

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

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

**30 JUNE 2008**



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**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF KUWAIT FINANCE HOUSE K.S.C.**

*Introduction*

We have reviewed the accompanying interim condensed consolidated balance sheet of Kuwait Finance House K.S.C. ("the bank") and Subsidiaries (collectively "the group") as at 30 June 2008 and the related interim condensed consolidated income statement for the three month and six month periods then ended, and the related interim condensed consolidated statements of changes in equity and cash flows for the six month period then ended and explanatory notes. The directors of the bank are responsible for the preparation and presentation of the interim condensed consolidated financial information in accordance with the basis of presentation set out in Note 2. Our responsibility is to express a conclusion on the interim condensed consolidated financial information based on our review.

*Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

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

*Report on Other Legal and Regulatory Requirements*

Furthermore, based on our review, the interim condensed consolidated financial information is 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 during the six month period ended 30 June 2008 have occurred that might have had a material effect on the business of the bank or on its financial position.

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7 July 2008  
Kuwait

Kuwait Finance House K.S.C. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

Period ended 30 June 2008

	Note	3 months ended 30 June 2008 KD 000's	3 months ended 30 June 2007 KD 000's	6 months ended 30 June 2008 KD 000's	6 months ended 30 June 2007 KD 000's
<b>INCOME</b>					
Murabaha, wakala, istisna'a and leasing income		140,888	117,186	273,980	211,014
Investment income	3	77,224	63,996	143,816	138,754
Fee and commission income		18,304	11,910	35,069	24,480
Net gain from dealing in foreign currencies		8,468	1,604	9,795	3,086
Other income		7,805	5,247	12,125	8,486
		<u>252,689</u>	<u>199,943</u>	<u>474,785</u>	<u>385,820</u>
<b>EXPENSES</b>					
Staff costs		19,690	14,403	43,978	34,468
General and administrative expenses		15,234	11,765	31,959	20,711
Murabaha and ijara costs		18,695	14,886	35,395	30,607
Depreciation		7,526	8,015	14,359	15,299
Provision for impairment		6,370	8,692	10,375	20,520
		<u>67,515</u>	<u>57,761</u>	<u>136,066</u>	<u>121,605</u>
<b>PROFIT BEFORE ESTIMATED DISTRIBUTION TO DEPOSITORS</b>					
Estimated distribution to depositors	4	185,174 (86,469)	142,182 (67,310)	338,719 (161,714)	264,215 (128,870)
<b>PROFIT AFTER ESTIMATED DISTRIBUTION TO DEPOSITORS</b>					
Provision for contribution to Kuwait Foundation for the Advancement of Sciences		(875)	(674)	(1,636)	(1,205)
Provision for National Labour Support tax		(1,802)	(1,530)	(2,951)	(2,693)
Provision for Zakat (based on Zakat Law No. 46/2006)		(875)	-	(1,636)	-
<b>PROFIT FOR THE PERIOD</b>		<u>95,153</u>	<u>72,668</u>	<u>170,782</u>	<u>131,447</u>
<b>Attributable to:</b>					
Equity holders of the bank	4	83,944	65,236	157,354	116,610
Minority interest		11,209	7,432	13,428	14,837
		<u>95,153</u>	<u>72,668</u>	<u>170,782</u>	<u>131,447</u>
<b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE BANK</b>					
	5	41 fils	33 fils	76 fils	60 fils

The attached notes 1 to 13 form part of the interim condensed consolidated financial information.

## Kuwait Finance House K.S.C. and Subsidiaries

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

At 30 June 2008

	(Unaudited) 30 June 2008 KD 000's	(Audited) 31 December 2007 KD 000's	(Unaudited) 30 June 2007 KD 000's
<b>ASSETS</b>			
Cash and balances with banks and financial institutions	460,826	553,565	152,173
Short-term international murabaha	1,401,939	1,067,291	1,767,251
Receivables	4,873,802	3,988,131	3,473,092
Trading properties	63,901	126,413	136,428
Leased assets	1,151,609	930,657	734,363
Available for sale investments	1,000,657	896,098	808,325
Investment in associates	404,642	341,279	285,975
Investment properties	280,067	247,300	206,782
Other assets	210,833	239,694	73,948
Property and equipment	417,572	407,488	378,566
<b>TOTAL ASSETS</b>	<b>10,265,848</b>	<b>8,797,916</b>	<b>8,016,903</b>
<b>LIABILITIES, DEFERRED REVENUE, FAIR VALUE RESERVE, FOREIGN EXCHANGE TRANSLATION RESERVE AND TOTAL EQUITY</b>			
<b>LIABILITIES</b>			
Due to banks and financial institutions	1,591,841	1,186,391	1,229,981
Depositors' accounts	6,313,248	5,361,155	4,821,614
Other liabilities	377,892	380,853	360,537
<b>TOTAL LIABILITIES</b>	<b>8,282,981</b>	<b>6,928,399</b>	<b>6,412,132</b>
<b>DEFERRED REVENUE</b>	<b>361,494</b>	<b>374,608</b>	<b>329,671</b>
<b>FAIR VALUE RESERVE</b>	<b>92,343</b>	<b>86,843</b>	<b>70,210</b>
<b>FOREIGN EXCHANGE TRANSLATION RESERVE</b>	<b>(18,605)</b>	<b>1,972</b>	<b>12,372</b>
<b>EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE BANK</b>			
Share capital	205,842	171,535	171,535
Share premium	464,766	464,735	464,694
Proposed issue of bonus shares	-	34,307	-
Reserves	420,367	427,925	297,154
Profit for the period attributable to equity holders of the bank	157,354	-	116,610
	<b>1,248,329</b>	<b>1,098,502</b>	<b>1,049,993</b>
Proposed cash dividend	-	111,498	-
<b>TOTAL EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE BANK</b>	<b>1,248,329</b>	<b>1,210,000</b>	<b>1,049,993</b>
Minority interest	299,306	196,094	142,525
<b>TOTAL EQUITY</b>	<b>1,547,635</b>	<b>1,406,094</b>	<b>1,192,518</b>
<b>TOTAL LIABILITIES, DEFERRED REVENUE, FAIR VALUE RESERVE, FOREIGN EXCHANGE TRANSLATION RESERVE AND TOTAL EQUITY</b>	<b>10,265,848</b>	<b>8,797,916</b>	<b>8,016,903</b>
<b>BADER ABDULMOHSEN AL-MUKHAIZEEM (CHAIRMAN AND MANAGING DIRECTOR)</b>		<b>MOHAMED SULAIMAN AL-OMAR (CHIEF EXECUTIVE OFFICER)</b>	

The attached notes 1 to 13 form part of the interim condensed consolidated financial information.

Kuwait Finance House K.S.C. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Period ended 30 June 2008

	Attributable to equity holders of the bank										Minority interest KD 000's	Total equity KD 000's			
	Share capital KD 000's	Share premium KD 000's	Proposed issue of bonus shares KD 000's	Reserves				Treasury shares KD 000's	Sub total KD 000's	Profit for the period KD 000's			Sub total KD 000's	Proposed cash dividends KD 000's	Sub total KD 000's
				Statutory reserve KD 000's	Voluntary reserve KD 000's	Employee share options reserve KD 000's	Employee share reserve KD 000's								
At 31 December 2006	122,525	188,788	18,379	186,115	112,910	4,237	(304)	302,958	632,650	-	69,839	702,489	137,443	839,932	
Movements during the period															
Issue of bonus shares	18,379	-	(18,379)	-	-	-	-	-	-	-	-	-	-	-	
Issue of shares for cash	30,631	275,681	-	-	-	-	-	-	306,312	-	-	306,312	-	306,312	
Cash received on cancellation of share options	-	225	-	-	-	-	-	-	225	-	-	225	-	225	
Zakat	-	-	-	-	(5,804)	-	-	(5,804)	(5,804)	-	-	(5,804)	-	(5,804)	
Cash dividends paid	-	-	-	-	-	-	-	-	-	-	(69,839)	(69,839)	-	(69,839)	
Net change in minority interest	-	-	-	-	-	-	-	-	-	-	-	-	(9,755)	(9,755)	
Profit for the period	-	-	-	-	-	-	-	-	116,610	116,610	-	116,610	14,837	131,447	
At 30 June 2007	171,535	464,694	-	186,115	107,106	4,237	(304)	297,154	1,049,993	116,610	-	1,049,993	142,525	1,192,518	
At 31 December 2007	171,535	464,735	34,307	214,589	208,093	4,237	1,006	427,925	1,098,502	-	111,498	1,210,000	196,094	1,406,094	
Movements during the period:															
Issue of bonus shares (Note 8)	34,307	-	(34,307)	-	-	-	-	-	-	-	-	-	-	-	
Cash received on cancellation of share options	-	31	-	-	-	-	-	-	31	-	-	31	-	31	
Zakat	-	-	-	-	(7,558)	-	-	(7,558)	(7,558)	-	-	(7,558)	-	(7,558)	
Cash dividends paid	-	-	-	-	-	-	-	-	-	-	(111,498)	(111,498)	-	(111,498)	
Net change in minority interest	-	-	-	-	-	-	-	-	-	-	-	-	89,784	89,784	
Profit for the period	-	-	-	-	-	-	-	-	157,354	157,354	-	157,354	13,428	170,782	
At 30 June 2008	205,842	464,766	-	214,589	200,535	4,237	1,006	420,367	1,248,329	157,354	-	1,248,329	299,306	1,547,635	

The attached notes 1 to 13 form part of the interim condensed consolidated financial information.

Kuwait Finance House K.S.C. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

Period ended 30 June 2008

	<i>Note</i>	<b>6 months ended 30 June 2008 KD 000's</b>	<b>6 months ended 30 June 2007 KD 000's</b>
<b>OPERATING ACTIVITIES</b>			
Profit for the period		<b>170,782</b>	131,447
Adjustment for:			
Depreciation		<b>14,359</b>	15,299
Provision for impairment		<b>10,375</b>	20,520
Dividend income		<b>(12,874)</b>	(8,653)
Gain on sale of investments		<b>(72,692)</b>	(60,013)
Share of results of associates		<b>(17,831)</b>	(27,784)
		<b>92,119</b>	70,816
Changes in operating assets and liabilities			
<i>(Increase) decrease in operating assets:</i>			
Exchange of deposits		<b>(142,212)</b>	-
Receivables		<b>(1,236,713)</b>	(1,227,992)
Leased assets		<b>(221,408)</b>	(88,085)
Trading properties		<b>62,512</b>	(45,964)
Other assets		<b>28,941</b>	51,326
<i>Increase (decrease) in operating liabilities:</i>			
Due to banks and financial institutions		<b>405,451</b>	149,977
Depositors' accounts		<b>952,093</b>	1,091,684
Other liabilities		<b>86,844</b>	61,493
Deferred revenue		<b>(13,117)</b>	30,409
Net cash from operating activities		<b>14,510</b>	93,664
<b>INVESTING ACTIVITIES</b>			
Net purchase of available for sale investments		<b>(47,329)</b>	(173,096)
Net purchase of investment properties		<b>(30,589)</b>	(511)
Purchase of property and equipment		<b>(23,908)</b>	(7,712)
Net purchase of investment in associates		<b>(45,148)</b>	(38,399)
Dividend income received		<b>12,874</b>	8,653
Net cash used in investing activities		<b>(134,100)</b>	(211,065)
<b>FINANCING ACTIVITIES</b>			
Issue of shares		-	306,312
Cash dividends paid		<b>(111,498)</b>	(69,839)
Cash received on cancellation of share options		<b>31</b>	225
Payment of zakat		<b>(7,558)</b>	(5,804)
Net cash (used in) from financing activities		<b>(119,025)</b>	230,894
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(238,615)</b>	113,493
Cash and cash equivalents at 1 January		<b>854,805</b>	883,141
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>9</b>	<b>616,190</b>	996,634

The attached notes 1 to 13 form part of the interim condensed consolidated financial information.



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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

At 30 June 2008

**1 ACTIVITIES**

The interim condensed consolidated financial information of the group for the period ended 30 June 2008 were authorised for issue in accordance with a resolution of the bank's board of directors on 7 July 2008.

The group comprises Kuwait Finance House K.S.C. (the bank) and its consolidated 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 SIGNIFICANT ACCOUNTING POLICIES**

The interim condensed consolidated financial information of the group have been prepared in accordance with IAS 34, Interim Financial Reporting except as noted below.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2007.

The annual consolidated financial statements for the year ended 31 December 2007 were prepared in accordance with the regulations of the State of Kuwait for financial services institutions regulated by the Central Bank of Kuwait. These regulations require adoption of all International Financial Reporting Standards (IFRS) except for the IAS 39 requirement for collective impairment provision, which has been replaced by the Central Bank of Kuwait's requirement for a minimum general provision as described below.

The impairment provision for finance facilities complies in all material respects with the specific provision requirements of the Central Bank of Kuwait and IFRS. In March 2007, the Central Bank of Kuwait issued a circular amending the basis of making general provisions on facilities changing the rate from 2% to 1% for cash facilities and 0.5% for non-cash facilities. The required rates were applied effective from 1 January 2007 on the net increase in facilities, net of certain restricted categories of collateral, during the reporting period. The general provision in excess of the present 1% for cash facilities and 0.5% for non-cash facilities has been retained as a general provision until a further directive from the Central Bank of Kuwait is issued.

Murabaha, wakala, istisna'a and leasing income has been reduced by KD 35 thousand during the period ended 30 June 2008. The charge represents an adjustment arising from revised estimates of future cash flows from a portfolio of performing finance facilities that have had their terms modified during the period.

Operating results for the period are not necessarily indicative of the results that may be expected for the year ending 31 December 2008.

**3 INVESTMENT INCOME**

During the three month period ended 31 March 2007, the bank disposed of its entire investment in one of its real estate funds and recorded a gain of KD 27,570 thousand after retaining KD 16,288 thousand for taxation and other expenses pending finalisation of tax liability with the concerned tax authorities. During the three month period ended 31 March 2008, the bank released the amount retained for taxation and other expenses upon finalisation of the tax liability with the concerned tax authorities and other legal formalities resulting in income of KD 19,479 thousand.

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**

At 30 June 2008

**4 ESTIMATED DISTRIBUTION TO DEPOSITORS AND 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 profit for the period attributable to bank's equity holders should not be relied upon to indicate distribution of profit to all parties concerned for the period ended 30 June 2008, or for the year ending 31 December 2008.

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 2008.

**5 BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK**

Basic and diluted earnings per share are based on the profit for the period attributable to equity holders of the bank of KD 157,354 thousand (30 June 2007: KD 116,610 thousand) and the weighted average number of ordinary shares outstanding during the period of 2,058,411 thousand (30 June 2007: 1,939,260 thousand) after adjusting for treasury shares held by the group.

The comparative basic and diluted earnings per share have been restated for bonus issued during the period ended 31 March 2008.

The earnings per share of the prior period after adjustment for the impact of the capital increase from 1 January 2007 and bonus shares issued during 2008 is 57 fils per share.

**6 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 this reserve is attributable to both the depositors and equity holders. As a result, 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 in the fair value reserve is analysed as follows:

	<i>(Unaudited)</i> <b>30 June</b> <b>2008</b> <b>KD 000's</b>	<i>(Audited)</i> <b>31 December</b> <b>2007</b> <b>KD 000's</b>	<i>(Unaudited)</i> <b>30 June</b> <b>2007</b> <b>KD 000's</b>
Balance at the beginning of the period/year	<b>86,843</b>	66,645	66,654
Change in fair values during the period/year	<b>33,190</b>	38,011	16,525
Gain realised during the period/year	<b>(27,707)</b>	(17,864)	(11,950)
Share of changes in associates' fair value reserves	<b>17</b>	51	(1,019)
	<hr/> <b>92,343</b> <hr/>	<hr/> 86,843 <hr/>	<hr/> 70,210 <hr/>

**7 FOREIGN EXCHANGE TRANSLATION RESERVE**

The foreign exchange translation reserve arises on the consolidation of foreign subsidiaries and equity accounting of foreign associates.

Management of the bank is of the opinion that this reserve is attributable to both the depositors and equity holders. As a result, the reporting of this reserve as a separate item on the consolidated balance sheet enables a fairer presentation than its inclusion under equity.



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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

At 30 June 2008

**8 SHARE CAPITAL**

Following approval of the ordinary and extraordinary general assembly meeting of the equityholders' of the bank held on 10 March 2008, the authorised share capital of the bank was increased from KD 171,535 thousand to KD 205,842 thousand by way of issuance of 20% bonus shares amounting to KD 34,307 thousand. Accordingly, the authorised, issued and fully paid-up share capital at 30 June 2008, comprises 2,058,415 thousand shares (31 December 2007: 1,715,350 thousand shares and 30 June 2007: 1,715,350 thousand shares) of 100 fils each.

**9 CASH AND CASH EQUIVALENTS**

	<i>(Unaudited)</i> <b>30 June</b> <b>2008</b> <b>KD 000's</b>	<i>(Audited)</i> <b>31 December</b> <b>2007</b> <b>KD 000's</b>	<i>(Unaudited)</i> <b>30 June</b> <b>2007</b> <b>KD 000's</b>
Cash	<b>41,010</b>	38,630	37,516
Balances with Central Banks	<b>155,307</b>	350,398	61,715
Balances with banks and financial institutions - current accounts	<b>101,511</b>	84,379	52,942
Balances with banks and financial institutions - exchange of deposits	<b>162,998</b>	80,158	-
Cash and balances with banks and financial institutions	<b>460,826</b>	553,565	152,173
Short-term international murabaha - maturing within 3 months of contract date	<b>303,800</b>	157,945	302,164
Tawarruq balances with Central Bank of Kuwait (included with short-term international murabaha)	-	149,519	542,297
Exchange of deposits - maturing after 3 months of contract date	<b>(148,436)</b>	(6,224)	-
Cash and cash equivalents	<b>616,190</b>	854,805	996,634

**10 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> <b>30 June</b> <b>2008</b> <b>KD 000's</b>	<i>(Audited)</i> <b>31 December</b> <b>2007</b> <b>KD 000's</b>	<i>(Unaudited)</i> <b>30 June</b> <b>2007</b> <b>KD 000's</b>
Acceptances and letters of credit	<b>496,054</b>	402,701	208,128
Guarantees	<b>655,759</b>	634,609	485,110
	<b>1,151,813</b>	1,037,310	693,238
Capital commitments	<b>1,348,127</b>	1,261,559	762,097

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

At 30 June 2008

**11 RELATED PARTY TRANSACTIONS**

Certain related parties (directors and executive employees, officers of the group, their families, associated companies and companies of which they are the principal owners) were depositors and finance facilities customers of the bank, 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 equity holders of the bank. The balances included in the interim condensed consolidated financial information are as follows:

	<i>Major shareholders KD 000's</i>	<i>Associates KD 000's</i>	<i>Board members and executive officers KD 000's</i>	<i>Other related parties KD 000's</i>	<i>Total 6 month ended 30 June</i>	
					<i>2008 KD 000's</i>	<i>2007 KD 000's</i>
<b>Related parties</b>						
Receivables	24,464	35,442	236	32,080	<b>92,222</b>	22,111
Due to banks and financial institutions	-	-	-	18,848	<b>18,848</b>	12,083
Depositors accounts	42,366	38,253	1,272	10,059	<b>91,950</b>	62,986
Commitments and contingencies	1,146	1,425	-	3,070	<b>5,641</b>	2,274

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2008

**11 RELATED PARTY TRANSACTIONS (continued)**

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

	The number of Board Members or Executive Officers		The number of related parties		Values	
	(Unaudited) 30 June 2008	(Audited) 31 December 2007	(Unaudited) 30 June 2008	(Audited) 31 December 2007	(Unaudited) 30 June 2008	(Audited) 31 December 2007
<b>Board Members</b>						
Finance facilities	11	15	9	13	35,640	7,645
Credit cards	13	5	1	8	89	101
Deposits	25	27	86	76	40,946	7,341
Collateral against finance facilities	1	4	-	-	1	175
<b>Executive Officers</b>						
Finance facilities	17	15	4	7	2,602	1,304
Credit cards	12	5	11	12	37	37
Deposits	28	20	84	103	3,530	2,534
Collateral against finance facilities	8	15	0	1	4,005	1,929

Compensation of key management personnel is as follows:

	(Unaudited) 30 June 2008	(Audited) 31 December 2007	(Unaudited) 30 June 2007
	KD 000's	KD 000's	KD 000's
Short-term employee benefits	2,517	4,457	2,010
Termination benefits	6,265	6,365	4,310
	<u>8,782</u>	<u>10,822</u>	<u>6,320</u>

# Kuwait Finance House K.S.C. and Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2008

### 12 SEGMENTAL ANALYSIS

#### Primary segment information

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

<i>30 June 2008 (Unaudited)</i>	<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>
Income	<u>41,327</u>	<u>158,905</u>	<u>247,311</u>	<u>27,242</u>	<u>474,785</u>
Profit before estimated distribution to depositors	<u>31,929</u>	<u>114,308</u>	<u>182,522</u>	<u>9,960</u>	<u>338,719</u>
Total assets	<u>1,539,707</u>	<u>2,867,515</u>	<u>5,537,594</u>	<u>321,032</u>	<u>10,265,848</u>
Total liabilities, deferred revenue, fair value reserve, foreign exchange translation reserve and total equity	<u>1,621,569</u>	<u>822,540</u>	<u>6,637,916</u>	<u>1,183,823</u>	<u>10,265,848</u>

<i>30 June 2007 (Unaudited)</i>	<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>
Income	<u>39,296</u>	<u>141,319</u>	<u>186,585</u>	<u>18,620</u>	<u>385,820</u>
Profit before estimated distribution to depositors	<u>30,945</u>	<u>95,990</u>	<u>131,350</u>	<u>5,930</u>	<u>264,215</u>
Total assets	<u>1,482,334</u>	<u>2,366,442</u>	<u>3,934,180</u>	<u>233,947</u>	<u>8,016,903</u>
Total liabilities, deferred revenue, fair value reserve, foreign exchange translation reserve and total equity	<u>1,275,874</u>	<u>529,559</u>	<u>5,167,789</u>	<u>1,043,681</u>	<u>8,016,903</u>

#### Secondary segment information

	<i>Local</i>		<i>International</i>		<i>Total</i>	
	<i>30 June 2008 KD 000's</i>	<i>30 June 2007 KD 000's</i>	<i>30 June 2008 KD 000's</i>	<i>30 June 2007 KD 000's</i>	<i>30 June 2008 KD 000's</i>	<i>30 June 2007 KD 000's</i>
Income	<u>280,004</u>	<u>221,500</u>	<u>194,781</u>	<u>164,320</u>	<u>474,785</u>	<u>385,820</u>
Profit before estimated distribution to depositors	<u>229,282</u>	<u>173,031</u>	<u>109,437</u>	<u>91,184</u>	<u>338,719</u>	<u>264,215</u>

### 13 FIDUCIARY ASSETS

The aggregate value of assets held in a trust or fiduciary capacity by the bank at 30 June 2008 amounted to KD 567,720 thousand (31 December 2007: KD 486,825 thousand and 30 June 2007: KD 613,090 thousand).