

# Financial Position and Results for Second Quarter 2005

Making a positive impact on clients' wealth



## Consolidated Balance Sheet

as at 30 June 2005

US\$ 000's

	30 June 2005 (reviewed)	31 December 2004 (audited) (restated)	30 June 2004 (reviewed) (restated)
<b>ASSETS</b>			
Cash and balances with banks	11,441	4,295	26,994
Due from financial institutions	324,516	264,339	253,481
Due from non-financial institutions	7,377	-	-
Investments in Sukuk	26,227	11,155	-
Assets held for sale	64,398	-	-
Investment securities	112,501	114,832	95,896
Investment property	10,798	-	4,126
Other assets	40,954	26,043	29,668
Equipment	1,943	2,089	1,413
<b>Total assets</b>	<b>600,155</b>	<b>422,753</b>	<b>411,578</b>
<b>LIABILITIES</b>			
Investors' funds	187,133	34,219	122,151
Due to financial institutions	10,262	23,359	29,622
Due to non-financial institutions	73,460	106,798	38,967
Other liabilities	27,415	7,471	4,092
<b>Total liabilities</b>	<b>298,270</b>	<b>171,847</b>	<b>194,832</b>
<b>Unrestricted investment accounts</b>	<b>12,968</b>	<b>-</b>	<b>-</b>
<b>EQUITY</b>			
Share capital	149,771	139,973	135,000
Share premium	31,487	31,487	31,487
Statutory reserve	10,576	10,576	4,792
Available-for-sale investments fair value reserve	13,455	3,899	2,486
Retained earnings	82,350	20,548	41,768
Proposed appropriations	-	43,177	-
<b>Total equity attributable to shareholders of the parent company</b>	<b>287,639</b>	<b>249,660</b>	<b>215,533</b>
Minority interest	1,278	1,246	1,213
<b>Total equity</b>	<b>288,917</b>	<b>250,906</b>	<b>216,746</b>
<b>Total liabilities, unrestricted investment accounts and equity</b>	<b>600,155</b>	<b>422,753</b>	<b>411,578</b>
<b>OFF-BALANCE SHEET ITEMS</b>			
Restricted investment accounts	<b>960,802</b>	<b>602,212</b>	<b>457,751</b>

The Directors approved the condensed interim consolidated financial statements on 24 July 2005.

FUAD ABDULLA AL-OMAR  
Chairman

ESAM YOUSIF A. JANAHI  
Board Director and Chief Executive Officer

## Consolidated Income Statement

for the six months ended 30 June 2005

US\$ 000's

	Six months ended		Three months ended	
	30 June 2005 (reviewed)	30 June 2004 (reviewed) (restated)	30 June 2005 (reviewed)	30 June 2004 (reviewed) (restated)
<b>OPERATING INCOME</b>				
Income from investment advisory services	47,513	25,512	8,226	3,714
Placement, management and arrangement fees	6,489	1,953	4,104	1,447
Income from murabaha receivables	5,249	1,434	2,939	830
Net fair value (losses)/Gains on investments	(6,163)	177	(6,715)	177
Income from available-for-sale investments	1,887	1,077	814	235
Gain on disposal of investments	38,976	5,922	38,976	5,922
Commission income	-	9,472	-	9,472
Other income	-	325	-	287
<b>Total operating income</b>	<b>93,951</b>	<b>45,872</b>	<b>48,344</b>	<b>22,084</b>
<b>OPERATING EXPENSES</b>				
Staff costs	15,654	3,924	8,784	2,334
Investment advisory expenses	10,439	4,754	6,729	2,845
Impairment allowances on available-for-sale investments	-	4,323	-	1,603
Murabaha expenses	2,577	531	1,464	409
Other operating expenses	2,478	3,159	1,370	1,443
Depreciation	393	219	205	116
<b>Total operating expenses</b>	<b>31,541</b>	<b>16,910</b>	<b>18,552</b>	<b>8,750</b>
<b>NET PROFIT FOR THE PERIOD</b>	<b>62,410</b>	<b>28,962</b>	<b>29,792</b>	<b>13,334</b>
<b>Attributable to:</b>				
Shareholders of the parent company	62,378	28,930	29,776	13,318
Minority interest	32	32	16	16
	<b>62,410</b>	<b>28,962</b>	<b>29,792</b>	<b>13,334</b>
<b>Earnings per share (US cents)</b>				
Basic	13.74	6.70	6.56	3.08
Diluted	13.74	6.60	6.56	3.04

The above position and results extracted from the interim consolidated financial statements for the second quarter ended June, 2005, which were reviewed by KPMG.

