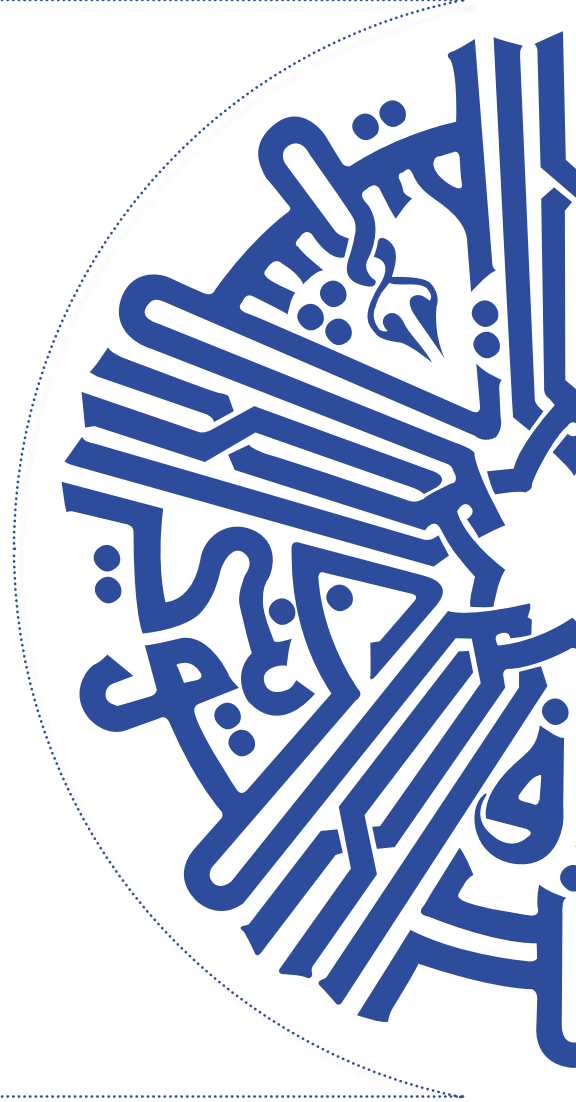


(5)

Financial Position Of The Fund



Financial Position

Loan Account

During the fiscal year 2005/2006, the Fund provided 21 loans with a total value of about KD 198 million. Thus the total value of loans granted by the Fund up to 31.3.2006 amounted to about KD 3,727 million. Gross disbursements reached a total value of about KD 2,954 million, compared with an amount of KD 2,780.5 million for the previous year. Accordingly, the utilization ratio (disbursements as a percentage of total commitments) reached about 79% by the end of the current year compared with a ratio of 78% last year.

On the other hand, total loan repayments amounted to about KD 1,602 million by the end of 31st March 2006. This amount is equivalent to about 54% of the total value of disbursements, similar to the ratio for the last year. The value of utilized loans increased from KD 1,281 million for last year to KD 1,352 million by the end of the current year.

Income and Expenditure

The Fund's income for the fiscal year 2005/2006 amounted to about KD 194 million, with investment income of about KD 159.2 million, after deducting about KD 0.26 million, and allocating it to the account for the provision made for the decline in the value of investments. Expenses and other costs amounted to about KD 14.55 million, thus net income for the year ended 31 March 2006 amounted to about KD 179.13 million, compared to a net income of about KD 118 million for the previous year.

Balance Sheet

The value of the Fund's total assets increased by about KD 136.22 million, reaching about KD 3,951 million by the end of the current fiscal period, compared to total assets of about KD 3,815 million for last year. This increase represents about 3.6% of the value of last year's total assets.

The increase in total assets resulted from an increase in time deposits with Banks by about KD 67.4 million, loans by about KD 71.7 million, participation in development institutions by about KD 6.7 million, accrued income and sundry receivables by about KD 7.2 million and cash and current deposits by about KD 11.4 million, whereas, investments decreased by about KD 28.1 million.

Similarly, the other side of the balance sheet increased by the same amount of KD 136.22 million, representing an increase of about KD 119.8 million in the General Reserve, and about KD 7.8 million in the Special Reserve, and an increase in accounts payable and other liabilities by about KD 8.6 million.

Changes in assets items brought about changes in the percentage of the items to total assets as follows:

	Fiscal Year	
	31 March 2005	31 March 2006
	%	%
Assets		
Cash and Demand Deposits	1.26	1.50
Time Deposits	9.54	10.91
Investments	45.24	42.97
Loans	33.57	34.23
Contributions to Development Institutions	7.69	7.59
Accrued Interest and Sundry Receivables	2.70	2.80
	100.00	100.00

Also changes occurred in the following selected financial indicators:

	Fiscal Year	
	31 March 2005	31 March 2006
	%	%
Indicators		
Net Income/Total Assets*	3.14	4.60
Net Income/Paid up Capital*	5.90	8.90
Total Expenditure/Income	10.46	7.50

* Refers to the average balance of each as at the beginning and end of the fiscal year.

