

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

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

**30 JUNE 2009**

## **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 statement of financial position of Kuwait Finance House K.S.C. ("the Bank") and Subsidiaries (collectively "the Group") as at 30 June 2009. The management of the Bank is 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.

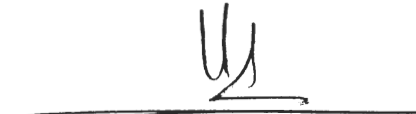
### *Report on Other Legal and Regulatory Requirements*

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 2009 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, during the six month period ended 30 June 2009.



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.

Kuwait Finance House K.S.C. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

Period ended 30 June 2009

	Note	<i>3 months ended 30 June 2009 KD 000's</i>	<i>3 months ended 30 June 2008 KD 000's</i>	<i>6 months ended 30 June 2009 KD 000's</i>	<i>6 months ended 30 June 2008 KD 000's</i>
<b>INCOME</b>					
Murabaha, wakala, istisna'a and leasing income		<b>138,740</b>	140,888	<b>270,692</b>	273,980
Investment income		<b>61,716</b>	77,224	<b>106,453</b>	143,816
Fee and commission income		<b>14,545</b>	18,304	<b>31,039</b>	35,069
Net (loss) gain from dealing in foreign currencies		<b>(6,386)</b>	8,468	<b>(6,719)</b>	9,795
Other income		<b>13,142</b>	7,805	<b>26,227</b>	12,125
		<u><b>221,757</b></u>	<u>252,689</u>	<u><b>427,692</b></u>	<u>474,785</u>
<b>EXPENSES</b>					
Staff costs		<b>35,388</b>	19,690	<b>55,485</b>	43,978
General and administrative expenses		<b>28,250</b>	15,234	<b>41,787</b>	31,959
Murabaha and ijara costs		<b>18,463</b>	18,695	<b>33,624</b>	35,395
Depreciation		<b>10,722</b>	7,526	<b>18,458</b>	14,359
Provision for impairment		<b>56,271</b>	6,370	<b>102,203</b>	10,375
		<u><b>149,094</b></u>	<u>67,515</u>	<u><b>251,557</b></u>	<u>136,066</u>
<b>PROFIT BEFORE ESTIMATED DISTRIBUTION TO DEPOSITORS</b>					
Estimated distribution to depositors	3	<b>72,663</b>	185,174	<b>176,135</b>	338,719
		<u><b>(51,417)</b></u>	<u>(86,469)</u>	<u><b>(112,827)</b></u>	<u>(161,714)</u>
<b>PROFIT AFTER ESTIMATED DISTRIBUTION TO DEPOSITORS</b>					
Provision for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		<b>21,246</b>	98,705	<b>63,308</b>	177,005
Provision for National Labour Support tax (NLST)		<b>(340)</b>	(875)	<b>(756)</b>	(1,636)
Provision for Zakat (based on Zakat Law No. 46/2006)		<b>(710)</b>	(1,802)	<b>(2,182)</b>	(2,951)
		<b>(251)</b>	(875)	<b>(621)</b>	(1,636)
		<u><b>19,945</b></u>	<u>95,153</u>	<u><b>59,749</b></u>	<u>170,782</u>
<b>PROFIT FOR THE PERIOD</b>					
<b>Attributable to:</b>					
Equity holders of the Bank		<b>32,793</b>	83,944	<b>72,087</b>	157,354
Minority interest		<b>(12,848)</b>	11,209	<b>(12,338)</b>	13,428
		<u><b>19,945</b></u>	<u>95,153</u>	<u><b>59,749</b></u>	<u>170,782</u>
<b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE BANK</b>					
	4	<u><b>14 fils</b></u>	<u>36 fils</u>	<u><b>32 fils</b></u>	<u>68 fils</u>

The attached notes 1 to 12 form part of the interim condensed consolidated financial information.

Kuwait Finance House K.S.C and Subsidiaries

INTERIM CONDENSED CONSOLIDATED COMPREHENSIVE INCOME

STATEMENT (UNAUDITED)

Period ended 30 June 2009

		<i>3 months ended 30 June 2009</i>	<i>3 months ended 30 June 2008</i>	<i>6 months ended 30 June 2009</i>	<i>6 months ended 30 June 2008</i>
	<i>Note</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>	<i>KD 000's</i>
<b>Profit before estimated distribution to depositors</b>		<b>72,663</b>	185,174	<b>176,135</b>	338,719
<b>Other comprehensive income</b>					
Change in fair value of available for sale investments during the period	5	<b>(4,246)</b>	(464)	<b>(57,574)</b>	33,190
Loss (gain) realised during the period	5	<b>8,130</b>	(13,284)	<b>(2,226)</b>	(27,707)
Impairment losses transferred to the consolidated income statement	5	<b>37,209</b>	-	<b>39,979</b>	-
Share of other comprehensive results of associates	5	<b>(1,867)</b>	1,019	<b>(4,999)</b>	17
Exchange differences on translation of foreign operations	6	<b>(6,513)</b>	(14,183)	<b>10,783</b>	(20,577)
<b>Other comprehensive income (loss) for the period included directly in fair value reserve and foreign exchange translation reserve</b>		<b>32,713</b>	(26,912)	<b>(14,037)</b>	(15,077)
<b>Total comprehensive income before estimated distribution to depositors</b>		<b>105,376</b>	158,262	<b>162,098</b>	323,642

The attached notes 1 to 12 form part of the interim condensed consolidated financial information.

Kuwait Finance House K.S.C. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

At 30 June 2009

		<i>(Unaudited)</i> 30 June 2009 KD 000's	<i>(Audited)</i> 31 December 2008 KD 000's	<i>(Unaudited)</i> 30 June 2008 KD 000's
<b>ASSETS</b>				
Cash and balances with banks and financial institutions	8	418,433	368,062	460,826
Short-term international murabaha		1,063,245	1,312,153	1,401,939
Receivables		5,023,466	4,779,788	4,873,802
Trading properties		58,503	57,590	63,901
Leased assets		1,240,181	1,181,825	1,151,609
Available for sale investments		1,082,535	1,038,602	1,000,657
Investment in associates		409,140	449,496	404,642
Investment properties		287,081	279,574	280,067
Other assets		484,508	485,713	210,833
Property and equipment		733,629	591,339	417,572
<b>TOTAL ASSETS</b>		<u>10,800,721</u>	<u>10,544,142</u>	<u>10,265,848</u>
<b>LIABILITIES, DEFERRED REVENUE, FAIR VALUE RESERVE, FOREIGN EXCHANGE TRANSLATION RESERVE AND TOTAL EQUITY LIABILITIES</b>				
Due to banks and financial institutions		1,433,649	1,595,452	1,591,841
Depositors' accounts		6,863,724	6,611,556	6,313,248
Other liabilities		484,766	394,033	377,892
<b>TOTAL LIABILITIES</b>		<u>8,782,139</u>	<u>8,601,041</u>	<u>8,282,981</u>
<b>DEFERRED REVENUE</b>		471,566	344,426	361,494
<b>FAIR VALUE RESERVE</b>	5	(13,426)	11,394	92,343
<b>FOREIGN EXCHANGE TRANSLATION RESERVE</b>	6	3,235	(7,548)	(18,605)
<b>EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE BANK</b>				
Share capital	7	230,543	205,842	205,842
Share premium		464,766	464,766	464,766
Proposed issue of bonus shares		-	24,701	-
Treasury shares		(29,778)	(7,651)	-
Reserves		462,023	470,502	420,367
Profit for the period attributable to equity holders of the Bank		72,087	-	157,354
		<u>1,199,641</u>	<u>1,158,160</u>	<u>1,248,329</u>
Proposed cash dividend		-	82,124	-
<b>TOTAL EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE BANK</b>		<u>1,199,641</u>	<u>1,240,284</u>	<u>1,248,329</u>
Minority interest		357,566	354,545	299,306
<b>TOTAL EQUITY</b>		<u>1,557,207</u>	<u>1,594,829</u>	<u>1,547,635</u>
<b>TOTAL LIABILITIES, DEFERRED REVENUE, FAIR VALUE RESERVE, FOREIGN EXCHANGE TRANSLATION RESERVE AND TOTAL EQUITY</b>		<u>10,800,721</u>	<u>10,544,142</u>	<u>10,265,848</u>

MOHAMMAD AL-OMAR  
(CHIEF EXECUTIVE OFFICER)

SAMEER YAQOUB AL-NAFISI  
(VICE CHAIRMAN)

The attached notes 1 to 12 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 2009

	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	Treasury shares KD 000's	Reserves					Profit for the period KD 000's	Sub total KD 000's	Proposed cash dividend 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	Treasury shares reserve KD 000's	Sub total KD 000's						
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 7)	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
<b>At 30 June 2008</b>	<b>205,842</b>	<b>464,766</b>	<b>-</b>	<b>-</b>	<b>214,589</b>	<b>200,535</b>	<b>4,237</b>	<b>1,006</b>	<b>420,367</b>	<b>157,354</b>	<b>1,248,329</b>	<b>-</b>	<b>1,248,329</b>	<b>299,306</b>	<b>1,547,635</b>
At 31 December 2008	205,842	464,766	24,701	(7,651)	230,844	234,415	4,237	1,006	470,502	-	1,158,160	82,124	1,240,284	354,545	1,594,829
Movements during the period:															
Issue of bonus shares (Note 7)	24,701	-	(24,701)	-	-	-	-	-	-	-	-	-	-	-	-
Zakat	-	-	-	-	-	(9,464)	-	-	(9,464)	-	(9,464)	-	(9,464)	-	(9,464)
Cash dividends paid	-	-	-	-	-	-	-	-	-	-	-	(82,124)	(82,124)	-	(82,124)
Net movement in treasury shares	-	-	-	(22,127)	-	-	-	-	-	-	(22,127)	-	(22,127)	-	(22,127)
Profit on sale of treasury shares	-	-	-	-	-	-	-	985	985	-	985	-	985	-	985
Net change in minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	15,359	15,359
Profit for the period	-	-	-	-	-	-	-	-	-	72,087	72,087	-	72,087	(12,338)	59,749
<b>At 30 June 2009</b>	<b>230,543</b>	<b>464,766</b>	<b>-</b>	<b>(29,778)</b>	<b>230,844</b>	<b>224,951</b>	<b>4,237</b>	<b>1,991</b>	<b>462,023</b>	<b>72,087</b>	<b>1,199,641</b>	<b>-</b>	<b>1,199,641</b>	<b>357,566</b>	<b>1,557,207</b>

The attached notes 1 to 12 form part of the interim condensed consolidated financial information.

Kuwait Finance House K.S.C. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED CASH FLOWS STATEMENT

(UNAUDITED)

Period ended 30 June 2009

	<i>Note</i>	<b>6 months ended 30 June 2009 KD 000's</b>	<b>6 months ended 30 June 2008 KD 000's</b>
<b>OPERATING ACTIVITIES</b>			
Profit for the period		<b>59,749</b>	170,782
Adjustment for:			
Depreciation		<b>18,458</b>	14,359
Provision for impairment		<b>102,203</b>	10,375
Dividend income		<b>(17,270)</b>	(12,874)
Gain on part sale of associates and subsidiaries		<b>(33,372)</b>	-
Gain on sale of investments		<b>(12,577)</b>	(72,692)
Share of results of associates		<b>15,442</b>	(17,831)
Other investment income		<b>(14,223)</b>	-
		<b>118,410</b>	92,119
Changes in operating assets and liabilities			
<i>(Increase) decrease in operating assets:</i>			
Exchange of deposits		<b>(15,821)</b>	(142,212)
Receivables		<b>(257,920)</b>	(1,236,713)
Leased assets		<b>(57,288)</b>	(221,408)
Trading properties		<b>(913)</b>	62,512
Other assets		<b>(6,842)</b>	28,941
<i>Increase (decrease) in operating liabilities:</i>			
Due to banks and financial institutions		<b>(161,803)</b>	405,451
Depositors' accounts		<b>252,169</b>	952,093
Other liabilities		<b>105,918</b>	86,844
Deferred revenue		<b>127,141</b>	(13,117)
Net cash from operating activities		<b>103,051</b>	14,510
<b>INVESTING ACTIVITIES</b>			
Net purchase of available for sale investments		<b>(43,881)</b>	(47,329)
Net purchase of investment properties		<b>(8,901)</b>	(30,589)
Purchase of property and equipment		<b>(159,263)</b>	(23,908)
Net purchase of investment in associates		<b>28,436</b>	(45,148)
Dividend income received		<b>19,925</b>	12,874
Net cash used in investing activities		<b>(163,684)</b>	(134,100)
<b>FINANCING ACTIVITIES</b>			
Cash dividends paid		<b>(82,124)</b>	(111,498)
Cash received on cancellation of share options		-	31
Payment of zakat		<b>(9,464)</b>	(7,558)
Net purchase of treasury shares		<b>(21,142)</b>	-
Net cash used in financing activities		<b>(112,730)</b>	(119,025)
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(173,363)</b>	(238,615)
Cash and cash equivalents at 1 January		<b>1,368,185</b>	854,805
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>8</b>	<b>1,194,822</b>	616,190

The attached notes 1 to 12 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 2009

**1 ACTIVITIES**

The interim condensed consolidated financial information of the Group for the period ended 30 June 2009 were authorised for issue in accordance with a resolution of the Bank's Board of Directors on 8 July 2009.

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 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Basis of preparation**

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 annual consolidated financial statements for the year ended 31 December 2008 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 2% to 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 amounting to KD 32 million (31 December 2008: KD 32 million) has been retained as a general provision until a further directive from the Central Bank of Kuwait is issued.

**Significant accounting policies**

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 2008, except as discussed below.

During the period, the Group adopted the following standards effective for the annual periods beginning on or after 1 January 2009:

*IAS 1 'Presentation of Financial Statements' (Revised):*

The revised standard requires all non-owner changes in fair value reserve and foreign exchange translation reserve (i.e. comprehensive income) to be presented separately in a consolidated statement of comprehensive income.

*IFRS 8 'Operating segments':*

The new standard which replaced IAS 14 'Segment reporting' requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief executive officer. This has resulted in no major changes.

Operating results for the period are not necessarily indicative of the results that may be expected for the year ending 31 December 2009.



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

At 30 June 2009

**3 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 2009 or for the year ending 31 December 2009.

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 2009.

In addition to the above, the total comprehensive income before estimated distribution to depositors (as per the consolidated statement of total comprehensive income) is presented for compliance with the requirements of the revised IAS 1 and is not appropriate for the purpose of determining the estimated distribution to depositors or the profit for the period attributable to the Bank's equity holders.

**4 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 72,087 thousand (30 June 2008: KD 157,354 thousand) and the weighted average number of ordinary shares outstanding during the period of 2,285,630 thousand (30 June 2008: 2,305,419 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 30 June 2009.

**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 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 interim condensed consolidated financial position 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>2009</b> <b>KD 000's</b>	<i>(Audited)</i> <b>31 December</b> <b>2008</b> <b>KD 000's</b>	<i>(Unaudited)</i> <b>30 June</b> <b>2008</b> <b>KD 000's</b>
Balance at the beginning of the period/year	<b>11,394</b>	86,843	86,843
Change in fair values during the period/year	<b>(57,574)</b>	(48,318)	33,190
Gain realised during the period/year	<b>(2,226)</b>	(59,253)	(27,707)
Share of changes in associates' fair value reserve	<b>(4,999)</b>	(878)	17
Impairment losses transferred to the consolidated income statement	<b>39,979</b>	33,000	-
Balance at the end of the period/year	<b><u>(13,426)</u></b>	<u>11,394</u>	<u>92,343</u>

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

At 30 June 2009

**6 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 interim condensed consolidated financial position enables a fairer presentation than its inclusion under equity.

**7 SHARE CAPITAL**

Following approval of the ordinary and extraordinary general assembly meeting of the equityholders' of the Bank held on 10 March 2009, the authorised share capital of the Bank was increased from KD 205,842 thousand to KD 230,543 thousand by way of issuance of 12% bonus shares amounting to KD 24,701 thousand. Accordingly, the authorised, issued and fully paid-up share capital at 30 June 2009, comprises 2,305,419 thousand shares (31 December 2008: 2,058,410 thousand shares and 30 June 2008: 2,058,410 thousand shares) of 100 fils each.

**8 CASH AND CASH EQUIVALENTS**

	<i>(Unaudited)</i> <b>30 June</b> <b>2009</b> <i>KD 000's</i>	<i>(Audited)</i> <b>31 December</b> <b>2008</b> <i>KD 000's</i>	<i>(Unaudited)</i> <b>30 June</b> <b>2008</b> <i>KD 000's</i>
Cash	<b>45,593</b>	47,836	41,010
Balances with Central Banks	<b>221,686</b>	146,289	155,307
Balances with banks and financial institutions – current accounts	<b>151,154</b>	162,190	101,511
Balances with banks and financial institutions - exchange of deposits	<b>-</b>	11,747	162,998
Cash and balances with banks and financial institutions	<b>418,433</b>	368,062	460,826
Short-term international murabaha - maturing within 3 months of contract date	<b>627,299</b>	932,731	303,800
Tawarruq balances with Central Bank of Kuwait (included within short-term international murabaha)	<b>177,768</b>	80,249	-
Exchange of deposits - maturing after 3 months of contract date	<b>(28,678)</b>	(12,857)	(148,436)
Cash and cash equivalents	<b>1,194,822</b>	1,368,185	616,190

**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> <b>30 June</b> <b>2009</b> <i>KD 000's</i>	<i>(Audited)</i> <b>31 December</b> <b>2008</b> <i>KD 000's</i>	<i>(Unaudited)</i> <b>30 June</b> <b>2008</b> <i>KD 000's</i>
Acceptances and letters of credit	<b>146,952</b>	192,152	496,054
Guarantees	<b>1,045,348</b>	1,036,772	655,759
	<b>1,192,300</b>	1,228,924	1,151,813
Capital commitments	<b>1,728,220</b>	1,463,323	1,348,127

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

At 30 June 2009

**10 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>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>Major shareholders KD 000's</i>	<i>Associates KD 000's</i>			<b>2009 KD 000's</b>	<b>2008 KD 000's</b>
<b>Related parties</b>						
Receivables	18,216	108,258	6,083	38,732	<b>171,289</b>	92,222
Due to banks and financial institutions	-	14,920	-	6,041	<b>20,961</b>	18,848
Depositors accounts	36,550	33,870	2,432	37,593	<b>110,445</b>	91,950
Commitments and contingencies	847	627	-	9,544	<b>11,018</b>	5,641

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

At 30 June 2009

**10 RELATED PARTY TRANSACTIONS (continued)**

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

	<i>The number of Board Members or Executive Officers</i>			<i>The number of related parties</i>			<i>Values</i>		
	<i>(Unaudited)</i> <b>30 June</b> <b>2009</b>	<i>(Audited)</i> <b>31 December</b> <b>2008</b>	<i>(Unaudited)</i> <b>30 June</b> <b>2008</b>	<i>(Unaudited)</i> <b>30 June</b> <b>2009</b>	<i>(Audited)</i> <b>31 December</b> <b>2008</b>	<i>(Unaudited)</i> <b>30 June</b> <b>2008</b>	<i>(Unaudited)</i> <b>30 June</b> <b>2009</b> <b>KD 000's</b>	<i>(Audited)</i> <b>31 December</b> <b>2008</b> <b>KD 000's</b>	<i>(Unaudited)</i> <b>30 June</b> <b>2008</b> <b>KD 000's</b>
<b>Board Members</b>									
Finance facilities	<b>5</b>	11	11	<b>10</b>	16	9	<b>79,021</b>	73,694	35,640
Credit cards	<b>9</b>	5	13	<b>2</b>	-	1	<b>52</b>	33	89
Deposits	<b>21</b>	24	25	<b>90</b>	104	86	<b>81,717</b>	82,627	40,946
Collateral against finance facilities	<b>2</b>	1	1	<b>1</b>	4		<b>76</b>	176	1
<b>Executive Officers</b>									
Finance facilities	<b>18</b>	20	17	<b>3</b>	4	4	<b>4,161</b>	4,906	2,602
Credit cards	<b>24</b>	11	12	<b>4</b>	4	11	<b>37</b>	29	37
Deposits	<b>27</b>	26	28	<b>81</b>	84	84	<b>4,017</b>	4,925	3,530
Collateral against finance facilities	<b>9</b>	8	8	<b>1</b>	1	-	<b>3,396</b>	4,852	4,005

Compensation of key management personnel is as follows:

	<i>(Unaudited)</i> <b>30 June</b> <b>2009</b> <b>KD 000's</b>	<i>(Unaudited)</i> <b>30 June</b> <b>2008</b> <b>KD 000's</b>
Short-term employee benefits	<b>3,732</b>	3,026
Termination benefits	<b>13,127</b>	10,070
	<b>16,859</b>	13,096

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

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

At 30 June 2009

### 11 SEGMENTAL ANALYSIS

#### Primary segment information

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

<i>30 June 2009 (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>44,931</u>	<u>121,778</u>	<u>235,888</u>	<u>25,095</u>	<u>427,692</u>
Profit before estimated distribution to depositors	<u>29,048</u>	<u>28,205</u>	<u>108,667</u>	<u>10,215</u>	<u>176,135</u>
Total assets	<u>1,884,558</u>	<u>2,747,945</u>	<u>5,824,408</u>	<u>343,810</u>	<u>10,800,721</u>
Total liabilities, deferred revenue, fair value reserve, foreign exchange translation reserve and total equity	<u>1,730,201</u>	<u>1,228,103</u>	<u>6,296,789</u>	<u>1,545,628</u>	<u>10,800,721</u>
<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>

#### Secondary segment information

	<i>Local</i>		<i>International</i>		<i>Total</i>	
	<i>30 June 2009 KD 000's</i>	<i>30 June 2008 KD 000's</i>	<i>30 June 2009 KD 000's</i>	<i>30 June 2008 KD 000's</i>	<i>30 June 2009 KD 000's</i>	<i>30 June 2008 KD 000's</i>
Income	<u>291,315</u>	<u>280,004</u>	<u>136,377</u>	<u>194,781</u>	<u>427,692</u>	<u>474,785</u>
Profit before estimated distribution to depositors	<u>110,600</u>	<u>229,282</u>	<u>65,535</u>	<u>109,437</u>	<u>176,135</u>	<u>338,719</u>

### 12 FIDUCIARY ASSETS

The aggregate value of assets held in a trust or fiduciary capacity by the Bank at 30 June 2009 amounted to KD 719,573 thousand (31 December 2008: KD 1,137,988 thousand and 30 June 2008: KD 567,720 thousand).

Fee and commission income include fees of KD 2,008 thousand (30 June 2008: KD 3,921 thousand) arising from trust and fiduciary activities.