

AL MASHREK INSURANCE AND REINSURANCE SAL.
BALANCE SHEET AS OF DECEMBER 31, 2008

<u>ASSETS</u>	<u>Gross Value</u> <u>31/12/2008</u> <u>LBP</u>	<u>Dep. & Prov.</u> <u>31/12/2008</u> <u>LBP</u>	<u>Net Value</u> <u>31/12/2008</u> <u>LBP</u>	<u>Net Value</u> <u>31/12/2007</u> <u>LBP</u>
<u>Technical Investments</u>				
Real Estate	1,811,761,000	0	1,811,761,000	2,114,431,000
Bank Blocked Deposits	2,580,000,000	0	2,580,000,000	2,580,000,000
	4,391,761,000	0	4,391,761,000	4,694,431,000
<u>Non Technical Investments</u>				
Real Estates	16,044,682,213	1,990,119,987	14,054,562,226	13,475,157,492
Lebanese treasury bills	4,680,000		4,680,000	4,360,000
Loans granted	1,693,620,229	1,072,017,000	621,603,229	850,669,456
Investment Securities	8,480,324,071	510,155,000	7,970,169,071	4,842,619,948
	26,223,306,513	3,572,291,987	22,651,014,526	19,172,806,896
<u>Other Fixed Assets</u>				
Intangible fixed assets	1,244,235,900	765,209,940	479,025,960	338,929,812
Other tangible fixed assets	2,910,363,579	2,430,368,093	479,995,486	244,728,772
	4,154,599,479	3,195,578,033	959,021,446	583,658,584
<u>Reinsurers Share of Technical Provisions</u>				
Unearned premiums	2,294,588,698	0	2,294,588,698	1,633,106,261
Outstanding Claims	1,283,425,820	0	1,283,425,820	378,391,477
	3,578,014,518	0	3,578,014,518	2,011,497,738
<u>Accounts Receivable</u>				
Due from Reinsurance Co.	1,558,071,840	809,457,000	748,614,840	467,622,657
Premiums Receivable	14,992,275,455	10,662,420,000	4,329,855,455	3,286,228,657
Bills Receivable	993,241,065	621,814,000	371,427,065	547,355,614
Advances to Personnel	247,621,147	237,085,000	10,536,147	8,171,434
Sundry Debtors	7,668,010,596	6,398,676,000	1,269,334,596	1,465,469,071
	25,459,220,103	18,729,452,000	6,729,768,103	5,774,847,434
<u>Financial Accounts</u>				
Cash and Banks	3,103,776,042	0	3,103,776,042	3,046,160,864
Deferred acquisition cost	2,693,954,353	0	2,693,954,353	2,130,007,890
Prepaid and Deferred Charges	61,207,350	0	61,207,350	86,774,300
Revaluation surplus of properties	23,802,854,386	0	23,802,854,386	13,581,359,420
<u>Total Assets</u>	93,468,693,744	25,497,322,020	67,971,371,724	51,081,544,126

AL MASHREK INSURANCE AND REINSURANCE SAL.
BALANCE SHEET AS OF DECEMBER 31, 2008

	Gross Value 31/12/2008 <u>LBP</u>	Net Value 31/12/2008 <u>LBP</u>	Net Value 31/12/2007 <u>LBP</u>
<u>LIABILITIES AND SHAREHOLDERS EQUITY</u>			
<u>Shareholders Equity</u>			
Capital	7,000,000,000	7,000,000,000	7,000,000,000
Legal Reserve	859,126,000	859,126,000	848,915,000
Special Reserves	5,028,111,885	5,028,111,885	5,028,111,885
Profits/(Losses) carried forward	(4,010,702,274)	(4,010,702,274)	(4,030,127,108)
Net Profit/Loss for the year	322,182,192	322,182,192	29,635,834
Reevaluation of shares	24,716,482	24,716,482	113,777,673
Reevaluation of property	23,802,854,386	23,802,854,386	13,581,359,420
	<u>33,026,288,671</u>	<u>33,026,288,671</u>	<u>22,571,672,704</u>
<u>Prov. for risks & Charges</u>			
Provisions for risks	156,428,000	156,428,000	350,000,000
Prov. End of Service Indemnity	737,818,474	737,818,474	605,877,182
	<u>894,246,474</u>	<u>894,246,474</u>	<u>955,877,182</u>
<u>Technical Provisions</u>			
Unearned premiums	9,753,179,514	9,753,179,514	8,270,863,553
Outstanding Claims	4,671,464,027	4,671,464,027	3,396,906,487
Precautionary reserves	413,258,000	413,258,000	502,328,000
I.B.N.R.	222,898,000	222,898,000	154,300,000
	<u>15,060,799,541</u>	<u>15,060,799,541</u>	<u>12,324,398,040</u>
<u>Long term debts</u>			
	1,465,888,387	1,465,888,387	1,599,494,830
<u>Accounts payable</u>			
Due to Reinsurance Co.	3,122,225,707	3,122,225,707	2,822,822,026
Shareholders accounts	638,405,021	638,405,021	548,665,762
Dues to personnel	9,828,710	9,828,710	10,353,710
Due to Social Security	34,556,919	34,556,919	26,448,974
Taxes payable	2,150,515,470	2,150,515,470	1,746,913,588
Accrued Charges	2,687,529,779	2,687,529,779	2,417,634,648
Sundry Creditors	8,748,480,260	8,748,480,260	4,301,247,726
	<u>17,391,541,866</u>	<u>17,391,541,866</u>	<u>11,874,086,434</u>
<u>Due to banks</u>			
	132,606,785	132,606,785	1,756,014,935
<u>Total Liabilities and Shareholders equity</u>	<u><u>67,971,371,724</u></u>	<u><u>67,971,371,724</u></u>	<u><u>51,081,544,126</u></u>

AL MASHREK INSURANCE AND REINSURANCE SAL.
INCOME STATEMENT FOR THE YEAR ENDED 31/12/2008

	Gross Value 31/12/2008 <u>LBP</u>	Cession 31/12/2008 <u>LBP</u>	Net Value 31/12/2008 <u>LBP</u>	Net Value 31/12/2007 <u>LBP</u>
Premiums Written - Life	1,062,581,207	411,607,318	650,973,889	658,609,867
<u>Unearned Premiums :</u>				
-Beginning of year	2,253,628,413	658,242,924	1,595,385,489	1,353,073,816
-End of year	(2,520,682,099)	(652,293,762)	(1,868,388,337)	(1,595,385,489)
	795,527,521	417,556,480	377,971,041	416,298,194
Claims Paid	391,567,928	280,728,603	110,839,325	71,937,804
<u>Outstanding Claims</u>				
-Beginning of year	(141,383,675)	0	(141,383,675)	(141,383,676)
-End of year	225,242,805	62,894,348	162,348,457	141,383,675
	475,427,058	343,622,951	131,804,107	71,937,803
Technical margin - Life	320,100,463	73,933,529	246,166,934	344,360,391
Premiums Written - Non life	28,128,157,511	3,953,530,840	24,174,626,671	21,775,144,607
<u>Unearned Premiums :</u>				
-Beginning of year	6,017,235,140	974,863,337	5,042,371,803	4,635,861,607
-End of year	(7,232,497,415)	(1,642,294,936)	(5,590,202,479)	(5,042,371,803)
-Precautionary reserves-Beginning of year	502,328,000	0	502,328,000	1,740,040,479
-Precautionary reserves-End of year	(413,258,000)	0	(413,258,000)	(502,328,000)
	27,001,965,236	3,286,099,241	23,715,865,995	22,606,346,890
Claims Paid	12,335,433,705	1,632,410,127	10,703,023,578	10,461,401,241
<u>Outstanding Claims</u>				
-Beginning of year	(3,409,822,812)	(378,391,477)	(3,031,431,335)	(1,759,803,095)
-End of year	4,669,119,222	1,220,531,472	3,448,587,750	3,031,431,335
	13,594,730,115	2,474,550,122	11,120,179,993	11,733,029,481
Technical margin - Non life	13,407,235,121	811,549,119	12,595,686,002	10,873,317,409
Total technical margin	13,727,335,584	885,482,648	12,841,852,936	11,217,677,800
<u>Other Operating Income</u>				
-Commissions Received			692,712,084	657,861,395
-Other Operating Income			102,330,480	39,977,952
			795,042,564	697,839,347

	Gross Value 31/12/2008 <u>LBP</u>	Cession 31/12/2008 <u>LBP</u>	Net Value 31/12/2008 <u>LBP</u>	Net Value 31/12/2007 <u>LBP</u>
<u>Other Operating Charges</u>				
-Commissions paid & Discounts			6,503,025,343	6,006,988,244
-Printing & Stationery			133,547,845	148,005,268
-Supplies & Consumables			129,311,511	98,871,591
-Travel Expenses			303,335,496	355,224,265
-Taxes & Duties			99,764,122	103,658,804
-Administrative expenses			1,668,305,526	1,431,188,995
			<u>8,837,289,843</u>	<u>8,143,937,167</u>
<u>Staff Charges</u>				
-Salaries & Remunerations			2,220,880,761	1,919,895,780
-Social Security Charges			363,971,716	322,931,186
			<u>2,584,852,477</u>	<u>2,242,826,966</u>
			<u>2,214,753,180</u>	<u>1,528,753,014</u>
<u>Gross Operating Surplus</u>				
<u>Depreciation & Provisions</u>				
-Depreciation of fixed assets			416,384,058	306,835,840
-Provisions for E.O.S.I.			154,533,173	96,207,848
-Provisions for equity securities			0	6,000,000
-Provision for doubtful debts (Note 20)			855,139,000	667,231,000
-Prvisions for claims incurred but not reported			(20,472,000)	(19,200,000)
			<u>1,405,584,231</u>	<u>1,057,074,688</u>
			<u>12,827,726,551</u>	<u>11,443,838,821</u>
<u>Total other Operating charges</u>			<u>809,168,949</u>	<u>471,678,326</u>
<u>Operating Results</u>				
<u>Financial Income</u>				
-Bank Interest			167,569,557	216,082,390
-Exchange Gains			13,645,276	39,169,598
-Return on Investment securities			82,085,047	58,434,581
-Other financial income			10,946,510	71,271,523
			<u>274,246,390</u>	<u>384,958,092</u>
<u>Financial Charges</u>				
-Bank Interest			313,121,477	402,872,477
-Exchange Losses			25,594,566	25,649,351
-Other Financial Charges			23,889,147	23,242,525
			<u>362,605,190</u>	<u>451,764,353</u>
			<u>(88,358,800)</u>	<u>(66,806,261)</u>
<u>Net Financial Charges</u>				

	Gross Value 31/12/2008 <u>LBP</u>	Cession 31/12/2008 <u>LBP</u>	Net Value 31/12/2008 <u>LBP</u>	Net Value 31/12/2007 <u>LBP</u>
<u>Non operating income</u>				
-Non Operating income			814,513	320,000
			<hr/> 814,513	<hr/> 320,000
<u>Non operating charges</u>				
-Income tax (Prior years)			740,000	16,675,000
-Loss on bad debts			32,924,470	57,117,231
-Provision for contingencies				
			<hr/> 33,664,470	<hr/> 73,792,231
<u>Result Before Tax</u>			<hr/> 687,960,192	<hr/> 331,399,834
Income Tax (current year)			<hr/> 365,778,000	<hr/> 301,764,000
<u>Net Profit/(Loss) for the Year</u>			<hr/> 322,182,192	<hr/> 29,635,834