

**KUWAIT FINANCE HOUSE K.S.C. AND
SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)**

30 JUNE 2005

- P.O. Box 74 Safat
13001 Safat, Kuwait
Souk As Safat, 3rd Floor
Abdullah Mubarak Street
- Tel : 245 2880
Fax: 245 6419
Email: kuwait@kw.ey.com

Al-Fahad & Co.
Salhia Complex
Gate 2, 4th Floor
P.O. Box 23049
Safat 13091
State of Kuwait

Tel: + (965) 2438060
Tel: + (965) 2468934
Fax: + (965) 2452080
www.deloitte.com

**REVIEW REPORT TO THE DIRECTORS OF
KUWAIT FINANCE HOUSE K.S.C.**

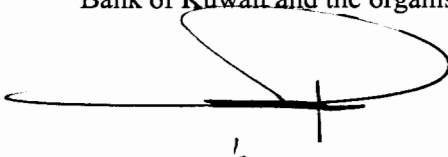
We have reviewed the accompanying consolidated balance sheet of Kuwait Finance House K.S.C. (the bank) and Subsidiaries (the group) at 30 June 2005, and the related consolidated statement of income for the three month and six month periods then ended, and the related consolidated statement of cash flows for the six month period then ended. These interim condensed consolidated financial statements are the responsibility of the bank's management. Our responsibility is to issue a report on these interim condensed consolidated financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim condensed consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of bank personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not presented fairly, in all material respects, in accordance with the basis of presentation set out in Note 2.

Furthermore, based on our review, the interim condensed consolidated financial statements are in agreement with the books of the bank. We further report that, to the best of our knowledge and belief, no violations of the Commercial Companies Law of 1960, as amended, nor of the articles of association of the bank have occurred that might have had a material effect on the business of the bank or on its financial position.

We further report that, during the course of our review, we have not become aware of any material violations of the provisions of Law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations.



WALEED A. AL OSAIMI
LICENCE NO. 68 A
ERNST & YOUNG
AL AIBAN, AL OSAIMI & PARTNERS



JASSIM AHMAD AL-FAHAD
LICENCE NO. 53 A
DELOITTE
AL-FAHAD & CO.

10 July 2005

Kuwait

Kuwait Finance House K.S.C. and Subsidiaries

CONSOLIDATED INCOME STATEMENT

30 June 2005

	Note	(Unaudited) 3 months ended 30 June 2005 KD 000's	(Unaudited) 3 months ended 30 June 2004 KD 000's	(Unaudited) 6 months ended 30 June 2005 KD 000's	(Unaudited) 6 months ended 30 June 2004 KD 000's
INCOME					
Murabaha, Istisna'a and leasing income		39,638	33,669	81,184	66,026
Investment income		42,339	11,229	68,948	23,558
Fee and commission income		9,276	2,514	15,774	6,452
Net gain from dealing in foreign currencies		805	488	1,454	633
Other operating income		2,120	742	3,979	1,628
		<u>94,178</u>	<u>48,642</u>	<u>171,339</u>	<u>98,297</u>
EXPENSES					
General and administrative expenses		10,057	8,398	27,339	15,371
Depreciation		2,994	1,166	7,306	3,018
Provision for impairment		5,501	1,179	10,476	2,606
		<u>18,552</u>	<u>10,743</u>	<u>45,121</u>	<u>20,995</u>
PROFIT BEFORE ESTIMATED DISTRIBUTION TO DEPOSITORS					
Estimated distribution to depositors	3	75,626 (36,378)	37,899 (21,601)	126,218 (61,065)	77,302 (42,861)
PROFIT FOR THE PERIOD					
Provision for contribution to Kuwait Foundation for the Advancement of Sciences		(382)	(160)	(633)	(333)
Provision for National Labour Support tax		(581)	(277)	(947)	(594)
NET PROFIT FOR THE PERIOD	3	<u>38,285</u>	<u>15,861</u>	<u>63,573</u>	<u>33,514</u>
Attributable to:					
Equity holders of the bank		37,192	15,483	61,697	32,334
Minority interest		1,093	378	1,876	1,180
		<u>38,285</u>	<u>15,861</u>	<u>63,573</u>	<u>33,514</u>
BASIC EARNINGS PER SHARE	4	<u>43 fils</u>	<u>18 fils</u>	<u>72 fils</u>	<u>38 fils</u>

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

Kuwait Finance House K.S.C. and Subsidiaries

CONSOLIDATED BALANCE SHEET

30 June 2005

		(Unaudited) 30 June 2005	(Audited) 31 December 2004	(Unaudited) 30 June 2004
	Note	KD 000's	KD 000's	KD 000's
ASSETS				
Cash and balances with banks and financial institutions		151,342	146,161	211,779
Short-term international murabaha		562,222	380,646	312,214
Receivables		1,703,511	1,484,971	1,555,076
Leased assets		541,685	505,550	425,579
Investments		601,312	565,038	485,878
Trading properties		77,748	127,835	119,711
Investment properties		146,275	105,921	103,547
Other assets		59,834	69,736	70,292
Property and equipment		70,878	72,208	67,224
TOTAL ASSETS		3,914,807	3,458,066	3,351,300
LIABILITIES, DEFERRED REVENUE, FAIR VALUE RESERVE, FOREIGN EXCHANGE TRANSLATION RESERVE AND TOTAL EQUITY				
LIABILITIES				
Due to banks and financial institutions		128,057	121,821	27,728
Depositors' accounts		2,784,781	2,563,185	2,638,834
Other liabilities		190,839	204,807	165,026
TOTAL LIABILITIES		3,103,677	2,889,813	2,831,588
DEFERRED REVENUE		207,245	189,002	183,124
FAIR VALUE RESERVE	5	40,427	31,680	32,689
FOREIGN EXCHANGE TRANSLATION RESERVE	6	(1,883)	-	-
EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE BANK				
Share capital	7	109,397	78,141	78,141
Proposed issue of bonus shares	7	-	7,814	-
Reserves		372,303	200,913	173,427
Net profit for the period attributable to equity holders of the bank		61,697	-	32,334
Proposed cash dividend		-	39,070	-
TOTAL EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE BANK		543,397	325,938	283,902
Minority interest		21,944	21,633	19,997
TOTAL EQUITY		565,341	347,571	303,899
TOTAL LIABILITIES, DEFERRED REVENUE, FAIR VALUE RESERVE, FOREIGN EXCHANGE TRANSLATION RESERVE AND TOTAL EQUITY		3,914,807	3,458,066	3,351,300


BADER ABDULMOHSEN AL-MUKHAIZEEM
(CHAIRMAN AND MANAGING DIRECTOR)


JASSAR DAKHEEL AL-JASSAR
(GENERAL MANAGER)

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

Kuwait Finance House K.S.C. and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

30 June 2005

	Attributable to equity holders of the bank										Minority interest KD 000's	Total equity KD 000's	
	Reserves												
	Share capital KD 000's	Proposed issue of bonus shares KD 000's	Share premium KD 000's	Statutory reserve KD 000's	Voluntary reserve KD 000's	Treasury shares KD 000's	Sub total KD 000's	Net profit for the period KD 000's	Sub total KD 000's	Proposed cash dividends KD 000's			Sub total KD 000's
At 1 January 2004	71,689	4,301	7,826	137,251	28,542	(867)	172,752	-	248,742	35,844	284,586	20,637	305,223
Movements during the period:													
Issue of bonus shares	4,301	(4,301)	-	-	-	-	4,774	-	6,925	-	6,925	-	6,925
Issue of shares for cash	2,151	-	4,774	-	-	-	-	-	-	-	-	-	-
Cash received on cancellation of share options	-	-	10	-	-	-	10	-	(4,010)	-	10	-	10
Zakat	-	-	-	-	(4,010)	-	(4,010)	-	-	-	(4,010)	-	(4,010)
Cash dividends paid	-	-	-	-	-	-	-	-	-	(35,844)	(35,844)	-	(35,844)
Net movement in treasury shares	-	-	-	-	-	(99)	(99)	-	(99)	-	(99)	-	(99)
Net change in minority interest	-	-	-	-	-	-	-	32,334	32,334	-	32,334	(1,820)	(1,820)
Net profit for the period	-	-	-	-	-	-	-	32,334	32,334	-	32,334	1,180	33,514
At 30 June 2004	78,141	-	12,610	137,251	24,532	(966)	173,427	32,334	283,902	-	283,902	19,997	303,899
At 1 January 2005	78,141	7,814	12,619	157,119	32,192	(1,017)	200,913	-	286,868	39,070	325,938	21,633	347,571
Movements during the period:													
Issue of Shares (Note 7)	23,442	-	175,816	-	-	-	175,816	-	199,258	-	199,258	-	199,258
Issue of bonus shares (Note 7)	7,814	(7,814)	-	-	-	-	-	-	-	-	-	-	-
Cash received on cancellation of share options	-	-	15	-	-	-	15	-	(4,371)	-	15	-	15
Zakat	-	-	-	-	(4,371)	-	(4,371)	-	-	-	(4,371)	-	(4,371)
Cash dividends paid	-	-	-	-	-	-	-	-	-	(39,070)	(39,070)	-	(39,070)
Net movement in treasury shares	-	-	-	-	-	(70)	(70)	-	(70)	-	(70)	-	(70)
Net change in minority interest	-	-	-	-	-	-	-	61,697	61,697	-	61,697	(1,565)	(1,565)
Net profit for the period	-	-	-	-	-	-	-	61,697	61,697	-	61,697	1,876	63,573
At 30 June 2005	109,397	-	188,450	157,119	27,821	(1,087)	372,303	61,697	543,397	-	543,397	21,944	565,341

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

Kuwait Finance House K.S.C. and Subsidiaries
CONSOLIDATED STATEMENT OF CASH FLOWS
30 June 2005

	<i>(Unaudited)</i> 6 months ended 30 June 2005 KD 000's	<i>(Unaudited)</i> 6 months ended 30 June 2004 KD 000's
OPERATING ACTIVITIES		
Net profit for the period	63,573	33,514
Adjustment for:		
Depreciation	7,306	3,018
Provision for impairment	10,476	2,606
	<u>81,355</u>	<u>39,138</u>
Changes in operating assets and liabilities		
<i>(Increase) decrease in operating assets:</i>		
Exchange of deposits	(49,577)	(46,925)
Receivables	(259,065)	(89,622)
Leased assets	(45,028)	(137,374)
Trading properties	50,087	21,509
Other assets	8,675	9,585
<i>Increase (decrease) in operating liabilities:</i>		
Due to banks and financial institutions	6,236	(35,949)
Depositors' accounts	221,596	338,672
Other liabilities	(16,928)	(6,656)
Deferred revenue	18,243	714
Net cash from operating activities	<u>15,594</u>	<u>93,092</u>
INVESTING ACTIVITIES		
Purchase of investments, net	(29,370)	(39,545)
Purchase of investment properties, net	(41,409)	(3,721)
Purchase of property and equipment	(4,939)	(27,496)
Net cash used in investing activities	<u>(75,718)</u>	<u>(70,762)</u>
FINANCING ACTIVITIES		
Issue of shares	199,258	6,925
Cash received on cancellation of shares options	15	10
Cash dividends paid	(39,070)	(35,844)
Payment of Zakat	(4,371)	(4,010)
Net movement in treasury shares	(70)	(99)
Net cash from (used in) financing activities	<u>155,762</u>	<u>(33,018)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	95,638	(10,688)
Cash and cash equivalents at the beginning of the period	<u>339,315</u>	<u>238,427</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8 <u>434,953</u>	<u>227,739</u>

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

Kuwait Finance House K.S.C. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

30 June 2005

1 ACTIVITIES

The interim condensed consolidated financial statements of Kuwait Finance House K.S.C. (the bank) and Subsidiaries (the group) for the period ended 30 June 2005 were authorised for issue in accordance with a resolution of the board of directors on 10 July 2005.

The group comprises Kuwait Finance House K.S.C. and its subsidiaries. The bank is a public shareholding company incorporated in Kuwait on 23 March 1977 and was registered as an Islamic Bank with the Central Bank of Kuwait on 24 May 2004. It is engaged principally in providing banking services, the purchase and sale of properties, leasing, project construction for its own account as well as for third parties and other trading activities without practising usury. Trading activities are conducted on the basis of purchasing various goods and selling them on Murabaha at negotiated profit margins which can be settled in cash or on instalment credit basis. The bank's registered head office is at Abdulla Al-Mubarak Street, Murqab, Kuwait.

All activities are conducted in accordance with Islamic Shareea'a, as approved by the bank's Fatwa and Shareea'a Supervisory Board.

2 BASIS OF PRESENTATION

The interim condensed consolidated financial statements of the group have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2004.

The impairment provision for finance facilities and advances complies in all material respects with the specific provision requirements of the Central Bank of Kuwait. In this respect, the Central Bank of Kuwait requires a general provision of 2% on all finance facilities not subject to specific provision.

The adoption of the revised accounting standards that formed part of the International Accounting Standards Board's improvements project and are applicable from 1 January 2005, has had no material impact on the interim condensed consolidated financial statements during the period ended 30 June 2005.

The adoption of IAS 1 revised "Presentation of Financial Statements" during the period has resulted in amendments to the presentation of minority interest. Minority interest is now presented within equity.

During the period, the bank consolidated three previously unconsolidated subsidiaries – Al Nakheel United Real Estate Company K.S.C. (Closed), Kuwait Finance House (Bahrain) B.S.C. and Kuwait Finance House (Malaysia) and equity accounted for two associates – First Takaful Insurance Company K.S.C. (Closed) and Liquidity Management Centre Company B.S.C. (Closed). Previously, these associates and unconsolidated subsidiaries were carried at cost. On consolidation, the accumulated retained earnings of the subsidiaries as of 1 January 2005 amounting to KD 6,065 thousand along with results of the six month period ended 30 June 2005 amounting to KD 10,653 thousand have been included in the consolidated income statement. On equity accounting, the group's share of the accumulated retained earnings of the associates as of 1 January 2005 was not material to the group's net profit for the period.

Operating results for the period are not necessarily indicative of the results that may be expected for the year ending 31 December 2005.

Kuwait Finance House K.S.C. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

30 June 2005

3 ESTIMATED DISTRIBUTION TO DEPOSITORS AND NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK

Management of the bank is of the opinion that the estimated distribution to depositors is presented for information purposes only, and accordingly the estimated distribution to depositors and the net profit for the six month period attributable to equity holders should not be relied upon to indicate distribution of profit to all parties concerned for the six month period ended 30 June 2005, or for the year ending 31 December 2005.

The actual profit to be distributed to all parties concerned will be determined by the board of directors of the bank in accordance with the bank's articles of association, based on the annual audited results for the year ending 31 December 2005.

4 BASIC EARNINGS PER SHARE

Basic earnings per share are based on the net profit for the six month period attributable to equity holders of the bank of KD 61,697 thousand (30 June 2004: KD 32,334 thousand) and the weighted average number of ordinary shares outstanding during the six month period of 858,500 thousand (30 June 2004: KD 766,115 thousand) after adjusting for treasury shares held by the group.

The basic earnings per share of the comparative period has been restated on account of the bonus shares issued during the six month period ended 30 June 2005.

5 FAIR VALUE RESERVE

Changes in fair value of available for sale investments are reported in the fair value reserve. Management of the bank is of the opinion that since a significant proportion of this reserve is attributable to its depositors and would be allocated to depositors on realisation, the reporting of this reserve as a separate item on the consolidated balance sheet enables a fairer presentation than its inclusion under equity.

The movement on the fair value reserve is analysed as follows:

	<i>(Unaudited)</i> 30 June 2005 KD 000's	<i>(Audited)</i> 31 December 2004 KD 000's	<i>(Unaudited)</i> 30 June 2004 KD 000's
Balance at beginning of the period	31,680	19,776	19,776
Change in fair value during the period	20,286	15,314	13,078
Gain realised during the period	(11,539)	(3,410)	(165)
Balance at end of the period	<u>40,427</u>	<u>31,680</u>	<u>32,689</u>

6 FOREIGN EXCHANGE TRANSLATION RESERVE

The foreign exchange translation reserve arises on the consolidation of foreign subsidiaries and equity accounting of foreign associates. On consolidation, assets and liabilities of foreign entities are translated into Kuwaiti dinars at the period end rates of exchange and the results of these entities are translated into Kuwaiti dinars at the average rates of exchange for the period. On equity accounting, the carrying value of the associates is translated into Kuwaiti dinars at the period end rates of exchange and the results of the associates are translated into Kuwaiti dinars at the average rates of exchange for the period. All foreign exchange translation adjustments are taken to the foreign exchange translation reserve until disposal at which time they are recognised in the consolidated income statement.

Management of the bank is of the opinion that since a significant proportion of this reserve is attributable to its depositors and would be allocated to depositors on realisation, the reporting of this reserve as a separate item on the consolidated balance sheet enables a fairer presentation than its inclusion under equity.

Kuwait Finance House K.S.C. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

30 June 2005

7 SHARE CAPITAL

The ordinary and extraordinary general assembly meeting of the shareholders of the bank held on 14 March 2005 approved an increase in the authorised share capital from KD 78,141 thousand to KD 85,955 thousand (by way of an issuance of 10% bonus shares amounting to KD 7,814 thousand) and by 234,421,665 shares with a nominal value of 100 fils per share amounting to KD 23,442 thousand plus premium of 750 fils per share amounting to KD 175,816 thousand. Accordingly, the authorised, issued and fully paid-up share capital at 30 June 2005 comprises 1,093,968 thousand (31 December 2004: 781,406 thousand) shares of 100 fils each.

8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following balance sheet amounts:

	<i>(Unaudited)</i> 30 June 2005 KD 000's	<i>(Audited)</i> 31 December 2004 KD 000's	<i>(Unaudited)</i> 30 June 2004 KD 000's
Cash and balances with banks and financial institutions	151,341	146,161	211,779
Short-term international murabaha – maturing within 3 months of contract date	333,189	193,154	62,885
Exchange of deposits – maturing after 3 months of contract date	(49,577)	-	(46,925)
	<u>434,953</u>	<u>339,315</u>	<u>227,739</u>

9 CONTINGENCIES AND COMMITMENTS

At the balance sheet date there were outstanding contingencies and commitments entered into in the ordinary course of business in respect of the following:

	<i>(Unaudited)</i> 30 June 2005 KD 000's	<i>(Audited)</i> 31 December 2004 KD 000's	<i>(Unaudited)</i> 30 June 2004 KD 000's
Acceptances and letters of credit	49,598	36,846	41,177
Guarantees	181,569	160,842	132,470
	<u>231,167</u>	<u>197,688</u>	<u>173,647</u>
Capital commitments	<u>257,264</u>	<u>244,460</u>	<u>139,560</u>

Kuwait Finance House K.S.C. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

30 June 2005

10 CURRENCY RISK

The group had the following net exposures denominated in foreign currencies:

	<i>(Unaudited)</i> <i>30 June</i> <i>2005</i> <i>KD 000's</i> <i>equivalent</i>	<i>(Audited)</i> <i>31 December</i> <i>2004</i> <i>KD 000's</i> <i>equivalent</i>	<i>(Unaudited)</i> <i>30 June</i> <i>2004</i> <i>KD 000's</i> <i>equivalent</i>
U.S. Dollars	36,025	83,994	83,119
Sterling Pounds	324	1,197	812
Japanese Yen	143	645	38
Euros	(8,601)	1,346	1,046
Gulf Co-operation Council currencies	242	(10,557)	(12,980)
Others	1,133	1,530	984

11 RELATED PARTY TRANSACTIONS

Certain related parties (directors and officers of the group, their families and companies of which they are principal owners) were depositors and financing facilities customers of the group, in the ordinary course of business. Such transactions were made on substantially the same terms, including profit rates and collateral, as those prevailing at the same time for comparable transactions with unrelated parties and did not involve more than a normal amount of risk. These transactions are approved by the Ordinary General Assembly of the shareholders of the bank.

Details of the interests of Board Members and Executive Officers are as follows:

Kuwait Finance House K.S.C. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

30 June 2005

11 RELATED PARTY TRANSACTIONS (continued)

	The number of Board Members or Executive Officers		The number of related parties				Total	
	(Unaudited) 30 June 2005	(Audited) 31 December 2004	(Unaudited) 30 June 2004	(Audited) 31 December 2004	(Unaudited) 30 June 2004	(Audited) 31 December 2004	(Unaudited) 30 June 2004	(Audited) 31 December 2004
	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's	KD 000's
Board Members								
Finance facilities	6	6	3	3	2	2	178	111
Credit cards	7	4	5	11	6	6	14	9
Deposits	7	8	6	49	48	48	1,743	1,634
Collateral against finance facilities	1	-	-	-	-	-	5	-
Executive officers								
Finance facilities	14	19	10	7	6	6	522	869
Credit cards	16	11	12	23	9	9	10	8
Deposits	15	19	16	64	61	61	1,079	1,315
Collateral against finance facilities	7	7	8	-	-	-	738	1,645

Kuwait Finance House K.S.C. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

30 June 2005

12 SEGMENTAL ANALYSIS

Primary segment information

For management purposes the group is organised into three major business segments:

30 June 2005 (Unaudited)

	<i>Treasury KD 000's</i>	<i>Investment KD 000's</i>	<i>Retail and corporate banking KD 000's</i>	<i>Other segments KD 000's</i>	<i>Total KD 000's</i>
Operating income	1,825	54,648	104,853	10,013	171,339
Net profit for the period	657	21,554	37,756	3,606	63,573
Total assets	737,567	930,826	2,197,730	48,684	3,914,807
Total liabilities, deferred revenue, fair value reserve, foreign exchange translation reserve and total equity	146,057	219,218	2,830,920	718,612	3,914,807

30 June 2004 (Unaudited)

	<i>Treasury KD 000's</i>	<i>Investment KD 000's</i>	<i>Retail and corporate banking KD 000's</i>	<i>Other segments KD 000's</i>	<i>Total KD 000's</i>
Operating income	8,821	24,805	60,988	3,683	98,297
Net profit for the period	1,966	10,295	19,927	1,326	33,514
Total assets	774,738	813,225	1,711,608	51,729	3,351,300
Total liabilities, deferred revenue, fair value reserve, foreign exchange translation reserve and total equity	37,307	127,665	2,509,189	677,139	3,351,300

Kuwait Finance House K.S.C. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

30 June 2005

12 SEGMENTAL ANALYSIS (continued)

Secondary segment information

The group operates in different geographical areas as designated below:

	<i>Domestic</i>		<i>International</i>		<i>Total</i>	
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>
	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
Operating income	<u>122,691</u>	<u>86,582</u>	<u>48,648</u>	<u>11,715</u>	<u>171,339</u>	<u>98,297</u>
Net profit for the period	<u>45,705</u>	<u>29,489</u>	<u>17,868</u>	<u>4,025</u>	<u>63,573</u>	<u>33,514</u>
Total assets	<u>2,980,156</u>	<u>2,902,525</u>	<u>934,651</u>	<u>448,775</u>	<u>3,914,807</u>	<u>3,351,300</u>
Total liabilities, deferred revenue, fair value reserve, foreign exchange translation reserve and total equity	<u>3,744,964</u>	<u>3,333,354</u>	<u>169,843</u>	<u>17,946</u>	<u>3,914,807</u>	<u>3,351,300</u>

13 FIDUCIARY ASSETS

The aggregate value of assets held in a trust or fiduciary capacity by the bank at 30 June 2005 amounted to KD 181,639 thousand (31 December 2004: KD 155,266 thousand and 30 June 2004: KD 188,830 thousand).