Doha Insurance Company Q.S.C.

FINANCIAL STATEMENTS

31 DECEMBER 2007

AUDITORS' REPORT TO THE SHAREHOLDERS OF DOHA INSURANCE COMPANY Q.S.C.

We have audited the accompanying financial statements of Doha Insurance Company Q.S.C. (the "Company") which comprise the balance sheet as at 31 December 2007 and the statement of income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2007 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on legal and other requirements

Furthermore, in our opinion proper financial records have been kept by the company and the contents of the directors' report which relate to the financial statements are in agreement with the company's financial records, and the financial statements comply with the Qatar Commercial Companies' Law No. 5 of 2002 and the company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year which might have had a material effect on the business of the company or on its financial position.

Firas Qoussous
Ernst & Young
Registration Auditor No. 236

Date : 5 February 2008
Doha

INCOME STATEMENT
Year ended 31 December 2007

	Notes	*2007 QR*	*2006 QR*
Gross premiums	4	**252,613,665**	201,869,213
Reinsurers' share of gross premiums	4	**(187,143,626)**	(146,794,549)
Net premiums		**65,470,039**	55,074,664
Change in unexpired risk reserve	4	**(5,330,650)**	(7,681,586)
Earned insurance premiums		**60,139,389**	47,393,078
Commissions received		**17,971,225**	12,626,622
Change in deferred commissions	4	**(2,170,271)**	(696,685)
Total insurance revenue		**75,940,343**	59,323,015
Claims paid	4	**(34,134,997)**	(34,656,366)
Reinsurers' share of claims	4	**11,122,602**	12,763,771
Change in outstanding claims reserve	4	**(10,234,136)**	(7,081,516)
Commissions paid		**(3,066,471)**	(3,777,315)
NET UNDERWRITING RESULTS		**39,627,341**	26,571,589
Income from sale of financial investments		**9,922,613**	7,573,237
Dividend income		**5,872,856**	5,265,164
Interest income		**4,617,429**	3,666,396
Rental income from investment properties		**3,268,800**	3,268,800
Profit distribution from unquoted investment funds		**3,063,865**	-
Gain on disposal of properties		**-**	69,397
Other income		**492,732**	494,252
INVESTMENT AND OTHER INCOME		**27,238,295**	20,337,246
Salaries and other staff costs		**12,630,819**	8,869,002
General and administrative expenses	5	**7,332,819**	4,494,696
Impairment of investment		**-**	4,188,389
Maintenance of investment properties		**63,905**	120,794
Depreciation of investment properties	10	**1,046,428**	1,046,428
Depreciation of property and equipment	11	**1,200,170**	1,162,280
Finance costs		**127,457**	210,977
TOTAL EXPENSES		**22,401,598**	20,092,566
PROFIT FOR THE YEAR BEFORE ALLOCATION TO TAKAFUL BRANCH POLICYHOLDERS		**44,464,038**	26,816,269
Net (surplus) deficit attributable to Takaful Branch policyholders		**(152,909)**	141,807
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		**44,311,129**	26,958,076
Basic Earnings Per Share	19	**3.48**	2.12
Diluted Earnings Per Share	19	**3.48**	2.12

The attached notes 1 to 24 form part of these financial statements.

BALANCE SHEET
At 31 December 2007

	Notes	***2007*** ***QR***	*2006* *QR*
ASSETS			
Cash and bank balances	6	**69,449,756**	61,082,091
Financial investments	7	**217,782,535**	207,711,349
Reinsurance contract assets	8	**112,679,472**	85,131,520
Insurance and other receivables	9	**62,721,697**	34,247,348
Investment properties	10	**26,181,631**	27,228,059
Property and equipment	11	**29,506,547**	16,593,640
TOTAL ASSETS		**518,321,638**	431,994,007
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	12	**127,240,000**	127,240,000
Legal reserve	13	**17,455,482**	13,024,369
Cumulative changes in fair value		**97,779,924**	70,697,796
Retained earnings		**22,010,049**	20,302,033
Proposed cash dividend	14	**38,172,000**	31,810,000
Total shareholders' equity		**302,657,455**	263,074,198
LIABILITIES			
Bank term loan	15	**1,290,515**	2,856,575
Insurance contract liabilities	8	**173,814,004**	128,530,997
Provisions, insurance and other payables	16	**38,334,281**	36,289,490
Employees' end of service benefits	17	**2,225,383**	1,242,747
Total liabilities		**215,664,183**	168,919,809
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**518,321,638**	431,994,007

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Sheikh Nawaf Bin Nasser Bin Khaled Al-Thani
Chairman

Bassam Hussein
General Manager

The attached notes 1 to 24 form part of these financial statements.

CASH FLOW STATEMENT
Year ended 31 December 2007

	Notes	2007 QR	*2006 QR*
OPERATING ACTIVITIES			
Profit attributable to shareholders		**44,311,129**	26,958,076
Adjustments for:			
Depreciation of property and equipment	11	**1,200,170**	1,162,280
Depreciation of investment properties	10	**1,046,428**	1,046,428
Provision for employee's terminal benefits	17	**1,017,878**	417,234
Gain on disposal of property and equipment		**-**	(69,397)
Reinsurers' share of unearned premium		**(21,627,527)**	(18,136,023)
Movement in unearned premium		**26,958,177**	25,817,609
Income from sale of financial investments		**(9,922,613)**	(7,573,237)
Dividend income		**(5,872,856)**	(5,265,164)
Interest income		**(4,617,429)**	(3,666,396)
Profit distribution from unquoted investment funds		**(3,063,865)**	-
Interest expense		**127,457**	210,977
Operating profit before changes in operating assets and liabilities		**29,556,949**	20,902,387
(Increase) decrease in insurance and other receivables		**(28,474,349)**	16,295,891
Net increase in insurance reserves		**12,404,406**	7,778,201
Increase in provisions, insurance and other payables		**309,809**	3,012,674
Margin against letters of guarantee		**(802,468)**	(120,825)
Cash generated from operations		**12,994,347**	47,,868,328
Employee's terminal benefits paid	17	**(35,242)**	(4,465)
Net cash from operating activities		**12,959,105**	47,863,863
INVESTING ACTIVITIES			
Purchase of land under development	11	**(13,094,900)**	(9,821,185)
Purchase of financial investments		**(10,149,197)**	(14,320,606)
Proceeds from disposal of financial investments		**37,082,752**	18,819,215
Dividend received		**5,872,856**	5,265,164
Interest received		**4,617,429**	3,666,396
Profit distribution from unquoted investment funds		**3,063,865**	-
Purchase of property and equipment	11	**(1,018,177)**	(845,996)
Proceed from sale of property and equipment		**-**	69,498
Net cash from investing activities		**26,374,628**	2,832,486
FINANCING ACTIVITIES			
Repayments of bank term loan		**(1,566,060)**	(1,565,980)
Dividends paid	14	**(30,075,019)**	(22,795,763)
Interest paid		**(127,457)**	(210,977)
Net cash used in financing activities		**(31,768,536)**	(24,572,720)
INCREASE IN CASH AND CASH EQUIVALENTS		**7,565,197**	26,123,629
Cash and cash equivalents at 1 January		**60,961,266**	34,837,637
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	6	**68,526,463**	60,961,266

The attached notes 1 to 24 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2007

	Share capital QR	*Legal reserve QR*	*Cumulative changes in fair values QR*	*Proposed cash dividends QR*	*Retained earnings QR*	*Total QR*
Balance at 1 January 2007	127,240,000	13,024,369	70,697,796	31,810,000	20,302,033	263,074,198
Recognised gains and losses on available-for-sale investments during the year	-	-	(9,922,613)	-	-	(9,922,613)
Net movement in fair value of available-for-sale investments during the year	-	-	37,004,741	-	-	37,004,741
Total income and expense for the year recognised directly in equity	-	-	27,082,128	-	-	27,082,128
Profit for the year	-	-	-	-	44,311,129	44,311,129
Total income and expense for the year	-	-	27,082,128	-	44,311,129	71,393,257
Cash dividends	-	-	-	(31,810,000)	-	(31,810,000)
Transfer to legal reserve (Note 13)	-	4,431,113	-	-	(4,431,113)	-
Proposed cash dividends (Note 14)	-	-	-	38,172,000	(38,172,000)	-
Balance at 31 December 2007	**127,240,000**	**17,455,482**	**97,779,924**	38,172,000	**22,010,049**	**302,657,455**

The attached notes 1 to 24 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (continued)
Year ended 31 December 2007

	Share capital QR	*Legal reserve QR*	*Cumulative changes in fair values QR*	*Proposed cash dividends QR*	*Retained earnings QR*	*Total QR*
Balance at 1 January 2006	127,240,000	10,136,061	116,763,283	25,448,000	28,042,265	307,629,609
Recognised gains and losses on available-for-sale investments during the year	-	-	(7,573,237)	-	-	(7,573,237)
Transfer to income statement on impairment of available-for-sale investments during the year	-	-	4,188,389	-	-	4,188,389
Net movement in fair value of available-for-sale investments during the year	-	-	(42,680,639)	-	-	(42,680,639)
Total income and expense for the year recognised directly in equity	-	-	(46,065,487)	-	-	(46,065,487)
Profit for the year	-	-	-	-	26,958,076	26,958,076
Total income and expense for the year	-	-	(46,065,487)	-	26,958,076	(19,107,411)
Cash dividends declared	-	-	-	(25,448,000)	-	(25,448,000)
Transfer to legal reserve (Note 13)	-	2,888,308	-	-	(2,888,308)	-
Proposed cash dividends (Note 14)	-	-	-	31,810,000	(31,810,000)	-
Balance at 31 December 2006	**127,240,000**	**13,024,369**	**70,697,796**	**31,810,000**	**20,302,033**	**263,074,198**

The attached notes 1 to 24 form part of these financial statements.

1 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.

During 2006, the Company established an Islamic Takaful branch under the brand name Doha Solidarity (the "Branch") to carry out insurance and reinsurance activities in accordance with Islamic Sharia principles on a non-usury basis in all areas of insurance.

The financial statements for the year ended 31 December 2007 include the results of the Company and the Branch.

The financial statements were authorised for issue in accordance with a resolution of the directors on 4 February 2008.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements have been presented in Qatar Riyals which is the functional currency of the Company.

The financial statements are prepared under the historical cost convention modified to include the measurement at fair value of available-for-sale investments.

The following accounting policies have been changed and have become mandatory for financial years beginning on or after 1 January 2007:

IFRS 7 Financial instruments: Disclosures
This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Company's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results, comparative information has been revised where needed.

Amendments to IAS 1 Presentation of financial statements
This amendment requires the Company to provide new disclosures to enable users of the financial statements to evaluate the Company's objectives, policies and processes for managing capital. The new disclosures have been included in Note 22.

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. As the Company had no impairment losses previously reversed, the interpretation had no impact on the financial position or performance of the Company.

IASB standards and interpretations issued but not adopted
The following IASB Standards and Interpretations have been issued but are not yet mandatory, and have not yet been adopted by the Company:

- IFRS 8 - *Operating segments* (effective for financial years commencing from 1 January 2009)
- IAS 1 - *Presentation of financial statements* (Revised) (effective for financial years commencing from 1 January 2009)
- IFRIC 11 - IFRS 2: *Group and treasury share transactions* (effective for financial years commencing from 1 March 2007)

The application of the above standards and interpretations is not expected to have a material impact on the financial statements of the Company.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Premiums earned
Premiums are taken into income over the terms of the polices to which they relate. Unearned premiums represent the portion of net premiums written relating to the unexpired period of coverage calculated at 40% of the net premium for all insurance classes except for marine cargo insurance which is calculated at 25%.

Commissions earned and paid
Commissions received and paid are taken into income over the terms of the policies to which they relate similar to premiums.

Deferred commissions
Those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts are deferred to the extent that these costs are recoverable out of future premiums.

Subsequent to initial recognition, these costs are amortised over the terms of the policies to which they relate similar to premiums. Amortisation is recorded in the income statement.

Claims
Claims consist of amounts payable to contract holders and third parties and related loss adjustment expenses, net of salvage and other recoveries and are charged to income as incurred.

Gross outstanding claims comprise the gross estimated cost of claims incurred but not settled at the balance sheet date, whether reported or not. Provisions for reported claims not paid as at the balance sheet date are made on the basis of individual case estimates. In addition, a provision based on the Company's prior experience is maintained for the cost of settling claims incurred but not reported at the balance sheet date.

Any difference between the provisions at the balance sheet date and settlements and provisions in the following year is included in the underwriting account for that year.

The Company does not discount its liability for unpaid claims as substantially all claims are expected to be paid within 12 months of the balance sheet date.

Liabilities adequacy test
At each balance sheet date the Company assesses whether its recognized insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of estimated future claims flows, the entire deficiency is immediately recognized in income statement

Reinsurance
The Company cedes insurance risk in the normal course of business for all of its businesses. Reinsurance contract assets represent balances due from reinsurance companies. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contract.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

Premiums and claims on assumed reinsurance are recognised as income and expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business.

Reinsurance contract liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the associated reinsurance contract.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Interest income
Interest income is recognised as the interest accrues using the effective interest method.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Rental income
Rental income is recognised on a straight line basis based on the term of the contract.

Dividend income
Dividend income is recognised when the right to receive the payment is established.

Cash and cash equivalents
For the purpose of the Statement of Cash Flows, cash and cash equivalents consists of cash on hand, bank balances and short-term deposits with an original maturity of three months or less, net of margins.

Financial investments
All investments are initially recognised at cost, being the fair value of the consideration given and including incremental acquisition charges. Premiums and discounts are amortised using the effective interest rate method and taken to interest income.

Available-for-sale investments are recognised and derecognised, on a trade date basis, when the Company becomes, or ceases to be, a party to the contractual provisions of the instrument.

After initial recognition, investments which are classified as "available for sale" and are measured at fair value unless fair value cannot be reliably measured, with unrealised gains or losses reported as a separate component of equity until the investment is derecognised or the investment is determined to be impaired. On derecognition or impairment the cumulative gain or loss previously reported in equity is transferred to the income statement for the period.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. Reversals in respect of equity instruments classified as available-for-sale are not recognised in the income statement. Reversals of impairment losses on debt instruments classified at available-for-sale are reversed through the income statement if the increase in the fair value of the instruments can be objectively related to an event occurring after the impairment losses were recognised in the income statement.

Held to maturity investments are measured at amortised cost, less provision for impairment. In cases where objective evidence exists that a specific investment is impaired, the recoverable amount of that investment is determined and any impairment loss is recognized in the income statement as a provision for impairment of investments.

Investment properties
Land and building are considered as investment properties only when they are being held to earn rentals or capital appreciation or both.

Investment properties are carried at cost less accumulated depreciation calculated on a straight line basis over a period of 20 years. Land held under investment properties is not depreciated.

Property and equipment
Property and equipment is initially recorded at cost less accumulated depreciation and any impairment in value. Freehold land is not depreciated.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Building	-	10 years
Furniture and fixtures	-	5 years
Computers	-	5 years
Vehicles	-	5 years
Other assets	-	5 years

The building owned and used by the Company is being depreciated over a period of 10 years as it was acquired with around 10 years of actual usage.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

The carrying amounts are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the income statement as the expense is incurred.

Impairment and uncollectibility of financial assets
An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the income statement. Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the income statement;
(b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
(c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Derecognition of financial instruments
Financial assets
The derecognition of a financial asset takes place when the Company no longer controls the contractual rights that comprise the financial asset, which is normally the case when the asset is sold, or all the cash flows attributable to the asset are passed through to an independent third party.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the income statement.

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Offsetting
Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense is not offset in the statement of income unless required or permitted by any accounting standard or interpretation.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Employees' end of service benefits
End of service gratuity plans
Under the Law No. 14 of 2004, the Company provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Pension plan
Under Law No. 24 of 2002 on Retirement and Pension, the Company is required to make contributions to a Government fund scheme for Qatari employees calculated as a percentage of the Qatari employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

Deficiency in participants' fund
The deficiency in participants' fund in the Branch represents accumulated losses on policyholders' operations and is tested each year for impairment. In the event, that all or a portion of the deficiency in participants' fund is not considered to be recoverable from future surpluses from Takaful operations within a five years period, the portion that is considered to be impaired is taken to the statement of shareholders' income.

Foreign currencies
Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All foreign exchange differences are taken to the income statement except when it relates to items where gains or losses are recognised directly in equity, where the gain or loss is then recognised net of the exchange component in equity.

Fair values
The fair value of financial investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices for assets at the close of business on the balance sheet date.

For financial instruments where there is no active market, the fair value is determined by using discounted cash flow analysis or reference to broker or dealer price quotations. For discounted cash flow analysis, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for a similar instrument.

For unquoted investment funds, fair value is determined based on net asset values as advised by the fund manager.

If the fair value can not be measured reliably, these financial instruments are measured at cost.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements
In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Classification of investments
Management decides on acquisition of an investment whether it should be classified as held to maturity or available for sale.

For those debts instruments deemed held to maturity, management ensures that the requirements of IAS 39 are met and in particular the Company has the intention and ability to hold these to maturity.

As the Company's objective is to maintain an investment portfolio that can generate a constant return in terms of dividend and capital appreciation and not for the purpose of making short term profit from market volatility, all other debt, investment funds, and equity investment securities are classified as available for sale

Impairment of investments
The Company treats available-for-sale equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgement. The Company treats "significant" generally as 20% and "prolonged" as greater than 12 months. In addition, the Company evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

Estimation uncertainty
The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Provision for outstanding claims
Considerable judgement by management is required in the estimation of amounts due to contract holders and third parties arising from claims made under insurance contracts. Such estimates are necessarily based on significant assumptions about several factors involving varying, and possible significant, degrees of judgement and uncertainly and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the balance sheet date and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the balance sheet date. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using past claim settlement trends to predict future claims settlement trends.

Claims requiring court or arbitration decisions are estimated individually. Independent loss adjusters normally estimate property claims. Management reviews its provisions for claims incurred, and claims incurred but not reported, on a quarterly basis.

Reinsurance
The Company is exposed to disputes with, and possibility of defaults by, its reinsurers. The Company monitors on a quarterly basis the evolution of disputes with and the strength of its reinsurers.

Unearned premium reserve
The Company's estimate of the unearned premium reserve is based on current insurance industry practices in Qatar, the Ministry of Economy and Trade directives, and other analysis. The Company monitors its premium growth periodically and ascertain that difference between the estimated calculated based on 40% of the net premium for all insurance except for marine cargo insurance which is calculated at 25% is not materially different had the Company calculated the reserve on an actual basis.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued

Impairment of accounts receivable
An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

At the balance sheet date, trade accounts receivable were QR 38,257,062. Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the income statement.

Useful life of asset
The Company's estimate of useful economic lives of its property and equipment takes into account the renovation frequency of the asset and the future plans of the Company.

4 NET UNDERWRITING RESULTS

	Motor		*Marine and Aviation*		*Fire and General Accident*		*Total*	
	2007 QR	*2006 QR*	***2007 QR***	*2006 QR*	***2007 QR***	*2006 QR*	***2007 QR***	*2006 QR*
Gross premiums	**50,457,195**	37,834,078	**58,512,992**	56,489,402	**143,643,478**	107,545,733	**252,613,665**	201,869,213
Reinsurers' share of gross premiums	**(7,627,914)**	(4,710,587)	**(52,321,987)**	(47,789,246)	**(127,193,725)**	(94,294,716)	**(187,143,626)**	(146,794,549)
Net premiums	**42,829,281**	33,123,491	**6,191,005**	8,700,156	**16,449,753**	13,251,017	**65,470,039**	55,074,664
Change in unexpired risk reserve	**(3,882,316)**	(4,094,824)	**(186,375)**	(1,298,504)	**(1,261,959)**	(2,288,258)	**(5,330,650)**	(7,681,586)
Earned insurance premiums	**38,946,965**	29,028,667	**6,004,630**	7,401,652	**15,187,794**	10,962,759	**60,139,389**	47,393,078
Commissions received	**504,798**	178,483	**3,674,842**	1,752,660	**13,791,585**	10,695,479	**17,971,225**	12,626,622
Change in deferred commissions	**(41,024)**	-	**(788,177)**	108,520	**(1,341,070)**	(805,205)	**(2,170,271)**	(696,685)
Total insurance revenue	**39,410,739**	29,207,150	**8,891,295**	9,262,832	**27,638,309**	20,853,033	**75,940,343**	59,323,015
Claims paid	**(23,029,025)**	(20,467,083)	**(1,422,344)**	(4,375,179)	**(9,683,628)**	(9,814,104)	**(34,134,997)**	(34,656,366)
Reinsurers' share of claims	**1,381,312**	795,653	**1,295,711**	4,011,702	**8,445,579**	7,956,416	**11,122,602**	12,763,771
Change in outstanding claims reserve	**(9,733,675)**	(4,949,085)	**258,079**	(426,452)	**(758,540)**	(1,705,979)	**(10,234,136)**	(7,081,516)
Commissions paid	**(356,746)**	(298,419)	**(536,533)**	(727,828)	**(2,173,192)**	(2,751,068)	**(3,066,471)**	(3,777,315)
Net underwriting results	**7,672,605**	4,288,216	**8,486,208**	7,745,075	**23,468,528**	14,538,298	**39,627,341**	26,571,589

5 GENERAL AND ADMINISTRATIVE EXPENSES

	2007	*2006*
	QR	*QR*
Advertisement and business promotion	**1,463,318**	759,745
Rent, maintenance and office expenses	**1,300,679**	636,298
Business travel	**490,071**	423,633
Legal and consultation fees	**429,699**	218,045
Printing and stationery	**269,778**	146,317
Government fees	**192,510**	181,496
Board of director's remuneration (Note 18)	**2,750,000**	1,925,000
Miscellaneous expenses	**436,764**	204,162
	7,332,819	4,494,696

The Board of Directors' remuneration for 2006 was restated, as it was previously included as an appropriation of profit in the statement of changes in equity.

6 CASH AND CASH EQUIVALENTS

	2007	*2006*
	QR	*QR*
Cash and bank balances	**69,449,756**	61,082,091
Less: Margin against letters of guarantee	**(923,293)**	(120,825)
	68,526,463	60,961,266

7 FINANCIAL INVESTMENTS

	2007	*2006*
	QR	*QR*
Held to maturity investments:		
Unquoted debt securities in US Dollar with fixed interest rate	**30,156,565**	32,358,193
Available for sale investments:		
- Quoted shares	**162,403,032**	157,053,393
- Unquoted investment funds	**25,222,938**	18,299,763
	187,625,970	175,353,156
	217,782,535	207,711,349

The market value of held to maturity investments amounted to QR 30,849,466 as of December 31, 2007 (2006 : QR 35,027,000). Held to maturity debt securities amounting to QR 29,985,693 (2006: QR 29,985,693) are pledged in favour of a bank as security against term loan provided to the Company (See Note 15).

In accordance with IAS 39, the Company recognised an impairment loss on quoted shares of QR Nil (2006 : QR 4,188,389) during the year.

8 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

	2007	*2006*
	QR	*QR*
Gross		
Insurance contract liabilities:		
Claims reported unsettled	**62,923,209**	47,803,803
Claims incurred but not reported	**6,542,620**	5,507,466
Unearned premiums	**98,718,184**	71,760,007
Deferred commissions	**5,629,991**	3,459,721
Total insurance contract liabilities, gross	**173,814,004**	128,530,997
Recoverable from reinsurers:		
Claims reported unsettled	**40,016,780**	34,096,355
Unearned premiums	**72,662,692**	51,035,165
Total reinsurance contract asset	**112,679,472**	85,131,520
Net		
Claims reported unsettled	**22,906,430**	13,707,448
Claims incurred but not reported	**6,542,620**	5,507,466
Unearned premiums	**26,055,492**	20,724,842
Deferred commissions	**5,629,991**	3,459,721
Net	**61,134,533**	43,399,477

There are no material amounts for which amount and timing of claims payments is not resolved within one year of the balance sheet date. The amounts due from reinsurers are contractually due within a maximum of 3 months from the date of payment of the claims.

Amounts due from reinsurers relating to claims already paid by the Company are included in insurance and other receivables (See Note 9).

9 INSURANCE AND OTHER RECEIVABLES

	2007	*2006*
	QR	*QR*
Due from policy holders	**38,257,062**	19,296,368
Reinsurers – amounts due in respect of claims paid	**8,342,635**	9,446,789
Net deficit attributable to Islamic Takaful Branch	**-**	141,806
Prepayments and others	**16,122,000**	5,362,385
	62,721,697	34,247,348

Accounts receivable comprise a large number of customers mainly within Qatar. Five companies accounted for 50% of receivable as of 31 December 2007 (2006: 25%).

Accounts receivable are stated net of any required provision and are short term in nature. The reinsurer’s shares of claims not paid by the Company at the balance sheet date are disclosed in Note 8.

10 INVESTMENT PROPERTIES

	2007	*2006*
	QR	*QR*
At cost	**30,901,859**	30,901,859
Less: Accumulated depreciation	**(4,720,228)**	(3,673,800)
Net carrying value	**26,181,631**	27,228,059

At December 31, 2007, the fair value of investment properties as determined by management was QR 66,500,000 (2006: QR 66,500,000).

11 PROPERTY AND EQUIPMENT

	Land *QR*	*Land under development* *QR*	*Building* *QR*	*Wooden Buildings* *QR*	*Furniture and fixtures* *QR*	*Computers* *QR*	*Vehicles* *QR*	*Office Equipment* *QR*	*Total* *QR*
Cost:									
At 1 January 2007	2,350,000	9,821,185	7,521,152	43,655	1,534,781	1,575,203	765,910	217,049	23,828,935
Additions	-	13,094,900	508,260	-	100,902	218,567	114,000	76,448	14,113,077
At 31 December 2007	2,350,000	22,916,085	8,029,412	43,655	1,635,683	1,793,770	879,910	293,497	37,942,012
Depreciation and Impairment:									
At 1 January 2007	-	-	4,399,073	24,909	1,455,063	956,874	277,055	122,321	7,235,295
Provided during the year	-	-	784,924	4,366	33,714	191,828	157,450	27,888	1,200,170
At 31 December 2007	-	-	5,183,997	29,275	1,488,777	1,148,702	434,505	150,209	8,435,465
Net Carrying Amount									
At 31 December 2007	**2,350,000**	**22,916,085**	**2,845,415**	**14,380**	**146,906**	**645,068**	**445,405**	**143,288**	**29,506,547**

Amount of land under development represents 35% (2006: 15%) advance payment from the purchase price of land at Marina Project – Lusail Qatar for a total amount of QR 65,474,510. (See Note 24).

11 PROPERTY AND EQUIPMENT (continued)

	Land *QR*	*Land under development* *QR*	*Building* *QR*	*Wooden Buildings* *QR*	*Furniture and fixtures* *QR*	*Computers* *QR*	*Vehicles* *QR*	*Office Equipment* *QR*	*Total* *QR*
Cost:									
At 1 January 2006	2,350,000	-	7,400,392	43,655	1,503,521	1,550,181	584,876	116,362	13,548,987
Additions	-	9,821,185	120,760	-	31,260	196,789	395,000	102,187	10,667,181
Disposals	-	-	-	-	-	(171,767)	(213,966)	(1,500)	(387,233)
At 31 December 2006	2,350,000	9,821,185	7,521,152	43,655	1,534,781	1,575,203	765,910	217,049	23,828,935
Depreciation and Impairment:									
At 1 January 2006	-	-	3,651,805	20,543	1,372,433	925,976	388,705	100,685	6,460,147
Provided during the year	-	-	747,268	4,366	82,630	202,664	102,316	23,036	1,162,280
Disposals	-	-	-	-	-	(171,766)	(213,966)	(1,400)	(387,132)
At 31 December 2006		-	4,399,073	24,909	1,455,063	956,874	277,055	122,321	7,235,295
Net Carrying Amount									
At 31 December 2006	**2,350,000**	**9,821,185**	**3,122,079**	**18,746**	**79,718**	**618,329**	**488,855**	**94,728**	**16,593,640**

12 SHARE CAPITAL

	Authorised capital	***Issued and fully paid up 2007***	*Issued and fully paid up 2006*
Share capital of QR 10 each (QR)	127,240,000	**127,240,000**	127,240,000
No. of shares of QR 10 each (Nos.)	12,724,000	**12,724,000**	12,724,000

The Board of Directors proposed in its meeting held on 4 February 2008 to increase the share capital from QR 127,240,000 to QR 180,000,000 in the form of rights issue by issuing 5,276,000 shares. Each share will be offered for subscription at a nominal share price of QR 10 plus issuing premium in the amount of QR 15 per share. Existing shareholders will have priority to subscribe in the share capital increase. The proposal is subject to obtaining the official approval from the Ministry of Economy and Commerce and the shareholders in their Annual General Meeting.

13 LEGAL RESERVE

As required by Qatar Commercial Companies Law No 5 of 2002 and the Company's articles of association, 10% of the profit for the year has been transferred to a legal reserve. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of the issued share capital. This reserve is not available for distribution except in circumstances stipulated in the Companies' Law.

14 DIVIDENDS

The Board of Directors decided in its meeting held on 4 February 2008 to propose to the forthcoming General Assembly to approve the distribution of cash dividend for the year 2007 of QR 3 per share totalling QR 38,172,000 and representing 30% of share capital (2006: QR 2.50 per share totalling QR 31,810,000 and representing 25% of share capital). Total dividends paid during the year amounted to QR 30,075,019 (2006: QR 22,795,763).

15 BANK TERM LOAN

	2007 QR	*2006 QR*
Bank term loan – current portion	**1,290,515**	1,566,060
Bank term loan – non-current portion	**-**	1,290,515
	1,290,515	2,856,575

The above loan of US $ 2,060,000 is repayable in 5 years in half yearly installments of US $ 215,000 each. The loan carries interest at six months Libor plus 1% per annum (Also see note 7).

16 PROVISIONS, INSURANCE AND OTHER PAYABLES

	2007	*2006*
	QR	*QR*
Due to insurance and reinsurance companies	**22,464,174**	23,908,589
Dividends payable	**8,464,952**	6,729,971
Staff related accruals	**3,203,477**	2,058,219
Board of directors' remuneration payable	**2,750,000**	1,925,000
Trade payables	**1,320,336**	999,069
Accrued expenses	**120,240**	128,778
Net surplus attributable to Islamic Takaful policyholders	**11,102**	-
Advance income from properties	**-**	532,500
Other credit balances	**-**	7,364
	38,334,281	36,289,490

Net change in provisions, insurance and other payables in the cash flow statement is net of the effect of increase in dividends payable as it was accrued for from retained earnings.

17 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision recognised in the balance sheet are as follows:

	2007	*2006*
	QR	*QR*
Provision as at 1 January	**1,242,747**	829,978
Provided during the year	**1,017,878**	417,234
End of service benefits paid	**(35,242)**	(4,465)
Provision as at 31 December	**2,225,383**	1,242,747

18 DIRECTORS' REMUNERATION

The Board of directors proposed the distribution of QR 2,750,000 as remuneration to board members for the year 2007 (2006: QR 1,925,000). The abovementioned remuneration is included under general and administrative expenses in the statement of income (See Note 5).

19 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net income for the year by the adjusted weighted average number of ordinary shares outstanding during the year as follows:

	2007	*2006*
	QR	*QR*
Net income for the year	**44,311,129**	26,958,076
Adjusted weighted average number of shares	**12,724,000**	12,724,000
Adjusted Earnings per share	**3.48**	2.12

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

20 RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Company. Pricing policies and terms of these transactions are approved by the Company's management.

Transactions with related parties included in the income statement are as follows:

	2007		*2006*	
	Premiums QR	***Claims QR***	*Premiums QR*	*Claims QR*
Major shareholders	**7,369,513**	**953,927**	6,513,516	868,971

Balances with related parties included in the balance sheet are as follows:

	2007		*2006*	
	Receivables	***Claims and payables***	*Receivables QR*	*Claims and payables QR*
Major shareholders	**6,682,487**	**4,102,502**	4,102,502	1,489,705

Balances due to and from related parties are reported on a net basis as the Company has the legal right to set off these amounts and intends to settle on a net basis.

Compensation of key management personnel
The remuneration of directors and other members of key management during the year was as follows:

	2007 QR	*2006 QR*
Board of directors' remuneration	**2,750,000**	1,925,000
Short-term benefits	**1,917,064**	1,511,000
End of service and other benefits	**647,250**	398,517
	5,314,314	3,834,517

21 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments include deposits, cash, investment securities, receivables, payables, bank term loan, and certain other assets and liabilities.

The fair values of the financial assets and liabilities, with the exception of certain available-for-sale investments carried at cost (see Note 7), are not materially different from their carrying values.

22 RISK MANAGEMENT

The risks faced by the Company and the way these risks are mitigated by management are summarised below.

Insurance risk
The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

Frequency and amounts of claims
The frequency and amounts of claims can be affected by several factors. The Company underwrites mainly fire and general accident, motor and marine and aviation risks. These are regarded as short-term insurance contracts as claims are normally advised and settled within one year of the insured event taking place. This helps to mitigate insurance risk.

Fire and general accident - Property
Property insurance is designed to compensate contract holders for damage suffered to properties or for the value of property lost. Contract holders could also receive compensation for the loss of earnings caused by the inability to use the insured properties.

For property insurance contracts the main risks are fire and business interruption. In recent years the Company has only underwritten policies for properties containing fire detection equipment.

These contracts are underwritten by reference to the replacement value of the properties and contents insured. The cost of rebuilding properties and obtaining replacement contents and the time taken to restart operations which leads to business interruptions are the main factors that influence the level of claims. The Company has reinsurance cover for such damage to limit losses for any individual claim to QR 175,000 (2006 : QR 175,000) during the year.

Motor
Motor insurance is designed to compensate contract holders for damage suffered to their vehicles or liability to third parties arising through accidents. Contract holders could also receive compensation for the fire or theft of their vehicles.

For motor contracts the main risks are claims for death and bodily injury and the replacement or repair of vehicles. In recent years the Company has mainly underwritten comprehensive polices for owner/drivers over 21 years of age. Substantially all of the motor contracts relate to private individuals. The Company has reinsurance cover to limit losses for any individual claim to QR 150,000 (2006 : QR 150,000) during the year.

The blood money for deaths and to injured parties and the replacement costs of motor vehicles are the key factors that influence the level of claims.

Marine
Marine insurance is designed to compensate contract holders for damage and liability arising through loss or damage to marine craft and accidents at sea resulting in total or partial loss of cargoes.

For marine insurance the main risks are loss or damage to marine craft and accidents resulting in the total or partial loss of cargoes.

The underwriting strategy for the marine class of business is to ensure that policies are well diversified in terms of vessels and shipping routes covered. The Company has mainly reinsurance to limit losses for any individual claim to QR 175,000.

22 RISK MANAGEMENT (continued)

Insurance risk (continued)

Reinsurance risk
In common with other insurance companies, in order to minimise financial exposure arising from large claims, the Company, in the normal course of business, enters into agreements with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is effected under treaty, facultative and excess-of-loss reinsurance contracts.

To minimise its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk.

Reinsurance ceded contracts do not relieve the Company from its obligations to policyholders and as a result the Company remains liable for the portion of outstanding claims reinsured to the extent that the reinsurer fails to meet the obligations under the reinsurance agreements.

Financial risk
The Company's principal instruments are available-for-sale investments, receivables arising from insurance and reinsurance contracts and cash and cash equivalents.

The Company does not enter into derivative transactions.

The main risks arising from the Company's financial instruments are interest rate risk, foreign currency risk, market price risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

Regulatory framework risk
Regulators are primarily interested in protecting the rights of the policyholders and monitor them closely to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The operations of the Company are also subject to regulatory requirements within the jurisdictions where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

Foreign currency risk
Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Management believes that there is minimal risk of significant losses due to exchange rate fluctuations and consequently the Company does not hedge its foreign currency exposure.

Other than balances in United States Dollars, to which the Qatari Riyal is pegged, there are no significant foreign currency financial asset due in foreign currencies included under reinsurance balances receivable.

Interest rate risk
Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest risk.

The Company is exposed to interest rate risk on certain of its investment securities and deposits. The Company limits interest rate risk by monitoring changes in interest rates in the currencies in which its cash and interest bearing investments are denominated.

22 RISK MANAGEMENT (continued)

Details of contractual maturities of the major classes of financial assets and liabilities as at 31 December are as follows:

	Less than 1 year QR	*1 to 5 years QR*	*over 5 years QR*	*Non-interest bearing items QR*	*Total QR*	*Effective interest rate*
31 December 2007						
Assets						
Financial investments	-	-	30,156,565	183,991,226	214,147,791	8.3%
Cash and bank balances	65,036,558	-	-	4,413,198	69,449,756	3.3%
	65,036,558	-	30,156,565	188,404,424	283,597,547	
Liabilities						
Bank term loan	(1,290,515)	-	-	-	(1,290,515)	5.8%
Net interest rate gap	**63,746,043**	**-**	**30,156,565**	**188,404,424**	**282,307,032**	
31 December 2006						
Assets						
Financial investments	-	-	32,358,193	175,353,156	207,711,349	8.2%
Cash and bank balances	60,204,251	-	-	877,840	61,082,091	4.3%
	60,204,251	-	32,358,193	176,230,996	268,793,440	
Liabilities						
Bank term loan	(1,566,060)	(1,290,515)	-	-	(2,856,575)	6.1%
Net interest rate gap	**58,638,191**	**(1,290,515)**	**32,358,193**	**176,230,996**	**265,936,865**	

There is no significant difference between contractual repricing or contractual maturity dates of the different financial assets and liabilities above except for the bank term loan which reprices every 6 months and matures within a year (2006 : 2 years) from the balance sheet date.

22 RISK MANAGEMENT (continued)

The following table demonstrates the sensitivity of statement of income to reasonably possible changes in interest rates, with all other variables held constant.

The sensitivity of the statement of income is the effect of the assumed changes in interest rates on the Company's profit for the year, based on the floating rate financial assets and financial liabilities held at 31 December 2007.

There is no impact on the Company's equity.

	Increase/decrease in basis points	*Effect on profit for the year* QR
2007		
	+ 25	234,757
	- 50	(469,514)
2006		
	+ 25	224,265
	- 50	(448,530)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial assets held by the Company, the maximum credit risk exposure to the Company is the carrying value as disclosed in the balance sheet.

The Company seeks to limit its credit risk with respect to customers by monitoring outstanding receivables. Premiums and receivables comprise a large number of customers mainly within the State of Qatar. Three companies account for 39% of the accounts receivables as of 31 December 2007 (2006: 25%). Two reinsurance companies account for 76% of the reinsurance receivable as of 31 December 2007 (2006: 46%).

The Company manages credit risk on its investments by ensuring that investments are only made in counter-parties that have a good credit rating. The Company does not have an internal credit rating of counter-parties and considers all counter-parties to be of the same credit quality.

The table below shows the maximum exposure to credit risk for the components of the balance sheet. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting.

	Notes	***2007*** ***QR***	*2006* *QR*
Cash and bank balances	6	**69,449,756**	61,082,091
Financial investments	7	**30,156,565**	32,358,193
Reinsurance contract assets	8	**112,679,472**	85,131,520
Insurance and other receivables	9	**62,721,697**	34,247,348
Total		**275,007,490**	212,819,152

22 RISK MANAGEMENT (continued)

The following table provides an age analysis of unimpaired financial assets as at 31 December:

			Past due but not impaired			
	Total *QR*	*Neither past due nor impaired* *QR*	*< 4 months* *QR*	*4 – 6 months* *QR*	*7 – 9 months* *QR*	*>9 months* *QR*
2007	**275,007,490**	**258,540,058**	**10,925,382**	**3,080,665**	**1,878,619**	**582,766**
2006	212,819,152	197,267,612	10,195,740	4,474,245	881,555	-

Unimpaired financial assets are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over financial assets and all are, therefore, unsecured.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due.

Liquidity requirements are monitored on monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise. A significant amount of funds are invested in local quoted securities.

The majority of time deposits held by the Company at the balance sheet date had original maturity periods not exceeding three months.

22 RISK MANAGEMENT (continued)

The table below summarises, in QR, the maturity profile of the financial liabilities of the Company based on remaining undiscounted contractual obligations. Repayments which are subject to notice are treated as if notice were to be given immediately.

	31 December 2007				*31 December 2006*			
	Less than one year	***More than one year***	***No term***	***Total***	*Less than one year*	*More than one year*	*No term*	*Total*
Bank term loan	**1,290,515**	**-**	**-**	**1,290,515**	1,566,060	1,290,515	-	2,856,575
Insurance contract liabilities	**104,348,175**	**-**	**69,465,829**	**173,814,004**	75,219,728	-	53,311,269	128,530,997
Provisions, insurance and other payables	**38,334,281**	**-**	**-**	**38,334,281**	36,289,490	-	-	36,289,490
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**143,972,971**	**-**	**69,465,829**	**213,438,800**	113,075,278	1,290,515	53,311,269	167,677,062

22 RISK MANAGEMENT (continued)

Equity price risk
Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's equity price risk exposure relates to financial assets whose values will fluctuate as a result of changes in market prices.

The Company limits equity price risk by maintaining a diversified portfolio and by monitoring of developments in equity markets.The majority of the Company's equity investments comprise securities quoted on the Doha Securities Market.

A 5% change in the prices of equities, with all other variables held constant, would impact equity by QR 9,381,299 (2006 : QR 8,767,658). There would be no impact on the income statement as all equity investments are classified as "available-for-sale".

Capital management
Capital requirements are set and regulated by the Qatar Commercial Companies Law and Doha Securities Market. These requirements are put in place to ensure sufficient solvency margins. Further objectives are set by the Company to maintain a strong credit rating and healthy capital ratios in order to support its business objectives and maximise shareholders' value.

The Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in market conditions and risk characteristics of the Company's activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends to shareholders or issue capital securities.

The Company fully complied with the externally imposed capital requirements during the reported financial periods and no changes were made to its objectives, policies and processes from the previous year.

The Company monitors capital on the basis of the carrying amount of shareholders' equity less cash and bank balances as follows:

	2007	*2006*
	QR	*QR*
Total shareholders' equity	**302,657,455**	263,074,198
Cash and bank balances	**(69,449,756)**	(61,082,091)
	233,207,699	201,992,107

23 SEGMENT INFORMATION

Primary Segment information

For management purposes, the Company is organised into three business segments, marine and aviation, motor and fire and general. These segments are the basis on which the Company reports its primary segment information.
Other operations of the Company comprise investment and cash management for the Company's own account. There are no transactions between segments.

The data with respect to segment information is as disclosed in Note 4 to the financial statements.

Secondary segment information

The Company operates in the State of Qatar only.

23 SEGMENT INFORMATION (continued)

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

	2007			*2006*		
	Conventional Insurance QR	*Takaful Insurance QR*	*Total QR*	*Conventional Insurance QR*	*Takaful Insurance QR*	*Total QR*
Revenues						
Gross premiums	250,596,249	2,017,416	252,613,665	200,583,544	1,285,669	201,869,213
Reinsurers' share of gross premiums	(185,170,048)	(1,973,578)	(187,143,626)	(145,508,880)	(1,285,669)	(146,794,549)
Net premiums	65,426,201	43,838	65,470,039	55,074,664	-	55,074,664
Change in unexpired risk reserve	(5,330,650)	-	(5,330,650)	(7,681,586)	-	(7,681,586)
Earned insurance premiums	60,095,551	43,838	60,139,389	47,393,078	-	47,393,078
Commissions received	17,771,149	200,076	17,971,225	12,498,055	128,567	12,626,622
Change in deferred commissions	(2,232,183)	61,912	(2,170,271)	(619,510)	(77,175)	(696,685)
Total revenue	75,634,517	305,826	75,940,343	59,271,623	51,392	59,323,015
Expenses						
Claims paid	33,686,761	448,236	34,134,997	34,656,366	-	34,656,366
Reinsurers' share of claims	(10,674,366)	448,236	(11,122,602)	(12,763,771)	-	(12,763,771)
Change in outstanding claims reserve	10,234,136	-	10,234,136	7,081,516	-	7,081,516
Commission paid	3,066,471	-	3,066,471	3,777,315	-	3,777,315
Total expenses	36,313,002	-	36,313,002	32,751,426	-	32,751,426
Net underwriting results	**39,321,515**	**305,826**	**39,627,341**	**26,520,197**	**51,392**	**26,571,589**
Assets						
Total assets	515,815,510	2,846,187	518,661,697	430,759,730	1,487,156	432,246,886
Liabilities						
Insurance funds	(173,798,741)	(15,263)	(173,814,004)	(128,453,822)	(77,175)	(128,530,997)
Net surplus attributable to Islamic Takaful policyholders	-	(11,102)	(11,102)	-	-	-
Liabilities (other than insurance funds)	(39,699,373)	(2,479,763)	(42,179,136)	(39,434,589)	(1,207,102)	(40,641,691)
Net assets	**302,317,396**	**340,059**	**302,657,455**	**262,871,319**	**202,879**	**263,074,198**

24 COMMITMENTS AND CONTINGENCIES

Guarantees
At 31 December 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 1,616,564 (2006: 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 condition.

Capital expenditure commitments

	2007 ***QR***	*2006* *QR*
Land under development	**42,558,425**	55,653,325

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:

	2007 ***QR***	*2006* *QR*
Not later than one year	**13,094,900**	**13,094,900**
Later than one year and not later than 3 years	**29,463,525**	**42,558,425**
	42,558,425	**55,653,325**

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2007

Islamic Takaful branch of Doha Insurance Company

The Balance sheet and income statement of the Branch are presented below:

(i) Balance Sheet as at 31 December 2007

	2007 *QR*	*2006* *QR*
POLICYHOLDERS' OPERATIONS ASSETS		
Cash and bank balances	**2,068,735**	215,776
Insurance and other receivables	**748,359**	1,020,272
Property and equipment	**29,093**	48,229
Total policyholders' operations assets	**2,846,187**	1,284,277
SHAREHOLDERS' ASSETS		
Cash and bank balances	**-**	202,879
TOTAL ASSETS	**2,846,187**	1,487,156
SHAREHOLDERS' EQUITY, PARTICIPANTS' FUND AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Shareholders' account	**351,161**	202,879
LIABILITIES		
Provisions, insurance and other payables	**2,479,763**	1,207,102
Deferred Commission	**15,263**	77,175
Total liabilities	**2,495,026**	1,284,277
TOTAL SHAREHOLDERS' EQUITY, FUND AND LIABILITIES	**2,846,187**	1,487,156

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2007

Islamic Takaful branch of Doha Insurance Company

(ii) Statement of income for the year ended 31 December 2007:

	1 January 2007 to 31 December 2007 QR	*1 October 2006 to 31 December 2006 QR*
PARTICIPANTS' REVENUES AND EXPENSES		
REVENUE		
Net Takaful revenue	**305,826**	51,392
Other income	**30**	-
	305,856	51,392
EXPENSES		
Salaries and other staff costs	**48,567**	75,915
General and administrative expenses	**43,774**	64,798
Rent Expense	**50,000**	50,000
Depreciation expense	**10,606**	2,486
Total Takaful expenses	**152,947**	193,199
SURPLUS (DEFICIT) FOR THE PERIOD TRANSFERRED TO PARTICIPANTS' FUND	**152,909**	(141,807)