ahead of targeted volumes in the main lines of business – savings deposits and consumer loans.

In January 2008, the Bank formally launched its NRI Services – Pravasi in a glittering show to celebrate the 59th Republic Day of India. Pravasi has all the necessary ingredients that will allow the Bank to offer end-to-end global financial solutions, from basic remittance services to high-end wealth management solutions and advisory services. Pravasi offers a range of financial services to suit every segment of the NRI population in Oman.

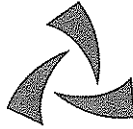
The first quarter of the year witnessed the launch of Sayyarati Car Loans, which allow customers to procure their dream cars with simplified documentation and procedures, to the extent that after filling out necessary documents, the car loan can be processed within 24 hours.

In line with its vision of moving even closer to people, the Bank expanded its ATM and CDM network during the first quarter to 283 ATMs and 67 CDMs. The first quarter of the year also witnessed opening of six branches, thus bringing the local branch network of the bank up to 113 branches.

The Bank's corporate banking group also continued to prosper during the first quarter of the year 2008. The emphasis on customer relationships and providing 'comprehensive business solutions' continues to be the focus of the Group's business strategy.

In line with the Bank's commitment to develop the SME sector, given its importance to the overall growth of the national economy, Al Wathbah, BankMuscat's comprehensive suite of programme lending solutions for the small and medium scale sector, conducted a special training workshop on 16 March 2008 titled 'Marketing for Small and Medium Enterprises (SMEs)', which targeted entrepreneurs and owners of small and medium businesses. The workshop was conducted in collaboration with Business Edge - International Finance Corporation (IFC). Over one hundred entrepreneurs and business owners attended the workshop.

Business also continued to gather momentum across the Bank's wholesale banking group. BankMuscat was awarded the 'Deal of the Year' 2007 award for the Sur Independent Water Project by Euromoney ProjectFinance magazine.



The bank's brokerage division continues to maintain its leading position in the market and to focus its efforts on promoting the MSM as an investment destination to global emerging market funds.

As I have shared with you all time and again, the Bank strives to embrace the best of global technology. The first quarter of the year 2008 witnessed completion of the MultiProtocol Label Switching (MPLS) Virtual Private Network (VPN) project roll out. BankMuscat is the first bank in the Sultanate to have employed this technology, which will considerably enhance our service capabilities to our valued customers. ISO 27001-surveillance assessment for the Information Security Office was successfully completed for compliance against ISO/IEC 27001:2005 standards by BSI for the year 2008.

Moreover, the Bank's audit department has implemented TeamMate audit management system, which was procured from PriceWaterhouseCoopers and customized for the internal requirements of the Bank. BankMuscat was the first bank in Oman to roll out this software, which is consistent with the bank's challenging vision.

During the first quarter of 2008, the local and global business community continued to laud the Bank for its outstanding performance. BankMuscat was awarded the 'Best Emerging Market Bank' Award 2008 in the Sultanate of Oman by Global Finance and has won the 'Best Retail Marketing Campaign' Award 2008 for its popular Al Mazyona Children's Account at the inaugural Banker Middle East Product Awards ceremony held recently in Dubai.

I would like to conclude by assuring you that we plan to continue to build stronger ties with people across the country with a variety of value-added banking products, services and solutions. It is from here that our philosophy of 'With You Always' stems: building multiple, long-term, sustainable relationships with each of our target customers nationwide.

On behalf of the Board of Directors, I would once again like to express our gratitude to His Majesty Sultan Qaboos bin Said for his inspired leadership and progressive vision that continues to lead the country along a road of growth and prosperity.

AbdulMalik bin Abdullah Al-Khalili

Summary of unaudited results as at 31 March 2008

	31-Mar-08	31-Mar-07	Change %
	RO' 000	RO' 000	
Loans and advances net of provisions and reserved interest	2,978,643	2,035,024	46%
Deposits	2,837,458	2,228,196	27%
Net assets	601,816	310,411	94%
Net assets per share *	0.559	0.339	65%
	3 months ended 31 Mar 2008	3 months ended 31 Mar 2007	Change %
Net interest income	37,042	28,182	31%
Net profit before tax for the period	31,290	22,264	41%
Net profit after tax for the period	26,540	19,064	39%
Basic earnings per share (annualised) **	0.099	0.083	18%
Diluted earnings per share (annualised) **	0.099	0.083	18%
Capital adequacy ratio ***	12.65%	12.47%	0.18%

* Net assets per share is calculated by dividing net assets owned by ordinary shareholders at 31 March 2008 by 1,077.1 million number of ordinary shares. (2007 : 915.6 million ordinary shares)

** Basic and Diluted earnings per share is calculated as per International Accounting Standard No : 33.

*** Capital adequacy ratio has been calculated in accordance with the Basle II guidelines.

*Unaudited Profit and loss account
For the three months ended 31 March 2008*

	Notes	3 months ended 31 Mar 2008	3 months ended 31 Mar 2007
		RO' 000	RO' 000
Interest income	1	61,509	48,333
Interest expense	2	(22,747)	(19,218)
		38,762	29,115
Interest expense on tier II capital		(1,720)	(933)
Net interest income		37,042	28,182
Other operating income	3	17,974	9,730
OPERATING INCOME		55,016	37,912
OPERATING EXPENSES			
Other operating expenses		(19,716)	(13,960)
Depreciation		(1,266)	(896)
		(20,982)	(14,856)
Impairment for credit losses	5	(6,539)	(4,119)
Recoveries from impairment for credit losses	5	1,688	2,037
Share of profit from associates	8a	2,107	1,290
		(23,726)	(15,648)
PROFIT BEFORE TAXATION		31,290	22,264
Tax expense		(4,750)	(3,200)
NET PROFIT FOR THE PERIOD		26,540	19,064

*Unaudited Balance sheet
As at 31 March 2008*

	Notes	31-Mar-08 RO' 000	31-Mar-07 RO' 000
ASSETS			
Cash and balances with Central Banks		321,972	61,968
Placements with banks		779,782	652,953
Loans and advances	4 & 5	2,978,643	2,035,024
Investments	8b & c	144,602	299,381
Investment in associates	8a	137,866	34,053
Property and equipment		20,677	11,599
Other assets		226,175	174,662
		<u>4,609,717</u>	<u>3,269,640</u>
LIABILITIES AND SHAREHOLDERS' FUNDS			
LIABILITIES			
Deposits from banks		751,623	417,400
Customers' deposits	6	2,657,720	2,040,473
Certificates of deposit		13,285	27,045
Unsecured bonds		54,803	54,803
Floating rate notes		111,650	105,875
Other liabilities		295,886	223,298
Taxation		14,434	10,575
Subordinated liabilities		108,500	79,760
		<u>4,007,901</u>	<u>2,959,229</u>
SHAREHOLDERS FUNDS			
Share capital		107,713	91,556
Share premium		301,505	79,490
General reserve		56,308	56,308
Legal reserve		35,905	27,745
Revaluation reserve		3,957	1,215
Subordinated loan reserve		2,567	-
Cumulative changes in fair value	8b	12,397	1,232
Retained profit		81,464	52,865
		<u>601,816</u>	<u>310,411</u>
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		<u>4,609,717</u>	<u>3,269,640</u>
Contingent liabilities	10	<u>1,042,920</u>	<u>638,871</u>
Related party information			
Due from related parties	9	34,128	51,318
Due to related parties		47,392	32,763

Unaudited Statement of cash flow
For the three months ended 31 March 2008

	3 months ended 31 Mar 2008	3 months ended 31 Mar 2007
	RO' 000	RO' 000
Cash flow from operating activities		
Net profit for the period before taxation	31,290	22,264
Adjustments for :		
Depreciation	1,266	896
Investment income	(3,345)	(1,494)
Operating profit before working capital changes	<u>29,211</u>	<u>21,666</u>
Change in operating assets*	(183,111)	(233,239)
Change in operating liabilities**	<u>215,153</u>	<u>269,712</u>
Net cash from operating activities	<u>61,253</u>	<u>58,139</u>
Net cash used in financing activities	(53,857)	12,128
Net cash used in investing activities	(52,033)	6,815
Net (decrease) / increase in cash and cash equivalents	<u>(44,637)</u>	<u>77,082</u>
Cash and cash equivalents brought forward	328,177	298,601
Cash and cash equivalents carried forward	<u><u>283,540</u></u>	<u><u>375,683</u></u>

* Operating assets includes deposits with central banks, bank placements, loans and advances and other assets.

** Operating liabilities includes customer deposits, deposits from banks and other liabilities.

Unaudited Statement of Changes in Equity
Period ended 31 March 2008

	Share capital	Share premium	General reserve	Legal reserve	Revaluation reserve	Subordinated loan reserve	Cumulative changes in fair value	Retained profit	Total
	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000
<i>Balance at 31 December 2006</i>	83,233	79,490	56,308	27,745	1,215		1,052	71,042	320,085
Bonus shares issued	8,323							(8,323)	-
Issue of Shares during the year	16,157	222,015							238,172
Net profit for the year								84,257	84,257
Dividend paid - 2006								(29,132)	(29,132)
Transfer of subordinate loan reserve to general reserve						2,567		(2,567)	-
Transfer to legal reserve				8,160				(8,160)	-
Revaluation of land and building					2,742				2,742
Profit on translation of net investments in associates								2,240	2,240
Change in fair value of investments available for sale							9,206		9,206
<i>Balance at 31 December 2007</i>	107,713	301,505	56,308	35,905	3,957	2,567	10,258	109,357	627,570
Net Profit for the period								26,540	26,540
Dividends paid - 2007								(53,857)	(53,857)
Change in fair value of investments available for sale							2,139		2,139
Profit on translation of net investments in associates								(576)	(576)
Balance at 31 March 2008	107,713	301,505	56,308	35,905	3,957	2,567	12,397	81,464	601,816

Notes to the Financial Statements as at 31 March 2008
1. Interest Income

Interest bearing assets earned interest at an overall rate of 6.26% for the three months ended 31 March 2008. (2007 : 7.08%).

2. Interest expense

For the three months ended 31 March 2008 the average overall cost of funds was 2.72%. (2007 : 3.37%).

3. Other operating income

	For the quarter ended	
	31-Mar-08	31-Mar-07
	RO' 000	RO' 000
Foreign Exchange	1,410	1,090
Commission and fees (net)	12,699	7,624
Dividend income	757	693
Profit/(loss) on sale of investment securities	2,588	138
Other income	520	185
	<u>17,974</u>	<u>9,730</u>

The commission and fees shown above is net off commission and fees paid of RO 82 K. (2007 : RO 66 K.)

4. Loans and advances

Loans and advances is analysed as follows:

	31-Mar-08	31-Mar-07
	RO' 000	RO' 000
Corporate and Other Loans	1,882,877	1,229,947
Personal and Housing loans	1,211,380	903,903
Gross loans and advances	<u>3,094,257</u>	<u>2,133,850</u>
Less : Provisions and reserved interest	115,614	98,826
Net loans and advances	<u>2,978,643</u>	<u>2,035,024</u>

Notes to the Financial Statements as at 31 March 2008 (continued)
4. Loans and advances (continued)

The maturity of these is analysed as follows:

	31-Mar-08	31-Mar-07
	RO' 000	RO' 000
Less than 1 year	960,787	718,083
1 to 3 years	459,710	288,077
3 to 5 years	305,375	166,463
Over 5 years	1,368,385	961,227
	<u>3,094,257</u>	<u>2,133,850</u>

The interest rate band of these are as follows:

	31-Mar-08	31-Mar-07
	RO' 000	RO' 000
0-5%	597,646	107,943
5-7%	952,391	818,688
7-9%	1,334,383	973,210
9-11%	144,132	179,692
11-13%	45,362	37,620
more than 13%	20,343	16,697
	<u>3,094,257</u>	<u>2,133,850</u>

Notes to the Financial Statements as at 31 March 2008 (continued)
5. Provisions and reserved interest

The movement on the provision for possible credit losses and reserved interest for the period is analysed as follows:

	Provisions RO' 000	Reserved Interest RO' 000
At 1 January 2008	85,036	23,664
Provided during the period	6,539	-
Released/recovered during the period	(1,369)	-
Written off during the period	(178)	(264)
Transferred during the period	66	-
Interest reserved during the period	-	2,658
Reserved interest recovered	-	(538)
At 31 March 2008	<u>90,094</u>	<u>25,520</u>
	Provisions RO' 000	Reserved Interest RO' 000
At 1 January 2007	88,290	30,236
Provided during the period	4,119	-
Released/recovered during the period	(2,031)	-
Written off during the period	(14,397)	(9,302)
Transferred during the period	-	-
Interest reserved during the period	-	2,425
Reserved interest recovered	-	(514)
At 31 March 2007	<u>75,981</u>	<u>22,845</u>

Recoveries of RO 1,688 K (March 2007: 2,037 K) reported in the income statement includes RO 319 K (2007: 6 K) recovered from loans written off earlier.

Provisions (excluding general provision) represent 90.6% of impaired loans and advances at 31 March 2008. (2007 : 105.10%)

Interest is reserved on loans and advances which are impaired.

At 31 March 2008 loans and advances on which interest had been reserved amounted to RO 83.46 Million (2007 : RO. 64.4 Million).

* *Specific provisions are established after considering security on a case by case basis in respect of specific loans and advances where recovery appears doubtful.*

** *General Provisions are established to meet the credit risks inherent within the loans and advances portfolio.*

Notes to the Financial Statements as at 31 March 2008 (continued)

6. Deposits

Deposits are analysed as follows:

	31-Mar-08	31-Mar-07
	RO' 000	RO' 000
Current accounts	741,974	509,301
Call accounts	295,948	145,469
Savings accounts	701,779	459,535
Time deposits	903,965	919,494
Other	14,054	6,674
Customer Deposits	<u>2,657,720</u>	<u>2,040,473</u>
CD's / Unsecured Bonds / FRN's	179,738	187,723
Total Deposits	<u><u>2,837,458</u></u>	<u><u>2,228,196</u></u>

The maturities of deposits are as follows

	31-Mar-08	31-Mar-07
	RO' 000	RO' 000
Less than 1 year	1,503,670	1,198,039
1 to 3 years	471,823	427,226
3 to 5 years	333,250	209,073
Over 5 years	528,715	393,858
	<u><u>2,837,458</u></u>	<u><u>2,228,196</u></u>

The interest rate bands of deposits are as follows:

	31-Mar-08	31-Mar-07
	RO' 000	RO' 000
0%	1,179,762	723,282
0-2%	607,822	198,093
2-4%	502,809	344,028
4-6%	485,522	800,260
more than 6%	61,543	162,533
	<u><u>2,837,458</u></u>	<u><u>2,228,196</u></u>

7. Asset liability mismatch

The asset liability mismatch is analysed as follows:

<i>Maturities</i>	31-Mar-08			31-Mar-07		
	Assets	Liabilities	Mismatch	Assets	Liabilities	Mismatch
	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000	RO' 000
Less than 1 year	2,098,495	2,453,815	(355,320)	1,714,870	1,789,622	(74,752)
1 to 3 years	575,168	508,652	66,516	359,013	451,875	(92,862)
3 to 5 years	379,894	403,848	(23,954)	173,662	236,173	(62,511)
Over 5 years	1,556,160	1,243,402	312,758	1,022,095	791,970	230,125
	<u><u>4,609,717</u></u>	<u><u>4,609,717</u></u>	<u><u>-</u></u>	<u><u>3,269,640</u></u>	<u><u>3,269,640</u></u>	<u><u>-</u></u>

The mismatch represents the difference between assets and liabilities for each maturity band. Share capital is included within liabilities.

Notes to the Financial Statements as at 31 March 2008 (continued)
8. Non Trading Investments
8.a. Investment in associates
1 Investment in Centurion Bank of Punjab Limited (CBoP), India

As at March 31, 2008 the carrying value of the investment in CBoP was as follows:

	31-Mar-08	31-Mar-07
	RO. 000's	RO. 000's
Carrying value of the investment at December 31	21,832	17,934
Share of profit for the period Oct07 to Dec07	803	651
Profit / (loss) on translation of foreign currency investments	(241)	214
Carrying value of the investment at March 31	<u><u>22,394</u></u>	<u><u>18,799</u></u>

In Feb 2008, CBoP announced a merger with HDFC Bank, 2nd largest private sector Bank in India. The merger has been approved by the Board of Directors and shareholders of both the banks and is pending approval from regulatory authorities.

At present the Bank holds a strategic stake of 17.33% in CBoP and accounts it as an investment in associate as per the equity method of accounting. Once the merger is completed the Banks shareholding in the merged entity would reduce to 2.67% and the investment will be treated as 'Available for sale' investment

The market value of investment as of 31 March 2008 was RO 140 mn

2 Investment in Bank Muscat International (BMI), Bahrain

As at March 31, 2008 the carrying value of the investment in BMI was as follows:

	31-Mar-08	31-Mar-07
	RO. 000's	RO. 000's
Carrying value of the investment at December 31	67,124	14,615
Share of profit for the period	793	639
Carrying value of the Investment at March 31	<u><u>67,917</u></u>	<u><u>15,254</u></u>

3 Investment in Mangal Keshav Holdings Private Limited (MKH), India

In April 2007, the bank acquired 43% strategic stake in MKH, a securities company in India for a purchase consideration of RO 9,347 K

As at March 31, 2008 the carrying value of the investment in MKH was as follows:

	31-Mar-08
	RO. 000's
Total consideration paid	10,745
Share of profit for the period Oct07 to Dec07	511
Profit / (loss) on translation of foreign currency investments	(182)
Carrying value of the Investment at March 31	<u><u>11,074</u></u>

Notes to the Financial Statements as at 31 March 2008 (continued)

4 Investment in SaudiPak Commercial Bank Limited (SPCB), Pakistan

In March 2008, the bank completed an acquisition of a strategic stake of 40.17% in SaudiPak Commercial Bank, a public limited company engaged in Banking services in Pakistan. Total consideration paid to acquire 200,899,633 shares of SPCB alongwith transaction costs amounted to RO 36,634 K

The investment was made in consortium with Sinthos Capital, Nomura Group and International Finance Corporation (IFC). The current stake of 40.17% acquired by the Bank would be reduced to 35% after the Rights issue expected to be done by the acquiree in July 2008.

As at March 31, 2008 the carrying value of the investment in Saudi PAK Bank was as follows:

	31-Mar-08
	RO. 000's
Consideration paid	36,634
Profit / (loss) on translation of foreign currency investments	(153)
Carrying value of the Investment at March 31	<u><u>36,481</u></u>

8. Non Trading Investments (continued)
8.b. Available For Sale

	Fair Value	Fair Value
	31-Mar-08	31-Mar-07
	RO' 000	RO' 000
<i>Quoted Investments</i>		
Industrial sector	8,477	4,993
Financial services sector	11,262	3,756
Other services sector	30,860	6,950
Foreign securities	21,224	10,035
Corporate Bonds	5,496	6,170
Government bonds	16,286	13,270
Total	93,605	45,174
Less : Impairment losses	(2,753)	(1,993)
	<u>90,852</u>	<u>43,181</u>
<i>Unquoted investments</i>		
Unquoted local securities	4,826	2,676
Unquoted foreign securities	5,715	3,844
Investment fund units	769	871
Total	11,310	7,391
Total available for sale	<u><u>102,162</u></u>	<u><u>50,572</u></u>

8.c. Held To Maturity

Treasury Bills	10,272	215,632
Government Bonds	32,168	33,177
	<u><u>42,440</u></u>	<u><u>248,809</u></u>

Notes to the Financial Statements as at 31 March 2008 (continued)
9. Related Party Transactions*

The balances of directors and their related concerns were as follows:

	31-Mar-08	31-Mar-07
	RO. 000's	RO. 000's
Loans and advances	34,128	51,318
Current, deposit and other accounts	47,392	32,763
Customers' liabilities under documentary credits, guarantees and other commitments	8,347	6,290

The income and expenses in respect of related parties are as follows:

	3 months ended 31 Mar 2008	3 months ended 31 Mar 2007
	RO. 000's	RO. 000's
Interest income	462	667
Interest expenditure	289	155
Commission and other income	14	8

* Sheikh Mustahil Ahmed Al Mashani and Group Companies hold 5.39% in the Bank as at 31 March 2008 (2007: 9.96%). Although, the holding reduced below 10%, the exposure is reported for the purpose of comparative figures.

10. Shareholders

Shareholders of the bank who hold 10% or more of the bank's shares are given below:

	31-Mar-08	31-Mar-07
	RO. 000's	RO. 000's
Royal Court Affairs	18,364	18,364
Dubai Financial Group LLC	16,157	-
Sh.Mustahil Ahmed Al Mashani - Group*	5,808	9,116
	<u>40,329</u>	<u>27,480</u>

11. Contingent liabilities

Letters of Credit	483,017	190,202
Guarantees	559,903	448,669
	<u>1,042,920</u>	<u>638,871</u>

12. Forwards and options
Forwards

- Sales	2,699,982	405,032
- Purchases	2,710,010	404,697

Options

- Sales	101,749	20,998
- Purchases	101,749	20,998

13. Comparative Figures

The corresponding figures for 2007 included for comparative purposes have been reclassified to conform with the presentation in the current year.