

**AL-AHLEIA INSURANCE COMPANY S.A.K.**

**INTERIM CONDENSED FINANCIAL  
STATEMENTS**

**31 MARCH 2004 (UNAUDITED)**

Al-Ahleia Insurance Company S.A.K.  
**INCOME STATEMENT (UNAUDITED)**  
 Period ended 31 March 2004

|   | <i>Notes</i> | <i>3 months<br/>ended<br/>31 March<br/>2004<br/>KD</i> | <i>3 months<br/>ended<br/>31 March<br/>2003<br/>KD</i> |
|---|--------------|--|--|
| <b>Revenue:</b>   |              |  |  |
| Premiums written  |              | <b>6,355,001</b>                                       | 6,000,664  |
| Reinsurance premiums ceded  |              | <b>(4,025,855)</b>                                     | (3,992,093)  |
| Net premiums written  |              | <b>2,329,146</b>                                       | 2,008,571  |
| Movement in unearned premiums   |              | <b>(131,906)</b>                                       | (127,437)  |
| Net premiums earned   |              | <b>2,197,240</b>                                       | 1,881,134  |
| Commission received on ceded reinsurance  |              | <b>812,195</b>   | 856,311  |
| Policy issuance and transfer fees   |              | <b>179,941</b>   | 191,391  |
| Sundry income   |              | <b>9,468</b>   | 12,117   |
|   |              | <b>3,198,844</b>                                       | 2,940,953  |
| <b>Expenses:</b>  |              |  |  |
| Claims incurred   |              | <b>1,470,980</b>                                       | 1,020,779  |
| Commissions and discounts   |              | <b>295,628</b>   | 302,006  |
| Movement in additional reserve  |              | <b>74,464</b>  | 35,428   |
| Movement in life mathematical reserve   |              | <b>20,000</b>  | (140,000)  |
| Maturity and cancellations of life insurance policies   |              | <b>17,960</b>  | 121,559  |
| General and administration expenses   |              | <b>627,457</b>   | 405,662  |
|   |              | <b>2,506,489</b>                                       | 1,745,434  |
| Net underwriting income   | 3            | <b>692,355</b>   | 1,195,519  |
| Net investment income   | 4            | <b>1,534,104</b>                                       | 770,998  |
| Sundry income   |              | <b>24,000</b>  | 4,529  |
| Unallocated general and administration expenses   |              | <b>(146,614)</b>                                       | (133,362)  |
| <b>PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION<br/>FOR THE ADVANCEMENT OF SCIENCES (KFAS) AND<br/>NATIONAL LABOUR TAX</b> |              | <b>2,103,845</b>                                       | 1,837,684  |
| Contribution to KFAS  |              | <b>(21,038)</b>  | (18,377)   |
| National Labour tax   |              | <b>(52,070)</b>  | (45,482)   |
| <b>NET PROFIT FOR THE PERIOD</b>  |              | <b>2,030,737</b>                                       | 1,773,825  |
| <b>EARNINGS PER SHARE</b>   | 5            | <b>18.04 fils</b>                                      | 15.70 fils   |

The attached notes 1 to 10 form part of these interim condensed financial statements.

# Al-Ahleia Insurance Company S.A.K.

## BALANCE SHEET (UNAUDITED)

At 31 March 2004

|   |       | (Audited)         |                   |                   |
|---|-------|-------------------|-------------------|-------------------|
|   |       | 31 March          | 31 December       | 31 March          |
|   |       | 2004              | 2003              | 2003              |
|   | Notes | KD                | KD                | KD                |
| <b>ASSETS</b>                                     |       |                   |                   |                   |
| Cash and investments:                             |       |                   |                   |                   |
| Fixed and short notice bank deposits              |       | 12,211,826        | 12,616,817        | 12,959,279        |
| Cash and cash equivalents                         | 6     | 7,031,719         | 9,465,683         | 7,385,070         |
| Investment in equities and bonds                  | 7     | 38,333,134        | 37,987,309        | 26,527,858        |
| Investment properties                             |       | 1,413,153         | 1,432,545         | 1,479,995         |
| Investment in associates                          |       | 2,026,998         | 2,030,077         | 1,324,208         |
| Loans to life policy holders                      |       | 35,961            | 37,565            | 93,159            |
|   |       | <u>61,052,791</u> | <u>63,569,996</u> | <u>49,769,569</u> |
| Premiums and insurance balances receivable        |       | 8,751,728         | 9,466,963         | 8,544,091         |
| Reinsurance recoverable on outstanding claims     |       | 12,306,075        | 11,339,700        | 8,440,132         |
| Other debit balances                              |       | 1,629,775         | 1,665,714         | 2,225,115         |
| Property and equipment                            |       | 3,936,654         | 3,969,594         | 4,041,828         |
|   |       | <u>87,677,023</u> | <u>90,011,967</u> | <u>73,020,735</u> |
| <b>TOTAL ASSETS</b>                               |       |                   |                   |                   |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>       |       |                   |                   |                   |
| <b>SHAREHOLDERS' EQUITY</b>                       |       |                   |                   |                   |
| Share capital                                     |       | 11,741,790        | 11,741,790        | 11,741,790        |
| Proposed dividend                                 | 8     | -                 | 4,062,202         | -                 |
| Statutory reserve                                 |       | 8,276,936         | 8,276,936         | 7,622,302         |
| General reserve                                   |       | 8,037,411         | 8,037,411         | 7,382,777         |
| Special voluntary reserve                         |       | 4,750,000         | 4,750,000         | 4,300,000         |
| Gain on sale of treasury shares                   |       | 853,862           | 853,862           | 190,564           |
| Cumulative changes in fair value                  |       | 4,960,248         | 6,312,986         | 488,866           |
| Retained earnings                                 |       | 6,778,479         | 4,745,744         | 6,112,155         |
|   |       | <u>45,398,726</u> | <u>48,780,931</u> | <u>37,838,454</u> |
| Treasury shares                                   | 9     | (1,990,648)       | (488,561)         | (1,449,946)       |
|   |       | <u>43,408,078</u> | <u>48,292,370</u> | <u>36,388,508</u> |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                 |       |                   |                   |                   |
| <b>LIABILITIES</b>                                |       |                   |                   |                   |
| <b>Technical reserves:</b>                        |       |                   |                   |                   |
| Outstanding claims reserve                        |       | 16,721,555        | 15,656,141        | 12,170,486        |
| Unearned premiums reserve                         |       | 2,508,748         | 2,376,843         | 2,185,401         |
| Life mathematical reserve                         |       | 2,935,000         | 2,915,000         | 2,800,000         |
| Additional reserve                                |       | 4,850,000         | 4,850,000         | 4,250,000         |
|   |       | <u>27,015,303</u> | <u>25,797,984</u> | <u>21,405,887</u> |
| Total technical reserves                          |       | 27,015,303        | 25,797,984        | 21,405,887        |
| Insurance, reinsurance companies and brokers      |       | 5,368,938         | 6,687,415         | 5,732,755         |
| Other credit balances                             |       | 11,884,704        | 9,234,198         | 9,493,585         |
|   |       | <u>44,268,945</u> | <u>41,719,597</u> | <u>36,632,227</u> |
| <b>TOTAL LIABILITIES</b>                          |       |                   |                   |                   |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b> |       |                   |                   |                   |
|   |       | <u>87,677,023</u> | <u>90,011,967</u> | <u>73,020,735</u> |

SULAIMAN HAMAD AL-DALALI  
CHAIRMAN AND MANAGING DIRECTOR

ISSA AHMAD AL-KHALAF  
VICE CHAIRMAN AND  
VICE MANAGING DIRECTOR

The attached notes 1 to 10 form part of these interim condensed financial statements.

# Al-Ahleia Insurance Company S.A.K.

## STATEMENT OF CASH FLOWS (UNAUDITED)

Period ended 31 March 2004

|  | <i>Note</i> | <b>3 months ended<br/>31 March<br/>2004<br/>KD</b> | <b>3 months ended<br/>31 March<br/>2003<br/>KD</b> |
|--|-------------|--|--|
| <b>OPERATING ACTIVITIES</b>  |             |  |  |
| Profit before contribution to KFAS and national labour tax           |             | <b>2,103,845</b>                                   | 1,837,684  |
| Adjustments for:   |             |  |  |
| Provision for employees' end of service benefits                     |             | <b>14,505</b>                                      | 33,080   |
| Depreciation of property and equipment                               |             | <b>53,537</b>                                      | 51,848   |
| Depreciation of investment properties                                |             | <b>19,392</b>                                      | 19,086   |
| Amortisation of goodwill   |             | <b>8,394</b>                                       | 1,437  |
| Gain on sale of available-for-sale investments                       |             | <b>(1,071,675)</b>                                 | (258,490)  |
| Dividend income  |             | <b>(324,029)</b>                                   | (305,725)  |
| Interest income  |             | <b>(156,649)</b>                                   | (179,603)  |
| Rental income  |             | <b>(45,347)</b>                                    | (54,820)   |
| Share in associated company's results                                |             | <b>(2,433)</b>                                     | 1,341  |
| Operating profit before changes in operating assets and liabilities: |             | <b>599,540</b>                                     | 1,145,838  |
| Receivables and other debit balances                                 |             | <b>(63,844)</b>                                    | 3,182,735  |
| Technical reserves   |             | <b>1,217,319</b>                                   | (30,112)   |
| Payables and other credit balances                                   |             | <b>(2,817,249)</b>                                 | (2,933,729)  |
| Cash (used in) generated from operations                             |             | <b>(1,064,234)</b>                                 | 1,364,732  |
| Employees' end of service benefits paid                              |             | <b>(537)</b>                                       | (11,622)   |
| Net cash (used in) from operating activities                         |             | <b>(1,064,771)</b>                                 | 1,353,110  |
| <b>INVESTING ACTIVITIES</b>  |             |  |  |
| Purchase of property and equipment                                   |             | <b>(20,597)</b>                                    | (19,556)   |
| Purchase of available for sale investments                           |             | <b>(6,038,669)</b>                                 | (2,783,069)  |
| Purchase of investment in associates                                 |             | <b>(2,882)</b>                                     | -  |
| Proceeds from sale of available for sale investments                 |             | <b>5,413,779</b>                                   | 2,608,211  |
| Movement in loans to life policy holders                             |             | <b>1,604</b>                                       | -  |
| Movement in fixed and short notice bank deposits                     |             | <b>404,991</b>                                     | (360,000)  |
| Dividends received   |             | <b>287,194</b>                                     | 236,415  |
| Interest received  |             | <b>42,127</b>                                      | 171,927  |
| Rental income received   |             | <b>45,347</b>                                      | 54,820   |
| Net cash from (used in) investing activities                         |             | <b>132,894</b>                                     | (91,252)   |
| <b>FINANCING ACTIVITIES</b>  |             |  |  |
| Purchase of treasury shares  |             | <b>(1,502,087)</b>                                 | -  |
| Net cash used in financing activities                                |             | <b>(1,502,087)</b>                                 | -  |
| <b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>              |             | <b>(2,433,964)</b>                                 | 1,261,858  |
| Cash and cash equivalents at the beginning of the period             |             | <b>9,465,683</b>                                   | 6,123,212  |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>            | <b>6</b>    | <b>7,031,719</b>                                   | 7,385,070  |

The attached notes 1 to 10 form part of these interim condensed financial statements.

Al-Ahleia Insurance Company S.A.K.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

Period ended 31 March 2004

|  | <i>Share capital</i><br>KD | <i>Proposed dividend</i><br>KD | <i>Statutory reserve</i><br>KD | <i>General reserve</i><br>KD | <i>Special voluntary reserve</i><br>KD | <i>Gain on sale of treasury shares</i><br>KD | <i>Cumulative changes in fair value</i><br>KD | <i>Retained earnings</i><br>KD | <i>Treasury shares</i><br>KD | <i>Total shareholders' equity</i><br>KD |
|--|----------------------------|--------------------------------|--------------------------------|------------------------------|--|--|---|--------------------------------|------------------------------|---|
| Balance at 31 December 2003                              | 11,741,790                 | 4,062,202                      | 8,276,936                      | 8,037,411                    | 4,750,000                              | 853,862                                      | 6,312,986                                     | 4,745,744                      | (488,561)                    | 48,292,370                              |
| Sale of available-for-sale-investments                   | -                          | -                              | -                              | -                            | -                                      | -  | (893,577)                                     | 1,998                          | -                            | (891,579)                               |
| Dividend for 2003 at 35 fils per share                   | -                          | (4,062,202)                    | -                              | -                            | -                                      | -  | -   | -                              | -                            | (4,062,202)                             |
| Purchase of treasury shares                              | -                          | -                              | -                              | -                            | -                                      | -  | -   | -                              | (1,502,087)                  | (1,502,087)                             |
| Changes in fair values of available-for-sale investments | -                          | -                              | -                              | -                            | -                                      | -  | (459,161)                                     | -                              | -                            | (459,161)                               |
| Net profit for the period                                | -                          | -                              | -                              | -                            | -                                      | -  | -   | 2,030,737                      | -                            | 2,030,737                               |
| <b>Balance at 31 March 2004</b>                          | <b>11,741,790</b>          | <b>-</b>                       | <b>8,276,936</b>               | <b>8,037,411</b>             | <b>4,750,000</b>                       | <b>853,862</b>                               | <b>4,960,248</b>                              | <b>6,778,479</b>               | <b>(1,990,648)</b>           | <b>43,408,078</b>                       |
| Balance at 31 December 2002                              | 11,741,790                 | 2,938,205                      | 7,622,302                      | 7,382,777                    | 4,300,000                              | 190,564                                      | 414,950                                       | 4,338,330                      | (1,449,946)                  | 37,478,972                              |
| Sale of available-for-sale investments                   | -                          | -                              | -                              | -                            | -                                      | -  | (116,748)                                     | -                              | -                            | (116,748)                               |
| Dividend for 2002 at 26 fils per share                   | -                          | (2,938,205)                    | -                              | -                            | -                                      | -  | -   | -                              | -                            | (2,938,205)                             |
| Purchase of treasury shares                              | -                          | -                              | -                              | -                            | -                                      | -  | -   | -                              | -                            | -                                       |
| Changes in fair values of available-for-sale investments | -                          | -                              | -                              | -                            | -                                      | -  | 190,664                                       | -                              | -                            | 190,664                                 |
| Net profit for the period                                | -                          | -                              | -                              | -                            | -                                      | -  | -   | 1,773,825                      | -                            | 1,773,825                               |
| Balance at 31 March 2003                                 | 11,741,790                 | -                              | 7,622,302                      | 7,382,777                    | 4,300,000                              | 190,564                                      | 488,866                                       | 6,112,155                      | (1,449,946)                  | 36,388,508                              |

The attached notes 1 to 10 form part of these interim condensed financial statements.

# Al-Ahleia Insurance Company S.A.K.

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED)

At 31 March 2004

### 1 ACTIVITIES

The interim condensed financial statements of Al-Ahleia Insurance Company S.A.K. for the period ended 31 March 2004 were authorised for issue by the chairman on behalf of the board of directors on 5 May 2004.

Al-Ahleia Insurance Company S.A.K is a Kuwaiti Shareholding Company registered under the Insurance Companies and Agents Law No. 24 of 1961 and its subsequent amendments. It is engaged in various insurance activities, including reinsurance. Its registered head office is at P.O. Box 1602, Safat 13017, Kuwait.

### 2 BASIS OF PRESENTATION

The interim condensed financial statements of the company are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2003.

Operating results for the three months ended 31 March 2004 are not necessary indicative of the results that may be expected for the year ending 31 December 2004.

### 3 DEPARTMENT RESULTS

a) Three months ended 31 March 2004:

|   | <i>Marine<br/>and aviation<br/>KD</i> | <i>Accident<br/>KD</i> | <i>Fire<br/>KD</i> | <i>Life<br/>KD</i> | <i>Total<br/>KD</i> |
|---|---------------------------------------|------------------------|--------------------|--------------------|---------------------|
| <b>Revenue:</b>                                       |                                       |                        |                    |                    |                     |
| Premiums written                                      | 2,123,150                             | 2,184,530              | 473,931            | 1,573,390          | 6,355,001           |
| Reinsurance premiums ceded                            | (1,981,255)                           | (868,878)              | (343,251)          | (832,471)          | (4,025,855)         |
| Net premiums written                                  | 141,895                               | 1,315,652              | 130,680            | 740,919            | 2,329,146           |
| Movement in unearned premiums                         | (27,042)                              | (93,927)               | (10,937)           | -                  | (131,906)           |
| Net premiums earned                                   | 114,853                               | 1,221,725              | 119,743            | 740,919            | 2,197,240           |
| Commission received on ceded reinsurance              | 349,746                               | 179,897                | 89,325             | 193,227            | 812,195             |
| Policy issuance and transfer fees                     | -                                     | 179,941                | -                  | -                  | 179,941             |
| Sundry income   | 3,146                                 | 4,068                  | 1,020              | 1,234              | 9,468               |
| <b>Total revenue</b>                                  | <b>467,745</b>                        | <b>1,585,631</b>       | <b>210,088</b>     | <b>935,380</b>     | <b>3,198,844</b>    |
| <b>Expenses:</b>                                      |                                       |                        |                    |                    |                     |
| Claims incurred                                       | 20,756                                | 1,025,049              | 62,250             | 362,925            | 1,470,980           |
| Commissions and discounts                             | 42,450                                | 147,222                | 44,182             | 61,774             | 295,628             |
| Movement in additional reserve                        | -                                     | 74,464                 | -                  | -                  | 74,464              |
| Movement in life mathematical reserve                 | -                                     | -                      | -                  | 20,000             | 20,000              |
| Maturity and cancellations of life insurance policies | -                                     | -                      | -                  | 17,960             | 17,960              |
| General and administration expenses                   | 175,617                               | 258,232                | 52,166             | 141,442            | 627,457             |
| <b>Total expenses</b>                                 | <b>238,823</b>                        | <b>1,504,967</b>       | <b>158,598</b>     | <b>604,101</b>     | <b>2,506,489</b>    |
| <b>Net underwriting income</b>                        | <b>228,922</b>                        | <b>80,664</b>          | <b>51,490</b>      | <b>331,279</b>     | <b>692,355</b>      |

Al-Ahleia Insurance Company S.A.K.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED)

At 31 March 2004

**3 DEPARTMENT RESULTS (continued)**

b) Three months ended 31 March 2003:

|   | <i>Marine<br/>and aviation<br/>KD</i> | <i>Accident<br/>KD</i> | <i>Fire<br/>KD</i> | <i>Life<br/>KD</i> | <i>Total<br/>KD</i> |
|---|---------------------------------------|------------------------|--------------------|--------------------|---------------------|
| Revenue:  |                                       |                        |                    |                    |                     |
| Premiums written                                      | 2,000,067                             | 2,063,299              | 393,948            | 1,543,350          | 6,000,664           |
| Reinsurance premiums ceded                            | (1,907,406)                           | (796,928)              | (301,082)          | (986,677)          | (3,992,093)         |
| Net premiums written                                  | 92,661                                | 1,266,371              | 92,866             | 556,673            | 2,008,571           |
| Movement in unearned premiums                         | (10,754)                              | (122,994)              | 6,311              | -                  | (127,437)           |
| Net premiums earned                                   | 81,907                                | 1,143,377              | 99,177             | 556,673            | 1,881,134           |
| Commission received on ceded reinsurance              | 375,368                               | 144,803                | 118,196            | 217,944            | 856,311             |
| Policy issuance and transfer fees                     | -                                     | 191,391                | -                  | -                  | 191,391             |
| Sundry income   | 3,389                                 | 6,391                  | 892                | 1,445              | 12,117              |
| Total revenue   | 460,664                               | 1,485,962              | 218,265            | 776,062            | 2,940,953           |
| Expenses:   |                                       |                        |                    |                    |                     |
| Claims incurred                                       | 40,454                                | 658,550                | 25,413             | 296,362            | 1,020,779           |
| Commissions and discounts                             | 45,651                                | 132,363                | 93,063             | 30,929             | 302,006             |
| Movement in additional reserve                        | -                                     | 35,428                 | -                  | -                  | 35,428              |
| Movement in life mathematical reserve                 | -                                     | -                      | -                  | (140,000)          | (140,000)           |
| Maturity and cancellations of life insurance policies | -                                     | -                      | -                  | 121,559            | 121,559             |
| General and administrative expenses                   | 116,180                               | 185,534                | 32,011             | 71,937             | 405,662             |
| Total expenses  | 202,285                               | 1,011,875              | 150,487            | 380,787            | 1,745,434           |
| Net underwriting income                               | 258,379                               | 474,087                | 67,778             | 395,275            | 1,195,519           |

Al-Ahleia Insurance Company S.A.K.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED)

At 31 March 2004

**4 NET INVESTMENT INCOME**

|  | <i>3 months ended<br/>31 March<br/>2004<br/>KD</i> | <i>3 months ended<br/>31 March<br/>2003<br/>KD</i> |
|--|--|--|
| Interest on bonds                                | <b>50,127</b>                                      | 62,383   |
| Dividend income                                  | <b>324,029</b>                                     | 305,725  |
| Interest on fixed and short notice bank deposits | <b>106,522</b>                                     | 117,220  |
| Rental income                                    | <b>45,347</b>                                      | 54,820   |
| Gain on sale of available-for-sale investments   | <b>1,071,675</b>                                   | 258,490  |
| Other investment income                          | <b>32,506</b>                                      | 52,393   |
|  | <u><b>1,630,206</b></u>                            | <u>851,031</u>                                     |
| General and administration expenses              | <b>(36,436)</b>                                    | (32,703)   |
| Depreciation and amortisation                    | <b>(27,786)</b>                                    | (20,523)   |
| Financial charges and bank commission            | <b>(31,880)</b>                                    | (23,761)   |
| Other expenses                                   | <b>-</b>   | (3,046)  |
|  | <u><b>(96,102)</b></u>                             | <u>(80,033)</u>                                    |
|  | <u><b>1,534,104</b></u>                            | <u>770,998</u>                                     |

**5 EARNINGS PER SHARE**

Earnings per share are calculated by dividing the net profit for the period by the weighted average number of shares outstanding during the period as follows:

|   | <i>3 months<br/>ended<br/>31 March<br/>2004<br/>KD</i> | <i>3 months<br/>ended<br/>31 March<br/>2003<br/>KD</i> |
|---|--|--|
| Net profit for the period                                       | <u><b>2,030,737</b></u>                                | <u>1,773,825</u>                                       |
|   | <b>Shares</b>  | Shares   |
| Weighted average number of shares outstanding during the period | <u><b>112,565,520</b></u>                              | <u>113,007,904</u>                                     |
| Earnings per share  | <u><b>18.04 fils</b></u>                               | <u>15.70 fils</u>                                      |

Al-Ahleia Insurance Company S.A.K.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

(UNAUDITED)

At 31 March 2004

**6 CASH AND CASH EQUIVALENTS**

|                            | <i>31 March</i>  | <i>(Audited)</i>   |                  |
|----------------------------|------------------|--------------------|------------------|
|                            | <i>2004</i>      | <i>31 December</i> | <i>31 March</i>  |
|                            | <i>KD</i>        | <i>2003</i>        | <i>2003</i>      |
|                            |                  | <i>KD</i>          | <i>KD</i>        |
| Cash in hand and at banks  | 126,435          | 91,827             | 63,711           |
| Short notice bank deposits | 1,284,326        | 2,599,906          | 974,713          |
| Money market fund          | 5,620,958        | 6,773,950          | 6,346,646        |
|                            | <u>7,031,719</u> | <u>9,465,683</u>   | <u>7,385,070</u> |

**7 INVESTMENT IN EQUITIES AND BONDS**

|  | <i>31 March</i>   | <i>(Audited)</i>   |                   |
|--|-------------------|--------------------|-------------------|
|  | <i>2004</i>       | <i>31 December</i> | <i>31 March</i>   |
|  | <i>KD</i>         | <i>2003</i>        | <i>2003</i>       |
|  |                   | <i>KD</i>          | <i>KD</i>         |
| Available-for-sale-investments:                                    |                   |                    |                   |
| Quoted equities  | 23,258,319        | 23,048,159         | 14,726,419        |
| Unquoted equities  | 11,043,313        | 10,914,148         | 7,289,437         |
|  | <u>34,301,632</u> | <u>33,962,307</u>  | <u>22,015,856</u> |
| Investment in subsidiary   | <u>1</u>          | <u>1</u>           | <u>1</u>          |
| Originated loans:  |                   |                    |                   |
| Bonds  | 4,031,500         | 4,025,000          | 4,512,000         |
| Bonds of corporation for settlement of forward share transactions: |                   |                    |                   |
| Nominal value  | 459,701           | 459,701            | 459,701           |
| Provision for impairment   | (459,700)         | (459,700)          | (459,700)         |
|  | <u>1</u>          | <u>1</u>           | <u>1</u>          |
|  | <u>38,333,134</u> | <u>37,987,309</u>  | <u>26,527,858</u> |

Included under available for sale investments are unquoted securities with a value of KD 11,043,313 (31 December 2003: KD 10,914,148) which are carried at cost due to the unpredictable nature of future cash flows and the lack of suitable other methods for arriving at a reliable measure of fair value.

**8 PROPOSED DIVIDEND**

The general assembly held on 13 April 2004 approved the distribution of 35 fils per share dividend proposed by the board of directors for the year 2003.

**9 TREASURY SHARES**

|                                   | <i>31 March</i><br><i>2004</i> | <i>(Audited)</i><br><i>31 December</i><br><i>2003</i> | <i>31 March</i><br><i>2003</i> |
|-----------------------------------|--------------------------------|---|--------------------------------|
| Number of treasury shares (share) | <u>4,220,000</u>               | <u>1,355,000</u>                                      | <u>4,410,000</u>               |
| Percentage of issued shares (%)   | <u>3.6</u>                     | <u>1.2</u>  | <u>3.8</u>                     |
| Market value (KD)                 | <u>2,152,200</u>               | <u>691,050</u>  | <u>2,381,400</u>               |

**10 RELATED PARTY TRANSACTIONS**

In the normal course of business, the company provides insurance services to related parties. Premiums written from related parties during the three months ended 31 March 2004 amounted to KD 376,922 and accounts receivable and payable resulting from these services amounted to KD 2,089,346 and KD 31,003 respectively at 31 March 2004 (31 March 2003: premiums of KD 945,015, receivables and payables of KD 2,351,699 and KD 36,455 respectively).

**11 COMPARATIVE FIGURES**

Certain prior period amounts have been reclassified to conform to the current period presentation.

