

Financial Position and Results for First Quarter 2005

Making A Positive Impact On Clients' Wealth



Consolidated Balance Sheet

as at 31 March 2005

	US\$ 000's		
	31 March 2005 (reviewed)	31 December 2004 (audited) (restated)	31 March 2004 (reviewed) (restated)
ASSETS			
Cash and balances with banks	10,561	4,295	25,368
Due from financial institutions	354,897	264,339	193,456
Investments in Sukuk	19,901	11,155	-
Investments in securities	137,260	114,832	99,517
Investment property	7,199	-	4,126
Other assets	21,644	26,043	31,612
Equipment	2,024	2,089	765
Total assets	553,486	422,753	354,844
LIABILITIES			
Investors' funds	171,922	34,219	70,687
Due to financial institutions	13,845	23,359	19,037
Due to non-financial institutions	97,626	106,798	56,861
Other liabilities	19,502	7,471	5,573
Total liabilities	302,895	171,847	152,158
Unrestricted investment accounts	851	-	-
EQUITY			
Share capital	149,771	139,973	135,000
Share premium	31,487	31,487	31,487
Statutory reserve	10,576	10,576	4,792
Investments fair value reserve	3,494	3,899	1,760
Retained earnings	53,150	20,548	28,450
Proposed appropriations	-	43,177	-
Total equity attributable to the shareholders of the parent	248,478	249,660	201,489
Minority interest	1,262	1,246	1,197
Total equity	249,740	250,906	202,686
Total liabilities, unrestricted investment accounts and shareholders' equity	553,486	422,753	354,844
OFF-BALANCE SHEET ITEMS			
Restricted investment accounts	861,160	602,212	346,248

The Board of Directors approved the interim consolidated financial statements on 1 May 2005.

Fuad Abdulla Al-Omar
Chairman

Esam Yousif A. Janahi
Chief Executive Officer & Board Member

Consolidated Income Statement

for the three months ended 31 March 2005

	US\$ 000's	
	31 March 2005 (reviewed)	31 March 2004 (reviewed) (restated)
Income from investment advisory services	39,287	21,798
Placement, management and arrangement fees	2,385	506
Income from murabaha receivables	2,310	604
Gains from investments carried at fair value through the income statement	552	-
Income from available-for-sale investments	1,073	842
Other income	119	38
Total operating income	45,726	23,788
Staff costs	(6,870)	(1,590)
Investment advisory expenses	(3,920)	(2,270)
Impairment allowances on available-for-sale investments	-	(2,720)
Murabaha expenses	(1,113)	(122)
Other operating expenses	(1,017)	(1,355)
Depreciation	(188)	(103)
NET PROFIT FOR THE PERIOD	32,618	15,628
Attributable to:		
Shareholders of the parent	32,602	15,612
Minority interest	16	16
	32,618	15,628
Earnings per share attributable to Bank's shareholders		
Basic earnings per share (US cents)	7.18	3.68
Diluted earnings per share (US cents)	7.18	3.62

The above have been extracted from the interim consolidated financial statements for the quarter ended March 31, 2005, which were reviewed by KPMG.

EUROMONEY
Islamic Finance Awards 2004

Gulf Finance House
Most Innovative
Islamic Finance House

EUROMONEY
Islamic Finance Awards 2005

Best Islamic
Real Estate Finance House

Gulf Finance House B.S.C.

P.O. Box 10006, Manama, The Kingdom of Bahrain

Tel: (973) 17538538 Fax (973) 17540006

Email: info@gfhouse.com Website: www.gfhouse.com

Gulf Finance House B.S.C.