

REVIEW REPORT TO THE
BOARD OF DIRECTORS OF
AHLI UNITED BANK B.S.C.

We have reviewed the accompanying consolidated balance sheet of Ahli United Bank B.S.C. (Bank) and its subsidiaries (Group) as of 30 June 2004, and the related consolidated statements of income, cash flows and changes in equity for the six month period then ended. These interim condensed consolidated financial statements are the responsibility of the Bank's Board of Directors. 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 Auditing applicable to review engagements. 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's 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 International Accounting Standard 34.

Ernst & Young

20 July 2004
Manama, Kingdom of Bahrain

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Extract of the
Interim Condensed
FINANCIAL STATEMENTS

30 June 2004

البنك الأهلي المتحد
ahli united bank

Consolidated Balance Sheet

30 June 2004 (Unaudited)

	30 June 2004 US\$ '000	Audited 31 December 2003 US\$ '000
ASSETS		
Cash and balances with central banks	57,446	60,304
Trading securities	-	19,553
Deposits with banks and other financial institutions	1,247,241	1,259,684
Loans and advances	2,667,959	2,506,945
Non-trading investments	1,713,788	1,721,373
Investment in associates	521,219	501,527
Premises and equipment	56,878	54,958
Other assets and intangibles	166,378	145,722
	6,430,909	6,270,066
LIABILITIES, SUBORDINATED LIABILITIES AND EQUITY		
LIABILITIES		
Due to banks and other financial institutions	1,733,745	1,674,068
Customers' deposits	2,983,740	2,807,183
Certificates of deposits	88,181	111,949
Floating rate notes and other term debt	413,483	414,242
Other liabilities	150,023	197,013
	5,369,172	5,204,455
SUBORDINATED LIABILITIES	130,492	129,466
EQUITY		
Share capital	650,000	650,000
Reserves	281,245	286,145
	931,245	936,145
	6,430,909	6,270,066

Consolidated Income Statement

30 June 2004 (Unaudited)

	Six months ended	
	30 June 2004 US\$ '000	30 June 2003 US\$ '000
OPERATING INCOME		
Interest income	116,222	107,818
Interest expense	54,053	53,975
Net interest income	62,169	53,843
Fees and commission - net	21,765	15,683
Trading income	6,172	1,695
Gains on sale of non-trading investments	6,240	9,235
Share of profit from associates	15,376	10,994
Other operating income	3,209	10,660
	52,762	48,267
NET INTEREST AND OTHER INCOME		
	114,931	102,110
Provision for loan losses - net	15,167	8,612
Provision for impairment of non-trading investments	2,700	5,317
	17,867	13,929
OPERATING INCOME AFTER PROVISIONS	97,064	88,181
OPERATING EXPENSES		
Staff expenses	23,917	20,751
Depreciation and amortisation	4,278	2,872
Other operating expenses	13,337	11,673
	41,532	35,296
PROFIT BEFORE TAXATION	55,532	52,885
Income tax credit (expense)	7,315	(3,458)
NET PROFIT FOR THE PERIOD	62,847	49,427
Basic earnings per share (cents)	2.42	1.90
Weighted average number of shares outstanding (in millions)	2,600	2,600