Doha Insurance Company Q.S.C.

FINANCIAL STATEMENTS

31 DECEMBER 2006

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 2006 and the income statement, cash flow statement and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statements of the Company as at 31 December 2005 were audited by another auditor, whose report dated 6 February 2006, expressed an unqualified opinion.

Management's Responsibility for the Financial Statements
Management 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 management, 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 2006 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 : 31 January 2007
Doha

INCOME STATEMENT

Year ended 31 December 2006

	Notes	*2006* *QR*	*2005* *QR*
REVENUE			
Net insurance revenue	4	**26,571,589**	18,001,336
Income from sale of investments		**7,573,237**	27,222,200
Interest income		**3,666,396**	3,353,675
Dividend income		**5,265,164**	3,849,645
Income from investment properties		**3,268,800**	3,268,800
Gain on disposal of properties		**69,397**	-
Other income		**494,252**	316,642
		46,908,835	56,012,298
EXPENSES			
Salaries and other staff costs		**8,869,002**	7,240,510
General and administrative expenses	5	**2,569,696**	3,754,819
Impairment of investment		**4,188,389**	-
Maintenance of investment properties		**120,794**	138,346
Depreciation of investment properties		**1,046,428**	1,046,428
Depreciation of property and equipment		**1,162,280**	1,411,816
Finance cost		**210,977**	216,188
		18,167,566	13,808,107
PROFIT FOR THE YEAR BEFORE ALLOCATION TO TAKAFUL BRANCH POLICYHOLDERS		**28,741,269**	**42,204,191**
Net deficit attributable to Doha Solidarity policyholders		**141,807**	-
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		**28,883,076**	**42,204,191**
Basic Earnings Per Share	19	**2.27**	3.32
Diluted Earnings Per Share	19	**2.27**	3.32

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

BALANCE SHEET
At 31 December 2006

	Notes	*2006* *QR*	*2005* *QR*
ASSETS			
Cash and bank balances	6	**61,082,091**	34,913,011
Financial investments	7	**207,711,349**	250,702,208
Reinsurance contract assets	8	**85,131,520**	49,293,357
Insurance and other receivables	9	**34,247,348**	50,467,865
Investment properties	10	**27,228,059**	28,274,487
Property and equipment	11	**16,593,640**	7,088,840
TOTAL ASSETS		**431,994,007**	**420,739,768**
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	12	**127,240,000**	127,240,000
Legal reserve	13	**13,024,369**	10,136,061
Cumulative changes in fair value		**70,697,796**	116,763,283
Retained earnings		**20,302,033**	28,042,265
Proposed cash dividend	14	**31,810,000**	25,448,000
Total shareholders' equity		**263,074,198**	307,629,609
LIABILITIES			
Bank term loan	15	**2,856,575**	4,422,555
Insurance contract liabilities	8	**128,530,997**	77,233,047
Provisions, insurance and other payables	16	**36,289,490**	30,624,579
Employees' end of service benefits	17	**1,242,747**	829,978
Total liabilities		**168,919,809**	**113,110,159**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**431,994,007**	**420,739,768**

The financial statements were authorised for issue in accordance with a resolution of the directors on 31 January 2007.

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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 2006

	Notes	**2006 QR**	*2005 QR*
OPERATING ACTIVITIES			
Profit attributable to shareholders		**28,741,269**	42,204,191
Adjustments for:			
Depreciation of property and equipment	11	**1,162,280**	1,411,816
Depreciation of investment properties	10	**1,046,428**	1,046,428
Provision for employee's terminal benefits	17	**417,234**	252,721
Interest expense		**210,977**	٢١٦،١٨٨
Operating profit before changes in operating assets and liabilities		**31,578,188**	45,131,344
Insurance and other receivables		**16,437,698**	(20,019,211)
Increase in insurance reserves - net		**15,459,787**	10,057,455
Increase in provisions, insurance and other payables	16	**1,087,674**	2,091,366
Margin against letters of guarantee		**(120,825)**	(75,375)
Cash generated from operations		**64,442,522**	37,185,579
Employee's terminal benefits paid	17	**(4,465)**	(9,333)
Net cash from operating activities		**64,438,057**	37,176,246
INVESTING ACTIVITIES			
Purchase of land under development		**(9,821,185)**	-
Net cash movement in investments		**(3,074,628)**	(39,131,529)
Purchase of property and equipment	11	**(845,996)**	(721,484)
Proceed from sale of property and equipment		**101**	-
Net cash used in investing activities		**(13,741,708)**	(39,853,013)
FINANCING ACTIVITIES			
Repayments of bank term loan		**(1,565,980)**	(1,566,060)
Dividends paid		**(22,795,763)**	(15,268,800)
Interest paid		**(210,977)**	(216,188)
Net cash used in financing activities		**(24,572,720)**	(17,051,048)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**26,123,629**	(19,727,815)
Cash and cash equivalents at 1 January		**34,837,637**	54,565,452
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	6	**60,961,266**	34,837,637

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2006

	Share capital QR	*Legal reserve QR*	*Cumulative changes in fair values QR*	*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	-	-	(11,913,200)	-	-	(11,913,200)
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	-	-	(38,340,676)	-	-	(38,340,676)
Director's remuneration (Note 18)	-	-	-	-	(1,925,000)	(1,925,000)
Total income and expense for the year recognised directly in equity	-	-	(46,065,487)	-	(1,925,000)	(47,990,487)
Profit for the year	-	-	-	-	28,883,076	28,883,076
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.

STATEMENT OF CHANGES IN EQUITY (continued)
Year ended 31 December 2006

	Share Capital QR	*Legal reserve QR*	*Cumulative changes in fair values QR*	*Cash dividends QR*	*Retained earnings QR*	*Total QR*
Balance at 1 January 2005	127,240,000	5,915,642	29,867,806	15,268,800	17,706,493	195,998,741
Net movement in fair value of available-for-sale investments during the year *	-	-	86,895,477	-	-	86,895,477
Director's remuneration (Note 18)	-	-	-	-	(2,200,000)	(2,200,000)
Total income and expense for the year recognised directly in equity	-	-	86,895,477	-	(2,200,000)	84,695,477
Profit for the year as restated	-	-	-	-	42,204,191	42,204,191
Total income and expense for the year	-	-	86,895,477	-	40,004,191	126,899,668
Cash dividends declared				(15,268,800)		(15,268,800)
Transfer to legal reserve (Note 13)	-	4,220,419	-	-	(4,220,419)	-
Proposed cash dividends (Note 14)		-	-	25,448,000	(25,448,000)	-
Balance at 31 December 2005	**127,240,000**	**10,136,061**	**116,763,283**	**25,448,000**	**28,042,265**	**307,629,609**

* This item is net of reserve released on disposal of investments, which is included under income from sale of investments.

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 the year, 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 2006 include the results of the Branch.

The financial statements of Doha Insurance Company Q.S.C. for the year ended 31 December 2006 were authorised for issue in accordance with a resolution of the directors on 31 January 2007.

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 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 accounting policies adopted are consistent with those of the previous financial year.

IASB Standards and Interpretations issued but not adopted

Amendments to IAS 1 – Capital Disclosures
Amendments to IAS 1 *Presentation of Financial Statements* were issued by the IASB as *Capital Disclosures* in August 2005. They are required to be applied for periods beginning on or after 1 January 2007. When effective, these amendments will require disclosure of information enabling evaluation of the Company's objectives, policies and processes for managing capital.

IFRS 7 Financial Instruments: Disclosures
IFRS 7 *Financial Instruments: Disclosures* was issued by the IASB in August 2005, becoming effective for periods beginning on or after 1 January 2007. The new standard will require additional disclosure of the significance of financial instruments for the Company's financial position and performance and information about exposure to risks arising from financial instruments.

IFRS 8 Operating Segments
IFRS 8 *Operating Segments* was issued by the IASB in November 2006, becoming effective for periods commencing on or after 1 January 2009. The new standard may require changes in the way the Company discloses information about its operating segments.

IFRIC Interpretations
During 2006 IFRIC issued the following interpretations:

- IFRIC Interpretation 8 *Scope of IFRS 2*
- IFRIC Interpretation 9 *Reassessment of Embedded Derivatives*
- IFRIC Interpretation 11 *IFRS 2 – Group and Treasury Share Transactions*

Management do not expect these interpretations to have a significant impact on the Company's financial statements when implemented in 2007.

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.

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 There is no deficiency charged to the current year.

Reinsurance contracts held
In order to minimize financial exposure from large claims the Company enters into agreements with other parties for reinsurance purposes. Claims receivable from reinsurers are estimated in a manner consistent with claim liability and in accordance with the reinsurance contract. These amounts are shown as "reinsurance contract asset" in the balance sheet until the claim is paid by the Company. Once the claim is paid the amount due from reinsurer under "reinsurance contract asset" in connection with the paid claim is transferred to "insurance and other receivables".

Premiums on reinsurance assumed are recognized as revenue in the same manner as they would be if the reinsurance were considered direct business.

At each reporting date, the company assesses whether there is any indication that a reinsurance asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of a reinsurance asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Interest revenue
Interest revenue is recognised as the interest accrues using the effective interest method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 included in the income statement for the period.

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 statement of income 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

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

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, plant 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, plant and equipment. All other expenditure is recognised in the income statement as the expense is incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

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 recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Fair values
For investments traded in organised markets, fair value is determined by reference to last quoted market bid prices.

The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.

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

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 in 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, investment securities deemed to be 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 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 been able to calculate the reserve on 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 20,796,368, and the provision for doubtful debts was QR 1,500,000. 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. When premises are acquired used, the Company lowers its estimate of the remaining useful lives based on the age of the premises and whether it will have to renovate the property in the seen future.

4 NET INSURANCE REVENUE

	Motor		*Marine*		*Fire and general*		*Total*	
	2006	*2005*	***2006***	*2005*	***2006***	*2005*	***2006***	*2005*
	QR	*QR*	***QR***	*QR*	***QR***	*QR*	***QR***	*QR*
Revenues								
Insurance premium	**37,834,078**	26,467,291	**56,489,402**	42,923,920	**107,545,733**	61,561,255	**201,869,213**	130,952,466
Insurance premium ceded to reinsurers	**(4,710,587)**	(3,580,861)	**(47,789,246)**	(39,417,780)	**(94,294,716)**	(54,030,883)	**(146,794,549)**	(97,029,524)
Net insurance premium	**33,123,491**	22,886,430	**8,700,156**	3,506,140	**13,251,017**	7,530,372	**55,074,664**	33,922,942
Movement in unexpired risk reserve	**(4,094,824)**	(2,698,371)	**(1,298,504)**	(702,800)	**(2,288,258)**	(1,062,789)	**(7,681,586)**	(4,463,960)
Earned insurance premiums	**29,028,667**	20,188,059	**7,401,652**	2,803,340	**10,962,759**	6,467,583	**47,393,078**	29,458,982
Net commission	**(119,936)**	(23,794)	**1,133,352**	1,435,505	**7,139,206**	5,221,082	**8,152,622**	6,632,793
Total revenue	**28,908,731**	20,164,265	**8,535,004**	4,238,845	**18,101,965**	11,688,665	**55,545,700**	36,091,775
Claims paid	**(20,467,083)**	(12,338,079)	**(4,375,179)**	(751,761)	**(9,814,104)**	(10,962,573)	**(34,656,366)**	(24,052,413)
Reinsurers' share	**795,653**	15,289	**4,011,702**	663,496	**7,956,416**	10,078,590	**12,763,770**	10,757,375
Movement in outstanding claims reserve	**(4,949,085)**	(3,759,081)	**(426,452)**	(472,357)	**(1,705,979)**	(563,963)	**(7,081,516)**	(4,795,401)
Net insurance revenue	**4,288,216**	4,082,394	**7,745,075**	3,678,223	**14,538,298**	10,240,719	**26,571,589**	18,001,336

5 GENERAL AND ADMINISTRATIVE EXPENSES

	2006	*2005*
	QR	*QR*
Advertisement and business promotion	**839,677**	1,437,041
Business travel	**423,633**	423,850
Government fees	**170,746**	174,105
Printing and stationery	**131,669**	169,522
Rent, maintenance and office expenses	**581,764**	528,735
Legal and consultation fees	**218,045**	183,000
Miscellaneous expenses	**204,162**	838,566
	2,569,696	3,754,819

6 CASH AND CASH EQUIVALENTS

	2006	*2005*
	QR	*QR*
Cash and bank balances	**61,082,091**	34,913,011
Less: Margin against letters of guarantee	**(120,825)**	(75,374)
	60,961,266	34,837,637

7 FINANCIAL INVESTMENTS

	2006	*2005*
	QR	*QR*
Held to maturity investments:		
Debt securities in US Dollar with fixed interest rate	**32,358,193**	29,638,127
Available for sale investments:		
- Quoted shares	**157,053,393**	198,255,718
- Unquoted investment funds	**18,299,763**	22,808,363
	175,353,156	221,064,081
	207,711,349	250,702,208

The market value of held to maturity investments amounted to QR 35,027,000 as of December 31, 2006 (2005: QR 33,274,206). Held to maturity debt securities amounting to QR 29,985,693 (2005: QR 29,985,693) are pledged in favour of a bank as security against term loan provided to the Company (Refer Note 15).

In accordance with IAS 39, the Company recognised an impairment loss of QR 4,188,389 (2005, QR Nil) during the year.

8 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

	2006 *QR*	*2005* *QR*
Gross		
Insurance contract liabilities		
Claims reported unsettled	**47,803,803**	25,135,319
Claims incurred but not reported	**5,507,466**	3,392,294
Unearned premiums	**71,760,007**	45,942,398
Deferred commissions	**3,459,721**	2,763,036
Total insurance contract liabilities, gross	**128,530,997**	77,233,047
Recoverable from reinsurers:		
Claims reported unsettled	**34,096,355**	16,394,215
Unearned premiums	**51,035,165**	32,899,142
Total reinsurance contract asset	**85,131,520**	49,293,357
Net		
Claims reported unsettled	**13,707,448**	8,741,104
Claims incurred but not reported	**5,507,466**	3,392,294
Unearned premiums	**20,724,842**	13,043,256
Deferred commissions	**3,459,721**	2,763,036
Net	**43,399,477**	27,939,690

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.

The Company estimates its insurance liabilities and reinsurance assets principally based on previous experience. Claims requiring court or arbitration decisions are estimated individually. Independent loss adjusters generally estimate property claims.

9 INSURANCE AND OTHER RECEIVABLES

	2006 *QR*	*2005* *QR*
Due from policy holders	**20,796,368**	39,002,355
Provisions for doubtful debts	**(1,500,000)**	(1,500,000)
	19,296,368	37,502,355
Reinsurers – amounts due in respect of claims paid	**9,446,789**	4,086,087
Net deficit attributable to Islamic Takaful Branch	**141,806**	-
Advances against indemnity	**-**	232,720
Prepayments and others	**5,362,384**	8,646,703
	34,247,347	**50,467,865**

Accounts receivable comprise a large number of customers mainly within Qatar. Five companies accounted for 25% of receivable as of 31 December 2006 (Three companies accounted for 33% as of 31 December 2005).

Accounts receivable are stated net of any required provision and are short term in nature, their fair value approximates carrying value. The reinsurer's shares of claims not paid by the Company at the balance sheet date are disclosed in note 8.

10 INVESTMENT PROPERTIES

	2006	*2005*
	QR	*QR*
At cost	**30,901,859**	30,901,859
Less: Accumulated depreciation	**(3,673,800)**	(2,627,372)
Net carrying value	**27,228,059**	28,274,487

At December 31, 2006, the fair value of investment properties as determined by management was QR 66,500,000 (2005: QR 66,507,010).

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 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**
At 31 December 2005	2,350,000	-	3,748,587	23,112	131,088	624,205	196,171	15,677	**7,088,840**

Amount of land under development represents represent 15% advance payment from the purchase price of land at Marina Project – Luceil Qatar for a total amount of QR 65,474,510.

12 SHARE CAPITAL

	Authorised capital	*Issued and fully paid up 2006*	*Issued and fully paid up 2005*
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

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 PROPOSED DIVIDEND

The Board of Directors decided in its meeting held on 31 January 2007 to propose to the forthcoming General Assembly to approve the distribution of cash dividend for the year 2006 of QR 2.50 per share totalling QR 31,810,000 and representing 25% of share capital (2005: QR 2.00 per share totalling QR 25,448,000 and representing 20% of share capital).

15 BANK TERM LOAN

	2006 ***QR***	*2005* *QR*
Bank term loan – current portion	**1,566,060**	1,566,060
Bank term loan – non-current portion	**1,290,515**	2,856,495
	2,856,575	4,422,555

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 refer note 7).

16 PROVISIONS, INSURANCE AND OTHER PAYABLES

	2006 ***QR***	*2005* *QR*
Trade payables	**999,069**	775,716
Due to insurance and reinsurance companies	**23,908,589**	21,222,301
Accrued expenses	**128,778**	99,584
Staff related accruals	**2,058,219**	1,711,554
Dividends payable	**6,729,971**	4,077,734
Advance income from properties	**532,500**	532,500
Board of directors' remuneration payable	**1,925,000**	2,200,000
Other credit balances	**7,364**	5,190
	36,289,490	30,624,579

Net change in provisions, insurance and other payables in the cash flow statement is net of the effect of increase in dividends payable and Board of Directors remuneration payable as they were accrued for from retained earnings.

17 EMPLOYEES' END OF SERVICE BENEFITS

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

	2006	*2005*
	QR	*QR*
Provision as at 1 January	**829,978**	586,590
Provided during the year	**417,234**	252,721
End of service benefits paid	**(4,465)**	(9,333)
Provision as at 31 December	**1,242,747**	829,978

18 DIRECTORS' REMUNERATION

The Board of directors proposed the distribution of QR. 1,925,000 as remuneration to board members for the year 2006 (2005: QR. 2,200,000). The abovementioned remuneration has been appropriated from retained earnings.

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:

	2006	*2005*
	QR	*QR*
Net income for the year	**28,883,076**	42,204,191
Adjusted weighted average number of shares	**12,724,000**	12,724,000
Adjusted Earnings per share	**2.27**	3.32

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.

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:

	2006		*2005*	
	Premiums	***Claims***	*Premiums*	*Claims*
	QR	***QR***	*QR*	*QR*
Major shareholders	**6,513,516**	**868,971**	3,481,477	1,014,619

20 RELATED PARTY TRANSACTIONS (continued)

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

	2006		*2005*	
	Receivables	***Claims and payables***	*Receivables QR*	*Claims and payables QR*
Major shareholders	**4,102,502**	**1,489,705**	439,427	154,661

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:

	2006 QR	*2005 QR*
Short-term benefits	**1,511,000**	1,325,750
End of service and other benefits	**398,517**	72,500
	1,909,517	1,398,250

21 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments include deposits, cash, investment securities, receivables, payables, 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 firm market value (see Note 6), 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
Insurance risk is the risk that actual claims payable to contract holders in respect of insured events exceed the carrying amount of insurance liabilities. This could occur because the frequency or amounts of claims are more than expected.

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
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.

22 RISK MANAGEMENT (continued)

Motor
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 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.

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:

Interest rate risk
Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. 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 2006						
Assets						
Financial investments	-	-	32,358,193	175,353,156	207,711,349	8.2%
Cash and bank balances	61,082,091	-	-	-	61,082,091	4.3%
	61,082,091	-	32,358,193	175,353,156	268,793,440	
Liabilities						
Bank term loan	(1,566,060)	(1,290,515)	-	-	(2,856,575)	6.1%
Net interest rate gap	**59,516,031**	**(1,290,515)**	**32,358,193**	**175,353,156**	**265,936,865**	
31 December 2005						
Assets						
Financial investments	-	-	29,638,127	221,064,081	250,702,208	8.3%
Cash and bank balances	34,913,011	-	-	-	34,913,011	4.0%
	34,913,011	-	29,638,127	221,064,081	285,615,219	
Liabilities						
Bank term loan	(1,566,060)	(2,856,495)	-	-	(4,422,555)	4.99%
Net interest rate gap	33,346,951	(2,856,495)	29,638,127	221,064,081	281,192,664	

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 2 years from the balance sheet date.

22 RISK MANAGEMENT (continued)

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.

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 25% of the accounts receivables as of 31 December 2006. Two reinsurance companies account for 46.2% of the reinsurance receivable as of 31 December 2006.

Market price risk
Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market.

The company is exposed to market risk with respect to its listed equity financial instruments.

The company limits market risk by maintaining a diversified portfolio and by monitoring of developments in equity markets. The majority of the company's equities are listed on the Doha Stock Market.

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.

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:

	2006			*2005*		
	Doha Insurance QR	***Doha Solidarity QR***	***Total QR***	***Doha Insurance QR***	***Doha Solidarity QR***	***Total QR***
Revenues						
Insurance premium revenue	200,583,544	1,285,669	201,869,213	130,952,466	-	130,952,466
Insurance premium ceded to reinsurers	(145,508,880)	(1,285,669)	(146,794,549)	(97,029,524)	-	(97,029,524)
Net insurance premium revenue	55,074,664	-	55,074,664	33,922,942	-	33,922,942
Commission income	12,498,054	128,567	12,626,621	9,225,034	-	9,225,034
Total revenue	67,572,718	128,567	67,701,285	43,147,976	-	43,147,976
Expenses						
Claims paid	34,656,366	-	34,656,366	24,052,413	-	24,052,413
Reinsurer's share	(12,763,771)	-	(12,763,771)	(10,757,375)	-	(10,757,375)
Net claims	21,892,595	-	21,892,595	13,295,038	-	13,295,038
Commission paid	3,777,315	-	3,777,315	1,794,147	-	1,794,147
Total expenses	25,669,910	-	25,669,910	15,089,185	-	15,089,185
Movement in insurance reserves	(15,382,611)	(77,175)	(15,459,786)	(10,057,455)	-	(10,057,455)
Net Insurance revenue	**26,520,197**	**51,392**	**26,571,589**	**18,001,336**	**-**	**18,001,336**
Assets						
Total assets	430,759,730	1,487,156	432,246,886	420,739,768	-	420,739,768
Liabilities						
Insurance funds	(128,453,822)	(77,175)	(128,530,997)	(77,233,047)	-	(77,233,047)
Liabilities (other than insurance funds)	(39,231,710)	(1,207,102)	(40,438,812)	(35,877,112)	-	(35,877,112)
Net assets	**263,074,198**	**202,879**	**263,277,077**	**307,629,609**	**-**	**307,629,609**

24 COMMITMENTS AND CONTINGENCIES

Guarantees
At 31 December 2006 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 943,900 (2005: 883,358).

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

	2006 ***QR***	*2005* *QR*
Land under development	**55,653,325**	-

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

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

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2006

Islamic Takaful branch of Doha Insurance Company

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

(i) Balance Sheet as at 31 December 2006

	2006 *QR*
POLICYHOLDERS' OPERATIONS ASSETS	
Cash and bank balances	**215,776**
Insurance and other receivables	**1,020,272**
Property and equipment	**48,229**
Total policyholders' operations assets	**1,284,277**
SHAREHOLDERS' ASSETS	
Cash and bank balances	**202,879**
TOTAL ASSETS	**1,487,156**
SHAREHOLDERS' EQUITY, PARTICIPANTS' FUND AND LIABILITIES	
SHAREHOLDERS' EQUITY	
Shareholders' account	**202,879**
LIABILITIES	
Provisions, insurance and other payables	**1,207,102**
Deferred Commission	**77,175**
Total liabilities	**1,284,277**
TOTAL SHAREHOLDERS' EQUITY, FUND AND LIABILITIES	**1,487,156**

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
For the period from 1 October 2006 to 31 December 2006

Islamic Takaful branch of Doha Insurance Company

(ii) Statement of income for the period from 1 October 2006 to 31 December 2006:

	1 October 2006 to 31 December 2006 *QR*
PARTICIPANTS' REVENUES AND EXPENSES	
REVENUE	
Net Takaful revenue	**51,392**
EXPENSES	
Salaries and other staff costs	**75,915**
General and administrative expenses	**64,798**
Rent Expense	**50,000**
Depreciation expense	**2,486**
Total Takaful expenses	**193,199**
DEFICIT FOR THE PERIOD TRANSFERRED TO PARTICIPANTS' FUND	**(141,807)**