THE ISRAEL FOREIGN TRADE RISKS INSURANCE CORPORATION LTD.

BOARD OF DIRECTORS' REPORT
FOR 2004

1. GENERAL

The Board of Directors' report reviews the principal changes in the activities of the Israel Foreign Trade Risks Insurance Corporation Ltd. (hereafter - "the Company") during the period January-December 2004.

Description of the company, its business environment and its fields of activity

During 2004 (hereafter - "the reported year"), the Company was active in the field of medium- and long-term credit insurance (more than one year).

The risks that the Company insures are covered by state guarantees. There is also a general guarantee that protects, among other things, the Company's capital.

Approvals and medium- and long-term credit and investment insurance

During the reported year, the committee headed by the Accountant General approved the insurance of transactions totaling approximately $ 1.59 billion (compared to approximately $ 1.01 billion during the previous year). The 32 policies issued by the Company during the reported year aggregated approximately $ 460.18 million (compared to 38 policies and approximately $ 260 million during the previous year). The income from these policies is recognized over the same years and at the same rate as the performance of the underlying transactions by the exporters.

The Company's exposures against the general State guarantee

The Company's total exposure in respect of insurance policies issued through December 31, 2004 amounts to $ 437.6 million.

The distribution of the main exposures by countries is summarized in the following table:

Country	The Company's exposure in dollars	Percentage of total exposure
China	114,375	26.14
Brazil	99,588	22.76
Turkey	70,479	16.11
Venezuela	54,228	12.39
Romania	35,533	8.12
Uzbekistan	34,611	7.91
Other countries*	28,784	6.58
Total	437,598	100

* Other countries - countries in which the net exposure distribution is less than 5%.

The Company's exposures against a specific State guarantee

During the reported period, the Company issued a policy for a transaction in Turkey for a maximum exposure of $ 274 million. The policy covers political risks and is backed by a specific State guarantee. As of December 31, 2004, the exposure in respect of this guarantee amounted to $ 85.1 million.

The new State letter of guarantee

On October 25, 2004, the Israeli Parliament's Finance Committee authorized the Accountant General in the Ministry of Finance to sign a new letter of guarantee, which guarantees the Company's losses from export activities, up to a total amount of $ 700 million, subject to the conditions stipulated in the letter of guarantee. Pursuant to the above letter of guarantee, should the total amount of claims filed against the Company in respect of said guarantee exceed $ 125 million, half of the Company's shareholders' equity shall be used to pay for the claims in excess of the above amount, provided that the Company's shareholders' equity shall not fall as a result below $ 10 million. The guarantee is to be valid for four years from its signing date, and shall replace and annul all the previously issued general letters of guarantee.

On September 27, 2004, the Company, the Accountant General in the Ministry of Finance and the Minister of Finance signed a letter addressed to the Supervisor of Banks, in which the Accountant General stated his policy of support for the Company; in addition, the Company and the State of Israel have undertaken not to distribute a dividend as long as the Company's shareholders' equity is less than $ 25 million, during the period in which said State guarantee is valid.

The Advisory Committee to the Bank of Israel, acting under the Bank of Israel Law, 1954, approved on November 9, 2004 the proposed proper banking management procedure with regard to single borrower limitation and minimum capital requirements. Pursuant to the above proposed procedure, the status of the Company's policies and guarantees was made equal to the status of the State guarantee with regard to single borrower limitation and minimum capital requirements.

2. FINANCIAL POSITION

2.1 The Company's total asset value at December 31, 2004 amounts to $ 39.6 million, as compared to $ 40.2 million at December 31, 2003.

2.2 Shareholders' equity at the end of the reported year amounts to $ 22 million, an increase of some $ 0.5 million as compared to December 31, 2003. The increase in shareholders' equity is due to the profit in the reported period, net of the decrease in the appraisal surplus as a result of the sale of real estate and the revaluation of the Company's assets.

2.3 The total of premiums received in advance - net, which represents the net accumulated future insurance fees of the Company, aggregates approximately $ 9.3 million at December 31, 2004, as compared to $ 8.7 million in the corresponding period. The increase is due to the receipt of premiums during the reported year.

3. OPERATING RESULTS

3.1 Total revenue from insurance fees in the reported year amounted to approximately $ 11.5 million, as compared to $ 13.4 million in 2003.

3.2 Self-retention premiums in the reported year amounted to approximately $ 2.2 million, as compared to $ 1.9 million in the corresponding year.

3.3 The profit from the Company's insurance transactions in 2004 amounted to approximately $ 209,000, as compared to a profit of approximately $ 299,000 in 2003. This decrease of approximately 30% is mainly due to the fact that the insurance reserve, which reflects the insurance results for 2000, and which has been transferred to income during 2004, was lower than the insurance reserve for 1999, which formed part of the profit for 2003. The difference in the results

for 2004 and 2003, which derives from the difference between 2000 and 1999, is approximately $ 220,000; the decrease is also due to the decrease in investments, as stated below.

3.4 The total of investment income in the reported year amounted to approximately $ 1.46 million, as compared to approximately $ 2 million in the previous year.

The decrease in profitability as compared to the previous year stems from the revaluation of the NIS in relation to the dollar of approximately 1.6% in the reported year, as compared to a revaluation of approximately 7.6% in 2003.

This financial income is proportionately allocated between the insurance revenue accounts and the profit and loss accounts, based on the nature of the Company's liabilities.

3.5 In 2004, administrative and general expenses (gross) amounted to approximately $ 1.96 million, as compared to $ 2.1 million in 2003. The reduction in these expenses is mainly due to the downsizing of the Company's expenditures to match the new format of its operations.

The salaries of the Company's five highest-paid officers were as follows (NIS in thousands):

	Payroll and related expenses
Officer 1	544
Officer 2	497
Officer 3	422
Officer 4	328
Officer 5	327

The payroll and related expenses include the employees' wages and the employer's participations, including national insurance, wages tax, provisions for severance pay, provident funds and advanced training funds, and other benefits.

3.6 The tax expenses for the reported year amounted to approximately $ 0.35 million, as compared to a tax benefit of approximately $ 0.02 million in 2003.

4. CASH FLOWS AND LIQUIDITY

Most of the Company's cash reserves are held in foreign currency and are deposited in short-term deposits (up to one year) with the Accountant General's Office in the Ministry of Finance and with commercial banks.

At the end of 2004, the total amount of investments (including marketable securities and income generating assets) amounted to approximately $ 36.3 million, similar to 2003.

5. IMPACT OF EXTERNAL FACTORS

In July 2004, the Israel Accounting Standards Board issued Israel Accounting Standard No. 19 - "Taxes on Income", which is based on International Accounting Standard No. 12, that prescribes the accounting treatment (recognition criteria, measurement, presentation and disclosure) required for taxes on income. This accounting standard is to be applied to financial statements covering periods commencing on, or after, January 1, 2005.

For the most part, the provisions of this standard are the same as the accounting principles that are customarily applied at present. The adoption of the standard is not expected to have a material effect on the Company's financial statements in the forthcoming periods.

On October 27, 2004, the proposed Economic Policies for the Fiscal Year 2005 (Legislative Amendment) Bill, 2004 was submitted, which proposed to amend the definition of wages in the Value Added Tax Law to include bonuses granted following retirement or death, as well as any amount paid by employers to advanced training funds or provident funds which are not a central severance pay provident fund, even if, pursuant to the provisions of Section 3 of the Income Tax Ordinance, such amount is not considered as labor income upon its payment to the advanced training fund or the provident fund.

6. COMPANY EMPLOYEES

At the end of the reported year, the Company employed 16 people. During the course of the reported year, an average of 16 people worked at the Company.

7. MEETINGS OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

During 2004, the Company's Board of Directors held nine meetings and the Board of Directors' committees held 24 meetings.

David Blumberg	**Uri Bernstein**
Chairman of the Board	**General Manager**

Signed on March 31, 2005

THE ISRAEL FOREIGN TRADE RISKS

INSURANCE CORPORATION LTD.

2004 ANNUAL REPORT

THE ISRAEL FOREIGN TRADE RISKS
INSURANCE CORPORATION LTD.

2004 ANNUAL REPORT

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AUDITORS' REPORT

To the shareholders of

THE ISRAEL FOREIGN TRADE RISKS INSURANCE CORPORATION LTD.

We have audited the balance sheets of The Israel Foreign Trade Risks Insurance Corporation Ltd. (hereafter - the Company) as of December 31, 2004 and 2003 and the profit and loss accounts, general insurance revenue accounts, statement of changes in shareholders' equity and statements of cash flows for each of the three years in the period ended December 31, 2004. These financial statements are the responsibility of the Company's board of directors and management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in Israel, including those prescribed by the Auditors (Mode of Performance) Regulations, 1973. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the board of directors and management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the financial statements referred to above, present fairly, in all material respects, the financial position of the Company as of December 31, 2004 and 2003 and the results of its operations, changes in its shareholders' equity, and its cash flows for each of the three years in the period ended December 31, 2004, in conformity with accounting, reporting and preparation rules, as prescribed by the Control on Insurance Business Law, 1981 and the regulations enacted thereunder.

As explained in note 1b, the financial statements referred to above are presented in U.S. dollars, in accordance with Standard No. 13 of the Israel Accounting Standards Board.

This auditors report is based on our auditors report attached to the Hebrew financial statements that was signed on March 31, 2005.

Without qualifying our opinion, we draw attention to the fact that the following English translation of the Hebrew financial statements does not include Appendix A - "Translation into Shekels of the Financial Statements". This Appendix is required by the Supervisor of Insurance when Hebrew financial statements are filed with him.

Tel-Aviv, Israel
March 31, 2005

Kesselman & Kesselman
Certified Public Accountants (Isr.)

Dov Kahana

THE ISRAEL FOREIGN TRADE RISKS INSURANCE CORPORATION LTD.

BALANCE SHEETS

	Note	December 31 2004	December 31 2003
		U.S. $ in thousands (see note 1b)	
A s s e t s			
INVESTMENTS:			
Cash and cash equivalents	1c(6)	2,674	5,410
Marketable securities	3	12,817	11,332
Deposits with the Accountant General in the Ministry of Finance	4	16,017	15,340
Bank deposits	5	3,641	2,673
Offices for rent	6	1,161	*1,576
T o t a l investments		36,310	36,331
FIXED ASSETS:	6		
Office premises		725	*661
Other		172	203
T o t a l fixed assets		897	864
AMOUNTS RECEIVABLE -			
accounts receivable	7	564	1,064
LONG-TERM RECEIVABLES:			
Deferred acquisition costs	1e(2)	1,570	1,592
Deferred taxes	11c	224	311
T o t a l long-term receivables		1,794	1,903
		39,565	40,162

* Reclassified.

	Note	December 31 2004	December 31 2003
		U.S. $ in thousands (see note 1b)	
Shareholders' equity and liabilities			
SHAREHOLDERS' EQUITY	8	22,027	21,540
INSURANCE RESERVES AND OUTSTANDING CLAIMS - GENERAL INSURANCE:	1e		
Reserve for unexpired risks		2,668	2,564
Accrual		3,038	2,443
Outstanding claims			
T o t a l outstanding claims		3,038	2,443
T o t a l insurance reserves and outstanding claims		5,706	5,007
OTHER LIABILITIES:			
Prepaid premiums received, net	1e(1)	9,283	*8,694
Policyholders - deposits and credit balances		48	2,952
Accountant General and reinsurers - current account	13c(2)	2,096	*1,637
Other accounts payable and accruals	10	405	332
T o t a l other liabilities		11,832	13,615
		39,565	40,162

* Reclassified.

David Blumberg	**Uri Bernstein**	**Itamar Eldar**
Chairman of the Board	**General Manager**	**Head of Finance**

Date of the approval of the financial statements: March 31, 2005.

The accompanying notes constitute an integral part of the financial statements.

THE ISRAEL FOREIGN TRADE RISKS INSURANCE CORPORATION LTD.

PROFIT AND LOSS ACCOUNTS

	Note	2004	2003	2002
		U.S. $ in thousands (see note 1b)		
PROFIT BROUGHT FORWARD FROM THE GENERAL INSURANCE REVENUE ACCOUNTS		209	299	473
INCOME (EXPENSES) NOT INCLUDED IN THE GENERAL INSURANCE REVENUE ACCOUNTS:				
From investments		851	1,239	499
From rent of buildings, net		(36)	(106)	(49)
		815	1,133	450
PROFIT BEFORE TAXES ON INCOME		1,024	1,432	923
TAX SAVING (TAXES ON INCOME)	11b	(345)	16	(547)
NET PROFIT FOR THE YEAR		679	1,448	376
		U.S. $ (see note 1b)		
NET PROFIT PER NIS 1 OF PAR VALUE OF SHARES		0.28	0.60	0.16
		NIS		
PAR VALUE OF SHARES USED IN ABOVE COMPUTATION	8a	2,411,290	2,411,290	2,411,290

The accompanying notes constitute an integral part of the financial statements.

THE ISRAEL FOREIGN TRADE RISKS INSURANCE CORPORATION LTD.

GENERAL INSURANCE REVENUE ACCOUNTS

	Note	2004	2003	2002
		U.S. $ in thousands (see note 1b)		
PREMIUMS		10,472	12,155	12,019
REGISTRATION AND OTHER FEES		1,038	1,212	1,179
Total insurance fees		11,510	13,367	13,198
Less - guarantee fees to the State of Israel and reinsurers		(9,304)	(11,421)	(11,543)
INSURANCE FEES, net		2,206	1,946	1,655
CHANGE IN RESERVE FOR UNEXPIRED RISKS		(104)	(786)	(419)
INSURANCE FEES EARNED, net		2,102	1,160	1,236
INCOME FROM INVESTMENTS		605	795	256
TOTAL REVENUES FOR THE YEAR, net		2,707	1,955	1,492
INDEMNIFICATIONS RECEIVED, NET OF CLAIMS PAID AND CHANGE IN OUTSTANDING CLAIMS, net		167	459	139
ACCOUNTANT GENERAL'S SHARE IN - political indemnifications, net		(90)	(281)	125
NET INDEMNIFICATIONS FOR THE YEAR		77	178	264
CHANGE IN ACCRUAL		(595)	(336)	539
CLAIMS AND CHANGE IN ACCRUAL FOR THE YEAR, net		(518)	(158)	803
EXCESS OF REVENUES OVER CLAIMS FOR THE YEAR		2,189	1,797	2,295
ADMINISTRATIVE AND GENERAL EXPENSES	12	(1,958)	(2,112)	(2,190)
CHANGE IN DEFERRED ACQUISITION COSTS		(22)	614	368
TOTAL EXPENSES FOR THE YEAR, net		(1,980)	(1,498)	(1,822)
PROFIT FROM GENERAL INSURANCE BUSINESS FOR THE YEAR, CARRIED TO THE PROFIT AND LOSS ACCOUNTS		209	299	473

The accompanying notes constitute an integral part of the financial statements.

THE ISRAEL FOREIGN TRADE RISKS INSURANCE CORPORATION LTD.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Reserve for special risks*	Appraisal surplus	Retained earnings	Total
	U.S. $ in thousands (see note 1b)				
BALANCE AT JANUARY 1, 2002	1,720	17,318	713	3,314	23,065
CHANGES DURING 2002:					
Net profit				376	376
Dividend		(3,168)			(3,168)
BALANCE AT DECEMBER 31, 2002	1,720	14,150	713	3,690	20,273
CHANGES DURING 2003:					
Net profit				1,448	1,448
Erosion of dividend declared in 2002		(181)			(181)
BALANCE AT DECEMBER 31, 2003	1,720	13,969	713	5,138	21,540
CHANGES DURING 2004:					
Net profit				679	679
Realization of appraisal surplus due to sale of real estate			(99)		(99)
Amortization of appraisal surplus due to impairment of buildings**			(93)		(93)
BALANCE AT DECEMBER 31, 2004	1,720	13,969	521	5,817	22,027

* See note 8c.

** See notes 1g and 6.

The accompanying notes constitute an integral part of the financial statements.

THE ISRAEL FOREIGN TRADE RISKS INSURANCE CORPORATION LTD.

STATEMENTS OF CASH FLOWS

	2004	2003	2002
	U.S. $ in thousands (see note 1b)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
General insurance business (Appendix I)	(2,248)	1,826	2,558
Other activities (Appendix II)	1,103	51	(899)
Net cash provided by (used in) operating activities	(1,145)	1,877	1,659
CASH FLOWS FROM INVESTING ACTIVITIES:			
Changes in balances of securities and deposits relating to shareholders' equity and non-insurance Liabilities	(1,716)	2,569	(3,085)
Acquisition of fixed assets	(108)	(43)	(26)
Proceeds from sale of fixed assets	233	16	37
Net cash provided by (used in) investing activities	(1,591)	2,542	(3,074)
CASH FLOWS FROM FINANCING ACTIVITIES - dividend paid		(3,347)	
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,736)	1,072	(1,415)
BALANCE OF CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,410	4,338	5,753
BALANCE OF CASH AND CASH EQUIVALENTS AT END OF YEAR	2,674	5,410	4,338

THE ISRAEL FOREIGN TRADE RISKS INSURANCE CORPORATION LTD.

STATEMENT OF CASH FLOWS

	2004	2003	2002
	U.S. $ in thousands (see note 1b)		
(a) Adjustments required to reflect the cash flows from operating activities:			
Profit from general insurance business	209	299	473
Income and expenses not involving cash flows:			
Change in reserve for unexpired risks, net of deferred acquisition costs	126	172	(368)
Change in outstanding claims and accrual, net of the Accountant General's share	595	184	(457)
Depreciation	92	125	168
Capital loss (gain)		(2)	9
Changes in other asset and liability items:			
Deposits with the Accountant General and other investments relating to insurance liabilities	(1,414)	(3,832)	2,412
Policyholders - prepaid premiums and other credit balances, net	(1,882)	5,096	(16)
Accountant General and reinsurers - current Accounts, net	26	(216)	337
	(2,248)	1,826	2,558
(b) Cash flows from other operating activities:			
Net profit for the year	679	1,448	376
Profit from general insurance business	(209)	(299)	*(473)
	470	1,149	(97)
Depreciation	76	92	*90
Capital gain	(78)		
Changes in deferred taxes	150	30	(15)
Other accounts receivable and accounts payable, net	485	(1,220)	(877)
	1,103	51	(899)

* Reclassified.

(c) Supplementary information on investing activities not involving cash flows:

1. In 2004, the Company purchased fixed assets in the amount of $ 143,000 with suppliers' credit. The cash flows from this transaction will be included under investing activities upon their repayment.

2. In 2004, the Company sold fixed assets in the amount of $ 280,000, of which $ 56,000 has not yet been received at December 31, 2004. These amounts will be included under investing activities upon their receipt.

The accompanying notes constitute an integral part of the financial statements.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies, which, except for the changes required by the transition to reporting in U.S. $ in 2004 (see b(1) below), were applied on a consistent basis, are as follows:

a. General:

1) The Israel Foreign Trade Risks Insurance Corporation Ltd. (hereafter - the Company) is a government company, as defined in the Government Companies Law, 1975 (hereafter - the Government Companies Law). The Company acts as an insurer in the field of general insurance and is engaged in issuing medium- and long-term trade and political risk insurance. The Company is subject to the provisions of the Government Companies Law and the regulations issued thereunder, and to the Control on Insurance Business Law, 1981 and the regulations issued thereunder.

b. First-time presentation of financial statements in dollars:

1) The Company draws up and presents its financial statements in U.S. dollars (hereafter dollars or $), the currency in which most of the company's sales are conducted and most of the Company's asset acquisitions are performed

Through December 31, 2003, the Company prepared its financial statements on the basis of historical cost adjusted for the changes in the exchange rate of the dollar, as permitted under section 29a of Opinion 36 of the Institute of Certified Public Accountants in Israel (hereafter - the Israeli Institute).

Taking into account the provisions of section 4 of Accounting Standard No. 13 - “Effect of Changes in Foreign Currency Exchange Rates” - issued by the Israel Accounting Standards Board (hereafter - the IASB), and since the dollar is the principal currency used in the Company’s operations, the Company draws up and presents, commencing January 1, 2004, its financial statements in dollars. This presentation maintains continuity of the measurement basis, as formerly applied in the Company’s financial statements. The comparative figures in dollars included in these financial statements are based on the adjusted financial statements for the prior reporting periods, as previously presented, after being divided by the exchange rate of the dollar at the end of each of those prior reporting periods.

Condensed nominal-historical Israeli currency data of the company, for tax purposes, are presented in note 14.

2) Data regarding the changes in exchange rate of the dollar and in the CPI:

	Representative exchange rate of one U.S. dollar	**CPI***	
	NIS	**Index for the month ending on balance sheet date**	**"Last known" (CPI for November)**
At end of year:			
2004	NIS 4.308	180.74 points	180.56 points
2003	NIS 4.379	178.58 points	187.94 points
2002	NIS 4.737	182.1 points	182.52 points
2001	NIS 4.416	170.91 points	171.08 points
Increase (decrease) in:			
2004	(1.62%)	1.21%	0.91%
2003	(7.55)%	(1.89)%	(1.96)%
2002	7.27%	6.49%	6.69%

* Based on the index for the month ending on each balance sheet date, on the basis of 1993 average = 100.

c. Valuation of assets and liabilities:

1) Linkage basis

Balances denominated in foreign currency or linked thereto are stated on the basis of the representative exchange rates as of balance sheet date. Balances the linkage arrangements in respect of which stipulate linkage to the last index published prior to date of payment are stated on basis of the last index published prior to balance sheet date (the index for November).

2) Marketable securities

Investments in debentures and shares are stated at market value.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES **(continued):**

3) Fixed assets:

(a) These assets are stated at cost or appraised value (see (b) and 1g below). The assets are depreciated by the straight-line method, on the basis of their estimated useful life.

Annual rates of depreciation are as follows:

	%
Office premises	4
Computers and software	20-33
Vehicles	15
Office furniture and equipment	6-20

(b) On December 31, 1994, the office premises of the Company have been re-appraised. The appraisal increment was carried to an appraisal surplus and is depreciated over the balance of the original depreciation period.

(c) As of December 31, 2004 and 2003, the office premises of the Company were appraised by Mr. Erez Aviran, a real estate appraiser, on the basis of their market price in an arm's length transaction. According to the appraisal as of December 31, 2003, the economic value of the premises corresponds to its carrying value in the Company's books. According to the appraisal as of December 31, 2004, a write-down in the amount of $ 155,000 was recorded from the balance of the cost, see also notes 1g and 6 below.

4) Deferred taxes

Deferred taxes are created in respect of differences between the amounts stated in the financial statements and the amounts to be taken into account for tax purposes. See note 11c for details of the main items in respect of which deferred taxes have been created.

The balances of the deferred taxes are calculated at the tax rates expected to be in effect at the time of their release to the profit and loss accounts. The amount of deferred taxes in the profit and loss accounts reflects the change in the above balances during the year.

5) Allowance for doubtful accounts

The allowance is determined for specific accounts doubtful of collection.

6) Cash equivalents

The Company considers all highly liquid investments, which include short-term bank deposits (up to three months from date of deposit) that are not restricted as to withdrawal or use, to be cash equivalents.

7) Use of estimates in preparation of financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the data reported in the financial statements and the related notes. Actual results could differ from those estimates.

d. Profit and loss accounts - income from investments

Gains or losses from investments have been apportioned between the general insurance revenue accounts and the profit and loss accounts on the basis of the ratio of the average related resources during the year.

e. General insurance revenue accounts:

1) Revenue recognition:

The income is recognized on the basis of spreading the premium and insurance fees by the straight-line method, over the transaction period. The amount of prepaid premiums presented in the balance sheet reflects the Company's share net of the Accountant General's share in the premium.

2) The reserve for unexpired risks is computed in accordance with the Control on Insurance Business Regulations (Method of Calculation of Provision for Future Claims in General Insurance), 1984. In accordance with these regulations, a final accounting for a given underwriting year is prepared after the elapse of four years, during which the profits relating to such underwriting year are carried to the reserve. In addition, in accordance with said regulations, the amount of the reserve for unexpired risks relating to the current underwriting year may not be less than 50% of the self-retention premiums and registration fees recorded for that year (hereafter - the minimum reserve).

As regards the balance sheet presentation, the Reporting Regulations stipulate that the reserve computed as above is to be divided between a minimum reserve (which is presented in the balance sheets as "reserve for unexpired risks," including grossed-up "deferred acquisition costs") and "accrual", which represents the balance of the above reserve and is stated in the balance sheets as an addition to provision for outstanding claims.

On January 20, 2005, the Supervisor of Insurance issued a memorandum - "Reporting on the Development of Outstanding Claims in Foreign Trade Risks Insurance" (number 2005-1-1). In accordance with said memorandum, the computation method of reserves for unexpired risks in the Company remained unchanged.

3) The reserve for outstanding claims is based on a specific estimate for each claim, with the addition of a provision for anticipated specific risks for transactions that, in management's opinion, involve high risk. In the opinion of management, this reserve is adequate. As of December 31, 2004, no reserve for outstanding claims was required.

   The Company does not include in outstanding claims a provision for insurance events that have occurred, but in respect of which no notification has been received. The Company's management is of the opinion that, considering the special nature of the Company's business and its past experience, the creation of such a provision is neither possible nor necessary.

4) As to the appropriation of gains or losses from investments between the general insurance revenue accounts and the profit and loss accounts, see d. above.

f. Net profit per share

Net profit per NIS 1 of par value of shares - which is computed in accordance with Opinion 55 of the Israeli Institute - is determined on the basis of the par value of the issued and paid-up shares.

g. Impairment of assets

In February 2003, Accounting Standard No. 15 of the IASB - "Impairment of Assets", became effective. This standard requires a periodic review to evaluate the need for a provision for the impairment of the Company's non-monetary assets - mainly fixed assets.

The Company assesses - at each balance sheet date - whether any events have occurred or changes in circumstances have taken place, which might indicate that there has been an impairment of one or more of its assets. When such indicators of impairment are present, the Company evaluates whether the carrying value of the asset in the Company's accounts can be recovered from the cash flows anticipated from that asset, and, if necessary, records an impairment provision up to the amount needed to adjust the carrying amount to the recoverable amount.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES **(continued):**

The recoverable value of an asset is determined according to the higher of the net selling price of the asset or its value in use to the Company. The value in use is determined according to the present value of anticipated cash flows from the continued use of the asset, including those expected at the time of its future retirement and disposal.

In 2004, the Company recorded a provision for the impairment of fixed assets, see 1c above and note 6.
The impairment loss is carried directly to the profit and loss accounts, with the exception of impairment of assets, that an appraisal increment in respect of which has been previously carried to capital surplus. Where indicators are present that beneficial events have occurred or beneficial changes in circumstances have taken place, the impairment provision in respect of the asset may be cancelled or reduced in the future, so long as the recoverable value of the asset has increased, as a result of changes in the estimates previously employed in determining such value.

h. Recently issued pronouncement:

In July 2004, the IASB issued Israel Accounting Standard No. 19 - "Taxes on Income", which is based on International Accounting Standard No. 12, that prescribes the accounting treatment (recognition criteria, measurement, presentation and disclosure) required for taxes on income. This accounting standard is to be applied to financial statements covering periods commencing on, or after, January 1, 2005.

For the most part, the provisions of this standard are the same as the accounting principles that are customarily applied at present (see c(4) above).

The adoption of the standard is not expected to have a material effect on the Company's financial statements in the forthcoming periods.

NOTE 2 - GUARANTEES AND COMMITMENTS OF THE STATE OF ISRAEL:

On October 25, 2004, the Finance Committee of the Knesset (the Israeli parliament) authorized the General Accountant in the Ministry of Finance to sign a new guarantee letter in respect of the Company's losses from export business, up to the total amount of $ 700 million, subject to the terms listed in the guarantee letter. Pursuant to said guarantee letter, should the total amount of claims against the Company in the framework of the above guarantee exceed $ 125 million, then half of the Company's shareholders' equity is to be used to pay for the claims in excess of the aforementioned amount, conditional upon the Company's shareholders' equity not falling as a result below the amount of $ 10 million. This guarantee will be valid for four years commencing on its signature date, and will replace and revoke all general guarantee letters previously issued. The guarantee was signed on December 5, 2004.

In addition, State guarantees are received from time to time for specific political risks.

With regard to the guarantee letter's implications on the Company's dividend distribution policy, see note 8d.

NOTE 3 - MARKETABLE SECURITIES:

	December 31	
	2004	2003
	U.S. $ in thousands	
Non-convertible debentures:		
Governmental bonds:		
Linked to the CPI	3,238	3,024
Linked to foreign currency	358	2,350
Unlinked	3,480	2,350
Other debentures:		
Linked to the CPI	631	333
Linked to foreign currency	4,933	2,979
Unlinked	59	56
Debentures convertible into shares:		
Linked to the CPI	29	110
Linked to foreign currency	89	130
	12,817	11,332
Including debentures deposited with the Bank of Israel	112	108

NOTE 4 - DEPOSITS WITH THE ACCOUNTANT GENERAL:

	Annual interest rate as of December 31, 2004	December 31	
		2004	2003
	%	U.S. $ in thousands	
In dollars	1.87%	13,823	13,350
In Euros	2.06%	2,194	1,990
		16,017	15,340

NOTE 5 - BANK DEPOSITS:

	Average term in months as of December 31, 2004	Average annual interest rate as of December 31, 2004	December 31	
			2004	2003
			U.S. $ in thousands	
In dollars	12	1.44%	3,043	2,028
In NIS - unlinked	3	4.05%	586	633
In NIS - unlinked and non-interest bearing*			12	12
			3,641	2,673

* The deposit secures the obligations of the Company's employees to the bank.

NOTE 6 - FIXED ASSETS:

Composition of fixed assts and offices for rent and their accumulated depreciation, grouped by major classifications, and changes therein during 2004, are as follows:

	Offices for rent*			Offices for self-use*			Other fixed assets		Total	
	Cost	Appraisal increment	Total	Cost	Appraisal increment	Total	Computers and software	Office furniture and equipment	2004	2003
	U.S. $ in thousands									
Cost or appraised value:										
Balance at beginning of year	2,677	282	2,959	1,119	116	1,235	4,374	464	9,032	9,032
Additions during the year				222		222	15	14	251	44
Retirements during the year	(503)	(55)	(558)					(3)	(561)	(44)
Balance at end of year	2,174	227	2,401	1,341	116	1,457	4,389	475	8,722	9,032
Accumulated depreciation:										
Balance at beginning of year	1,126	257	1,383	468	106	574	4,258	377	6,592	6,409
Depreciation for the year	54	22	76	22	10	32	42	18	168	214
In respect of retirements during the year	(196)	(52)	(248)					(3)	(251)	(31)
Balance at end of year	984	227	1,211	490	116	606	4,300	392	6,509	6,592
Depreciated balance at end of year before write-down to recoverable value**	1,190	-,-	1,190	851	-,-	851	89	83	2,213	2,440
Write-down to recoverable value**	(29)		(29)	(126)		(126)			(155)	
Depreciated balance at at end of year	1,161		1,161	725		725	89	83	2,058	2,440

* Reclassified.

** In 2004, the Company recorded an impairment provision in the amount of $ 155,000, see note 1g.

NOTE 6 - FIXED ASSETS (continued):

The balance sheet presentation is as follows:

	December 31	
	2004	**2003**
Under investments - offices for rent	1,161	*1,576
Under fixed assets	897	*864
	2,058	2,440

* Reclassified.

NOTE 7 - ACCOUNTS RECEIVABLE:

	December 31	
	2004	**2003**
	U.S. $ in thousands	
Deferred taxes (see note 11c)	82	93
Prepaid expenses	61	46
State of Israel - income tax	338	911
Other	*83	*14
	564	1,064

* The balance is net of an allowance for doubtful accounts in the amount of $ 54,000.

NOTE 8 - SHAREHOLDERS' EQUITY:

a. Share capital:

The share capital at December 31, 2004 and 2003 is composed of shares of NIS 1 par value, as follows:

	Authorized	**Issued and paid**
	Number of shares	
Ordinary shares	2,999,999	2,411,290
Founders' share	1	1

NOTE 8 - SHAREHOLDERS' EQUITY (continued):

b. Capital adequacy

The capital of the Company in terms of the Control on Insurance Business Regulations (Minimum Shareholders' Equity Required for an Insurer), 1998 (hereafter - the Shareholders' Equity Regulations):

	December 31, 2004		December 31, 2003	
	Primary capital	Shareholders' equity	Primary capital	Shareholders' equity
	NIS in thousands			
Required	94,893	15,062	94,325	15,062
Existing	12,148	12,148	12,042	12,042
Surplus	82,745	2,914	82,283	3,020

* The amounts of primary capital and shareholders' equity were computed based on the data that appear in the translation of the condensed changes in shareholders' equity into NIS included in Appendix a to the Hebrew financial statements ("Translation into Shekels of the financial statements"). The said appendix is not included in this English translation of the Hebrew financial statements..

As of December 31, 2004, the Company's investments in a single issuer exceeded the permitted amount by NIS 405,000, pursuant to the Control on Insurance Business Regulations (Capital Investment Methods, Funds, and Insurers' Liabilities), 2001 (hereafter - Investment Methods Regulations).

c. Reserve for special risks

The reserve for special risks was created under the articles of association effective until May 11, 1999. Thereafter, several articles in the Company's articles of association have been amended to allow the payment of dividends out of the amounts accrued in the reserve for special risks.

NOTE 8 - SHAREHOLDERS' EQUITY (continued):

d. Order by the Government Companies Authority for the distribution of a dividend

The policy of the Government Companies Authority regarding the appropriation of profits for dividend payments, which has been in effect since 1995 (subject to any special restrictions under any law), divides the profits from which dividends are to be paid into two categories:

1) A dividend from current profits that is to be paid according to the following rule:

   (a) for public service companies - at the rate of 60% of the current annual net profit, before bonuses are paid to employees out of profits.

   (b) other companies - at the rate of 50% of said profits.

2) A dividend from accrued profits - for all relevant companies, a specific order will be made. The amount of the dividend will be determined with reference to the provisions of the Company's statutory documents, the provisions of any relevant legislation and such other factors as stipulated in the aforementioned provisions.

Pursuant to a letter dated September 27, 2004, which was signed by the Company, the Accountant General in the Ministry of Finance and the Minister of Finance, during the effective period of the State guarantee mentioned in note 2 above, the Company is not to distribute a dividend that will result in its shareholders' equity falling below $ 25 million.

In its letter dated October 12, 2004, the Government Companies Authority agreed to the non-distribution of dividends, as above.

NOTE 9 - EMPLOYEE RIGHTS UPON RETIREMENT:

a. Labor laws and agreements require the Company to pay severance pay to employees dismissed or retiring from its employ in certain other circumstances. The Company's severance pay liability to its employees is covered mainly by regular deposits with recognized severance pay funds in the employees' names and by the purchase of insurance policies.

The amounts funded as above are not reflected in the balance sheets since they are not under the management of the Company.

In respect of employees dismissed, who are entitled to severance pay, the Company is committed to supplement the difference between severance pay computed as on the basis of the latest salary and the amounts accumulated in the abovementioned funds

NOTE 9 - EMPLOYEE RIGHTS UPON RETIREMENT (continued)**:**

and insurance policies. An appropriate provision has been made for the supplemental severance pay.

The amount of the severance pay liability presented in the balance sheets (see b. below) reflects that part of the liability not covered by the funds and/or insurance policies mentioned above, in accordance with labor agreements in force and based on salary components which, in management's opinion, create entitlement to severance pay, as well as the liability for supplemental severance pay mentioned above.

b. The balance sheet liability for employee rights upon retirement is as follows:

	December 31	
	2004	**2003**
	U.S. $ in thousands	
Total liability - in respect of severance pay (included in other accounts payable)	63	75

NOTE 10 - OTHER ACCOUNTS PAYABLE AND ACCRUALS:

	December 31	
	2004	**2003**
	U.S. $ in thousands	
Liability for employee rights upon retirement (see note 9)	63	75
Provisions for vacation and recreation pay and wages	167	155
Institutions and trade payables	168	74
Rental income received in advance	7	28
	405	332

NOTE 11 - TAXES ON INCOME:

a. 1. Measurement of results for tax purposes under the Income Tax (Inflationary Adjustments) Law, 1985 (hereafter - the inflationary adjustments law)

Under the inflationary adjustments law, results for tax purposes are measured in real terms, having regard to the changes in the CPI. The Company is taxed under this law.

NOTE 11 - TAXES ON INCOME (continued)**:**

2. The Company's income is subject to corporate tax and gains tax: through to December 31, 2004, the corporate tax was 36%. In July 2004, an amendment to the Income Tax Ordinance was enacted. One of the provisions of this amendment is that the corporate tax rate is to be gradually reduced from 36% to 30%, in the following manner: the rate for 2004 will be 35%, in 2005 - 34%, in 2006 - 32%, and in 2007 and thereafter - 30%. The average gains tax rate for 2004 - 17.17% (2003 - 18%, 2002 - 17.5%). The total current weighted tax rates (income tax and gains tax) that were applied to the Company's income in 2002, 2003 and 2004 were 45.53%, 45.76% and 44.52%, respectively.

b. Taxes on income (tax saving) included in the profit and loss accounts:

	2004	2003	2002
	U.S. $ in thousands		
For the reported year:			
Current	184	21	527
Deferred	161	30	(15)
	345	51	512
For previous years - current		(67)	35
	345	(16)	547

c. Deferred taxes:

1) The composition of deferred taxes and the changes therein during the reported year are as follows:

	Short-term deferred tax asset				Long-term deferred tax asset			
	Vacation and recreation pay	Doubtful Accounts	Prepaid rental income	Total	Fixed assets	Liability for employee rights upon retirement	Total	Grand total
	U.S. $ in thousands							
Balance at January 1, 2003	43		22	65	288	81	369	434
Changes in 2003	13	24	(9)	28	(11)	(47)	(58)	(30)
Balance at December 31, 2003	56	24	13	93	277	34	311	404
Changes during 2004 -								
In respect of profit and Loss	(1)	(1)	(9)	(11)	(141)	(9)	(150)	(161)
In respect of capital reserve (see note 1g)					63		63	63
Balance at December 31, 2004	55	23	4	82	199	25	224	306

NOTE 11 - TAXES ON INCOME (continued):

2) The deferred taxes are presented in the balance sheets as follows:

	December 31	
	2004	**2003**
	U.S. $ in thousands	
Among other accounts receivable	82	93
Among long-term receivables	224	311
	306	404

The balance of short-term deferred taxes as of December 31, 2004 is computed at a weighted tax rate of 43.59%.
The balance of long-term deferred taxes as of December 31, 2004 is computed at a weighted tax rate of 40.17%.

d. Following is a reconciliation between the theoretical tax expense, assuming all income is taxed at the regular tax rates applicable to insurance companies in Israel, and the actual tax expense recorded in the profit and loss accounts:

	2004	**2003**	**2002**
	U.S. $ in thousands		
Profit before taxes on income, as reported in the profit and loss accounts	1,024	1,432	923
Theoretical tax expense*	456	655	420
Increase (decrease) in taxes in respect of:			
Different bases of measurement for financial reporting purposes (the dollar) and tax purposes (the CPI), net	(208)	(572)	53
Profit tax on wages tax	12	14	12
Revaluation of tax advances	(16)	(19)	(1)
Non-deductible expenses	28	21	25
Erosion of dividend payable carried to surplus		(38)	
Taxes for previous years		(67)	35
Effect of the change in tax rates applicable to the Company	46		
Sales tax paid on the sale of a building	19		
Exempt income	(10)		
Other, net	18	(10)	3
Taxes on income (tax saving), per profit and loss accounts	345	(16)	547
* Computed at a weighted tax rate of	44.52%	45.76%	45.53%

e. Tax assessments

The Company has received final tax assessments through tax year 2001.

NOTE 12 - GENERAL AND ADMINISTRATIVE EXPENSES:

	2004	2003	2002
	U.S. $ in thousands		
Payroll and related expenses	998	1,115	1,147
Office operating costs	190	*156	236
Office maintenance and municipal taxes	186	*165	309
Professional fees	190	217	243
Depreciation and amortization	94	128	182
Other	300	331	73
	1,958	2,112	2,190

* Reclassified.

NOTE 13 - INTERESTED PARTIES:

a. Cost of benefits to interested parties employed by the Company (interested party - as defined in the Securities Law, 1968):

	2004	2003	2002
Cost of benefits (U.S. $ in thousands)	162	164	145
Number of recipients of these benefits	10	8	10

b. As the Company is a 100% owned government company, the State of Israel is defined as an interested party. All transactions with the State of Israel and/or the Accountant General in the Ministry of Finance are therefore transactions with interested parties. Additional information regarding the relationship with the State of Israel is presented in note 2.

c. Transactions and balances with an interested party (the State of Israel):

1) Transactions during the reporting year:

a) Guarantee fees paid to the State of Israel in 2004 aggregated $ 9,025,000 (2003 and 2002 - $ 11,349,000 and $ 11,531,000, respectively).

b) The State of Israel's share in indemnifications received net of claims paid was an expense of $ 90,000 in 2004 (2003 - net expense of $ 281,000; 2002 - net profit of $ 125,000).

NOTE 13 - INTERESTED PARTIES (continued):

2) Balances as of balance sheet date *:

- Current account with the State of Israel for insurance transactions - liability of $ 1,676,000 as of December 31, 2004 (December 31, 2003 - $ 1,492,000 payable).

- The balance of the Company's deposits with the Accountant General as of December 31, 2004 was $ 16,017,000 (out of total investments of $ 36,310,000; December 31, 2003 - $ 15,340,000, out of total investments of $ 36,331,000).

* Regarding the Accountant General's share in insurance transactions - no balance confirmations were received.

NOTE 14 - NOMINAL-HISTORICAL DATA OF THE COMPANY FOR TAX PURPOSES:

Note:
The following nominal data are the basis for the Company's tax adjustment report and are presented in these financial statements solely for this purpose. These data are based on the accounts of the Company, maintained in nominal-historical Israeli currency. The accounting policies applied in the preparation and presentation of the aforementioned data are identical to those applied in the preparation of the financial statements, with the exception of fixed assets (including offices for rent presented under investments), which have been adjusted to their value in the dollar balance sheets.

a. Balance sheet data:

	Nominal NIS in thousands	
	December 31	
	2004	**2003**
Investments	156,424	*159,096
Fixed assets	3,864	*3,781
Accounts receivable	2,430	4,661
Deferred acquisition costs and other assets	7,729	8,332
	170,447	175,870
Shareholders' equity	94,893	94,325
Insurance reserves and outstanding claims	24,582	21,930
Other liabilities	50,972	59,615
	170,447	175,870

* Reclassified.

NOTE 14 - NOMINAL-HISTORICAL DATA OF THE COMPANY FOR TAX PURPOSES:

b. Profit and loss accounts data:

	Nominal NIS in thousands		
	2004	2003	2002
Profit brought forward from the general insurance revenue accounts	900	1,311	2,242
Income (expenses) not included in the general insurance revenue accounts:			
From investments	2,160	(1,602)	8,630
From rent of buildings, net	772	(463)	(230)
	2,932	(2,065)	8,400
Profit (loss) before taxes on income	3,832	(754)	10,642
Tax expense	1,639	243	2,464
Net profit (loss) for the year - nominal	2,193	(997)	8,178

c. General insurance revenue accounts data:

	Nominal NIS in thousands		
	2004	2003	2002
Premiums	45,135	53,225	56,936
Registration and other fees	4,460	5,306	5,584
Total insurance fees	49,595	58,531	62,520
Less - Guarantee fees to the State of Israel and reinsurers	(39,897)	(50,011)	(54,684)
Premiums for the year, net	9,698	8,520	7,836
Adjustment of the insurance reserves in foreign currency at beginning of year, due to change in the exchange rate	(182)	(1,097)	1,248
Change in reserve for unexpired risks	(82)	(2,803)	(2,421)
Insurance fees earned, net	9,434	4,620	6,663
Income from investments	383	3,481	1,215
Total revenues for the year, net	9,817	8,101	7,878
Indemnifications received net of claims paid and change in outstanding claims, including accrual, net	745	1,428	1,531
Accountant General's share, net	(399)	(1,311)	1,265
Claims and change in accrual for the year, net	346	117	2,796
Excess of revenues over claims for the year	10,163	8,218	10,674
Administrative and general expenses	(9,057)	(9,246)	(10,370)
Change in deferred acquisition costs	(206)	2,339	1,938
Total expenses for the year, net	(9,263)	(6,907)	(8,432)
Profit for the year, carried to the profit and loss accounts	900	1,311	2,242

NOTE 14 - NOMINAL-HISTORICAL DATA OF THE COMPANY FOR TAX PURPOSES (continued):

d. Statements of changes in shareholders' equity:

	Nominal NIS in thousands				
	Share capital	**Reserve for special risks****	**Appraisal surplus**	**Retained earnings**	**Total**
Balance at January 1, 2002	2,411	60,363	12,116	26,957	101,847
Changes during 2002:					
Net profit				8,178	8,178
Dividend*		(15,000)			(15,000)
Adjustment of the nominal value of fixed assets to Their adjusted value			1,008		1,008
Balance at December 31, 2002	2,411	45,363	13,124	35,135	96,033
Changes during 2003:					
Loss				(997)	(997)
Dividend**					
Adjustment of the nominal value of fixed assets to Their adjusted value			(711)		(711)
Balance at December 31, 2003	2,411	45,363	12,413	34,138	94,325
Changes during 2004:					
Net profit				2,193	2,193
Realization of appraisal surplus on sale of real estate			(449)		(449)
Realization of an appraisal surplus as a result of depreciation of buildings**			(401)		(401)
Adjustment of the nominal value of fixed assets to Their adjusted value			(775)		(775)
Balance at December 31, 2004	2,411	45,363	10,788	36,331	94,893

* See note 8 c .

** See notes 1g and 6.

APPENDIX I

THE ISRAEL FOREIGN TRADE RISKS INSURANCE CORPORATION LTD.

ANALYSIS OF ASSETS RELEATING TO

SHAREHOLDERS' EQUITY AND LIABILITIES

U.S. DOLLARS IN THOUSANDS

	December 31, 2004			
	Total	General insurance business	Minimum share-holders' Equity	Capital Surplus And other Liabilities
	U.S. $ in thousands			
Assets (Part A)				
Investments:				
Cash and cash equivalents	2,674	1,872	292	510
Marketable securities:				
Government bonds	7,076	877	125	6,074
Other debentures	5,741			5,741
Deposits:				
With the Accountant General	16,017	12,814	2,403	800
With banks	3,641			3,641
Offices for rent	1,161			1,161
Fixed assets:				
Office premises	725			725
Other	172			172
Amounts receivable -				
other receivables	564			564
Long-term receivables:				
Deferred acquisition costs	1,570	1,570		
Deferred taxes	224			224
Total assets	39,565	17,133	2,820	19,612
Shareholders' equity and liabilities (Part B)				
Shareholders' equity	22,027		2,820	19,207
Reserve for unexpired risks	2,668	2,668		
Outstanding claims	3,038	3,038		
Prepaid premiums received, net	9,283	9,283		
Policyholders - deposits and credit balances				
The Accountant General and reinsurers	2,096	2,096		
Other payables	453	48		405
Total equity and liabilities	39,565	17,133	2,820	19,612

APPENDIX I

THE ISRAEL FOREIGN TRADE RISKS INSURANCE CORPORATION LTD.

ANALYIS OF ASSETS RELATING TO

SHAREHOLDERS' EQUITY AND LIABILITIES

U.S. DOLLARS IN THOUSANDS

	December 31, 2003			
	Total	**General insurance business**	**Minimum Share-holders' Equity**	**Capital Surplus And Other Liabilities**
	U.S. $ in thousands			
Assets (Part A)				
Investments:				
Cash and cash equivalents	5,410	4,422	450	538
Marketable securities:				
Government bonds	7,724			7,724
Other debentures	3,608			3,608
Deposits:				
With the Accountant General	15,340	12,276	2,300	764
With banks	2,673			2,673
Offices for rent	*1,576			*1,576
Fixed assets:				
Office premises	*661			*661
Other	203			203
Amounts receivable -				
other receivables	1,064			1,064
Long-term receivables:				
Deferred acquisition costs	1,592	1,592		
Deferred taxes	311			311
Total assets	40,162	18,290	2,750	19,122
Shareholders' equity and liabilities (Part B)				
Shareholders' equity	21,540		2,750	18,790
Reserve for unexpired risks	2,564	2,564		
Outstanding claims	2,443	2,443		
Prepaid premiums received, net	*8,694	*8,694		
Policyholders - deposits and credit balances	2,952	2,952		
The Accountant General and reinsurers	*1,637	*1,637		
Other payables	332			332
Total equity and liabilities	40,162	18,290	2,750	19,122

* Reclassified.