

AL MASHREK INSURANCE AND REINSURANCE SAL.
BALANCE SHEET AS OF DECEMBER 31, 2007

<u>ASSETS</u>	Gross Value 31/12/2007 LBP	Dep. & Prov. 31/12/2007 LBP	Net Value 31/12/2007 LBP	Net Value 31/12/2006 LBP
<u>Technical Investments</u>				
Real Estate	2,114,431,000	0	2,114,431,000	2,114,431,000
Bank Blocked Deposits	2,580,000,000		2,580,000,000	2,580,000,000
	4,694,431,000	0	4,694,431,000	4,694,431,000
<u>Non Technical Investments</u>				
Real Estates	15,252,905,372	1,777,747,880	13,475,157,492	13,565,421,094
Lebanese treasury bills	4,360,000	0	4,360,000	4,170,000
Loans granted	1,856,227,456	1,005,558,000	850,669,456	760,626,437
Investment Securities	5,352,774,948	510,155,000	4,842,619,948	976,919,140
	22,466,267,776	3,293,460,880	19,172,806,896	15,307,136,671
<u>Other Fixed Assets</u>				
Intangible fixed assets	1,010,068,682	671,138,870	338,929,812	114,107,213
Other tangible fixed assets	2,568,903,600	2,324,174,828	244,728,772	252,798,731
	3,578,972,282	2,995,313,698	583,658,584	366,905,944
<u>Reinsurers Share of Technical Provisions</u>				
Unearned premiums	1,633,106,261	0	1,633,106,261	1,514,797,278
Outstanding Claims	378,391,477	0	378,391,477	328,846,608
	2,011,497,738	0	2,011,497,738	1,843,643,886
<u>Accounts Receivable</u>				
Due from Reinsurance Co.	1,277,079,657	809,457,000	467,622,657	290,123,052
Premiums Receivable	13,777,668,657	10,491,440,000	3,286,228,657	5,278,331,038
Bills Receivable	1,161,005,614	613,650,000	547,355,614	565,248,383
Advances to Personnel	245,256,434	237,085,000	8,171,434	9,740,252
Sundry Debtors	7,254,609,071	5,789,140,000	1,465,469,071	1,377,477,373
	23,715,619,433	17,940,772,000	5,774,847,433	7,520,920,098
<u>Financial Accounts</u>				
Cash and Banks	3,046,160,864	0	3,046,160,864	2,528,705,231
<u>Deferred acquisition cost</u>				
	2,130,007,890		2,130,007,890	2,068,799,375
<u>Prepaid and Deferred Charges</u>				
	86,774,300	0	86,774,300	126,618,300
<u>Revaluation surplus of properties</u>				
	13,581,359,420		13,581,359,420	3,692,910,358
<u>Total Assets</u>	75,311,090,703	24,229,546,578	51,081,544,125	38,150,070,863

AL MASHREK INSURANCE AND REINSURANCE SAL.**BALANCE SHEET AS OF DECEMBER 31, 2007**

	Gross Value	Net Value	Net Value
	31/12/2007	31/12/2007	31/12/2006
	<u>LBP</u>	<u>LBP</u>	<u>LBP</u>
<u>LIABILITIES AND SHAREHOLDERS EQUITY</u>			
<u>Shareholders Equity</u>			
Capital	7,000,000,000	7,000,000,000	5,750,000,000
Legal Reserve	848,915,000	848,915,000	780,358,000
Special Reserves	5,028,111,885	5,028,111,885	5,028,111,885
Losses carried forward	(4,030,127,108)	(4,030,127,108)	(4,647,144,162)
Net Profit/(Loss)for the year	29,635,834	29,635,834	685,574,054
Revaluation of shares	113,777,673	113,777,673	53,790,615
Revaluation of property	13,581,359,420	13,581,359,420	3,692,910,358
	22,571,672,704	22,571,672,704	11,343,600,750
<u>Prov. for risks & Charges</u>			
Provisions for risks	350,000,000	350,000,000	550,000,000
Prov. End of Service Indemnity	605,877,182	605,877,182	520,304,623
	955,877,182	955,877,182	1,070,304,623
<u>Technical Provisions</u>			
Unearned premiums	8,270,863,553	8,270,863,553	7,451,415,514
Outstanding Claims	3,396,906,487	3,396,906,487	2,091,333,379
Premiums deficiency reserves	0	0	52,317,187
Precautionary reserves	502,328,000	502,328,000	1,740,040,479
I.B.N.R.	154,300,000	154,300,000	157,900,000
	12,324,398,040	12,324,398,040	11,493,006,559
<u>Long term debts</u>			
	1,599,494,830	1,599,494,830	2,005,614,934
<u>Accounts payable</u>			
Due to Reinsurance Co.	2,822,822,026	2,822,822,026	3,089,433,052
Shareholders accounts	548,665,762	548,665,762	1,318,268,285
Dues to personnel	10,353,710	10,353,710	9,828,710
Due to Social Security	26,448,974	26,448,974	22,575,087
Taxes payable	1,746,913,588	1,746,913,588	1,417,802,549
Accrued Charges	2,417,634,648	2,417,634,648	2,594,358,661
Sundry Creditors	4,301,247,726	4,301,247,726	1,734,444,461
	11,874,086,434	11,874,086,434	10,186,710,805
<u>Due to banks</u>			
	1,756,014,935	1,756,014,935	2,050,833,192
<u>Total Liabilities and Shareholders equity</u>			
	51,081,544,125	51,081,544,125	38,150,070,863

AL MASHREK INSURANCE AND REINSURANCE SAL.
INCOME STATEMENT FOR THE YEAR ENDED 31/12/2007

	Gross Value	Cession	Net Value	Net Value
	31/12/2007	31/12/2007	31/12/2007	31/12/2006
	<u>LBP</u>	<u>LBP</u>	<u>LBP</u>	<u>LBP</u>
Premiums Written - Life	1,036,082,856	377,472,989	658,609,867	547,349,568
<u>Unearned Premiums :</u>				
-Beginning of year	1,834,389,801	481,315,985	1,353,073,816	1,131,523,194
-End of year	(2,253,628,413)	(658,242,924)	(1,595,385,489)	(1,353,073,816)
	616,844,244	200,546,050	416,298,194	325,798,946
Claims Paid	220,075,315	148,137,511	71,937,804	84,621,794
<u>Outstanding Claims</u>				
-Beginning of year	(141,383,676)	0	(141,383,676)	(141,383,676)
-End of year	141,383,675	0	141,383,675	141,383,676
	220,075,314	148,137,511	71,937,803	84,621,794
Technical margin - Life	396,768,930	52,408,539	344,360,391	241,177,152
Premiums Written - Non life	24,386,326,960	2,611,182,353	21,775,144,607	20,774,037,830
<u>Unearned Premiums :</u>				
-Beginning of year	5,669,342,900	1,033,481,293	4,635,861,607	3,982,330,174
-End of year	(6,017,235,140)	(974,863,337)	(5,042,371,803)	(4,635,861,607)
-Precautionary reserves-Beginning of year	1,740,040,479	0	1,740,040,479	1,656,618,977
-Precautionary reserves-End of year	(502,328,000)	0	(502,328,000)	(1,740,040,479)
	25,276,147,199	2,669,800,309	22,606,346,890	20,037,084,895
Claims Paid	11,389,220,246	927,819,005	10,461,401,241	8,517,480,792
<u>Outstanding Claims</u>				
-Beginning of year	(2,088,649,703)	(328,846,608)	(1,759,803,095)	(1,770,460,517)
-End of year	3,409,822,812	378,391,477	3,031,431,335	1,759,803,095
	12,710,393,355	977,363,874	11,733,029,481	8,506,823,370
Technical margin - Non life	12,565,753,844	1,692,436,435	10,873,317,409	11,530,261,525
Total technical margin	12,962,522,774	1,744,844,974	11,217,677,800	11,771,438,677
<u>Other Operating Income</u>				
-Commissions Received			657,861,395	510,082,586
-Other Operating Income			39,977,952	69,901,542
			697,839,347	579,984,128
<u>Other Operating Charges</u>				
-Commissions paid & Discounts			6,006,988,244	5,432,853,579
-Printing & Stationery			148,005,268	118,573,474
-Supplies & Consumables			98,871,591	89,915,593
-Travel Expenses			355,224,265	267,218,707
-Taxes & Duties			103,658,804	101,684,776
-Administrative expenses (Note 18)			1,299,583,190	1,287,782,033
			8,012,331,362	7,298,028,162
<u>Staff Charges</u>				
-Salaries & Remunerations			1,919,895,780	1,783,336,260
-Social Security contributions			322,931,186	323,238,714
			2,242,826,966	2,106,574,974
Gross Operating Surplus			1,660,358,819	2,946,819,669

<u>Depreciation & Provisions</u>		
-Depreciation of fixed assets	306,835,840	425,305,092
-Provisions for E.O.S.I.	96,207,848	33,643,063
-Provisions for equity securities	6,000,000	1,500,000
-Provision for doubtful debts	667,231,000	960,919,254
-Provisions for claims incurred but not reported	(19,200,000)	19,200,000
	<u>1,057,074,688</u>	<u>1,440,567,409</u>
<u>Total other Operating charges</u>	<u>11,312,233,016</u>	<u>10,845,170,545</u>
	<u>603,284,131</u>	<u>1,506,252,260</u>
<u>Operating Results</u>		
<u>Financial Income</u>		
-Bank Interest	216,082,390	270,713,531
-Exchange Gains	39,169,598	50,056,408
-Return on Investment securities	58,434,581	66,475,663
-Other financial income	71,271,523	31,611,575
	<u>384,958,092</u>	<u>418,857,177</u>
<u>Financial Charges</u>		
-Bank Interest	402,872,477	442,166,238
-Bank Charges	131,605,805	113,120,507
-Exchange Losses	25,649,351	91,943,650
-Other Financial Charges	23,242,525	21,877,788
	<u>583,370,158</u>	<u>669,108,183</u>
<u>Net Financial costs</u>	<u>(198,412,066)</u>	<u>(250,251,006)</u>
<u>Non operating income</u>		
-Non Operating income	320,000	602,800
	<u>320,000</u>	<u>602,800</u>
<u>Non operating charges</u>		
-Income tax (Prior years)	16,675,000	283,500,000
-Loss on bad debts	57,117,231	0
	<u>73,792,231</u>	<u>283,500,000</u>
<u>Result Before Tax</u>	<u>331,399,834</u>	<u>973,104,054</u>
Income Tax (current year)	(301,764,000)	(287,530,000)
<u>Net Profit/(Loss) for the Year</u>	<u>29,635,834</u>	<u>685,574,054</u>