



s.a.l. **AD**onis **I**nurance **R**einsurance

**Table of Contents**

Auditors' Report .....	193
Insurance Market Growth in Lebanon .....	194
Balance Sheet as at December 31 2005 .....	195
Profit & Loss Account for the Year 2005 .....	196
Statement of Cash Flow .....	197
Bank Deposits Evolution .....	198
Total Assets Evolution .....	198
Gross Written Premium .....	199
Key Figures .....	199

## AUDITOR'S REPORT

**SG SEMAAN, GHOLAM & Co.**

■ Gholam Building  
Sioufi Street, Achrafieh  
Beirut, Lebanon

■ P.O.Box: 11-0558  
Riad El Solh - Beirut 1107 2050  
Beirut, Lebanon

■ Phone : (01) 323676  
Fax : (01) 204142  
siman@inco.com.lb

To the Shareholders  
Adonis Insurance and Reinsurance Co., ADIR S.A.L.  
Beirut, Lebanon

**Report on the financial statements**

We have audited the accompanying financial statements of Adonis Insurance and Reinsurance Co., ADIR S.A.L., which comprise the balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management of the company 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 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.

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.

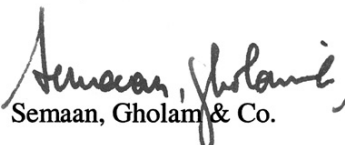
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 in 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. We have noted the following:-

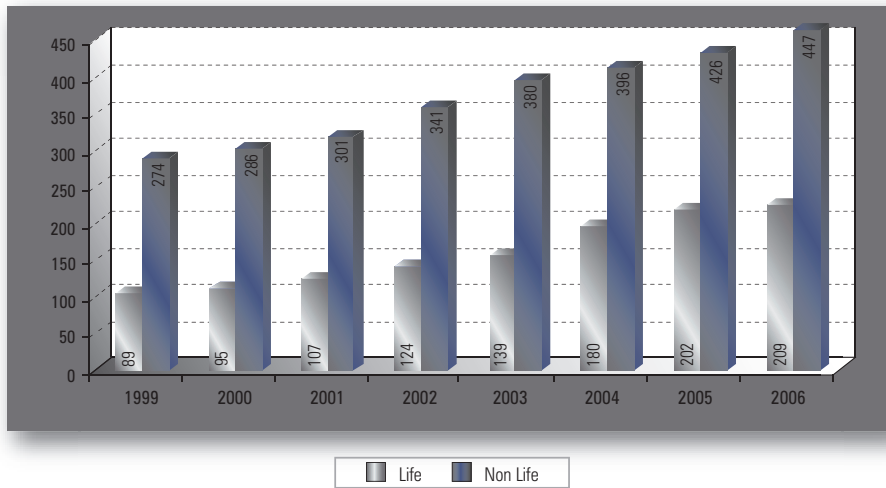
- The Company did not apply as of 1<sup>st</sup> January 2005 International Financial Reporting Standard 4 (IFRS4) related to the accounting treatment of investments and unit-linked contracts. However, it does not have any effect on net income of the Company.
- The Company has recognized a provision for risks that does not meet the requirements of International Accounting Standard N°37.

Except for the above remarks, in our opinion, the financial statements present fairly, in all material respects the financial position of Adonis Insurance and Reinsurance Co., ADIR S.A.L. 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.

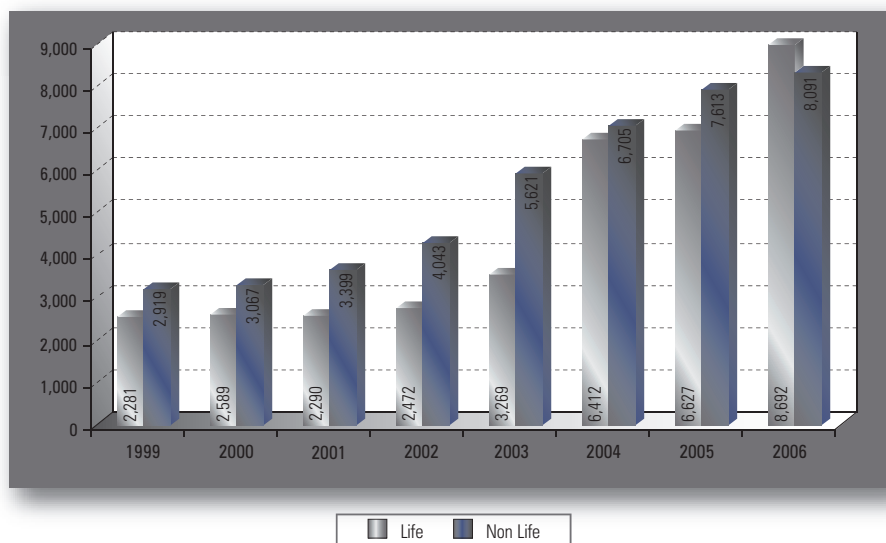
Beirut, 6 March 2007

  
Semaan, Gholam & Co.

During the last eight years (in millions of USD)  
**Insurance Market Growth Lebanon**



During the last eight years (in thousands of USD)  
**ADIR Premium Growth**



as at December 2006

BALANCE SHEET

	LIFE	NON-LIFE	TOTAL 2006	TOTAL 2005	Assets (LBP)
<b>CASH, BANKS &amp; INVESTMENTS</b>					
Cash & short term investments	774,564,476	2,414,652,798	3,189,217,274	3,662,339,810	
Long term investments	12,057,057,314	18,718,680,025	30,775,737,339	26,319,695,574	
Investments in financial instruments	0	6,677,636,337	6,677,636,337	5,250,403,849	
Unit-linked contracts investments	15,802,454,865	0	15,802,454,865	9,292,437,884	
	<b>28,634,076,655</b>	<b>27,810,969,160</b>	<b>56,445,045,815</b>	<b>44,524,877,117</b>	
Premiums receivable	838,301,469	934,294,716	1,772,596,185	1,671,151,388	
Receivable under reinsurance contracts	0	98,502,693	98,502,693	98,095,457	
Reinsurance share in technical reserve	4,980,933,322	364,891,475	5,345,824,797	5,019,678,599	
Inter branches account	1,611,391,666	(1,611,391,666)	0	-	
Tangible assets	365,000,000	1,173,206,214	1,538,206,214	1,398,027,193	
Intangible assets	0	65,423,484	65,423,484	52,100,325	
Other assets	0	28,614,838	28,614,838	37,687,263	
	<b>7,795,626,457</b>	<b>1,053,541,754</b>	<b>8,849,168,211</b>	<b>8,276,740,225</b>	
<b>Total assets</b>	<b>36,429,703,112</b>	<b>28,864,510,914</b>	<b>65,294,214,026</b>	<b>52,801,617,342</b>	

Return on Equity 18.89%

	LIFE	NON-LIFE	TOTAL 2006	TOTAL 2005	Liabilities & Shareholders' Equity (LBP)
<b>LIABILITIES / TECHNICAL RESERVES</b>					
For unearned premium	3,388,334,696	4,681,679,595	8,070,014,291	7,351,372,907	
For outstanding claims	269,631,269	1,183,919,688	1,453,550,957	1,206,470,501	
Mathematical reserve - life	1,964,295,476	-	1,964,295,476	1,814,451,520	
Mathematical reserve - unit linked	14,887,721,632	-	14,887,721,632	8,892,504,828	
Policyholders dividend reserve	801,659,978	-	801,659,978	365,410,915	
Other technical reserve	496,124,198	1,522,826,652	2,018,950,850	1,268,887,902	
	<b>21,807,767,249</b>	<b>7,388,425,935</b>	<b>29,196,193,184</b>	<b>20,899,098,573</b>	
Liabilities under reinsurance contracts	826,272,940	707,102,891	1,533,375,831	1,522,353,975	
Reinsurers' deposits	3,886,648,032	-	3,886,648,032	3,693,940,543	
Other debts	225,000,000	8,192,131,042	8,417,131,042	6,645,524,735	
Provision for risks and charges	120,000,000	140,000,000	260,000,000	240,000,000	
<b>Total Liabilities</b>	<b>26,865,688,221</b>	<b>16,427,659,868</b>	<b>43,293,348,089</b>	<b>33,000,917,826</b>	
<b>SHAREHOLDERS' EQUITY</b>					
Capital	2,250,000,000	2,750,000,000	5,000,000,000	5,000,000,000	
Legal reserve	520,788,516	1,146,211,484	1,667,000,000	1,667,000,000	
General reserve	5,217,251,063	6,162,748,937	11,380,000,000	9,550,000,000	
Retained earnings	1,575,975,312	2,377,890,625	3,953,865,937	3,583,699,516	
<b>Total shareholders' equity</b>	<b>9,564,014,891</b>	<b>12,436,851,046</b>	<b>22,000,865,937</b>	<b>19,800,699,516</b>	
<b>Total liabilities &amp; shareholders' equity</b>	<b>36,429,703,112</b>	<b>28,864,510,914</b>	<b>65,294,214,026</b>	<b>52,801,617,342</b>	

OFF BALANCE SHEET

Letter of guarantee			49,621,000	49,621,000	
---------------------	--	--	------------	------------	--

Return on Assets 6.70%

for the year 2006

## PROFIT &amp; LOSS ACCOUNT

(LBP)	GROSS OPERATIONS 2006	CEDED OPERATIONS 2006	NET OPERATIONS 2006	NET OPERATIONS 2005
<b>LIFE BUSINESS</b>				
Gross written premiums	13,103,389,164	3,757,243,751	9,346,145,413	6,394,103,458
Less: unearned & mathematical reserve variation	(6,484,862,421)	(244,774,805)	(6,240,087,616)	(4,096,396,792)
	6,618,526,743	3,512,468,946	3,106,057,797	2,297,706,666
Claims and surrenders	1,746,066,131	292,201,464	1,453,864,667	826,845,587
Add: outstanding claims - net	24,595,405	21,717,573	2,877,832	(6,905,493)
	1,770,661,536	313,919,037	1,456,742,499	819,940,094
<b>Technical margin-life</b>	<b>4,847,865,207</b>	<b>3,198,549,909</b>	<b>1,649,315,298</b>	<b>1,477,766,572</b>
<b>NON LIFE BUSINESS</b>				
Gross written premiums	12,197,501,966	4,303,383,535	7,894,118,431	7,127,578,412
Less: unearned & technical reserve variation	(382,669,165)	(139,814,184)	(242,854,981)	(732,675,557)
	11,814,832,801	4,163,569,351	7,651,263,450	6,394,902,855
Claims paid	4,227,254,207	966,318,023	3,260,936,184	2,206,402,126
Add: outstanding claims and IBNR - net	968,718,557	(80,160,363)	1,048,878,920	727,611,329
	5,195,972,764	886,157,660	4,309,815,104	2,934,013,455
<b>Technical margin non life</b>	<b>6,618,860,037</b>	<b>3,277,411,691</b>	<b>3,341,448,346</b>	<b>3,460,889,400</b>
<b>Global Technical Margin</b>	<b>11,466,725,244</b>	<b>6,475,961,600</b>	<b>4,990,763,644</b>	<b>4,938,655,972</b>
Technical income from operations			2,940,751,448	2,819,365,174
<b>Total insurance revenue</b>			<b>7,931,515,092</b>	<b>7,758,021,146</b>
Other operating charges			3,012,921,719	2,910,902,965
Salaries and social charges			1,889,337,761	1,753,048,542
Taxes			576,380,928	496,394,620
Depreciation and provisions			759,258,410	627,991,527
<b>Total charges</b>			<b>6,237,898,818</b>	<b>5,788,337,654</b>
<b>Net operating profit</b>			<b>1,693,616,274</b>	<b>1,969,683,492</b>
Financial income			2,395,715,497	1,761,596,060
Other income			934,650	3,768,750
<b>Profit before income tax</b>			<b>4,090,266,421</b>	<b>3,735,048,302</b>
Income tax			140,100,000	160,376,875
<b>Profit for the year</b>			<b>3,950,166,421</b>	<b>3,574,671,427</b>

Solvency Ratio 71.34%

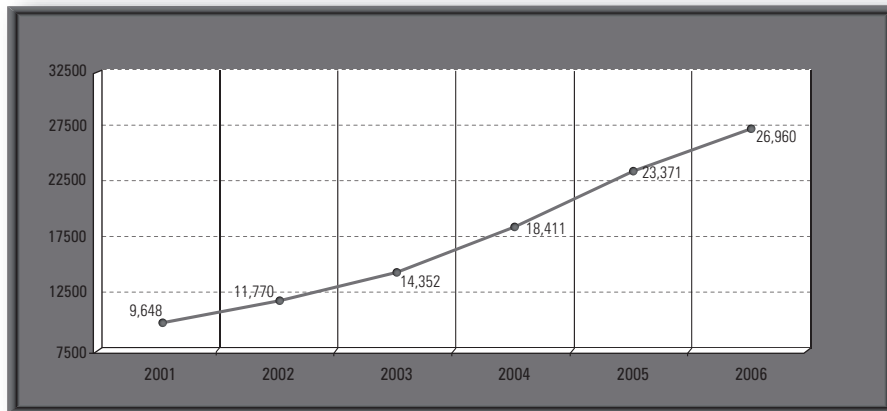
STATEMENT OF CASH FLOW

	2006	2005	(LBP)
<b>OPERATING ACTIVITIES</b>			
Profit before income tax	4,090,266,421	3,735,048,302	
Adjustments for:			
- depreciation	452,210,368	484,828,535	
- provision	304,733,668	143,162,992	
- provision no more required	-	(121,727,737)	
- net charge in technical provision	7,970,948,413	5,795,330,579	
<b>Trading profit</b>	<b>12,818,158,870</b>	<b>10,036,642,671</b>	
(Increase) decrease of premium receivable	(354,537,659)	112,924,642	
(Decrease) increase of reinsurers current account	(170,104,102)	(19,311,842)	
Increase of accounts payable	1,962,532,265	2,599,274,400	
Income tax on profit	(149,900,000)	(144,215,916)	
(Increase) other assets	9,072,425	(131,317)	
(Increase) decrease of deposits more than 3 months	(7,636,274,946)	(8,976,471,454)	
	<b>6,478,946,853</b>	<b>3,608,711,184</b>	
<b>INVESTING ACTIVITIES</b>			
(Increase) decrease of unit-linked contracts investments	(6,510,016,981)	(4,090,000,135)	
Acquisition of fixed assets	(541,496,817)	(87,921,150)	
Acquisition of software	(64,215,731)	(12,436,875)	
Increase of financial investments	(1,427,232,488)	(5,250,403,849)	
	<b>(8,542,962,017)</b>	<b>(9,440,762,009)</b>	
<b>FINANCING ACTIVITIES</b>			
Increase of reinsurers deposit	192,707,489	439,089,032	
Dividend distribution	(1,750,000,000)	(1,650,000,000)	
	<b>(1,557,292,511)</b>	<b>(1,210,910,968)</b>	
<b>(DECREASE) INCREASE IN CASH &amp; CASH EQUIVALENTS</b>	<b>(3,729,370,091)</b>	<b>(7,042,961,793)</b>	
<b>CASH &amp; CASH EQUIVALENT AT BEGINNING OF YEAR</b>	<b>14,458,510,589</b>	<b>21,500,331,608</b>	
<b>CASH &amp; CASH EQUIVALENT AT YEAR END</b>	<b>10,729,140,498</b>	<b>14,457,369,815</b>	

**Return on Investment 15.75%**

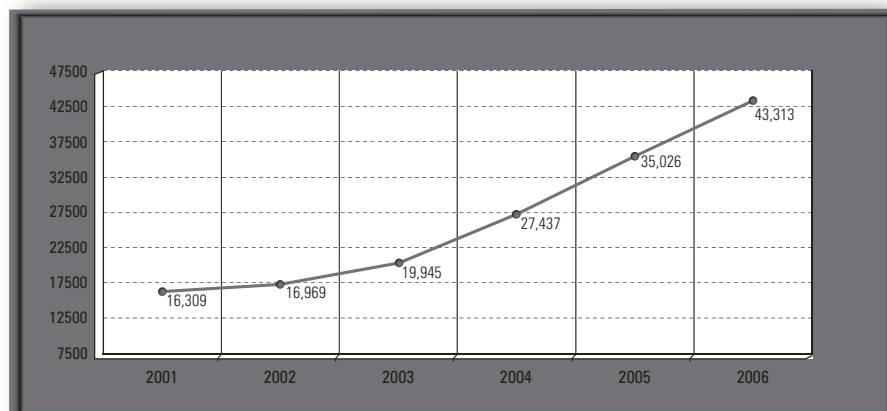
in thousand of USD

**Banks Deposits Evolution**



During the last six years (in thousands of USD)

**Total Assets Evolution**



USD

### Gross Written premium

	2006	2005
Life	8,692,132	6,626,693
Fire	1,610,465	1,600,980
Marine	653,510	876,183
General Accident	802,055	1,037,870
Motor	3,758,683	3,180,853
Medical	505,467	494,010
Miscellaneous	761,032	423,483
	<b>16,783,344</b>	<b>14,240,072</b>
<b>Growth</b>	<b>17.86%</b>	<b>+8.56%</b>
<b>No. of contracts issued</b>	<b>55,111</b>	<b>47,630</b>

### Key Figures

<b>Capital</b>	<b>LBP 5,000,000,000 fully paid</b>
<b>Shareholder's Equity</b>	<b>USD 14,594,273</b>
<b>Total Assets</b>	<b>USD 43,312,911</b>
<b>Cash at Banks</b>	<b>USD 26,960,000</b>
<b>Number of Clients</b>	<b>43,497</b>
<b>Number of Policies in Force</b>	<b>74,829</b>
<b>NET PROFIT</b>	<b>USD 2,620,343</b>
<b>SOLVENCY RATIO</b>	<b>71.34%</b>

-----  
If you are a bridge builder, the world is a much better place because of the difference you make in the lives of others.

Annual Report 06  
**Acknowledgments**



**concept, copywriting, design & layout**  
© PR and Communication Unit - Marketing,  
Sales & Retail Products Department - Byblos Bank

**photography**  
Fares el-Jammal

**printed by**  
Anis Commercial  
Printing Press

**casts**  
Lebanese young talents

**Our thanks go to every bridge builder  
who made this project possible.**