

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

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

**30 SEPTEMBER 2005**

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

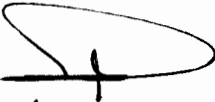
We have reviewed the accompanying consolidated balance sheet of Kuwait Finance House K.S.C. (the bank) and Subsidiaries (the group) at 30 September 2005, and the related consolidated income statement for the three month and nine month periods then ended, and the related consolidated statements of changes in equity and cash flows for the nine 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.

Kuwait Finance House K.S.C. and Subsidiaries

CONSOLIDATED INCOME STATEMENT

30 September 2005

	Note	(Unaudited) 3 months ended 30 September 2005 KD 000's	(Unaudited) 3 months ended 30 September 2004 KD 000's	(Unaudited) 9 months ended 30 September 2005 KD 000's	(Unaudited) 9 months ended 30 September 2004 KD 000's
<b>INCOME</b>					
Murabaha, Istisna'a and leasing income		43,301	34,046	124,485	100,072
Investment income		22,290	8,559	91,238	32,117
Fee and commission income		4,416	3,577	20,190	10,029
Net gain from dealing in foreign currencies		474	262	1,928	895
Other operating income		1,925	2,509	5,904	4,137
		<u>72,406</u>	<u>48,953</u>	<u>243,745</u>	<u>147,250</u>
<b>EXPENSES</b>					
General and administrative expenses		11,822	7,848	39,161	23,219
Depreciation		3,171	1,112	10,477	4,130
Provision for impairment		1,850	2,528	12,326	5,134
		<u>16,843</u>	<u>11,488</u>	<u>61,964</u>	<u>32,483</u>
<b>PROFIT BEFORE ESTIMATED DISTRIBUTION TO DEPOSITORS</b>					
		55,563	37,465	181,781	114,767
Estimated distribution to depositors	3	(23,169)	(20,176)	(84,234)	(63,037)
<b>PROFIT FOR THE PERIOD</b>					
		32,394	17,289	97,547	51,730
Provision for contribution to Kuwait Foundation for the Advancement of Sciences		(320)	(167)	(953)	(500)
Provision for National Labour Support tax		(474)	(299)	(1,421)	(893)
<b>NET PROFIT FOR THE PERIOD</b>	3	<u>31,600</u>	<u>16,823</u>	<u>95,173</u>	<u>50,337</u>
Attributable to:					
Equity holders of the bank		31,222	16,311	92,920	48,645
Minority interest		378	512	2,253	1,692
		<u>31,600</u>	<u>16,823</u>	<u>95,173</u>	<u>50,337</u>
<b>BASIC EARNINGS PER SHARE</b>	4	<u>29 fils</u>	<u>19 fils</u>	<u>99 fils</u>	<u>57 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 September 2005

	(Unaudited) 30 September 2005	(Audited) 31 December 2004	(Unaudited) 30 September 2004
Note	KD 000's	KD 000's	KD 000's
<b>ASSETS</b>			
Cash and balances with banks and financial institutions	116,253	146,161	113,072
Short-term international murabaha	653,340	380,646	450,521
Receivables	1,754,005	1,484,971	1,447,109
Leased assets	563,515	505,550	480,054
Investments	642,139	565,038	513,103
Trading properties	80,019	127,835	108,775
Investment properties	143,622	105,921	103,972
Other assets	51,220	69,736	73,518
Property and equipment	75,147	72,208	68,995
<b>TOTAL ASSETS</b>	<b>4,079,260</b>	<b>3,458,066</b>	<b>3,359,119</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	128,467	121,821	24,364
Depositors' accounts	2,893,327	2,563,185	2,636,228
Other liabilities	197,912	204,807	156,956
<b>TOTAL LIABILITIES</b>	<b>3,219,706</b>	<b>2,889,813</b>	<b>2,817,548</b>
<b>DEFERRED REVENUE</b>	<b>216,220</b>	<b>189,002</b>	<b>183,285</b>
<b>FAIR VALUE RESERVE</b>	<b>5 48,068</b>	<b>31,680</b>	<b>37,415</b>
<b>FOREIGN EXCHANGE TRANSLATION RESERVE</b>	<b>6 (1,662)</b>	-	-
<b>EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE BANK</b>			
Share capital	7 109,397	78,141	78,141
Proposed issue of bonus shares	7	7,814	-
Reserves	372,293	200,913	173,576
Net profit for the period attributable to equity holders of the bank	92,920	-	48,645
Proposed cash dividend	-	39,070	-
<b>TOTAL EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE BANK</b>	<b>574,610</b>	<b>325,938</b>	<b>300,362</b>
Minority interest	22,318	21,633	20,509
<b>TOTAL EQUITY</b>	<b>596,928</b>	<b>347,571</b>	<b>320,871</b>
<b>TOTAL LIABILITIES, DEFERRED REVENUE, FAIR VALUE RESERVE, FOREIGN EXCHANGE TRANSLATION RESERVE AND TOTAL EQUITY</b>	<b>4,079,260</b>	<b>3,458,066</b>	<b>3,359,119</b>

  
BADER ABDULMOHSEN AL-MUKHAIZEEM  
(CHAIRMAN AND MANAGING DIRECTOR)

  
MOHAMED SULAIMAN AL-OMAR  
(DEPUTY 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 September 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)	-	-	-	-	-	-	-	-	-	-	-
Issue of shares for cash	2,151	-	4,774	-	-	-	4,774	-	6,925	-	6,925	-	6,925
Cash received on cancellation of share options	-	-	10	-	(4,010)	-	10	-	(4,010)	-	10	-	10
Zakat	-	-	-	-	-	-	(4,010)	-	-	-	(4,010)	-	(4,010)
Cash dividends paid	-	-	-	-	-	-	-	-	-	(35,844)	(35,844)	-	(35,844)
Net movement in treasury shares	-	-	-	-	-	50	50	-	50	-	50	-	50
Net change in minority interest	-	-	-	-	-	-	-	48,645	48,645	-	48,645	(1,820)	(1,820)
Net profit for the period	-	-	-	-	-	-	-	48,645	48,645	-	48,645	1,692	50,337
At 30 September 2004	78,141	-	12,610	137,251	24,532	(817)	173,576	48,645	300,362	-	300,362	20,509	320,871
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	-	-	30	-	(4,371)	-	30	-	(4,371)	-	30	-	30
Zakat	-	-	-	-	-	-	(4,371)	-	-	-	(4,371)	-	(4,371)
Cash dividends paid	-	-	-	-	-	-	-	-	-	(39,070)	(39,070)	-	(39,070)
Net movement in treasury shares	-	-	-	-	-	(95)	(95)	-	(95)	-	(95)	-	(95)
Net change in minority interest	-	-	-	-	-	-	-	92,920	92,920	-	92,920	(1,568)	(1,568)
Net profit for the period	-	-	-	-	-	-	-	92,920	92,920	-	92,920	2,253	95,173
At 30 September 2005	109,397	-	188,465	157,119	27,821	(1,112)	372,293	92,920	574,610	-	574,610	22,318	596,928

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 September 2005

	<i>Note</i>	<i>(Unaudited)</i> 9 months ended 30 September 2005 KD 000's	<i>(Unaudited)</i> 9 months ended 30 September 2004 KD 000's
<b>OPERATING ACTIVITIES</b>			
Net profit for the period		95,173	50,337
Adjustment for:			
Depreciation		10,477	4,130
Provision for impairment		12,326	5,134
		<u>117,976</u>	<u>59,601</u>
Changes in operating assets and liabilities			
<i>(Increase) decrease in operating assets:</i>			
Exchange of deposits		(64,389)	(8,548)
Receivables		(555,370)	79,262
Leased assets		(66,796)	(191,920)
Trading properties		47,815	32,445
Other assets		17,234	13,418
<i>Increase (decrease) in operating liabilities:</i>			
Due to banks and financial institutions		6,646	(39,313)
Depositors' accounts		330,142	336,067
Other liabilities		(10,055)	(14,726)
Deferred revenue		27,218	875
Net cash (used in) from operating activities		<u>(149,579)</u>	<u>267,161</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of investments, net		(62,337)	(62,193)
Purchase of investment properties, net		(39,176)	(4,363)
Purchase of property and equipment		(11,951)	(37,873)
Net cash used in investing activities		<u>(113,464)</u>	<u>(104,429)</u>
<b>FINANCING ACTIVITIES</b>			
Issue of shares		199,258	6,925
Cash received on cancellation of shares options		30	10
Cash dividends paid		(39,070)	(35,844)
Payment of Zakat		(4,371)	(4,010)
Net movement in treasury shares		(95)	50
Net cash from (used in) financing activities		<u>155,752</u>	<u>(32,869)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(107,291)</b>	<b>129,863</b>
Cash and cash equivalents at the beginning of the period		<u>339,315</u>	<u>238,426</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>8</b>	<u><u>232,024</u></u>	<u><u>368,289</u></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 September 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 September 2005 were authorised for issue in accordance with a resolution of the board of directors on 8 October 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 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 September 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 associates namely, First Takaful Insurance Company K.S.C. (Closed), Liquidity Management Centre Company B.S.C. (Closed), Gulf Investment House K.S.C. (Closed), A'ayan Leasing and Investment Company K.S.C. (Closed) and National Bank of Sharjah PSJC. Previously, these associates and unconsolidated subsidiaries were carried at cost.

On consolidation, the groups share of the accumulated retained earnings of the subsidiaries as of 1 January 2005 amounting to KD 6,065 thousand along with results of the nine month period ended 30 September 2005 amounting to KD 10,750 thousand have been included in the consolidated income statement for the period ended 30 September 2005. On equity accounting, the group's share of the post acquisition results of the associates amounting to KD 9,861 thousand has been included in the consolidated income statement for the period ending 30 September 2005.

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

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

30 September 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 nine month period attributable to equity holders should not be relied upon to indicate distribution of profit to all parties concerned for the nine month period ended 30 September 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 nine month period attributable to equity holders of the bank of KD 92,920 thousand (30 September 2004: KD 48,645 thousand) and the weighted average number of ordinary shares outstanding during the nine month period of 936,597 thousand (30 September 2004: 849,088 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 nine month period ended 30 September 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 September 2005 KD 000's	<i>(Audited)</i> 31 December 2004 KD 000's	<i>(Unaudited)</i> 30 September 2004 KD 000's
Balance at beginning of the period	31,680	19,776	19,776
Change in fair value during the period	32,188	15,314	17,804
Gain realised during the period	(15,800)	(3,410)	(165)
Balance at end of the period	<u>48,068</u>	<u>31,680</u>	<u>37,415</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 September 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 September 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 September 2005 KD 000's	<i>(Audited)</i> 31 December 2004 KD 000's	<i>(Unaudited)</i> 30 September 2004 KD 000's
Cash and balances with banks and financial institutions	116,253	146,161	113,072
Short-term international murabaha – maturing within 3 months of contract date	180,160	193,154	263,764
Exchange of deposits – maturing after 3 months of contract date	(64,389)	-	(8,547)
	<u>232,024</u>	<u>339,315</u>	<u>368,289</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 September 2005 KD 000's	<i>(Audited)</i> 31 December 2004 KD 000's	<i>(Unaudited)</i> 30 September 2004 KD 000's
Acceptances and letters of credit	44,773	36,846	42,552
Guarantees	183,316	160,842	160,114
	<u>228,089</u>	<u>197,688</u>	<u>202,666</u>
Capital commitments	<u>226,216</u>	<u>244,460</u>	<u>201,577</u>

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

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

30 September 2005

#### 10 CURRENCY RISK

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

	<i>(Unaudited)</i> <i>30 September</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 September</i> <i>2004</i> <i>KD 000's</i> <i>equivalent</i>
U.S. Dollars	5,681	83,994	35,567
Sterling Pounds	303	1,197	1,204
Japanese Yen	84	645	690
Euros	(10,069)	1,346	1,489
Gulf Co-operation Council currencies	(757)	(10,557)	(13,177)
Others	398	1,530	1,043

#### 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 September 2005

**11 RELATED PARTY TRANSACTIONS (continued)**

	The number of Board Members or Executive Officers		The number of related parties				Values	
	(Unaudited) 30 September 2005	(Audited) 31 December 2004	(Unaudited) 30 September 2005	(Audited) 31 December 2004	(Unaudited) 30 September 2004	(Unaudited) 30 September 2005 KD 000's	(Audited) 31 December 2004 KD 000's	(Unaudited) 30 September 2004 KD 000's
<b>Board Members</b>								
Finance facilities	6	6	4	2	3	155	111	215
Credit cards	5	4	8	6	9	16	9	18
Deposits	7	8	48	48	47	2,471	1,634	2,054
Collateral against finance facilities	1	-	-	-	-	5	-	-
<b>Executive Officers</b>								
Finance facilities	13	19	6	6	7	315	869	720
Credit cards	16	11	19	9	21	32	8	25
Deposits	15	19	63	61	67	719	1,315	855
Collateral against finance facilities	7	7	-	-	-	738	1,645	1,653

Kuwait Finance House K.S.C. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS (UNAUDITED)

30 September 2005

12 SEGMENTAL ANALYSIS

*Primary segment information*

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

30 September 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	<u>2,262</u>	<u>84,970</u>	<u>154,478</u>	<u>2,035</u>	<u>243,745</u>
Net profit for the period	<u>862</u>	<u>34,646</u>	<u>58,890</u>	<u>775</u>	<u>95,173</u>
Total assets	<u>764,012</u>	<u>1,000,542</u>	<u>2,275,129</u>	<u>39,577</u>	<u>4,079,260</u>
Total liabilities, deferred revenue, fair value reserve, foreign exchange translation reserve and total equity	<u>144,195</u>	<u>242,941</u>	<u>2,971,401</u>	<u>720,723</u>	<u>4,079,260</u>

30 September 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	<u>12,870</u>	<u>34,121</u>	<u>94,496</u>	<u>5,763</u>	<u>147,250</u>
Net profit for the period	<u>2,831</u>	<u>14,340</u>	<u>31,436</u>	<u>1,730</u>	<u>50,337</u>
Total assets	<u>664,280</u>	<u>841,626</u>	<u>1,799,324</u>	<u>53,889</u>	<u>3,359,119</u>
Total liabilities, deferred revenue, fair value reserve, foreign exchange translation reserve and total equity	<u>33,467</u>	<u>132,651</u>	<u>2,504,591</u>	<u>688,410</u>	<u>3,359,119</u>

Kuwait Finance House K.S.C. and Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

30 September 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>30 September</i> <i>2005</i> <i>KD 000's</i>	<i>(Unaudited)</i> <i>30 September</i> <i>2004</i> <i>KD 000's</i>	<i>(Unaudited)</i> <i>30 September</i> <i>2005</i> <i>KD 000's</i>	<i>(Unaudited)</i> <i>30 September</i> <i>2004</i> <i>KD 000's</i>	<i>(Unaudited)</i> <i>30 September</i> <i>2005</i> <i>KD 000's</i>	<i>(Unaudited)</i> <i>30 September</i> <i>2004</i> <i>KD 000's</i>
Operating income	<u>172,265</u>	<u>131,119</u>	<u>71,480</u>	<u>16,131</u>	<u>243,745</u>	<u>147,250</u>
Net profit for the period	<u>67,263</u>	<u>44,774</u>	<u>27,910</u>	<u>5,563</u>	<u>95,173</u>	<u>50,337</u>
Total assets	<u>3,167,685</u>	<u>2,906,735</u>	<u>911,575</u>	<u>452,384</u>	<u>4,079,260</u>	<u>3,359,119</u>
Total liabilities, deferred revenue, fair value reserve, foreign exchange translation reserve and total equity	<u>3,888,669</u>	<u>3,341,027</u>	<u>190,591</u>	<u>18,092</u>	<u>4,079,260</u>	<u>3,359,119</u>

13 FIDUCIARY ASSETS

The aggregate value of assets held in a trust or fiduciary capacity by the bank at 30 September 2005 amounted to KD 260,335 thousand (31 December 2004: KD 155,266 thousand and 30 September 2004: KD 213,953 thousand).