

Doha Insurance Company Q.S.C.

INTERIM CONDENSED FINANCIAL STATEMENTS

30 JUNE 2007

**REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF DOHA INSURANCE COMPANY Q.S.C.**

We have reviewed the accompanying interim condensed consolidated financial statements of Doha Insurance Company Q.S.C. as at 30 June 2007, comprising of the interim balance sheet as at 30 June 2007 and the related interim statements of income, cash flows and changes in shareholders' equity for the six month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Financial Reporting Standard "IAS 34 Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not presented fairly, in all material respects, in accordance with International Accounting Standard 34.

Firas Qoussous
of Ernst & Young
Auditor's Registration No. 236

Date:
Doha

Doha Insurance Company Q.S.C.

INTERIM CONDENSED INCOME STATEMENT

Six Months Period Ended 30 June 2007

	Notes	Six Months Period Ended	
		30 June 2007 QR (Reviewed)	30 June 2006 QR (Reviewed)
REVENUE			
Net insurance revenue	3	18,037,285	13,791,015
Income from sale of investments		5,120,756	1,360,603
Interest income		2,187,185	2,076,586
Dividend income		5,849,718	3,713,746
Income from investment properties		1,734,400	1,634,400
Gain on disposal of properties		-	11,898
Other income		218,790	43,544
		33,148,134	22,631,792
EXPENSES			
Salaries and other staff costs		4,334,450	3,767,605
General and administrative expenses	4	2,764,049	1,701,973
Impairment of investments		156,904	2,283,105
Maintenance of investment properties		40,762	14,124
Depreciation of investment properties		523,214	523,214
Depreciation of property and equipment		583,143	760,968
Finance costs		75,849	110,219
		8,478,371	9,161,208
PROFIT FOR THE PERIOD BEFORE ALLOCATION TO TAKAFUL BRANCH POLICYHOLDERS		24,669,763	13,470,584
Net deficit attributable to Takaful Branch policyholders		212,322	-
PROFIT ATTRIBUTABLE TO THE SHREHOLDERS		24,882,085	13,470,584
Basic Earnings Per Share	5	1.96	1.06
Diluted Earnings Per Share	5	1.96	1.06

The attached notes 1 to 9 form part of these interim condensed financial statements.

Doha Insurance Company Q.S.C.

INTERIM CONDENSED BALANCE SHEET

At 30 June 2007

	<i>Notes</i>	30 June 2007 QR (Reviewed)	31 December 2006 QR (Audited)
ASSETS			
Cash and bank balances	6	47,350,764	61,082,091
Financial investments	7	177,570,507	207,711,349
Reinsurance contract assets		112,725,463	85,131,520
Insurance and other receivables		49,626,868	34,247,348
Investment properties		26,704,845	27,228,059
Property and equipment		<u>29,714,499</u>	<u>16,593,640</u>
TOTAL ASSETS		<u>443,692,946</u>	<u>431,994,007</u>
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital		127,240,000	127,240,000
Legal reserve		13,024,369	13,024,369
Cumulative changes in fair value		55,141,970	70,697,796
Retained earnings		45,184,118	20,302,033
Proposed cash dividend		<u>-</u>	<u>31,810,000</u>
Total shareholders' equity		<u>240,590,457</u>	<u>263,074,198</u>
LIABILITIES			
Bank term loan		2,073,545	2,856,575
Insurance contract liabilities		169,245,881	128,530,997
Provisions, insurance and other payables		30,419,570	36,289,490
Employees' end of service benefits		<u>1,363,493</u>	<u>1,242,747</u>
Total liabilities		<u>203,102,489</u>	<u>168,919,809</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		<u>443,692,946</u>	<u>431,994,007</u>

.....
 Sheikh Nawaf Bin Nasser Bin Khaled Al Thani
 Chairman

.....
 Mr. Bassam Hussein
 General Manager

The attached notes 1 to 9 form part of these interim condensed financial statements.

Doha Insurance Company Q.S.C.

INTERIM CONDENSED STATEMENT OF CASH FLOWS

Six Months Period Ended 30 June 2007

	<i>Six Months Period Ended</i>	
	<i>30 June 2007 QR (Reviewed)</i>	<i>30 June 2006 QR (Reviewed)</i>
	<i>Note</i>	
OPERATING ACTIVITIES		
Profit attributable to shareholders	24,882,085	13,470,584
Adjustments for:		
Depreciation of property and equipment	583,143	760,968
Depreciation of investment properties	523,214	523,214
Provision for employee's end of service benefits	155,989	294,134
Gain on disposal of property and equipment	-	(11,898)
Interest expense	75,849	110,219
Operating profit before changes in operating assets and liabilities	26,220,280	15,147,221
Increase in insurance and other receivables	(15,379,520)	14,106,954
Net increase in insurance reserves	13,120,941	9,360,042
Decrease in provisions, insurance and other payables	(8,172,853)	(7,930,934)
Margin against letters of guarantee	(1,135,270)	(510,000)
Cash generated from operations	14,653,578	30,165,641
Employee's end of service benefits paid	(35,243)	(7,642)
Net cash from operating activities	14,618,335	30,090,266
INVESTING ACTIVITIES		
Purchase of land under development	(13,094,900)	(9,821,185)
Net cash movement in investments	14,585,016	(10,281,049)
Purchase of property and equipment	(609,102)	(328,014)
Proceed from sale of property and equipment	-	11,999
Net cash from (used in) investing activities	881,014	(20,418,249)
FINANCING ACTIVITIES		
Repayments of bank term loan	(783,030)	(783,030)
Dividends paid	(29,507,067)	(21,681,346)
Interest paid	(75,849)	(110,219)
Net cash used in financing activities	(30,365,946)	(22,574,595)
DECREASE IN CASH AND CASH EQUIVALENTS	(14,866,597)	(12,827,203)
Cash and cash equivalents at the beginning of the period	6 60,961,266	34,837,637
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6 46,094,669	22,010,434

The attached notes 1 to 9 form part of these interim condensed financial statements.

Doha Insurance Company Q.S.C.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

Six Months Period Ended 30 June 2007

	<i>Share capital QR</i>	<i>Legal reserve QR</i>	<i>Cumulative changes in fair value reserve QR</i>	<i>Proposed cash dividends QR</i>	<i>Retained earnings QR</i>	<i>Total QR</i>
Balance at 1 January 2007	<u>127,240,000</u>	<u>13,024,369</u>	<u>70,697,796</u>	<u>31,810,000</u>	<u>20,302,033</u>	<u>263,074,198</u>
Recognised gains and losses on available-for-sale investments during the period	-	-	(3,273,469)	-	-	(3,273,469)
Transfer to income statement on impairment of available-for-sale investments during the period	-	-	156,904	-	-	156,904
Net movement in fair value of available-for-sale investments during the period	-	-	<u>(12,439,261)</u>	-	-	<u>(12,439,261)</u>
Total income and expense for the year recognised directly in equity	-	-	(15,555,826)	-	-	(15,555,826)
Profit for the period	-	-	-	-	<u>24,882,085</u>	<u>24,882,085</u>
Total income and expenses for the period	-	-	(15,555,826)	-	24,882,085	9,326,259
Cash dividends declared	-	-	-	<u>(31,810,000)</u>	-	<u>(31,810,000)</u>
Balance at 30 June 2007	<u>127,240,000</u>	<u>13,024,369</u>	<u>55,141,970</u>	<u>-</u>	<u>45,184,118</u>	<u>240,590,457</u>

The attached notes 1 to 9 form part of these interim condensed financial statements.

Doha Insurance Company Q.S.C.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

Six Months Period Ended 30 June 2006

	<i>Share capital QR</i>	<i>Legal reserve QR</i>	<i>Cumulative changes in fair value reserve QR</i>	<i>Proposed cash dividends QR</i>	<i>Retained earnings QR</i>	<i>Total QR</i>
Balance at 1 January 2006	<u>127,240,000</u>	<u>10,136,061</u>	<u>116,763,283</u>	<u>25,448,000</u>	<u>28,042,265</u>	<u>307,629,609</u>
Recognised gains and losses on available-for-sale investments during the period	-	-	(1,360,603)	-	-	(1,360,603)
Transfer to income statement on impairment of available-for-sale investments during the period	-	-	2,283,105	-	-	2,283,105
Net movement in fair value of available-for-sale investments during the period	-	-	(38,378,723)	-	-	(38,378,723)
Total income and expense for the year recognised directly in equity	-	-	-	-	-	-
Profit for the period	-	-	(37,456,221)	-	-	(37,456,221)
Total income and expense for the year recognised directly in equity	-	-	-	-	-	-
Profit for the year	-	-	-	-	13,470,584	13,470,584
Total income and expenses for the period	-	-	(37,456,221)	-	13,470,584	(23,985,637)
Cash dividends declared	-	-	-	(25,448,000)	-	(25,448,000)
Balance at 30 June 2006	<u>127,240,000</u>	<u>10,136,061</u>	<u>79,307,062</u>	<u>-</u>	<u>41,512,849</u>	<u>258,195,972</u>

The attached notes 1 to 9 form part of these interim condensed financial statements.

1 COMPANY ESTABLISHMENT AND ACTIVITIES

Doha Insurance Company Q.S.C. (the "Company") is a Qatari shareholding company registered and incorporated in the State of Qatar under Emiri Decree No. 30 issued on 2 October 1999 and is engaged in the business of insurance and reinsurance.

In 2006, the Company established an Islamic Takaful insurance branch (the "Branch") to carry out insurance and reinsurance activities in accordance with Islamic Shari'a principles on a non-usury basis in all areas of insurance.

These financial statements were authorized for issue by the Board of Directors on

2 ACCOUNTING POLICIES

The interim condensed financial statements are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2006.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for the 6 months ended 30 June 2007 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2007.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2006, except for the adoption of new standards and interpretations, noted below. Adoption of these standards and the Interpretations did not have any effect of the financial position or performance of the Company.

IFRIC 10 Interim Financial Reporting and Impairment

The Company adopted IFRIC Interpretation 10 as of 1 January 2007, which requires that an entity must not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

Six Months Period Ended 30 June 2007

3 NET INSURANCE REVENUE

The Company operates in the general insurance and Islamic takaful segments in the State of Qatar. For management purposes the Company is organised into three business segments, Motor, Marine and Aviation and Fire and General Accidents. These segments are the basis on which the Company reports its primary segment information. An analysis of the gross written premiums, net premiums, and movement in unexpired risk reserve, net commission, and claims paid, movement in outstanding claims reserve and net insurance revenue for the six months ended 30 June 2007 for its main classes of business is disclosed below:

	<i>Motor</i>		<i>Marine and Aviation</i>		<i>Fire and General Accidents</i>		<i>Total</i>	
	<i>30 June 2007</i>	<i>30 June 2006</i>	<i>30 June 2007</i>	<i>30 June 2006</i>	<i>30 June 2007</i>	<i>30 June 2006</i>	<i>30 June 2007</i>	<i>30 June 2006</i>
	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>	<i>QR</i>
Revenues								
Insurance premium revenue	25,938,154	20,433,160	32,829,461	30,867,962	95,181,773	50,516,911	153,949,388	101,818,033
Insurance premium ceded to reinsurers	(4,154,684)	(3,791,934)	(29,050,263)	(25,946,645)	(85,816,784)	(42,312,363)	(119,021,731)	(72,050,942)
Net insurance premium revenue	21,783,470	16,641,226	3,779,198	4,921,317	9,364,989	8,204,548	34,927,657	29,767,091
Movement in unexpired risk reserve	(2,568,351)	(2,437,547)	(564,208)	(1,332,527)	(585,595)	(2,309,297)	(3,718,154)	(6,079,371)
Earned insurance premiums	19,215,119	14,203,679	3,214,990	3,588,790	8,779,394	5,895,251	31,209,503	23,687,720
Net commission	199,254	137,556	1,593,143	610,550	5,161,497	3,229,886	6,953,894	3,977,992
Total revenue	19,414,373	14,341,235	4,808,133	4,199,340	13,940,891	9,125,137	38,163,397	27,665,712
Claims								
Claims paid	(12,312,026)	(10,141,499)	(1,263,891)	(3,292,394)	(4,007,300)	(2,219,200)	(17,583,217)	(15,653,093)
Reinsurers' share	331,638	199,729	1,005,226	2,145,113	7,211,890	8,191,334	8,548,754	10,536,176
Movement in outstanding claims reserve	(7,212,308)	(2,211,533)	143,016	946,087	(4,022,357)	(7,492,334)	(11,091,649)	(8,757,780)
Net insurance revenue	221,677	2,187,932	4,692,484	3,998,146	13,123,124	7,604,937	18,037,285	13,791,015

As the Company's activities are performed on an integrated basis, a segmental analysis of assets and liabilities between these segments would not be meaningful.

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

Six Months Period Ended 30 June 2007

4 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Six Months Period Ended</i>	
	30 June	30 June
	2007	2006
	QR	QR
	(Reviewed)	(Reviewed)
Advertisement and business promotion	911,920	486,962
Rent, maintenance and office expenses	741,094	460,615
Business travel	327,974	216,994
Legal and consultation fee	114,224	109,000
Printing and stationery	111,527	89,496
Government fees	95,782	154,491
Miscellaneous expenses	461,528	184,415
	<u>2,764,049</u>	<u>1,701,973</u>

5 EARNINGS PER SHARE

A basic earnings per share is calculated by dividing the net income for the period by the weighted average number of ordinary shares outstanding during the period.

	<i>Six months period ended</i>	
	30 June	30 June
	2007	2006
Net income for the period (QR)	<u>24,882,085</u>	<u>13,470,584</u>
Weighted average number of shares outstanding during the period	<u>12,724,000</u>	<u>12,724,000</u>
Basic earnings per share (QR)	<u>1.96</u>	<u>1.06</u>

There were no potentially dilutive shares outstanding at any time during the year. Therefore, the diluted earnings per share are equal to the basic earnings per share.

6 CASH AND CASH EQUIVALENTS

	30 June	31 December
	2007	2006
	QR	QR
	(Reviewed)	(Audited)
Cash and bank balances	47,350,764	61,082,091
Less: Margin against letters of guarantee	<u>(1,256,095)</u>	<u>(120,825)</u>
	<u>46,094,669</u>	<u>60,961,266</u>

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
Six Months Period Ended 30 June 2007

7 INVESTMENT SECURITIES

The carrying amounts of investment securities at 30 June were as follows:

	<i>30 June 2007 QR (Reviewed)</i>	<i>31 December 2006 QR (Audited)</i>
Held to maturity investment		
Debt securities in US Dollar with fixed interest rate	<u>32,298,583</u>	<u>32,358,193</u>
Available for sale investments:		
- Quoted shares	126,972,161	157,053,393
- Unquoted investment funds	<u>18,299,763</u>	<u>18,299,763</u>
	<u>145,271,924</u>	<u>175,353,156</u>
	<u>177,570,507</u>	<u>207,711,349</u>

At 30 June 2007, held to maturity debt securities amounting to QR 29,985,693 (31 December 2006 - Audited: QR 29,985,693) are pledged in favour of a bank as security against term loan provided to the Company.

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

Six Months Period Ended 30 June 2007

3 SEGMENT INFORMATION

Revenues, expenses, assets and liabilities of the Company and its Islamic Takaful Branch are as follows:

	30 June 2007			30 June 2006		
	Conventional Insurance QR	Takaful Insurance	Total	Conventional Insurance	Takaful Insurance	Total
Revenues						
Insurance premium revenue	151,952,003	1,997,385	153,949,388	101,818,033	-	101,818,033
Insurance premium ceded to reinsurers	<u>(117,019,136)</u>	<u>(2,002,595)</u>	<u>(119,021,731)</u>	<u>(72,050,942)</u>	<u>-</u>	<u>(72,050,942)</u>
Net insurance premium revenue	34,932,867	(5,210)	34,927,657	29,767,091	-	29,767,091
Movement in unexpired risk reserve	<u>(3,718,154)</u>	<u>-</u>	<u>(3,718,154)</u>	<u>(6,079,371)</u>	<u>-</u>	<u>(6,079,371)</u>
Earned insurance premiums	31,214,713	(5,210)	31,209,503	23,687,720	-	23,687,720
Net commission	<u>6,886,425</u>	<u>67,469</u>	<u>6,953,894</u>	<u>3,977,992</u>	<u>-</u>	<u>3,977,992</u>
Total revenue	38,101,138	62,259	38,163,397	27,665,712	-	27,665,712
Claims paid	(17,572,237)	(10,980)	(17,583,217)	(15,653,093)	-	(15,653,093)
Reinsurers' share	8,548,754	-	8,548,754	10,536,176	-	10,536,176
Movement in outstanding claims reserve	<u>(11,013,170)</u>	<u>(78,479)</u>	<u>(11,091,649)</u>	<u>(8,757,780)</u>	<u>-</u>	<u>(8,757,780)</u>
Net insurance revenue	18,064,485	(27,200)	18,037,285	13,791,015	-	13,791,015
Assets						
Total assets	440,606,510	3,086,436	443,692,946	431,994,007	-	431,994,007
Liabilities						
Insurance funds	(168,978,693)	(267,188)	(169,245,881)	(128,530,997)	-	(128,530,997)
Liabilities (other than insurance funds)	<u>(31,110,211)</u>	<u>(2,746,397)</u>	<u>(33,856,608)</u>	<u>(40,388,812)</u>	<u>-</u>	<u>(40,388,812)</u>
Net assets	<u>240,517,606</u>	<u>72,851</u>	<u>240,590,457</u>	<u>263,074,198</u>	<u>-</u>	<u>263,074,198</u>

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

Six Months Period Ended 30 June 2007

9 COMMITMENTS AND CONTINGENCIES

Guarantees

At 30 June 2007, the Company had contingent liabilities in respect of tender guarantees and other guarantees from which it is anticipated that no material liabilities will arise, amounting to QR 2,074,406 (31 December 2006 – Audited: QR 943,900).

Legal claims

The Company, in common with the significant majority of insurers, is subject to litigation in the normal course of its business. The Company, based on independent legal advice, does not believe that the outcome of these court cases will have a material impact on the Company's income or financial position.

Capital expenditure commitments

	<i>30 June 2007 QR (Reviewed)</i>	<i>31 December 2006 QR (Audited)</i>
Land under development	<u>42,558,423</u>	<u>55,653,325</u>

The Company entered into a contract to acquire a plot of land at Marine Lusail – Qatar for a total value of QR 65,474,510 out of which QR 13,094,900 and QR 9,821,185 was paid in 2007 and 2006, respectively. The remaining payments under the contract are:

	<i>30 June 2007 QR (Reviewed)</i>	<i>31 December 2006 QR (Audited)</i>
Not later than one year	13,094,900	13,094,900
Later than one year and not later than 3 years	<u>29,463,523</u>	<u>42,558,425</u>
Land under development	<u>42,558,423</u>	<u>55,653,325</u>