

# Consolidated Financial Statements & Independent Auditors' Report

31 December 2004



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To the Shareholders  
The Investment Dar Company K.S.C. (Closed)  
State of Kuwait

### Independent Auditors' Report

We have audited the accompanying consolidated balance sheet of The Investment Dar Company K.S.C. - (Closed) ("the Company") and its subsidiaries (together referred to as "the Group") as at 31 December 2004 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended.

#### Respective responsibilities of management and auditors

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

#### Basis of opinion

We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

#### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2004, and of the results of its operations and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Also, in our opinion the consolidated financial statements include all information required by the Commercial Companies Law, and the Company's Articles of Association. Proper books of account have been kept by the Company, an inventory count was carried out in accordance with recognized procedures and the accounting information given in the board of directors report agrees with the books of account. We have obtained the information and explanations that we required for the purpose of our audit. To the extent of information made available to us, we have not become aware of any contravention, during the year ended 31 December 2004, of the Commercial Companies Law or of law No. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organization of banking business or articles of association, that would materially affect the Group's activities or its consolidated financial position.

  
Qais M. Al-Nisf

License No.38-A  
KPMG Al Nisf & Partners  
Member Firm of KPMG International  
Kuwait, 13 February 2005



Bader A. Al Wazzan  
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# Consolidated Balance Sheet

As at 31 December 2004

(All Amounts are in Kuwaiti Dinars)

	Note	2004 (KD)	2003 (KD)
<b>Assets</b>			
Cash and cash equivalents	3	26,174,935	19,836,250
Murabaha investments		540,101	537,459
Investments held for trading	4	9,821,462	2,123,075
Investments available for sale	5	34,244,673	9,401,758
Trade receivables	6	189,452,589	169,774,602
Other receivables	7	18,283,557	12,035,806
Land and real estate held for trading	8	511,990	507,500
Investment properties	9	26,218,687	24,113,767
Land and real estate under development	10	22,611,662	28,269,335
Investment in associates	11	989,542	807,320
Intangible assets	12	2,490,361	1,337,101
Property and equipment	13	4,534,072	1,750,110
<b>Total Assets</b>		<b>335,873,631</b>	<b>270,494,083</b>
<b>Liabilities, Minority Interest and Shareholders' Equity</b>			
<b>Liabilities</b>			
Payables and other credit balances	14	10,020,361	18,363,563
Murabaha and wakala payable	15	209,185,409	183,892,719
Employees' end of service indemnity		699,974	497,984
<b>Total Liabilities</b>		<b>219,905,744</b>	<b>202,754,266</b>
<b>Minority interest</b>	16	<b>2,742,017</b>	<b>287,942</b>
<b>Shareholders' Equity</b>			
Share capital	17	50,718,995	35,513,570
Share premium		25,674,252	13,860,181
Treasury shares	18	(443,707)	(329,254)
Gain on sale of treasury shares		109,556	69,916
Reserves	19,20	14,669,889	7,184,111
Retained earnings		22,496,885	11,153,351
<b>Total Shareholders' Equity</b>		<b>113,225,870</b>	<b>67,451,875</b>
<b>Total Liabilities, Minority Interest and Shareholders' Equity</b>		<b>335,873,631</b>	<b>270,494,083</b>

The accompanying notes form an integral part of these consolidated financial statements.



**Adnan A. Al-Musallam**  
Chairman and Managing Director

# Consolidated Statement of Income

For the Year ended December 31, 2004

(All Amounts are in Kuwaiti Dinars)

	Note	2004 (KD)	2003 (KD)
<b>Revenue</b>			
Finance income		<b>14,468,310</b>	13,944,042
Investments income	21	<b>5,961,155</b>	6,308,101
Investment services income	22	<b>4,941,284</b>	709,153
Income from land and real estate	23	<b>25,766,042</b>	12,108,562
Other income	24	<b>1,330,272</b>	615,731
		<b>52,467,063</b>	<b>33,685,589</b>
<b>Expenses and other charges</b>			
Finance cost		<b>14,118,981</b>	11,266,536
General and administrative expenses		<b>7,375,105</b>	4,641,883
Provision for doubtful debts		<b>2,193,932</b>	3,218,206
Depreciation and amortization		<b>680,660</b>	488,758
		<b>24,368,678</b>	<b>19,615,383</b>
<b>Income before deductions</b>			
		<b>28,098,385</b>	<b>14,070,206</b>
Zakat	25	-	(648,501)
Kuwait Foundation for the Advancement of Sciences ("KFAS")		<b>(198,734)</b>	(112,847)
National Labor support tax		<b>(615,132)</b>	(297,706)
Directors' remuneration		<b>(110,000)</b>	(94,000)
Net profit before minority interest		<b>27,174,519</b>	12,917,152
Minority interest		<b>(416,147)</b>	(16,253)
Net profit		<b>26,758,372</b>	<b>12,900,899</b>
Earnings per share (fils)	26	<b>55.11</b>	<b>33.12</b>

The accompanying notes form an integral part of these consolidated financial statements.

## Consolidated Statement of Changes in Shareholders' Equity

For the Year ended December 31, 2004

(All Amounts are in Kuwaiti Dinars)

	Share Capital (Note 17)	Share Premium	Treasury Shares (Note 18)	Gain on Sale of Treasury Shares	Reserves (Note - 19,20)	Retained Earnings	Total
Balance at 31 December 2002	24,344,640	5,527,608	-	69,916	4,331,608	3,368,006	<b>37,641,778</b>
Distribution of bonus shares for 2002	2,434,464	-	-	-	-	(2,434,464)	-
Increase in capital - cash	8,734,466	8,332,573	-	-	-	-	<b>17,067,039</b>
Purchase of treasury shares	-	-	(329,254)	-	-	-	<b>(329,254)</b>
Change in fair value of investments available for sale	-	-	-	-	118,240	-	<b>118,240</b>
Foreign currency translation reserve	-	-	-	-	53,173	-	<b>53,173</b>
Net profit for the year	-	-	-	-	-	12,900,899	<b>12,900,899</b>
Transfer to reserves	-	-	-	-	2,681,090	(2,681,090)	-
<b>Balance at 31 December 2003</b>	<b>35,513,570</b>	<b>13,860,181</b>	<b>(329,254)</b>	<b>69,916</b>	<b>7,184,111</b>	<b>11,153,351</b>	<b>67,451,875</b>
Distribution of bonus shares for 2003	5,327,033	-	-	-	-	(5,327,033)	-
Cash dividends for 2003	-	-	-	-	-	(3,551,357)	<b>(3,551,357)</b>
Increase in capital - cash	9,878,392	11,814,071	-	-	-	-	<b>21,692,463</b>
Purchase of treasury shares	-	-	(232,453)	-	-	-	<b>(232,453)</b>
Sale of treasury shares	-	-	118,000	39,640	-	-	<b>157,640</b>
Change in fair value of investments available for sale	-	-	-	-	957,143	-	<b>957,143</b>
Foreign currency translation reserve	-	-	-	-	(7,813)	-	<b>(7,813)</b>
Net profit for the year	-	-	-	-	-	26,758,372	<b>26,758,372</b>
Transfer to reserves	-	-	-	-	6,536,448	(6,536,448)	-
<b>Balance at 31 December 2004</b>	<b>50,718,995</b>	<b>25,674,252</b>	<b>(443,707)</b>	<b>109,556</b>	<b>14,669,889</b>	<b>22,496,885</b>	<b>113,225,870</b>

The accompanying notes form an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

For the Year ended December 31, 2004

(All Amounts are in Kuwaiti Dinars)

	2004 (KD)	2003 (KD)
<b>Cash flows from operating activities</b>		
Net profit before minority interest	<b>27,174,519</b>	12,917,152
Adjustments:		
Depreciation and amortization	<b>680,660</b>	488,758
Provision for doubtful debts	<b>2,391,932</b>	3,218,206
Write back of impairment losses of investments available for sale	-	(660,000)
Gain on sale of investment in an associate	-	(4,562,869)
Group's share from associates' profits	<b>(29,207)</b>	(217,677)
Murabaha and dividends income	<b>(667,753)</b>	(77,847)
Gain on sale of investments available for sale	<b>(1,227,361)</b>	-
Change in fair value of investment properties	<b>(1,800,853)</b>	(7,018,141)
Gain on sale of property and equipment	<b>(41,095)</b>	(5,990)
End of service indemnity expense	<b>365,605</b>	174,279
Kuwait Foundation for the Advancement of Sciences	<b>198,734</b>	112,847
National labour support tax	<b>615,132</b>	297,706
Board of directors' remuneration	<b>110,000</b>	94,000
Operating income before changes in working capital	<b>27,770,313</b>	4,760,424
Trade receivables	<b>(22,069,919)</b>	(21,066,128)
Other receivables	<b>1,710,069</b>	(1,074,963)
Investments held for trading	<b>(7,698,387)</b>	(654,187)
Land and real estate held for trading	<b>(4,490)</b>	1,166,160
Payables and other credit balances	<b>(9,233,051)</b>	12,786,524
Payment of employees end of service indemnity	<b>(163,615)</b>	(50,707)
Cash used in operating activities	<b>(9,689,080)</b>	(4,132,877)
Payment for Kuwait Foundation for the Advancement of Sciences	<b>(112,847)</b>	(38,578)
Net cash used in operating activities	<b>(9,801,927)</b>	(4,171,455)

## Consolidated Statement of Cash Flows (continued)

For the Year ended December 31, 2004

(All Amounts are in Kuwaiti Dinars)

	Note	2004 (KD)	2003 (KD)
<b>Cash flows from investing activities</b>			
Payment for purchase of investment in associate		<b>(199,900)</b>	(1,248,574)
Proceeds from sale of an associate		-	6,984,875
Murabaha investments		<b>(2,642)</b>	1,305,789
Investments available for sale		<b>(20,516,179)</b>	(2,805,477)
Cash used in acquisition of a subsidiary	12	<b>(4,365,733)</b>	(8,969,381)
Net change in land and real estate under development		<b>(10,465,825)</b>	(13,539,309)
Payment for purchase of property and equipment		<b>(3,789,192)</b>	(1,153,747)
Proceeds from sale of property and equipment		<b>634,713</b>	15,246
Payment for purchase of intangible assets		-	(864,558)
Net change in investment properties		<b>8,982,755</b>	(5,680,267)
Murabaha and dividends received		<b>667,753</b>	77,847
Net cash used in investing activities		<b>(29,054,250)</b>	(25,877,556)
<b>Cash flows from financing activities</b>			
Net receipts from murabaha and wakala payables		<b>25,292,690</b>	31,190,345
Proceeds from share capital increase		<b>9,878,392</b>	8,734,466
proceeds from issue premium		<b>11,814,071</b>	8,332,573
proceeds on sale of treasury shares		<b>157,640</b>	-
Payment to purchase treasury shares		<b>(232,453)</b>	(329,254)
Payment of dividends		<b>(3,551,357)</b>	-
Net cash from financing activities		<b>43,358,983</b>	47,928,130
Net change in minority interest		<b>1,835,879</b>	-
Net increase in cash and cash equivalents		<b>6,338,685</b>	17,879,119
Cash and cash equivalents at beginning of year		<b>19,836,250</b>	1,957,131
Cash and cash equivalents at end of year	3	<b>26,174,935</b>	19,836,250

The accompanying notes form an integral part of these consolidated financial statements.

# Notes to the Consolidated Financial Statements

31 December 2004

(All Amounts are in Kuwaiti Dinars unless otherwise stated)

## 1. Incorporation of the Group

The Investment Dar Company ("The Parent Company") is a Closed Kuwaiti Shareholding Company established in Kuwait in 1994 and is registered as an investment company with the Central Bank of Kuwait on 27 August 1995. The Company's shares were listed on Kuwait Stock Exchange on April 1999. The Parent Company's headquarters office is domiciled at Ahmed Al-Jaber Street, Sharq, Kuwait.

The activities of the Parent Company and its subsidiaries are carried out in accordance with Noble Islamic Shari'ah principles. The principal activities of the Group are selling and leasing of motor vehicles and real estate properties to consumers based on Musawama, Murabaha, Ijara and Wakala contracts. The Group is also engaged in Murabaha investments with local Islamic financial institutions, trading in land and real estate and managing portfolios on behalf of third parties.

The consolidated financial statements were authorised for issue by the Board of Directors on 13 February 2005, however, the Company's shareholders may amend these consolidated financial statements at the annual general assembly meeting.

The Parent Company and the following owned principal subsidiaries are collectively referred to as the "Group" in these consolidated financial statements.

Company	Ownership percentage
Masha'er General Trading & Contracting Co. (W.L.L)	100% by virtue of letters of renunciation
Manafe'a Real Estate Co. (W.L.L)	100% by virtue of letters of renunciation
Al Dar Financing Co. - previously known as Al Mal Investment Co. (K.S.C (closed))	96.536% out of which 2% by virtue of letters of renunciation
Al Shomokh Al Arabi General Trading & Contracting Co. (W.L.L)	96.536% out of which 2% by virtue of letters of renunciation
Al Raya Kuwaiti Real Estate Company (W.L.L)	100% out of which 50% by virtue of letters of renunciation
Al Dar Holding (K.S.C – holding (closed))	98%
Kuwait & Al Rafdeen Holding Co. (K.S.C holding(closed))	98%
Al Dar International Fund Collection Co. (K.S.C - closed)	98%
Al Dar Investment Assets Management Co. (K.S.C- closed)	93.75%
ADAM Real Estate Co. (B.S.C – Closed)	100% out of which 1% by virtue of letters of renunciation
Al-Dar International For Studies & Consultants previously known as Dar Al Fahaheel for Studies and Consultants (K.S.C – closed)	50.5% out of which 2% by virtue of letters of renunciation
Al Dar Regional for Trading & Construction works (K.S.C – closed)	99% out of which 1% by virtue of letters of renunciation
Al Dar International Real Estate Co. (K.S.C – Closed)	99% out of which 1% by virtue of letters of renunciation
Credit Rating and Collection Co. (K.S.C – closed)	94%



# Notes to the Consolidated Financial Statements

31 December 2004

(All Amounts are in Kuwaiti Dinars unless otherwise stated)

The Parent Company effectively controls the ownership of the above mentioned subsidiaries. Legal formalities to complete transferring the ownership of shares owned by virtue of letters of renunciation indicated above were not complete as of the balance sheet date. All subsidiaries are established in Kuwait except ADAM Real Estate Co., (B.S.C – closed) which was established in Bahrain.

During the year ended 31 December 2004, the name of Al Dar First Real Estate Co., K.S.C. (closed) has been changed to Al-Dar National Real Estate Co., (K.S.C – closed) and its share capital has been increased to KD 35 Millions and new shareholders have been admitted to the Company. Accordingly, the Parent Company's share became 17.06%. Currently the Company has no control over that company. Accordingly, the investment has been reclassified as investments available for sale.

During the year ended 31 December 2004, the name of Al Dar First Trading Co., (K.S.C – closed) has been changed to Al Dar First Holding Co., (K.S.C – closed) and its share capital has been increased to KD 50 millions and new shareholders have been admitted to the Company. Accordingly, the Parent Company's share became 19.8%. Currently the Company now has no control over that company which resulted in modifying the Company share in Durrat Al Dar Real Estate Company (K.S.C – closed) (A subsidiary company of Al Dar First Holding Company) to be 1.01%, so the investment has been transferred to investments available for sale.

During the year ended 31 December 2004, the Parent Company established three subsidiaries: Al – Dar International For Studies & Consultants (K.S.C – closed), Al Dar Regional for Trading & Construction works (K.S.C – closed) and Al Dar International Real Estate Co. (K.S.C – Closed) and purchased the shares of Credit Rating and Collection Co., (K.S.C – closed) at 94% resulting in a positive goodwill amounting to KD 1,276,064.

## 2. Basis of Preparation and Significant Accounting Policies

### 2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards under the historical cost basis of measurement, except financial instruments classified as investments held for trading, investments available for sale and investment properties, which are carried at fair values. In preparing these consolidated financial statements, the financial statements of the Parent Company and subsidiaries have been consolidated after eliminating intra-group balances, intra-group transactions and resulting unrealised profits in full. Uniform accounting policies had been used by the companies of the Group for recognizing like transactions and other events in similar circumstances.

The preparation of consolidated financial statements in accordance with these Standards requires management to make estimates and assumptions that may affect the amounts reported in these consolidated financial statements.

### 2.2 Financial instruments

#### *Classification and measurement*

The principal financial instruments that the Group uses are classified as Financial Assets originated by the Group, held for trading assets, available for sale assets and financial liabilities.

# Notes to the Consolidated Financial Statements

31 December 2004

(All Amounts are in Kuwaiti Dinars unless otherwise stated)

## 2.3 Financial assets originated by the Group

These are financial assets (principally bank balances and receivables arising from Musawama, Murabaha and Ijara contracts) created by the Group through providing goods or services directly to the customers other than those assets originated with intent to be sold in the short term. These assets are subsequently re-measured at amortised cost using the effective yield method, less impairment in value.

## 2.4 Held for trading assets

These are assets that are acquired principally for the purpose of generating profit from short-term fluctuations in price. Subsequently, these assets are re-measured at fair value. Resultant unrealised gains and losses arising from changes in fair value are included in the statement of income.

## 2.5 Available for sale assets

These are financial assets not included in any of the above categories and are principally, those acquired to be held, for an indefinite period of time which could be sold when liquidity is needed or upon changes in rates of profit. These are subsequently re-measured and carried at fair value and any resultant unrealised gains or losses are taken to equity.

## 2.6 Financial liabilities other than held for trading

These are financial liabilities created by Murabaha and Wakala contracts. They are subsequently re-measured and carried out at amortised cost using the effective yield method.

## 2.7 Recognition and derecognition

All financial instruments are initially recognised at cost (including transaction costs).

A financial asset or a financial liability is recognised when the Group becomes a party to the contractual provisions of the instrument. A financial asset is de-recognised when the Group loses control of the contractual rights that comprise the asset and a financial liability is de-recognised when the obligation arising from the contract is discharged, cancelled or expired. When a financial asset is derecognised, the fair value adjustment that had been reported in equity is included in the statement of income.

## 2.8 Fair values

For financial instruments traded in organised financial markets, fair value is determined by reference to quoted bid market prices. Bid prices are used for assets and offer prices are used for liabilities.

# Notes to the Consolidated Financial Statements

31 December 2004

(All Amounts are in Kuwaiti Dinars unless otherwise stated)

For unquoted equity investments, fair value is determined by reference to the market value of a similar investment, or is based on expected discounted cash flows after adjustment to reflect the specific conditions of the issuer company. In case the fair value cannot be reliably measured, the investment is carried at cost less impairment in value.

## 2.9 Impairment

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset, or a group of similar assets, may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognised in the statement of income except of amounts recognised in equity.

Specific provision for impairment is established to meet credit risk on originated financial assets when there is objective evidence that the Group will not be able to collect all amounts due. The amount of the specific provision is the difference between the carrying amount and the recoverable amount of the asset which determined based on the present value of expected cash flows taking into consideration amounts recoverable from guarantees and collateral discounted based on the effective profit rate at inception of the contract.

In addition to the specific provision, a general provision is established to cover the risk of expected doubtful debts, which were not identified on the date of financial statements and may exist in accordance with Central Bank of Kuwait instructions.

### Trade and settlement date accounting

All regular way purchases and sales of financial assets are recognised using settlement date accounting.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

## 2.10 Cash and cash equivalents

Cash on hand, term and demand deposits with banks and financial institutions whose original maturities do not exceed three months from the date of placements are classified as cash and cash equivalents in the statement of cash flows.

## 2.11 Land and real estate held for trading

Land and real estate acquired for resale are classified as held for trading and are carried at the lower of cost and net recoverable value. Net recoverable value is the estimated selling price less estimated selling costs.

# Notes to the Consolidated Financial Statements

31 December 2004

(All Amounts are in Kuwaiti Dinars unless otherwise stated)

## 2.12 Investment properties

Investment properties not occupied by the Group and acquired for long-term leases or for capital appreciation in future, are classified as investment properties.

Investment properties are stated at cost on acquisition and re-measured at fair value. Fair value is determined by an independent registered valuer on each balance sheet date. Gains or losses arising from change in fair value are recognised in the statement of income.

## 2.13 Investment in associates

Associates are enterprises in which the Group holds 20% to 50% of the voting power or over which it exercises significant influence. Investments in associates are accounted for using the equity method of accounting.

## 2.14 Land and real estate under development

Land and real estate under development are recognized at cost, including development costs. When the development process is completed, the land and real estate are classified either as investment property or land and real estate held for trading or as property for the Group's self-occupation as per management intention regarding the future use of these properties.

## 2.15 Intangible assets

Intangible assets comprise of computer software, leasehold rights for premises (key money) and goodwill. Costs of computer software which are expected to have useful lives of more than one year are carried at cost and amortized on a straight-line basis over their expected useful lives of 3 years. All other software costs are charged to statement of income.

Cost incurred to acquire leasehold rights are carried at cost and amortized on a straight-line basis over their expected useful lives up to 20 years.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary/associate at the date of acquisition. Goodwill is amortized using the straight-line method over their expected useful lives of 5 years.

The carrying amount of intangible assets are reviewed annually. When there is an indication that an intangible asset may be impaired, it is written down to its recoverable amount and the impairment loss is recognised in the statement of income.

# Notes to the Consolidated Financial Statements

31 December 2004

(All Amounts are in Kuwaiti Dinars unless otherwise stated)

## 2.16 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses. Cost comprises of acquisition costs and all directly attributable costs of bringing the asset to working condition for its intended use. Depreciation is provided in equal installments over the estimated useful lives of the assets as follows:

	Years
Buildings	20
Furniture and fixtures	3
Vehicles	3
Computer	3

The carrying amount of property and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, these assets are written down to their recoverable amount and the impairment loss is recognised in the statement of income.

## 2.17 End of service indemnity

The Group is liable under Kuwait Labour Law to make payments under defined benefit plans to employees at cessation of employment.

The defined benefit plan is unfunded and is based on the liability that would arise on involuntary termination of all employees on the balance sheet date. This basis is considered to be a reliable approximation of the present value of the Group's liability.

## 2.18 Accounting for leases

Leases of property and equipment where the lessee assumes substantially all the benefits and risks of ownership are classified as finance leases. Leases of assets under which the lessor effectively retains all the risks and benefits of ownership are classified as operating leases

### *Where the Group is the lessee*

Payments made under operating leases are charged to the statement of income on a straight-line basis over the period of the lease.

### *Where the Group is the lessor*

Finance leases are capitalised at the estimated present value of the underlying lease receipts. Each lease payment is allocated between the asset and profit rate so as to produce a constant periodic profit rate on the balance of asset outstanding.

Assets leased out under operating leases are included in property and equipment. They are depreciated over their expected useful lives on a basis consistent with similar assets.

# Notes to the Consolidated Financial Statements

31 December 2004

(All Amounts are in Kuwaiti Dinars unless otherwise stated)

## 2.19 Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation; and the amount can be reliably estimated.

## 2.20 Treasury shares

Treasury shares consists of the Group's own shares that have been issued and subsequently purchased by the Group and not yet reissued or cancelled. Treasury shares are accounted for using the cost method where the cost of the shares reacquired is deducted from equity. When the treasury shares are reissued, gains are credited to a separate account in shareholder's equity (gain on sale of treasury shares), which is not distributable. Any realised losses are charged to the same account to the extent of the credit balance in that account. Any excess losses are charged to retained earnings and then to reserves. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the gain on sale of treasury shares account. The issue of bonus shares increases the number of treasury shares proportionately and reduce the average cost per share without affecting the cost of treasury shares.

## 2.21 Revenue recognition

Murabaha, Musawama, Wakala and Ijara income are recognised on a time proportion basis so as to yield a constant periodic rate of return based on the balances outstanding. Cost of Murabaha and wakala payable is expensed on a time proportion basis taking into account of the profit rate attributable and outstanding balances. Operating lease income is recognised on a straight-line basis over the lease term.

Dividend income is recognized when right to receive payment is established. Revenue from sale of land and real estate is recognised on completion of the sale contract. Management fees are recognised as it accrues.

## 2.22 Foreign currencies

The functional currency of the Group is the Kuwaiti Dinar. Foreign currency transactions are recorded in Kuwaiti Dinars at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted to Kuwaiti Dinars at the closing rate as of the balance sheet date. Resultant gains or losses are taken to the statement of income.

Net assets of associates are translated at the exchange rates prevailing at the date of the balance sheet. Revenues and expenses are translated at the average exchange rates for the year. Gains and losses resulting from these transactions are directly included in shareholders' equity in foreign currency translation reserve.

## 2.23 Zakat

Zakat is computed on the reserves and retained earnings balances as approved by the Shari'ah Supervisory Board and is deducted from the voluntary reserve.

# Notes to the Consolidated Financial Statements

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(All Amounts are in Kuwaiti Dinars unless otherwise stated)

## 2.24 Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and accordingly are not included in these financial statements

## 3. Cash and cash equivalents

Cash on hand  
Accounts with banks and financial institutions

	2004	2003
	<b>45,102</b>	3,845,093
	<b>26,129,833</b>	15,991,157
	<b>26,174,935</b>	19,836,250

## 4. Investments held for trading

Investments in local shares  
Investments in foreign shares  
Investments in local portfolios  
Investments in foreign portfolios

	2004	2003
	<b>7,933,791</b>	2,032,795
	<b>1,837,135</b>	-
	-	1,042
	<b>50,536</b>	89,238
	<b>9,821,462</b>	2,123,075

## 5. Investments available for sale

Investments in local shares – unquoted  
Investments in local shares – quoted  
Investments in foreign shares – unquoted  
Investments in local funds – quoted  
Investments in local funds – unquoted

	2004	2003
	<b>21,255,670</b>	3,043,902
	<b>2,387,800</b>	1,810,852
	<b>3,581,777</b>	4,058,606
	<b>98,000</b>	488,398
	<b>6,921,426</b>	-
	<b>34,244,673</b>	9,401,758

Investments available for sale include an amount of KD 25,099,552 as at 31 December 2004 (KD 7,102,508 as at 31 December 2003) represent any unquoted investments carried at cost since it was not possible to reliably measure their fair values as at 31 December 2004. The financial information currently available do not indicate impairment in their values.

## 6. Trade receivables

Cost  
Provision for doubtful debts

	2004	2003
	<b>202,547,895</b>	180,549,415
	<b>(13,095,306)</b>	(10,774,813)
	<b>189,452,589</b>	169,774,602

Provision for doubtful debts comprises of:

Specific provision  
General provision  
**Total**

	2004	2003
	<b>(9,248,346)</b>	(7,551,366)
	<b>(3,846,960)</b>	(3,223,447)
	<b>(13,095,306)</b>	(10,774,813)

The specific provision utilized during the year as at 31 December 2004 amounted to KD Nil (KD 2,816,332 as at 31 December 2003) representing the trade receivables written off after the approval of Company's Board of Directors. The average yield rate on trade receivables was 12.27% as at 31 December 2004 (11.58% as at 31 December 2003).

# Notes to the Consolidated Financial Statements

31 December 2004

(All Amounts are in Kuwaiti Dinars unless otherwise stated)

<b>7. Other receivables</b>	<b>2004</b>	<b>2003</b>
Suppliers – advance payments	<b>8,025,408</b>	3,087,045
Accrued income	<b>54,634</b>	6,158,857
Prepaid expenses	<b>45,760</b>	30,995
Other debit balances	<b>9,327,956</b>	2,758,909
Due from related parties on investment transactions	<b>829,799</b>	-
	<b>18,283,557</b>	12,035,806

Suppliers – advance payments represent advances paid for purchasing goods under cancellable contracts, and advance paid for purchasing lands and real estate. Due from related parties comprises of amounts paid on behalf of other parties on investment transactions.

<b>8. Land and Real Estate held for trading</b>	<b>2004</b>	<b>2003</b>
Balance as at 1 January	<b>507,500</b>	-
Additions during the year	<b>511,990</b>	507,500
Sold during the year	<b>(507,500)</b>	-
Balance as at 31 December	<b>511,990</b>	507,500

<b>9. Investments Properties</b>	<b>2004</b>	<b>2003</b>
Balance as at 1 January	<b>24,113,767</b>	4,855,369
Additions during the year	<b>21,904,747</b>	8,621,371
Sold during the year	<b>(30,887,502)</b>	(1,830,534)
Net transfer from land and real estate under development	<b>9,286,822</b>	5,449,420
Increase in fair value	<b>1,800,853</b>	7,018,141
Balance as at 31 December	<b>26,218,687</b>	24,113,767

Certain plots of land amounting KD 3,256,511 as at 31 December 2004 are registered in the name of a member of Board of Directors, who has provided letters of renunciation confirming the Group's ownership of these plots of land.

<b>10. Land and Real Estate under development</b>	<b>2004</b>	<b>2003</b>
Opening balance	<b>28,269,335</b>	27,197,337
Additions during the year	<b>25,623,322</b>	24,021,364
Sold during the year	<b>(21,994,173)</b>	(17,499,946)
Net transfer to investment properties	<b>(9,286,822)</b>	(5,449,420)
	<b>22,611,662</b>	28,269,335

Certain plots of land under development amounting KD 848,808 as at 31 December 2004 are registered in the name of a member of the Board of Directors, who has provided letters of renunciation confirming the Group's ownership of these plots of land.



# Notes to the Consolidated Financial Statements

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(All Amounts are in Kuwaiti Dinars unless otherwise stated)

## 11. Investment in Associates

Investment House (Q.S.C – closed)  
Broman Company for Projects Management (W.L.L)  
Brand Advertising Co. (W.L.L)

Ownership	2004	2003
30%	<b>789,642</b>	807,320
49.9%	<b>49,900</b>	-
42.86%	<b>150,000</b>	-
	<b>989,542</b>	807,320

Investment in associate (Investment House Q.S.C – closed) includes net goodwill balance of KD 213,192 as at 31 December 2004 (KD 259,992 as at 31 December 2003) after deducting accumulated amortization of KD 98,798 as at 31 December 2004 (KD 51,998 as at 31 December 2003)

## 12. Intangible Assets

	2004				2003
	Software	Lease Hold Properties	Key Money	Goodwill	Total
<b>Cost</b>					
As at 1 January	<b>399,870</b>	<b>1,212,900</b>	<b>59,510</b>	-	<b>1,672,280</b>
Assets of the acquired subsidiary	<b>229,434</b>	-	-	-	<b>229,434</b>
Goodwill from acquisition of subsidiary	-	-	-	<b>1,276,064</b>	<b>1,276,064</b>
Additions	-	-	-	-	-
As at 31 December	<b>629,304</b>	<b>1,212,900</b>	<b>59,510</b>	<b>1,276,064</b>	<b>3,177,778</b>
					864,558
<b>Accumulated amortisation</b>					
As at 1 January	<b>206,814</b>	<b>74,622</b>	<b>53,743</b>	-	<b>335,179</b>
Accumulated amortization of the acquired subsidiary's assets	<b>152,587</b>	-	-	-	<b>152,587</b>
Charge for the year	<b>133,290</b>	<b>60,646</b>	<b>5,715</b>	-	<b>199,651</b>
As at 31 December	<b>492,691</b>	<b>135,268</b>	<b>59,458</b>	-	<b>687,417</b>
Net book value as at 31 December	<b>136,613</b>	<b>1,077,632</b>	<b>52</b>	<b>1,276,064</b>	<b>2,490,361</b>
					1,337,101

Leasehold properties represent the net cost incurred to acquire leasehold rights of land for the Company's new headquarters building. The lease contract with Government is renewable annually.

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The Group acquired an investment in a subsidiary, Credit Rating & Collection Co. K.S.C – closed in December 2004, resulting in a positive goodwill of KD 1,276,064 as follows:

Current assets	3,146,059
Non Current assets	93,477
Current liabilities	(74,100)
Net fair value	3,165,436
Goodwill	1,276,064
Acquisition cost	4,441,500
Less: cash and cash equivalent	(75,767)
Cash used to acquire a subsidiary	4,365,733

## 13. Property and Equipment

	2004				2003
	Buildings	Furniture, equipment & vehicles	Computer & accessories	Work in progress	Total
<b>Cost</b>					
As at 1 January	463,997	1,693,812	913,967	1,600	3,073,376
Assets of the acquired subsidiary	-	61,232	68,962	-	130,194
Additions	-	823,661	155,840	2,809,691	3,789,192
Disposals	-	(705,416)	-	-	(705,416)
As at 31 December	463,997	1,873,289	1,138,769	2,811,291	6,287,346
<b>Accumulated depreciation</b>					
As at 1 January	37,054	608,216	677,996	-	1,323,266
Accumulated depreciation of acquired subsidiary's assets	-	82,584	96,284	-	178,868
Charge for the year	23,080	319,185	91,944	-	434,209
Relating to disposals	-	(183,069)	-	-	(183,069)
As at 31 December	60,134	826,916	866,224	-	1,753,274
Net book value as at 31 December	403,863	1,046,373	272,545	2,811,291	4,534,072

## 14. Payables and other credit balances

	2004	2003
Trade payables	4,843,499	13,489,233
Accrued expenses	2,002,646	975,329
Accrued zakat	2,726	711,940
Kuwait Foundation for the Advancement of Sciences	198,734	112,847
National labour support tax	912,838	297,706
Board of directors' remuneration	110,000	94,000
Others	1,949,918	2,682,508
	10,020,361	18,363,563

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31 December 2004

(All Amounts are in Kuwaiti Dinars unless otherwise stated)

## 15. Murabaha and wakala payables

These represent murabaha and wakala contracts that mature over a period of 2 to 4 years.

The average effective yield rate was 5.34% as at 31 December 2004 (5.07% as at 31 December 2003)

## 16. Minority Interest

The movement in minority interest account during the year is as follows:

	2004	2003
Opening balance	287,942	-
Minority interest in subsidiaries operating results	416,147	16,253
Minority interest in subsidiaries share capital	2,037,928	271,689
	<b>2,742,017</b>	<b>287,942</b>

## 17. Share capital

The general assembly of shareholders approved in 28, April 2004 the following increases in the Parent Company's share capital:

- Share capital increase of 25% in cash by issuing 88,783,920 shares of 100 fils par value and 120 fils share premium per share. Share capital increase was subscribed in full.
- Share capital increase of 15% as bonus shares

Also, the extraordinary general assembly of shareholders in 20, December 2004 approved the following increase for the Parent Company's share capital.

- Share capital increase in cash by issuing stock option for staff of 10 million shares of 100 fils par value and 116 fils share premium per share. Share capital increase was fully subscribed.

Accordingly, issued and paid up capital became KD 50,718,995 divided into 507,189,952 shares of 100 fils par value as at 31 December 2004. (KD 35,513,570 divided into 355,135,680 shares of 100 fils par value as at 31 December 2003).

## 18. Treasury Shares

	2004	2003
Number of treasury shares (shares)	2,536,000	920,000
Ownership percentage	0.50%	0.26%
Cost (KD)	443,707	329,254
Market value (KD)	1,496,240	354,200

As at 31 December 2004 and 2003, all treasury shares were owned by one of the subsidiaries.

# Notes to the Consolidated Financial Statements

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## 19. Reserves

	Statutory reserve (Note 20)	Voluntary reserve (Note 20)	General reserve (Note 20)	Foreign currency translation reserve	Unrealised gain on investments available for sale	Total
Balance at 31 December 2002	2,159,158	2,159,158	-	(15,150)	28,442	<b>4,331,608</b>
Transfer to reserves	1,340,545	1,340,545	-	-	-	<b>2,681,090</b>
Foreign currency translation differences	-	-	-	53,173	-	<b>53,173</b>
Changes in fair value of investments available for sale	-	-	-	-	118,240	<b>118,240</b>
<b>Balance at 31 December 2003</b>	<u>3,499,703</u>	<u>3,499,703</u>	-	38,023	146,682	<b>7,184,111</b>
Transfer to reserves	2,768,224	2,768,224	1,000,000	-	-	<b>6,536,448</b>
Foreign currency translation differences	-	-	--	(7,813)	-	<b>(7,813)</b>
Changes in fair value of investments available for sale	-	-	-	-	957,143	<b>957,143</b>
<b>Balance at 31 December 2004</b>	<u>6,267,927</u>	<u>6,267,927</u>	<u>1,000,000</u>	<u>30,210</u>	<u>1,103,825</u>	<b>14,669,889</b>

# Notes to the Consolidated Financial Statements

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## 20. Statutory, voluntary, and general Reserves

### Statutory reserve

In accordance with the Commercial Companies Law and the Parent Company's Articles of Association, 10% of net profit is transferred to statutory reserve. Statutory reserve is not distributable to shareholders, however, the reserve could be utilized to secure payment of a dividend of 5% of share capital in years when retained earnings are not sufficient for the payment of a dividend of that amount. When the balance of the reserve exceeds 50% of share capital, the General Assembly is permitted to utilize amounts in excess of 50% of the share capital in aspects seen appropriate for the benefit of the Company and its shareholders.

### Voluntary reserve

In accordance with the Parent Company's Articles of Association, a percentage of net profit for the year as proposed by the Board of Directors and approved by the General Assembly is transferred to voluntary reserve. Such annual transfers may be discontinued by a resolution of the General Assembly based on the proposal put forward by the Board of Directors. The Board of Directors proposed a transfer of 10% of net profit for the year ended 31 December 2004 (31 December 2003 – 10%).

### General reserve

In accordance with the Parent Company's Articles of Association, an amount of net profit proposed by the Board of Directors and approved by the General Assembly is transferred to general reserve. Such transfer may be discontinued by a resolution of the General Assembly based on a proposal put forward by the Board of Directors. The Board of Directors proposed a transfer of KD 1,000,000 of net profit for the year ended 31 December 2004 (31 December 2003 – Nil).

## 21. Investments Income

Group share of associates' profits  
Gain from sale of Investment in an associate  
Dividends  
Murabaha income  
Portfolios' income  
Gain on sale of trading and available for sale and investments  
Write back of impairment of available for sale investments  
Change in fair value of trading investments

	2004	2003
Group share of associates' profits	29,207	217,677
Gain from sale of Investment in an associate	-	4,562,869
Dividends	598,433	77,847
Murabaha income	69,320	-
Portfolios' income	60,401	324,432
Gain on sale of trading and available for sale and investments	1,858,668	187,276
Write back of impairment of available for sale investments	-	660,000
Change in fair value of trading investments	3,345,126	278,000
	<b>5,961,155</b>	<b>6,308,101</b>

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## 22. Investments Services Income

Management fees on portfolios and investment  
on behalf of others  
Subscription Fees  
Funds' management fees  
Commissions on sale  
Researches and consultancy

	2004	2003
	359,932	447,671
	3,207,810	-
	762,760	261,482
	450,000	-
	160,782	-
	<u>4,941,284</u>	<u>709,153</u>

## 23. Income from Land and Real estate

Gain on sale of land and real estate  
Change in fair value of investment properties

	2004	2003
	23,965,189	5,090,421
	1,800,853	7,018,141
	<u>25,766,042</u>	<u>12,108,562</u>

## 24. Other Income

Collection fees  
Gain on sale of property and equipment  
Operating lease income  
Miscellaneous income

	2004	2003
	292,278	298,177
	41,095	5,990
	239,044	264,705
	757,855	46,859
	<u>1,330,272</u>	<u>615,731</u>

## 25. Zakat

According to the Board of Directors' proposal, effective from 31 December 2004 the Company deducts Zakat amounting KD 1,096,893 from the voluntary reserve account.

This proposal is subject to the approval of the General Assembly of shareholders.

If this proposal has been applied for the year ended 31 December 2003, the net profit would have been amounted to KD 13,549,400 and earnings per share would be 34.78 fils per share.

## 26. Earnings per share

Earnings per share is calculated by dividing the net profit by the weighted average number of shares outstanding during the year.

Net profit for the year (K.D.)  
Weighted average number of outstanding shares  
issued during the year  
Earnings per share (fils)

	2004	2003
	26,758,372	12,900,899
	<u>485,551,751</u>	<u>389,575,880</u>
	<u>55.11</u>	<u>33.12</u>

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## 27. Proposed dividends

Year ended 31 December 2004

Board of directors proposed cash dividends of 25 fils per share in addition to 75 subsidiary's owned shares (Al-Dar Finance Company KSCC) per 1,000 shares of the Investment Dar Company

Year ended 31 December 2003

The general assembly approved cash dividend of 10 fils per share and bonus share of 15% of capital.

Dividends for shareholders is registered in the financial statements after approval of the general assembly of shareholders on dividends proposed by the board of directors.

## 28. Geographical distribution of assets and liabilities

	Assets as at 31 December		Liabilities as at 31 December	
	2004	2003	2004	2003
State of Kuwait	<b>314,940,215</b>	246,506,347	<b>215,950,175</b>	202,751,706
Other GCC countries	<b>14,489,154</b>	18,102,771	<b>3,955,569</b>	-
Europe	<b>354,439</b>	341,256	-	-
North America	<b>4,108,399</b>	1,456,149	-	2,560
Other countries	<b>1,981,424</b>	4,087,560	-	-
	<b><u>335,873,631</u></b>	<u>270,494,083</u>	<b><u>219,905,744</u></b>	<u>202,754,266</u>

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### 29. Segment distribution

Effective from the current financial periods, the Group has changed the presentation way of segment distribution to reflect the current change of the internal presentation of the segment information for the purpose of management.

The group carries out most of its activities in Kuwait through three major business segments:

- Finance segment: represented in supplying consumers and companies of all their miscellaneous needs as per contracts complying with the Islamic Sharia Principles.
- Real estate segment: : represented in sale of land and real estate held for trading or after developing them, cash or through Istesnaa' contracts.
- Investment segment: represented in management of real estate portfolios and investment funds on behalf of third parties and management of the Group's investments

An information analysis according to segments for the financial year as at 31 December 2003/2004 is as follows:

	Finance		Real Estate		Investment		Unallocated Items		Total	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Segment revenues	<b>15,798,582</b>	14,559,773	<b>25,766,042</b>	12,108,562	<b>10,902,439</b>	7,017,254	-	-	<b>52,467,063</b>	33,685,589
Segment expenses	<b>(9,037,526)</b>	(9,803,445)	<b>(9,606,931)</b>	(5,718,412)	<b>(4,457,655)</b>	(3,338,079)	<b>(1,266,566)</b>	(755,447)	<b>(24,368,678)</b>	(19,615,383)
Segment results	<b>6,761,056</b>	4,756,328	<b>16,159,111</b>	6,390,150	<b>6,444,784</b>	3,679,175	<b>(1,266,566)</b>	(755,447)	<b>28,098,385</b>	14,070,206
Segment assets	<b>190,641,321</b>	172,861,647	<b>29,448,338</b>	26,233,219	<b>80,703,112</b>	43,649,736	<b>35,080,860</b>	27,749,481	<b>335,873,631</b>	270,494,083
Segment liabilities	<b>128,753,655</b>	139,881,078	<b>18,340,715</b>	15,049,077	<b>50,262,694</b>	28,932,712	<b>22,548,680</b>	18,891,399	<b>219,905,744</b>	202,754,266



# Notes to the Consolidated Financial Statements

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## 30. Related parties transactions

Related parties represents Group's shareholders who have representatives in the Board of Directors, members of the Board of Directors and senior management. In the normal course of business, the Group entered into transactions with related parties during the year ended 31 December 2004 on terms approved by the Group's management.

The related parties transactions and outstanding balances relating to those related parties are as follows:

	2004	2003
Trade payable	164,517	695,610
Murabaha payable	30,659,409	32,502,101
Purchases for resale	28,424,918	5,797,352
Suppliers - advance payment	8,684	31,381
Trade receivables	916,928	266,908
Due on investment operations	829,799	-

The Company also manages portfolios on behalf of a related party. Assets of these portfolios amounted to KD 1,031,789 as at 31 December 2004 (2003: KD 3,092,347), and are held as off balance sheet items.

All related parties transactions are subject to the approval of the general assembly meeting of the shareholders.

## 31. Off balance sheet items

The Group manages portfolios on behalf of others and the balances of these portfolios are not included in the balance sheet of the Group. The net assets of these portfolios amounted to KD 119,850,382 as at 31 December 2004 (31 December 2003: KD 28,206,020).

## 32. Capital Commitments

New headquarter project  
Cost of development of land and real estates  
Uncalled capital installments of investment in companies shares

	2004	2003
New headquarter project	2,400,000	2,400,000
Cost of development of land and real estates	1,363,988	2,667,615
Uncalled capital installments of investment in companies shares	82,626	138,695
	<b>3,846,614</b>	<b>5,206,310</b>

## 33. Director's remuneration

Board of Director's remuneration is calculated based on the net profit for the year before the share of Kuwait Foundation for the Advancement of Sciences. The remuneration shall not exceed 10% of the net profit after appropriation of the required reserves and a dividend of at least 5% of paid up capital to shareholders.

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## 34. Staff costs

Staff costs amounted to KD 5,213,333 for the year ended 31 December 2004 (2003: KD 2,452,918). Number of employees as at 31 December 2004 was 311 (31 December 2003: 216).

## 35. Financial risk management

In the ordinary course of business, the Group is exposed to several risks as follows:

### Credit risk

Credit risk is the risk that one party to a financial instrument may fail to discharge an obligation on maturity date and cause the other party to incur a financial loss. Trade receivables are considered the most of the assets exposed to credit risk. The Group manages this risk by dealing with a large number of customers, setting up credit limits, monitoring periodically the outstanding balances and by securing appropriate collaterals when deemed necessary.

### Foreign currency risk

Represented in the risk of fluctuations in foreign exchange rates that may adversely affect the cash flows of the Group or values of assets and liabilities in foreign currencies. Generally, the Group manages this risk through concentration of its business transactions in the local currency.

### Rate of return risk

Rate of returns risk arises from changes in market rates of profit and financing costs. The Group's exposure to this risk is minimal as all contracts are either at fixed rates or setting up ceilings for the effective rate of return on that contracts.

### Liquidity risk

Liquidity risk is the risk that the Group may be unable to meet commitments associated with financial instruments when they fall due. The Group manages this risk by dealing with reputed counterparties, diversifying its investments and matching the maturities of financial assets and financial liabilities.

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The maturity analysis of financial assets and liabilities as at 31 December 2004 is as follows:

	Within 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Total
<b>Assets</b>					
Cash and cash equivalents	26,174,935	-	-	-	<b>26,174,935</b>
Murabaha investments	-	-	540,101	-	<b>540,101</b>
Investments held for trading	-	9,821,462	-	-	<b>9,821,462</b>
Investments available for sale	-	-	34,244,673	-	<b>34,244,673</b>
Trade receivables	50,397,610	62,946,492	67,741,017	8,367,470	<b>189,452,589</b>
Other receivables	2,861,720	8,585,161	6,836,676	-	<b>18,283,557</b>
Land and real estate held for trading	-	511,990	-	-	<b>511,990</b>
Investment properties	-	-	26,218,687	-	<b>26,218,687</b>
Investment in associates	-	-	989,542	-	<b>989,542</b>
Land and real estate under development	-	-	-	22,611,662	<b>22,611,662</b>
Other assets	-	-	5,748,369	1,276,064	<b>7,024,433</b>
<b>Total assets</b>	<b>79,434,265</b>	<b>81,865,105</b>	<b>142,319,065</b>	<b>32,255,196</b>	<b>335,873,631</b>
<b>Liabilities</b>					
Trade and other payables	10,020,361	-	-	699,974	<b>10,720,335</b>
Murabaha and wakala payables	61,127,762	75,246,768	72,810,879	-	<b>209,185,409</b>
<b>Total liabilities</b>	<b>71,148,123</b>	<b>75,246,768</b>	<b>72,810,879</b>	<b>699,974</b>	<b>219,905,744</b>

# Notes to the Consolidated Financial Statements

31 December 2004

(All Amounts are in Kuwaiti Dinars unless otherwise stated)

The maturity analysis of financial assets and liabilities as at 31 December 2003 is as follows:

	Within 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Total
<b>Assets</b>					
Cash and cash equivalents	19,836,250	-	-	-	<b>19,836,250</b>
Murabaha investments	437,459	100,000	-	-	<b>537,459</b>
Investments held for trading	2,123,075	-	-	-	<b>2,123,075</b>
Investments available for sale	-	-	9,401,758	-	<b>9,401,758</b>
Trade receivables	57,376,310	36,702,890	58,777,615	16,917,787	<b>169,774,602</b>
Other receivables	12,035,806	-	-	-	<b>12,035,806</b>
Land and real estate held for trading	-	-	507,500	-	<b>507,500</b>
Investment properties	-	-	24,113,767	-	<b>24,113,767</b>
Investment in associates	-	-	807,320	-	<b>807,320</b>
Land and real estate under development	-	-	28,269,335	-	<b>28,269,335</b>
Other assets	-	-	2,654,501	432,710	<b>3,087,211</b>
<b>Total assets</b>	<b>91,808,900</b>	<b>36,802,890</b>	<b>124,531,796</b>	<b>17,350,497</b>	<b>270,494,083</b>
<b>Liabilities</b>					
Trade and other payables	18,861,547	-	-	-	<b>18,861,547</b>
Murabaha and wakala payables	49,829,109	48,500,625	72,085,718	13,477,267	<b>183,892,719</b>
<b>Total liabilities</b>	<b>68,690,656</b>	<b>48,500,625</b>	<b>72,085,718</b>	<b>13,477,267</b>	<b>202,754,266</b>

## 36. Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arms length transaction. The fair values of these financial instruments approximate their book values.

## 37. Comparative figures

Where necessary, comparative figures have been reclassified to conform with the presentation in the current year.