

Dear Shareholders,

We would like to confirm that the economic boom of Kuwait and the rest of the region in the last two years continue one of the major reasons for our success. We are still witnessing the effects of this boom on many economic activities. This is motivation to the strong support for establishing and improving Islamic financial institutions, an ideology that was established by the late Amir of Kuwait His Highness Sheikh Jaber Al-Ahmed Al-Jaber Al-Sabah, may God bless him with His forgiveness. We are confident that our Prince, His Highness Sheikh Sabah Al-Ahmed Al-Jaber Al-Sabah, will continue with the process of economic reform and support of laws that encourage Islamic institutions in Kuwait, which will in turn achieve great benefits for our beloved Kuwait.

The great results that your company achieved in 2005 were not achieved by coincidence or solely as a result of the growth of the Kuwaiti economy, but are in fact a result of the long-term strategy that has been developed, adopted and monitored by the company's Board of Directors since 2003. All the necessary plans have been made to implement this long-term strategy, which focuses on transforming the company from the first (non-banking) finance company in Kuwait to function according to the laws of Islamic Shari'ah, with a start-up capital of approximately US \$54 million, to become one of the largest Islamic financial institutions with a market stock value exceeding US \$3 billion.

For a long time, these achievements have been part of the company's plan. The implementation of this plan has resulted in absolute compliance with Islamic Shari'ah, which has resulted in the company's growth and its transformation into a company specializing in Islamic financing. This has resulted in a large number of companies that own between 15% and 100% in many companies and entities including Al-Bank Investment and Finance, Capital Rating, and many others.

Committed to Success...

Annual Report 2005



دار الاستثمار
Investment Dar

بسم الله الرحمن الرحيم

وَقُلْ أَعْمَلُوا بِمَا يَأْمُرُ اللَّهُ وَعَمَلَكُمْ وَرَسُولُهُ وَالْمُؤْمِنُونَ

صدق الله العظيم

In The Name of Allah, The Most Gracious, The Most Merciful
But Allah hath permitted trade and forbidden usury.

The Holy Qu'ran, Al-tawba (105) (Text Translation)

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His Highness Sheikh
Sabah Al Ahmed Al Jaber Al Sabah
Amir of the State of Kuwait



His Highness Sheikh
Nawaf Al Ahmad Al Jaber Sabah
Crown Prince of the State of Kuwait



حضرة صاحب السمو المغفور له الشيخ

جابر الله محمد الجابر الصباح

(1928 - 2006)

The Amir of our hearts,
the symbol of generosity & modern
Kuwait's advancement landmark.



Adnan A. Al-Musallam
Chairman & Managing Director



Omar Suleiman Al-Kazi
Vice Chairman



Khaled A. Al-Ghanim
Board Member



Rezam M. Al-Roumi
Board Member

Board of Directors



Adel M. Al-Bader
Board Member



Adel M. Behbehani
Board Member



Mohammad N. Al-Sayer
Board Member

Shari'ah Supervisory Board



*Sheikh
Ahmad Bazie Al-Yaseen
Chairman*



*Sheikh
Dr. Khaled Mathkour Al-Mathkour
Board Member*



*Sheikh
Dr. Ajeel Jasem Al-Nashmi
Board Member*



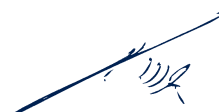
*Sheikh
Dr. Mohd Fawzi Faidullah
Board Member*



*Sheikh
Dr. Issam Khalaf Al-Enizi
Board Member*

Shari'ah Supervisory Board Report

We have reviewed the Investment Dar Company's activities as well as its contracts and investment transactions and studied the Shari'ah controller's report during the year ended 31 December 2005. We hereby certify that all Investment Dar Company's activities and transactions were practiced in compliance with the Islamic Shari'ah principles and provisions, and no violations have occurred, to the best of our knowledge.



Sheikh Ahmad Bazie Al-Yaseen
Chairman



Sheikh Dr. Khaled Mathkour Al-Mathkour
Board Member



Sheikh Dr. Ajeel Jasem Al-Nashmi
Board Member



Sheikh Dr. Mohammad Fawzi Faidullah
Board Member



Sheikh Dr. Issam Khalaf Al-Enizi
Board Member



Chairman's Message

Dear Shareholders,

On behalf of myself and my colleagues, the members of the Board of Directors and executive management at Investment Dar Company, I have the pleasure to present our company's annual report for the year ending December 31, 2005.

First, I would like to welcome you with the best of wishes, hoping in God's will that the years ahead bring Investment Dar Company more achievements, adding to this year's exceptional success. This success will, without any doubt, enhance your company's position and support it to continue growing and leading as one of the largest Islamic financial institutions not only in Kuwait, but in the entire region in general.

We are very pleased with the results that Investment Dar Company has achieved in 2005, which could not have been possible without continuous effort and a clear strategy. We renew our promise once again to continue in these efforts to achieve more successes and accomplishments.

Before presenting the annual report and the exceptional results that were achieved, with God's help, in the previous year, we would like to confirm that the economic boom of Kuwait and the rest of the region in the last two years constitute one of the major reasons for our success. We are still witnessing the effects of this boom on many economic activities. This is in addition to the strong support for establishing and empowering Islamic financial institutions; an ideology that was established by the late Amir of Kuwait Hiss Highness Sheikh Jaber Al Ahmad Al Jaber Al Sabah, may God bless him with His forgiveness. We are confident that our prince, His Highness Sheikh Sabah Al Ahmad Al Jaber Al Sabah, will continue with the process of economic reform and support of laws that encourage Islamic institutions in Kuwait, which will in turn achieve great benefits for our beloved Kuwait.

The great results that your company achieved in 2005 were not achieved by coincidence or solely as a result of the growth of the Kuwaiti economy, but are in fact a result of the long-term strategy that has been developed, adopted and monitored by the company's Board of Directors since mid of 2003.

All the necessary plans have been made to implement this long-term strategy, which focuses on transforming the company from the first (non-banking) finance company in Kuwait to function according to the laws of Islamic Shari'ah, with a start-up capital of approximately US \$54 million, to become one of the largest Islamic financial institutions with a stock market value exceeding US \$3 billion.

For a long time, these achievements have been part of the company's plans and growth strategy. The implementation of these plans and the absolute commitment to the strategic goals resulted in your company's growth and its transformation from a company specializing only in Islamic consumer financing to a large conglomerate that owns between 15 percent and 100 percent in many companies and entities including: Al Madar Finance and Investment, Credit Rating & Collection, Al Dar Asset Management (ADAM), Wared Lease & Finance, Wethaq Takaful Insurance, Khabary Holding, Bahrain Islamic Bank, Manazel Holding, Oqyana Real Estate, Rehal Logistics and Safwan.

Considering the above, Investment Dar now operates in all business sectors, starting with investment sector, finance to insurance, real estate, services as well as banking sector. With the exception of Al Dar National Real Estate, in which the total company's investment does not exceed 3 percent of the total assets, none of the other companies can cause any fluctuations in Investment Dar's financial position as a result of an increase or decrease in their stock market prices.

Investment Dar owns more than 20 percent of Al Madar Finance & Investment, Credit Rating and Collection, Al Dar Asset Management, Wared Lease & Finance, Wethaq Takaful Insurance, Khabary Holding and Bahrain Islamic Bank. So these companies do not have an accounting effect on the balance sheet except through their operating profits. As for the other companies, they are categorized as "Investments available for sale" and therefore Investment Dar does not benefit from an increase in the stock prices of these companies and is not negatively affected by any decrease in their stock prices. This policy is considered to be a conservative accounting policy that protects the company from negative market fluctuations. We have committed to our earlier stated clear strategy of protecting your company from speculation and market risks and focusing completely on benefiting from real profits resulting from operations and effective performance.

Dear Shareholders,

As part of our commitment to implement safe-growth strategies that avoid risks of market fluctuations and achieve satisfactory results and stable performance, the board of directors has made sure that all the necessary plans are formulated to achieve income diversification. Since the company's establishment in 1994, we have planned to start operating in consumer financing and then grow the businesses to become a holding financial institution that establishes and manages specialized companies. These plans have been achieved with God's help and your support and the commitment of the executive team that has been assigned to run your company.

Regarding the different aspects of our diversity, we are pleased to point out that Investment Dar Company currently operates in various sectors directly or through specialized companies. In the financial sector, Investment Dar Company deals with consumer financing, portfolios and funds management. It also owns a significant share in Bahrain Islamic Bank and provides financial consulting. In the real estate sector, Investment Dar has established and contributed to Khabary Holding (Khabary Al-Fahaheel Project), Al Dar National Real Estate (Capital Tower Project), Oqyana Real Estate (Dubai), ADAM Real Estate (Bahrain) and Manazel Holding (Residential Development). In the insurance sector, Investment Dar owns 41 % of Wethaq Takaful Insurance Company. In the banking sector, the company owns about 26 percent of Bahrain Islamic Bank and is now establishing Al Sham Islamic Bank and Investment Dar Islamic Bank in Bahrain. In the logistics sector, the company owns a significant share in Rehal Logistics, which in turn owns shares in the UAE-based Gulf Craft and Load Air. Through all of this, Investment Dar has achieved sector and geographical diversification, which suits our conservative strategy to avoid risks and market fluctuations.

What we have achieved in 2005 is a true sign of the company's success in implementing this policy for the diversification of the company's income sources. The sources of income when compared to total income can be summarized as follows: Income from investments is 50 percent, income from financing is 18 percent and income from real estate is 32 percent.

Dear Shareholders,

We are proud to say that your company's achievements in 2005 have contributed greatly to providing a solid basis to move ahead to the coming decade of this third millennium with more confidence and greater skill. This combination creates a competitive edge that can transcend the negative effects of globalization with all its fast and continual changes. We can deal with these challenges with more flexibility and with a new state of mind that promotes a real partnership with all serious investors.

The third millennium has also created new rules for those who wish to position themselves among the massive economic entities. Taking our place there will not happen unless we empower and strengthen the competitive situation and the professional performance of all Group companies. We also believe that it is the right time to start entering into joint ventures and mergers on local, Arab and Gulf levels to create an economic entity that is able to compete and grow in a new business environment in which small entities cannot exist. This goal requires plenty of creativity, innovation, enhancement of resources, provision of quality services provided and development of our human resources.

Investment Dar Company has been a pioneer in creating new Islamic financing tools and a leader in Islamic financial innovation. The musharaka sukuk that was issued by Investment Dar Company in collaboration with ABC Islamic Bank in Bahrain witnessed an unprecedented success that exceeded all expectations. Subscription for the Sukuk was raised from the initial US\$50 million to US\$100 million, benefiting from the wide geographical reach of Investment Dar company in the region. The increase of Oqyana Real Estate Company capital during the third quarter of 2005 to KD 250 million was truly one of the largest private placements in the history of the Kuwaiti economy.



Finally, it is an honor for me to put in your hands the financial results that have been achieved by Investment Dar Company during 2005, while also presenting some of the most important indicators that reflect its distinguished performance throughout the year.

The company's net profit increased to KD80.5 million, compared with KD26.9 million in 2004, a growth rate of 199%. Shareholders' equity increased to KD177 million compared with KD111.8 million in 2004, a growth rate of 58%. The year 2005 also witnessed an increase in the company's total assets, reaching KD669.6 million, compared with KD334.5 million in 2004, at a growth rate of 100%. The earnings per share reached 161.7 Fils in 2005, compared with 55.5 Fils in 2004 at a growth rate of 191%.

In response to these results, the board of directors proposed the following dividends for the year ended 31 December 2005: Cash dividends of 35 percent, bonus shares with 20 percent of the paid up capital with 20 shares for each 100 shares of the Investment Dar Company. in addition to 70 shares in Al Madar Finance & Investment Company per 1000 shares of the Investment Dar Company after deducting treasury shares. The board of directors also proposed the increase of Investment Dar Company capital by 20% at a book value 1 Kuwaiti Dinar (Representing 100 Fils/share plus 900 Fils share premium). This proposal are subject to the approval of the shareholders in the general assembly and the public authorities.

To conclude, I would like to express my gratitude to all the members of the Shari'ah Supervisory Board. I would also like to thank the members of the Board of Directors for their efforts and continuous support and the executive management in Investment Dar's group companies and their employees. I hope that God will continue to bless us with his offerings and keep our nation under the leadership of His Highness Amir of Kuwait Sheikh Sabah Al Ahmad Al Jaber Al Sabah and his Crown Prince Sheikh Nawaf Al Ahmad Al Jaber Al Sabah and the wise Kuwaiti government.

ADNAN A. AL-MUSALLAM
Chairman and Managing Director

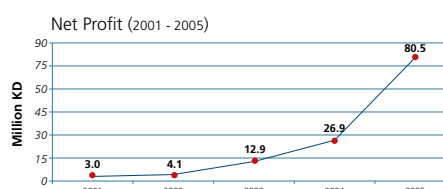
Financial Highlights 2001 - 2005

Net Profit
80.5
Million KD

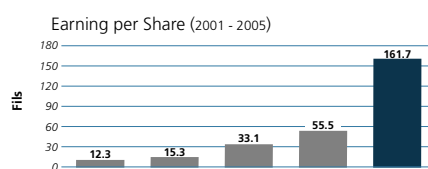


Net Profit**80.5**

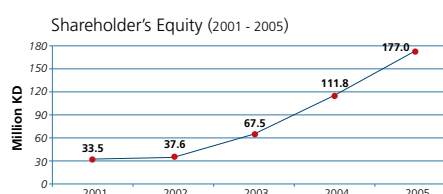
Million KD

**Earning per Share****161.7**

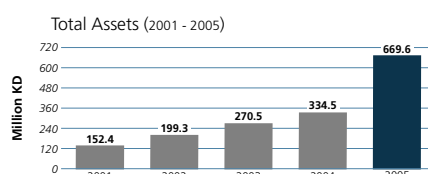
Fils

**Shareholder's Equity****177.0**

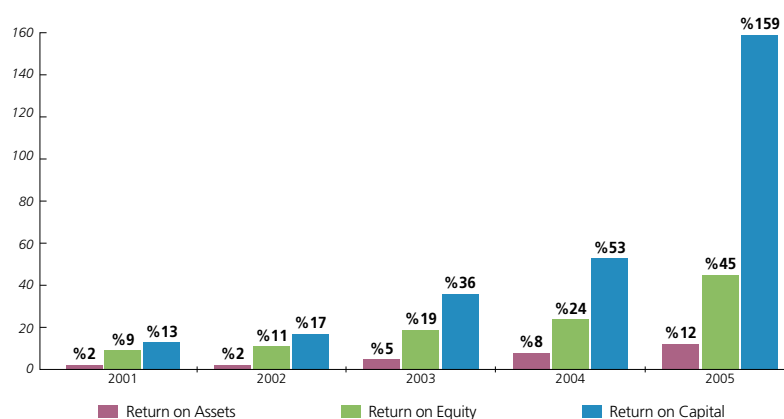
Million KD

**Total Assets****669.6**

Million KD

**Financial Highlights 2001 - 2005****Profitability Ratios %**

(2001-2005)



Description	2001	2002	2003	2004	2005
Return on Assets	2%	2%	5%	8%	12%
Return on Equity	9%	11%	19%	24%	45%
Return on Capital	13%	17%	36%	53%	159%

Executive Management

YUSEF MALALLAH

Deputy Executive President

AMR ABOU EL SEOUD

Executive Assistant of the Executive President

SALAH MOHAMMED AL-KANDARI

Assistant Executive President

ABDULLAH MSHARI AL-HOMAIZI

Assistant Executive President

FIRAS MAHMOUD WANLI

Chief Financial Officer

First, and before starting with presenting the most significant results that have been achieved by Investment Dar during the course of last year, we would like to confirm that the status we possess among the largest financial and investment companies in the region did not happen out of coincidence, but was a natural outcome of the results that have been achieved and witnessed in reality within our success story. This success story started when the company formulated a strategy to unleash individual proactive performance and provides it with all the success factors to perform well. We strongly believe that adopting the latest in technological and scientific methods is the best way to support this performance. This combination has led Investment Dar to move forward in all its plans slowly but surely, within an environment characterized by team spirit and acknowledgement of all of those who have contributed in this success; clients, investors and team work.

Income Statement

The language of numbers proves without any doubt the success that has been achieved last year, which was noticed and acknowledged by experts as one of the best results witnessed by the Islamic financial industry not only in Kuwait, but also in the region in general. In a quick look, we would like to present to you the most significant results and financial indicators achieved in 2005.

1. The company's net profit increased to KD80.5 million in comparison to KD26.9 million in 2004 at a growth rate of 199%.
2. Shareholders' equity increased to KD177 million compared to KD111.8 million in 2004 at a growth rate of 58%.
3. The year 2005 also witnessed an increase in the total assets where it reached KD 669.6 million compared to KD334.5 million in 2004 at a growth rate of 100%. The earning per share also reached an unprecedented level of 161.7 fils in 2005 compared to 55.5 fils in 2004 at a growth rate of 191%.

The year 2005 is the year of unprecedented accomplishments and success in the history of your company. It was ranked eighth among the listed companies on the local level, second among the financial industry in the Gulf and, according to Gulf Business magazine's evaluation of the largest 150 banking and investment companies in the GCC.

Investment Dar also accomplished many achievements during 2005 which we would like to present to you within the pages of this report. These achievements could have not been accomplished without your unlimited confidence and support. Following is a summary of the most significant achievements:

Board of Directors' Report

Musharaka Sukuk... Brilliant Debut

Investment Dar's issuance of Musharaka Sukuk in collaboration with ABC Islamic Bank during mid 2005 was a step in strengthening the great reputation for quality and innovative ability in the Islamic financing sector. This debut issue was extremely successful; Investors' appetite was twice as much as anticipated and the subscription for the Sukuk was raised from the initial \$50 million to \$100 million.

ABC Islamic Bank has made a name for itself in the regional finance and banking industry, that bank was the arrangement and underwriter of SUKUK issuance and owns a 49 percent stake of the Sukuk compared to Investment Dar's 51 percent ownership stake.

The innovative Musharaka Sukuk structure was approved by the Shari'ah supervisory boards of ABC Islamic Bank and Investment Dar. The Sukuk enables investors to earn profits from a pool of fully Shari'ah-compliant assets and profits will be distributed to investors twice a year so that the profits will not be less than 2 percent above the six-month Libor rate. The issuance of these Sukuk could be expanded in the future to include other parties such as the ABC Islamic Bank that is completely owned by the parent company, and has major shareholders from the governments of Kuwait, Libya and Abu Dhabi.

The issuance of the Sukuk by Investment Dar should have contributed to opening new marketing doors in the Gulf region and the Bahraini market in particular. The high-profile Sukuk will help Investment Dar establish its presence in Bahrain and to promote its activities in financing, investment and Islamic financial services.





Investment Dar Lists 3 New Companies on Kuwait Stock Exchange

Listing of Al Madar Finance & Investment Company, Credit Rating and Collection Company, and Al Dar National Real Estate Company in Kuwait Stock Exchange in mid 2005 has proved a positive effect on profitability of Investment Dar Company and its shareholders. The financial performance of these companies has exceeded the aggregate historical performance and achieved record-breaking results, reflecting the company's successful strategy in listing its subsidiaries in the Kuwaiti Stock Exchange and inviting new investors to share the success and invest in new attractive opportunities throughout diverse operational sectors such as investment, services and real estate.

Listing of Al Madar Finance & Investment Company, Credit Rating and Collection Company, and Al Dar National Real Estate Company in Kuwait Stock Exchange lead to a growth in the investor's base that helps in strengthening Group position and supports the operational diversification.

Accordingly, plans have been set up to list many other companies in the Kuwait Stock Exchange, as well as regional GCC stock exchanges. It is expected that Manazel Holding and Khabary Holding Company will be listed in the Kuwait Stock Exchange during the year 2006 after matching all listing prerequisites and requirements.



A Pioneer in Islamic Banking: Bahrain Islamic Bank



بنك البحرين الاسلامي ش.م.ب.
Bahrain Islamic Bank B.S.C

The acquisition of 25.88 percent of Bahrain Islamic Bank in 2005 for \$85 million is just the first step to add a commercial Islamic bank to Investment Dar Group. This step was a significant achievement considering that Bahrain Islamic Bank isn't just any bank; it is the first Islamic bank incorporated in Bahrain, with 26 years of experience, state-of-the-art operations and a worldwide correspondence network. The fact that Investment Dar won the deal for the Bahrain Islamic Bank under fierce competition from many institutions reflects investors' confidence in Al Dar and the regional markets' confidence in its leadership in the Islamic financial industry. In the grand scheme, the share in Bahrain Islamic Bank supports Investment Dar's strategy of diversifying operating income and expanding its geographical reach; as for Bahrain Islamic Bank, it benefits from the clientele base of Al Dar group and the access to the Kuwaiti market.

As the BIB acquisition is an important part of a comprehensive long-term strategy in accessing the Islamic banking industry, Al Dar does not intend to block its stake of ownership to the current 30% share in BIB. A phased plan has been formulated to increase Al Dar's ownership stake in this bank and implement a promising synergy procedures between Group activities and BIB.

Al Dar also has various plans in the near future where it intends to establish Al Sham Islamic Bank in Arab Syrian Republic with a group of investors, in addition to Al Dar Islamic Bank in the Kingdom of Bahrain.

Wethaq Takaful Insurance Company was established in July 2000. Its principal activities are takaful insurance and reinsurance, all carried out in accordance with the principles of Islamic Shari'ah, which stresses collective insurers' responsibility not based on the non-compliant interest calculations. Wethaq Takaful Insurance was listed on the Kuwait Stock Exchange in December 2004 and during the third quarter of 2005, Investment Dar increased its ownership stake in Wethaq Takaful to 40.72 percent. A complete growth plan has been formulated through carrying out the general and health insurance business as well as to expand more aggressively into unconventional products and packaging them in financial markets.

Islamic Takaful insurance has received a substantial influx of capital in recent years, claiming a unique position for itself in the global financial industry. This movement accompanies the growing power and complexity of the Islamic economic community. Still, Islamic insurance firms are much smaller and more limited when compared to conventional international companies and therefore these companies have to exert great efforts in developing new products and marketing them properly in coordination with local and regional corporations to reach the standards of international companies that still have a monopoly on the major part of this industry.

In the Kuwaiti Insurance sector, we see that the market share of Takaful Insurance has grown substantially to claim 13.5% of the total direct earned premiums in national companies until mid 2005, which Wethaq Takaful Insurance Company claims more than 31% off. The strategy aims at increasing the market share through strengthening relationships with current customers, improving customer services, and developing new and innovative products. Focusing on satisfying the needs of the Kuwaiti families through designing new products that attract their attention, and at the same time searching for exceptional investment sources, will contribute significantly in achieving the planned growth. The company also caters to the needs of non-Kuwaiti individuals who work in Kuwait to benefit from the demographic composition.

As for the company's operational performance, the total issued insurance policies in 2005 reached KD7,612 million, with an increase of KD1,315 million at a growth rate of 21% when compared to 2004. Total insurance claims in 2005 reached KD3,616 million, with an increase of KD452,000, at a growth rate of 14% when compared to 2004.



Practical Partner:

Wethaq Takaful Insurance Co.

Oqyana Real Estate Company

Largest Private Placement in the History of Kuwait

Investment Dar and its strategic ally EFAD Holding achieved great success in 2005 by increasing Oqyana's capital from KD 1 million to KD 250 million in one of the largest private placements in the history of Kuwait and the region done in record time; That record success reflects Al Dar's investment capacity, and investors' confidence. Increasing Oqyana's capital aims at enabling Oqyana to implement its major and distinguished developments 'Oqyana World First'; It is the largest of its kind in the world being established on the man-made island in the Dubai waters, UAE, at a cost of 4 billion USD with a conservative expected IRR of 24%. This iconic project will be cloned later on in other strategically important locations in the GCC such as Kuwait, Bahrain and the UAE, in addition to other investment opportunities located in various parts of the world.

While The average internal rate of return for Oqyana World First is expected not to be less than 24%, Oqyana Real Estate's average internal rate of return should not also go below 29.5% based on the size of the huge projects that will be executed in the future. Our strategy is to create a global real estate trademark, as the company possesses highly qualified human resources, competent management team, clear vision for the future, and ambitious operational plans. All these success factors supported by financial capabilities and other elements will help Oqyana to achieve its goals and aspirations, to become a leader in executing major real estate projects. Oqyana is expected to be listed in the Kuwait Stock Exchange by 2007 and to be later listed in the Dubai Stock Exchange.





OQYANATM

WORLD FIRST



Beach Mansions



Beach Villas



Beach Homes



Oqyana :

The World First

Oqyana World First is the only project in The World Island which represents a residential complex, characterized by a chain of integrated services and unique collection of features. that will make it the first giant real estate development of its kind, developed and implemented on a man-made island off the coast of Dubai, UAE.

The World Islands project is a group of 300 islands that represent the world map. The ambitions and, wild innovative visions of those who have created the concept, are claiming the project to be the first development of its kind in the world.

Oqyana World First is a group of 14 islands covering a total area of 393,800 square meters (39.38 Hectares) and includes various residential units such as beach villas, canal houses and apartments with sea- and bay-views, and the coral waters houses. With a unique collection of facilities; such as a luxurious hotel, a resort, and a state-of-the-art health club. Supported by modern public facilities built on an advanced systems and infrastructure.

Oqyana World First which represents the Australian Continent of the World Islands is characterized by various attractive features and specifications that are particularly attractive for investors. Among these characteristics are its unique location that is the easiest to reach, and its best panoramic views towards Dubai's beaches that are only 4.5Kms away towards the North, in addition to various other exceptional features that give investors the opportunity to create a comprehensive concept making it very difficult for others to imitate.

The integration of unique characteristics and features that offers rare opportunities, positioned Oqyana World First as a flagship that enhances investors' marketing efforts and helps developers in targeting elite clients from all around the world.



Khabary Holding



Incorporating Khabary Holding that was previously known as Al Dar First Holding Company and increasing its capital from 10 million KD to 50 million KD during mid 2004 in a private placement that was completely covered within a record time, provided a great support to the launch of its landmark project – Khabary – Future City in the city of AL Fahaheel. This huge project represents Khabary Holding's start in the real-estate sector that is characterized by high revenues and low risks. Al Dar is working hard to meet all the necessary requirements for listing Khabary in Kuwait Stock Exchange during 2006.

The constant growth of the Kuwaiti market has created suitable environment to adopt courageous and innovative ideas in the real estate business. That encouraged the market to stretch its potential expansion and secure larger investment opportunities as one of the main sources of sustainable economic development.



Khabary... Future City – is the name of Khabary Holding's landmark projects. This project is not merely a development project, but it is an integrated community representing great aspirations in the Kuwaiti real estate market.

Khabary's strategy focuses on capturing the promising investment opportunities in the local real-estate market, and carrying out various projects. To streamline with the founders and investors expectations, Al Dar is targeting new business lines where it can earn satisfactory returns in real estate business to hedge any decline in other financial and investment returns.

Khabary – Future City is one important example of the Kuwaiti private sector's innovative initiatives, one of the modern architectural landmarks in Kuwait. This project will include many residential, commercial, entertainment, educational and health care complexes such as a hotel, residential buildings and units, office towers, shopping malls, specialized hospital, private schools and other entertainment and commercial features, in addition to a multi-story car parking. This project will be implemented on an area of approximately 240,000 square meters; which is the largest privately owned plot of land in Kuwait.



Khabary
H O L D I N G
Kuwaiti Shareholding Co. (Closed)



Heir to a Legacy:

Wared Lease & Finance Co.

Wared Finance and Leasing was established in 2005 with a capital of 15 million. Its main activities focus on servicing individual clients and catering to their needs within a new and innovative vision, which the Kuwaiti market in general has never witnessed before. Wared unique expertise spans over a period of more than one decade since it was one of Investment Dar's retail sales and financing Departments. Wared Finance and Leasing aims at establishing its unique identity in the market with support from Investment Dar and its groups of companies, conduct activities that compliment each other to enable Wared to become a strong independent economic entity.

Al Dar's aim from establishing Wared is to make it a supporting arm in providing consumer financing and a one center in providing individual client services and catering to their various needs in different sectors starting from car financing, real-estate financing, passing through education financing, and financing large projects. Additional services may include providing consultancy services, collection services and other services that satisfy the needs of customers. finally conducting all services directly with customers in such a way that provides them with complete privacy and secrecy.

After the company was established in mid 2005, Wared accomplished many successes and achievements. The company won a bid among many other large companies that operate within the same sector and that have pitched for the same bid for opening the first branch for providing consumer financing directly to customers in the Ministries complex; by winning this bid, Wared became the first financing company to join a list of other excellent companies such as banks, communication companies and services that solely provide their services within that complex. Wared also achieved a one of a kind accomplishment in the Kuwaiti real-estate sector where it financed the sales of 82 houses of "Manazel" Houses in 1 and a half day at the Real-estate, Development and Financing Show.

In the medium term, Wared plans to consolidate the retail market with an eye on innovating new products and increasing their offer. Maintaining a stable income with steady growth and to spread out its risk. In the long term, the company envisions establishing a regional presence through subsidiaries in the retail market, reselling the products of larger banks and financial institutions using Wared outlets.





In another accomplishment during the year 2005, Investment Dar was successful in covering a private placement to increase Manazel Holding's capital from KD20 million to KD65 million. The issuance was managed by one of Al Dar's companies – Al Dar Asset Management Company, which played the role of the manager and the consultant of this issuance. The issuance was one of the most successful private placements that the local market has ever witnessed, completed within record time that did not exceed 10 days before the official date of the issuance and at a rate of 200%. Investment Dar plans to list Manazel Holding in the Kuwait Stock Exchange in 2006 after it matches all the necessary listing qualifications and requirements.

The target of this issuance was to increase Manazel Holding's capital to approximately KD65 million through issuing approximately 450 million shares at a nominal value of 110 fils/share including an issuance fees of 10 fils. As a result of the large demand, the shares were distributed among investors in such a way that the shares are available to the largest possible number of clients, individuals, companies and organizations in Kuwait, GCC and other Arab countries that have participated in this issuance. A great future awaits Manazel Holding as it has many major projects and an advanced real-estate futuristic vision in Kuwait and the GCC, especially it will be one of Al Dar's main companies in the construction and residential sectors.

The great success witnessed mainly reflects the investors and customers' confidence in Manazel Holding, especially because it is the sponsoring company of the well known "Manazel Housing Project", as one of the most prominent residential projects in the country. High project profitability was a result of the unique strategic partnership between Investment Dar Company, Sawaf Real Estate Co. and Najeeb Al- Humaizi Engineering Consultants. This project

A Premium Property

Manazel

HOLDING COMPANY

saw the light under the blessing and support of the government sector through the Public Organization for Housing Care.

Over the last three years, the company has realized excellent growth to become a leader among the other real-estate and development companies in Kuwait, as a result of its great experience and its excellent utilization of resources which lead to revenues exceeding 7.5 percent on its capital.

The company plans to continue this success, taking advantage of the projected continued growth of Kuwaiti real estate due to high demand (65,000 applications on the housing waiting list), a young population and the state trend of an increasingly strong role for the private sector in real estate development. Both High oil prices and the increasing regional stability have created an overall economic boom in Kuwait and the region and will continue to feed the success of the real estate sector. In the near future, the company also intends to provide entertainment services in order for its products to be fully integrated.



Rehal Logistics... Land, Sea & Air

Investment Dar successfully acquired a 30 percent share in Rehal Logistics in 2005 as it believes in the importance of the logistics sector, since it is a very promising sector due to the Kuwaiti and regional economic growth. The company aims at capturing profitable short term and mid term investment opportunities in this sector.

For this reason, Investment Dar well read the givens of the current period and conducted specialized research and studies in the logistics sector in the GCC and other Middle Eastern countries. Rehal, for a period of more than 6 months, screened and studied the operating performance of the existing logistics companies. And accordingly it succeeded in achieving one of its main strategic goals in diversifying its operations, income sources and accessing into the world of logistics services such as land, sea and air transportation and other services.



Rehal Logistics has ambitious plans for the future targeting regional growth and expansion in land, air and sea transportation services, distribution and warehousing. Rehal has already made positive steps by acquiring a stake of ownership in Load Air, which is the only joint stock company in Kuwait licensed for air cargo and it is registered in Rehal's books at its acquisition cost. Rehal also has a 45 percent ownership stake in Gulf Craft Inc, a leading manufacturer of boats and yachts with exports to the GCC region, wider MENA region, Australia, the United States, Europe and other countries. Gulf Craft has established its brand image in the international market and it has grown at an average rate of about 20 percent per year in the last two years.

Rehal Logistics also owns a company that employs a significant fleet of trucks to meet a variety of transportation and logistics needs on a huge scale. This fleet is considered to be one of the largest fleets operating in Kuwait. The company also has running contracts that provide it with big profits. Rehal Logistics also operates many car licenses and has a very ambitious strategy for the years ahead.





Giving Back: Investment Dar Contributes Toward a Better Society

Great achievements are the result of great noble acts. This is what Al Dar believes in as an Islamic financial institution taking its social role seriously and committed to helping people, developing society and promoting the social bonds that are an important part of Islamic teachings. Investment Dar utilizes its annual zakat budget, which has increased every year, in donation to many worthy cases across a spectrum of social and humanitarian missions in and outside of Kuwait. Investment Dar's donations are completely transparent and information on these gifts is always publicly revealed.

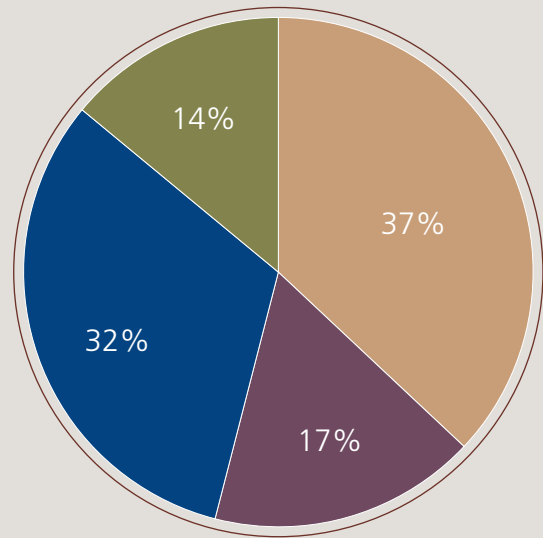
In 2005, Investment Dar donated to many charitable organizations and public institutions such as the donations made to Al Takaful Social Institute to help prisoners, Ministry of Health fund that is used to ease the suffering of those who have kidney and other long-term illnesses, Beit Al Zakat to support poor families, Bahaer Al Khair to aid inmates in prisons and other organizations which aim to fight drug addiction through education and rehabilitation and provides aid to addicts and their families.

And as part of its continuous support to the International Islamic Charity Institution which works on fighting the miseries that Muslims face all around the world, Investment Dar donated during the second half of last year to the Pakistani government to help those affected by devastating earthquakes there.

Revenues Distribution

The Investment Dar
31 December 2005
Revenues Distribution (In KD Million)

Investment Revenues	45,642,715
Finance Revenues	20,118,472
Real Estate Revenues	38,499,722
Investment Services & Other Revenues	16,549,642
	120,810,551



Diversification of Income

The transformation of Investment Dar from a company specialized in consumer financing to a huge entity that owns and operates many other companies operating in various industries was the main reason behind establishing a risk management strategy against local and regional threats and risks. In this context, we would like to point out that adopting an income diversification policy was one of the main facets of this strategy. Al Dar currently operates in various industries such as the financial, real estate, insurance, banking and services industries which include logistics services, project management, consultancy services and credit rating collection.

By the end of 2005, Investment Dar was able to acquire ownership stakes between 15% and 100% in many of the companies in these industries. In the financial industry, there are Al Madar Finance and Investment, Wared Lease and Finance and Al Dar Asset management Company. In the real-estate sector there are Al Dar National Real Estate Company, Khabary Holding, Oqyana Properties and Manazel Holding. In the insurance industry there is Wethak Takaful Insurance, and in the services industry there are many companies such as Rehal Logistics, Credit Rating & Collection Co. , Al Dar Research and Consultancy and Proman Project Management.

In addition to the banking industry which includes Bahrain Islamic Bank, Al Dar Islamic Bank in Bahrain and Al Sham Islamic Bank in Syria and both are under incorporation. In this way, Al Dar has achieved diversification by industry and geographical location that coincides with its conservative strategy that avoids risks and market fluctuations.

Now, and while we are welcoming the year 2006 with all confidence, we announce to you that we still have many projects and great opportunities that promise great benefits to our investors and shareholders. At the same time that we are working hard to develop and support our subsidiaries, and sister companies in achieving the goals that they were established to achieve. We promise you that we will continue in searching for more investment opportunities and profitable projects, some of which has already been identified. We will also continue to use our experience and human resources to get the most of benefit out of the growing opportunities in the industries we operate in.

Investment Dar Group of Companies

Finance & Investment



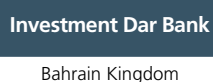
Real Estate



Services



Banking



Insurance



CONSOLIDATED FINANCIAL STATEMENTS
& INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2005

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