

ANNUAL REPORT 2006



تأمينات مغربية  
ASSURANCES MAGHREBIA

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## BOARD OF DIRECTORS

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### FOUNDING PRESIDENT

Mr. ABDELAZIZ ESSASSI

### DIRECTORS

LE ASSICURAZIONI D'ITALIA ASSITALIA - GENERALI Group

Represented by :

Mr. LUCIANO CIRINA

Mr. PIERO MOZZI

UNION FINANCIERE

Represented by :

Mr. NABIL ESSASSI

Mr. ABDELMONEM TRABELSI

Mr. MOHAMED MONCEF MAAOUI

Professor RIDHA M'RAD

### DIRECTOR GENERAL

Mr. ABDELAZIZ DERBEL

### STATUTORY AUDITORS

Mr. RAOUF MENJOUR

Independent Member of Baker Tilly International

Mr. MAKRAM GUIRAS

Member of the Order of Chartered Accountants

## STATEMENT BY THE FOUNDING PRESIDENT

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*Within a rapidly changing economic context, ASSURANCES MAGHREBIA was able to confirm its ability to achieve a strategy of sustainable and profitable growth. Results recorded in 2006 are all the more satisfactory as they resulted both in the development of all the branches and an improvement in technical results, as well as in successful financial management.*

*In 2006, our Company strengthened its position in the market, continued a well targeted development policy, enhanced its range of products, improved the provision of services and achieved satisfactory financial profits.*

*This success is due to the commitment and mobility of all colleagues/partners and their respective teams as well as to the trust and support of our friends - both shareholders and partners - without whom no long-term strategy can develop.*

*I would like to express to them here my compliments and thanks for the results achieved and congratulate them on their involvement, contributions and commitment.*

*To take full advantage of these results, ASSURANCES MAGHREBIA must remain heedful to the challenges of a very competitive insurance market and constantly changing institutional environment.*

*In 2007 we will have to strive hard to progress even further in the direction we have chosen in order continually to improve our competitiveness and efficiency. To achieve this, we will always listen to our clients so as to be able to respond competently and effectively to their needs, while maintaining a service quality that meets their expectations.*

*I am absolutely convinced that, thanks to the undying and precious support of our main partner Group GENERALI, ASSURANCES MAGHREBIA will be able to face unwaveringly the major changes now underway and meet successfully the different future challenges confronting the various stages of the Company's development.*

*I am also convinced that I can rely on the commitment and mobilisation of all our colleagues, as well as on the professionalism of our insurance agents and brokers, to enable ASSURANCES MAGHREBIA to fulfil its role in the development of this sector and to contribute its best to the development of the Tunisian economy.*

**Abdelaziz ESSASSI**



## ECONOMIC ENVIRONMENT

### WORLD ECONOMIC OUTLOOK

In 2006, the world economy showed a growth of 5.1% compared to 4.9% in 2005, despite soaring petrol prices and a slowdown in the economic activities in the USA and Japan.

Economic growth in the European Union and the Euro-zone was 2.9% compared to 1.7% in 2005. This result was reached as a result of strong export figures, despite the strength of the Euro and consumer dynamics.

Other equally important factors characterised 2006, notably the increasing power of emerging countries, impelled by China and India, as well as the strongly increased trend for mergers and acquisitions.

### TUNISIAN ECONOMIC OUTLOOK

The Tunisian economy was mainly influenced by the continued recovery of the industrial sector, the improvement of results in the agricultural and fishing sectors, and the consolidation of some activities in the service sector, especially communications.

In industry, the general production index increased by 3.4% to the end of November 2006 as against 0.7% in the preceding year.

Foreign currency earnings in the tourist sector reached TD 2,751 million in 2006, an increase of 6.3% over 2005.

Concerning foreign trade, exports grew by 12.6% and imports by 15.6%, which resulted in an increase in the trading deficit and a decrease in the coverage ratio from 79.6% in 2005 to 77.5% this year.

In the non-agricultural employment sector, 77,000 jobs were created in 2006 compared to 76,500 in 2005.

The average inflation rate was higher than forecast, reaching 4.5% in 2006 as compared to 2% in 2005.

It is in this context, and in order to curb price inflation, that the Tunisian Central Bank decided to increase the interest rate by 25 base points, fixing it at 5.25% from 26 September 2006.

## THE INSURANCE SECTOR

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### AT THE INTERNATIONAL LEVEL

According to Swiss Re, the world's foremost re-insurer, 2006 was one of the most moderate years for insurance companies around the world at the level of material damages. Indeed, for the first time in five years, the insurance sector was not affected by any major catastrophes, neither by a major terrorism act like that of 11 September 2001, nor by any natural catastrophes like the tornadoes in the United States in 2005, nor by any major stock market crisis.

In 2006, natural or technical catastrophes caused a total of only 40 billion dollars, of which 15 billion are covered by insurance companies.

### AT THE NATIONAL LEVEL

During 2006, the Tunisian insurance sector was involved in commencing negotiations on sector agreements that rule contractual relations between Caisse Nationale d'Assurance Maladie (CNAM) and health care providers.

A number of decrees on the insurance sector were also enacted in 2006, especially:

- The decree of 17 January 2006 by the Ministry of Finance fixing the rules applying to the functioning of the central bureau of fee charges.
- The decree of 27 March 2006, defining the terms relative to the conditions of applying the provisions of Chapter 1 of title 5 of the insurance Code for users of motorised land vehicles not licensed under any of the licensing series operating in Tunisia, as well as the conditions applying to the establishment and validity of documents required to establish an insurance contract.
- The decree of 12 April 2006 by the Ministry of Finance outlining the format and contents of the insurance certificate.
- The decree of 24 July 2006, defining the level of financial contributions to Guarantee Fund for Victims of Traffic Accidents and the method of calculating them.
- The decree of 28 August 2006 concerning the methods of intervention of the Fund for the Prevention of traffic accidents, its operational methods, its basis and the rate of contributions earmarked for it.

## GENERAL ACTIVITIES OF THE COMPANY

In a very competitive economic environment and a restrictively regulated subscription environment, in 2006 ASSURANCES MAGHREBIA was able to combine both the development of its activities and continued healthy and solid growth.

### KEY FIGURES

These are as follows :

DESCRIPTION	2005	2006	DIFFERENCE
Company Turnover (CT)	63,917,857 TD	73,766,222 TD	15.4%
Compensations	26,734,447 TD	25,752,891 TD	-3.7%
Premium payments	66,880,075 TD	76,842,951 TD	14.9%
Recovery Rate	92%	92%	-
Commission payments	4,767,182 TD	6,100,506 TD	27.9%
Overheads (O)	7,014,941 TD	7,923,059 TD	12.9%
CT/O ratio	10.9%	10.7%	-1.8%
General charge ratio	18.4%	18.8%	2.2%
Stocks & shares	57,653,218 TD	83,307,646 TD	44.5%
Net profit	2,423,003 TD	3,093,504 TD	27.7%

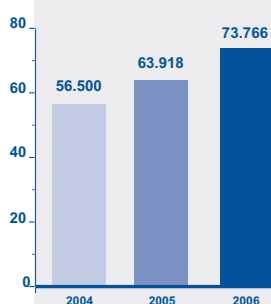
### PORTFOLIO STRUCTURE

The Car Insurance branch increased its share in the company's overall turnover from 25.1% in 2005 to 27.6% this year.

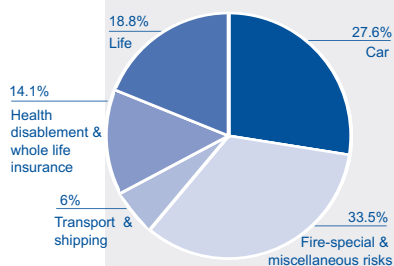
The contribution of FMSR branches in the overall company turnover decreased from 37.7% in 2005 to 33.5% in 2006.

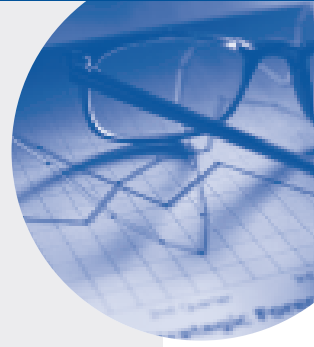
The Transport & Shipping branch contribution declined from 6.4% in 2005 to 6% in 2006.

Growth of turnover for the last 3 years (in MD)



Portfolio structure by branch as of 31/12/2006





The Life Insurance branch continued to consolidate its position within the company portfolio structure and increased from 15.6% in 2004 to 16% in 2005 and to 18.8% this year.

Group Health Insurance has been on the decline for some time and went from 15.1% in 2004 to 14.9% in 2005 and to 14.1% this year.

### CLAIMS AND TECHNICAL RESERVES

As of 31 December 2006, compensations for claims paid out during this financial year amounted to 25,752,891 TD as compared to 26,734,447 TD in 2005, i.e. a slight decrease of 3.7%.

The overall share of claims paid out in 2006 represents 34.9% of company turnover against 41.8% last year.

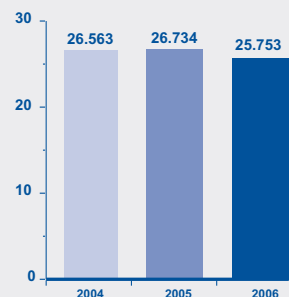
Technical reserves increased from 94,861,116 TD in 2005 to 116,610,864 TD in 2006, an increase of 21,749,748 TD which represents a 22.9% growth. This represents 158.1% of the premiums paid out this fiscal year.

### COSTS OF REINSURANCE

The total amount of compensations paid out rose from 22,388,574 TD in 2005 to 25,336,073 TD in 2006, i.e. an increase of 13.2%. The ratio between compensations paid out and compensations released during this year is 34.3%.

The amount of damages to be paid out to re-insurers was 2,100,100 TD and the participation of the latter in technical reserves was 29,848,241 TD.

Claims payment over the past 3 years (in MD)





## COMPANY ACTIVITIES BY BRANCH

The development of company activities is evenly spread between the various branches.

### CAR INSURANCE

Following the regular growth in the number of cars and the combined effect of an increase in RC fees and the application of subscription measures to certain types of vehicles, the Car Insurance branch grew by 27%, increasing from 16,019,945 TD in 2005 to 20,350,608 TD this year.

Compensations for all types of damages paid out for this branch amounted to 11,744,573 TD against 11,877,156 TD last year, i.e. a slight decrease of 1.1%.

Payments made for material damages amounted to 5,056,227 TD compared to 4,889,415 TD in 2005, i.e. an increase of 3.4%.

Claims for physical damages paid out decreased by 4.3% from 6,987,741 TD in 2005 to 6,688,346 TD in 2006.

The total reserve for claims to be paid out under this heading is 37,231,376 TD against 33,138,549 TD in 2005.

### FIRE - MISCELLANEOUS & SPECIAL RISKS (FMSR)

The pressure of competition has limited the growth of this market sector. The FMSR branches recorded a 2.7% growth to attain 24,738,485 TD this year against 24,088,578 TD in 2005.

The Fire branch grew more slowly this year, by 6.1% against 13.4% in 2005, i.e. from 11,887,753 TD in 2005 to 12,615,215 TD this year.

Multi-risk insurances increased by 7.8% as compared to 2005, i.e. from 1,266,428 TD last year to 1,365,488 TD in 2006.

Individual accidents/risks insurances grew by 37.2%, reaching 1,288,965 TD against 939,737 TD in 2005.

Turnover for household insurance against Theft increased significantly by 21.5% from 306,971 TD last year to 372,909 TD this financial year.

Claims paid out under Special Risks decreased by 6.6% from 7,836,073 TD in 2005 to 7,320,601 TD this year.



Payments for “Assistance” amounted to 528,382 TD against 575,143 TD in 2005, indicating a decline of 8.1%.

After a 2.1% decline of the turnover of Civil Liability insurance policies in 2005, it increased slightly by 0.7% from 3,118,044 TD in 2005 to 3,140,796 TD this year.

Claims paid out under the FMSR branches amounted to 2,148,513 TD in 2006 compared to 3,568,636 TD in 2005, i.e. a decrease of 39.8%.

Reserves for claims to be paid out for the FMSR branches increased by 120.5%, from 7,407,104 TD in 2005 to 16,331,040 TD this year.

## TRANSPORT & SHIPPING

Turnover of the Transport & Shipping increased steadily by 8.9%, and reached 4,446,669 TD against 4,082,749 TD in 2005.

Claims paid out under this branch amounted to 429,750 TD against 559,112 TD in 2005, i.e. a 23.1% decrease.

Reserves for claims reimbursement amounted to 3,261,114 TD against 3,089,102 TD as of 31 December 2005.

## LIFE INSURANCE

The different Life Insurance branches grew steadily in 2006 and recorded a 35.7% growth to reach 13,838,191 TD against 10,195,780 TD in 2005.

With an average annual growth of 24% during the past three years, this insurance sector has become a privileged domain and a solid pillar supporting Company growth.

2006 was marked by the growing power of the “bancassurance” activity, the dynamics of the health product “Premier 1” and the initiation of the new product “Prospérité”.

Payments (services and capital due) attained 1,700,425 TD against 1,932,602 TD in 2005.

The reserves for Life Insurance have grown by 19.4%, from 30,582,170 TD in 2005 to 36,518,554 TD this year.



## COMPANY ACTIVITIES BY BRANCH

Other technical reserves for Life Insurance increased by 32.5% to reach a total of 2,318,604 TD against 1,748,893 TD in 2005.

### HEALTH AND DISABLEMENT INSURANCE

As compared to the preceding financial year, the turnover of the Health and Disablement branch recorded a 9% increase, with the turnover going from 9,530,806 TD in 2005 to 10,392,268 TD this year.

Reimbursements of healthcare expenses made under this heading reached 9,557,175 TD against 8,665,709 TD in 2005, an increase of 10.3% as compared to last year.

“Pharmaceutical Expenses” were the most important reimbursement item at 43.3%, followed by “Doctors’ Fees” at 22.1%; “Optical and Dental” expenses representing 12.9%.

### WORK ACCIDENTS AND VOCATIONAL DISEASES

Claims paid out for the settlement of annuities amounted to 172,455 TD against 131,231 TD last year. They represent 0.7% of all claims paid out.

Reserves for annuities went from 1,352,686 TD as of 31 December 2005 to 1,219,827 TD as of 31 December 2006, i.e. a reduction of 9.8%.



## ADMINISTRATIVE AND COMMERCIAL MANAGEMENT

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### HUMAN RESOURCES

As of 31 December 2006, manpower was practically the same as in 2005, i.e. 198 salaried staff against 199 last year. This is a proof the Company's policy aimed at controlling staff numbers while pursuing its own development.

Graduates (Baccalaureate +4/+5) currently make up 25.3% of all staff compared to 23.1% in 2005 and 22.6% in 2004.

The Company's productivity is steadily progressing, from 321,195 TD in 2005 to 372,557 TD in 2006.

### TRAINING

As the Company considers training a major development lever in human resources, it has intensified its training activities.

Forty-four training activities were undertaken in 2006 for 40.4% of the staff, i.e. 2,868 hours devoted to training.

### DISTRIBUTION

To ensure its development, the Company has set up a major distribution network characterised by its diversity.

Convinced that it should be geographically close to its clients, in 2006 the Company reinforced its network by opening three new agencies and a Direct Office.

Our network therefore now includes 55 Agencies, 13 direct offices and 13 brokers firms.

The distribution of Life Insurance products is mainly in the hands of Life Insurance Companies, Commercial Staff and Banks.

Geographically, underwriting is diversified with 75.6% of it achieved by the Greater Tunis network and 11.8% by the Central area. The Southern and Northern networks achieved respectively 11.4% and 1.3% of the Company's turnover.



## ADMINISTRATIVE AND COMMERCIAL MANAGEMENT

### COMPUTERISATION

In order for our insurance agencies to get closer to the central services, the Company continued the installation and use of the PVN (Private Virtual Network) in 2006. This new communication medium, already been set up in the Direct Offices and Client Service Centres since 2005, has been extended to 40% of the agencies and two brokers firms.

It should also be stressed that our Internet site has been updated with a new visual and graphic interface as well as new functions. This new site includes several headings, especially “Online rate”, “Answer within 24 hours” and “Client space”.

### COMMUNICATIONS

In order to become a leader in the world of insurance, the Company has throughout 2006 undertaken marketing actions aimed at consolidating its market recognition and quality image, encouraging contacts with its clients and the general public as well as developing the sale and promotion of insurance products.

The most important event of the year was marked by the introduction of the new product “Prospérité” and the application of innovative tools for direct marketing (e-mailing, tele-marketing) as new promotional supports.

### QUALITY APPROACH

The quality approach is at the centre of ASSURANCES MAGHREBIA concerns and has resulted in our Company being one of the first in the insurance sector to earn the ISO 9001 certification, delivered by BVQI since 2001, then to pass successfully to the 2000 version in 2004, following a programme of periodic audits.

In the framework of a regular improvement process, staff members had been mobilised throughout 2006 to evaluate the effectiveness and efficiency of the Company’s quality management system.

As proposed by the renewal of the certification in 2004, this dynamic development approach, aimed at applying and following improvement objectives, has only one target : client satisfaction.



## PROSPECTS

Results recorded in 2006 prove that ASSURANCES MAGHREBIA is motivated by growth dynamics. With strong results, the Company is in a position to pursue the development of activities in a motivated and balanced fashion, diversifying risks and adopting the prospect of sustained development and profitability.

Development prospects for 2007 focus fundamentally on:

- Maintaining a strict and disciplined policy of subscription;
- Controlling portfolio balance;
- Pursuing the technical results of the various branches;
- Reducing costs and improving productivity;
- Improving continually the quality management approach.

## REPORT BY THE AUDITORS

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To the Company Shareholders,

In accordance with the legal mission of Company auditors entrusted to us in accordance with the proceedings of your Ordinary General Meetings of 25 May 2005 and 24 April 2006, we have audited the financial accounts of ASSURANCES MAGHREBIA as of 31 December 2006.

These accounts fall under the responsibility of the Board of Directors, and our responsibility consists of expressing an opinion on these financial accounts based on our audit.

### I. OPINION ABOUT THE ANNUAL ACCOUNTS

The financial statements were made available to us as provided for by the Law 96-112 of 30 December 1996, the decree 96-2459 of 30 December 1996, as well as the norms 26 to 31 provided for by the bylaw of 26 June 2000 by the Ministry of Finance approving accounting norms for various sectors, and the bylaw of 27 February 2001 by the Ministry of Finance as modified by the bylaw of 28 March 2005 by the Ministry of Finance on the computation of technical reserves and the conditions of their presentation.

We have conducted this audit in compliance with the standard practice of our profession, including all the necessary verifications to make reasonably sure that the accounts do not contain any significant anomalies.

Our audit consists of the verification, through surveys, of elements that prove their compliance with these accounts. It also consists of assessing the underlying accounting standards and the significant estimates made for the settlement of these accounts as well as their overall presentation. We consider that our control provides a reasonable base for the opinion expressed hereafter.

Based on our audit, we hereby certify that the annual accounts of ASSURANCES MAGHREBIA have been regularly and fairly drawn up and that they faithfully reflect the assets, financial condition and results of the company's operations for the financial year ending 31 December 2006.

The net total of the Balance Sheet submitted for your approbation is 167,765,156.416 TND, generating a net profit of 3,093,503.987 TND.

## II. VERIFICATIONS AND SPECIFIC INFORMATION

In compliance with the standard practice of our profession we have also undertaken the verifications required by law.

In conformity with the provisions of article 266 of the code of commercial companies, we have no observations to make on the sincerity and the reconciliation of the annual accounts with the data provided by the management report of the Board of Directors and by the documents addressed to the shareholders on the financial situation and the annual accounts.

THE AUDITORS

RAOUF MENJOUR

Independent Member of Baker Tilly International

MAKRAM GUIRAS

Member of the Order of Chartered Accountants

## BALANCE SHEET AS OF 31 DECEMBER 2006

(DINARS)

ASSETS	31/12/06		31/12/05
	GA + DEPRECIATION	NET	NET
<b>Intangible assets</b>			
Software and purchased portfolios	407 982.795	118 798.860	337 069.842
Less depreciations and provisions	(289 183.935)		(236 662.206)
	<b>407 982.795</b>	<b>118 798.860</b>	<b>100 407.636</b>
<b>Tangible assets</b>			
Office furniture, computer and transport equipment	3 694 628.975	900 124.557	3 512 563.833
Less depreciations and provisions	(2 794 504.418)		(2 583 735.671)
	<b>3 694 628.975</b>	<b>900 124.557</b>	<b>928 828.162</b>
<b>Investments</b>			
<b>Land and buildings</b>			
Operating land and buildings	5 343 934.982	4 330 918.012	5 322 080.982
Less depreciations and provisions	(1 013 016.970)		(899 409.478)
Non-operating land and buildings	13 537 980.016	9 899 408.702	13 537 980.016
Less depreciations and provisions	(3 638 571.314)		(3 319 480.714)
<b>Investments in subsidiaries and affiliated companies</b>			
Investments in subsidiaries	5 825 108.280	5 825 108.280	2 823 092.280
Floating rate shares and securities	12 951 446.159	12 050 128.283	15 752 279.040
Less depreciations and provisions	(901 317.876)		(1 046 242.580)
Fixed income securities and bonds	64 583 766.144	64 583 766.144	40 241 770.866
Advances on life policies	222 763.423	222 763.423	214 563.860
Deposits and guarantees	1 740.000	1 740.000	1 390.000
Funds held by grantor companies	246 756.695	246 756.695	288 451.398
Investments representing the technical reserves related to contracts in units of account	258 710.433	258 710.433	
	<b>102 972 206.132</b>	<b>97 419 299.972</b>	<b>72 916 475.670</b>
<b>Reinsurers' share in the technical reserves</b>			
Unearned premium reserves (non-life)	9 666 919.130	9 666 919.130	8 881 451.698
Mathematical reserves (life)	269 364.361	269 364.361	140 157.981
Claims reserves (non-life)	19 880 812.781	19 880 812.781	12 102 183.358
Claims reserves (life)	31 144.392	31 144.392	1 906.000
	<b>29 848 240.664</b>	<b>29 848 240.664</b>	<b>21 125 699.037</b>
<b>Receivables</b>			
<b>Receivables due from direct insurance operations</b>			
Earned and unwritten premiums	2 226 772.552	2 226 772.552	2 094 465.887
IDA and advance payments	1 679 725.676	1 679 725.676	1 535 304.027
<b>Other receivables due from direct insurance operations</b>			
Receivable premiums	11 043 452.530	7 299 648.301	12 199 998.937
Premiums to be cancelled (life)	(2 920 638.768)		(2 327 278.226)
Premiums to be cancelled (non-life)	(823 165.461)		(702 139.663)
Other miscellaneous receivables	2 623 936.889	926 254.791	2 393 618.207
Less depreciation and provisions	(1 697 682.098)		(1 316 077.473)
Co-insurance debit balance	1 367 342.414	1 367 342.414	924 015.438
<b>Receivables due from reinsurance operations</b>			
Grantor companies current account	661 236.040	661 236.040	629 641.948
Other receivables from reinsurance operations	413 043.092	413 043.092	413 043.092
<b>Other receivables</b>			
State, Social Security, Local authorities	33 685.060	33 685.060	842 328.582
Miscellaneous receivables	409 805.704	409 805.704	614 483.505
	<b>20 458 999.957</b>	<b>15 017 513.630</b>	<b>17 301 404.261</b>
<b>Other Assets</b>			
Securities to be collected	5 511 597.883	5 511 597.883	5 118 813.363
Banks, giro accounts and cash in hand	13 437 569.224	13 437 569.224	13 016 536.326
Deferred acquisition expenses	1 949 674.299	1 949 674.299	1 429 290.810
Unmatured interests and rents	3 348 302.615	3 348 302.615	3 440 688.390
Other equalization accounts	214 034.712	214 034.712	183 337.038
	<b>24 461 178.733</b>	<b>24 461 178.733</b>	<b>23 188 665.927</b>
<b>Total Assets</b>	<b>181 843 237.256</b>	<b>167 765 156.416</b>	<b>135 561 480.693</b>

(DINARS)

SHAREHOLDERS' EQUITY AND LIABILITIES	31/12/06	31/12/05
<b>Shareholders' Equity</b>		
Share Capital	10 000 000.000	10 000 000.000
Legal Reserves	975 098.073	845 343.642
Revenue reserves	200 000.000	200 000.000
Other shareholders' equity	10 332 901.278	9 118 369.886
Results carried forward	550 802.800	172 085.604
<b>Total shareholders' equity before results for the year</b>	<b>22 058 802.151</b>	<b>20 335 799.132</b>
Profit for the year	3 093 503.987	2 423 003.019
<b>Total shareholder's equity before appropriation</b>	<b>25 152 306.138</b>	<b>22 758 802.151</b>
<b>Liabilities</b>		
<b>Technical reserves</b>		
Unearned premium reserves (non-life)	19 227 692.692	16 495 349.448
Mathematical reserves (life)	36 518 554.432	30 582 170.000
Reserves for management expenses (life)	289 982.937	234 804.000
Claims reserves (life)	1 563 663.358	1 331 530.000
Claims reserves (non-life)	56 823 530.115	43 644 196.226
Projected recoveries to be collected (non-life)	(3 117 188.572)	(3 370 815.133)
Annuities mathematical reserves (non-life)	1 531 050.780	1 811 352.482
Reserves for profit participations and return premiums (non life)	58 338.504	66 198.939
Reserves for profit participations and return premiums (life)	135 710.492	112 559.000
Reserves for outstanding risks (non-life)	133 093.237	512 955.707
Equalization reserves (life)	70 000.000	70 000.000
Reserves for contracts in units of account	259 247.006	0.000
	<b>113 493 674.981</b>	<b>91 490 300.669</b>
Liabilities for cash deposits received from reinsurers	13 618 912.471	11 625 064.773
<b>Other liabilities</b>		
Liabilities from direct insurance operations	472 599.082	581 621.084
Co-insurance credit balance	395 966.706	388 321.965
Liabilities from reinsurance operations	10 607 520.014	6 382 701.542
Deposits and guaranties received	334 679.770	354 413.853
State, Social Security, Local authorities	761 195.443	893 153.586
Miscellaneous liabilities	2 749 115.042	1 018 124.540
	<b>15 321 076.057</b>	<b>9 618 336.570</b>
<b>Other liabilities</b>		
Prepaid income	179 186.769	68 976.530
	<b>179 186.769</b>	<b>68 976.530</b>
<b>TOTAL LIABILITIES</b>	<b>142 612 850.278</b>	<b>112 802 678.542</b>
<b>Total Shareholders' Equity and Liabilities</b>	<b>167 765 156.416</b>	<b>135 561 480.693</b>

## LIFE INSURANCE AND REINSURANCE

### OPERATING RESULT'S ACCOUNT

(DINARS)

	GROSS OPERATIONS 31/12/06	CESSIONS AND RETROCESSIONS 31/12/06	NET OPERATIONS 31/12/06	NET OPERATIONS 31/12/05
Premiums	12 369 761.165	(929 451.522)	11 440 309.643	8 669 017.114
Written premiums	12 369 761.165	(929 451.522)	11 440 309.643	8 669 017.114
<b>Investment revenues</b>	<b>3 036 748.208</b>		<b>3 036 748.208</b>	<b>2 092 173.461</b>
Investments revenues	2 759 660.334			2 067 013.393
Other investments revenues	70 513.359			19 592.988
Resumptions of value correction on investments	89 425.738			
Capital profits on investments	117 148.777			5 567.080
<b>Other operating revenues</b>	<b>3 406.668</b>	<b>55 870.965</b>	<b>59 277.633</b>	<b>54 133.536</b>
<b>Claims incurred</b>	<b>(3 427 935.306)</b>	<b>159 347.549</b>	<b>(3 268 587.757)</b>	<b>(3 102 450.627)</b>
Claims paid	(3 195 801.948)	130 109.157	(3 065 692.791)	(2 812 636.627)
Changes in claims reserves	(232 133.358)	29 238.392	(202 894.966)	(289 814.000)
<b>Changes in other technical reserves</b>	<b>(6 273 961.867)</b>	<b>129 206.380</b>	<b>(6 144 755.487)</b>	<b>(7 352 137.000)</b>
Life mathematical reserves	(5 936 384.432)	129 206.380	(5 807 178.052)	(7 286 171.000)
Management expenses reserves	(55 178.937)		(55 178.937)	(76 688.000)
Equalization reserves	0.000		0.000	(20 000.000)
Reserves for participation in profits and return premiums	(23 151.492)		(23 151.492)	30 722.000
Reserves for contracts in units of account	(259 247.006)		(259 247.006)	0.000
<b>Operating expenses</b>	<b>(3 346 697.733)</b>	<b>133 283.718</b>	<b>(3 213 414.015)</b>	<b>(2 389 989.915)</b>
Acquisition expenses	(2 579 649.737)		(2 579 649.737)	(1 742 989.674)
Administrative expenses	(767 047.996)		(767 047.996)	(731 494.672)
Commissions received from reinsurers		133 283.718	133 283.718	84 494.431
<b>Other underwriting expenses</b>	<b>(310 039.176)</b>	<b>(5 434.957)</b>	<b>(315 474.133)</b>	<b>(462 486.830)</b>
<b>Investments expenses</b>	<b>(561 977.754)</b>		<b>(561 977.754)</b>	<b>(419 031.885)</b>
Internal and external administrative expenses	(294 141.806)		(294 141.806)	(290 220.336)
Value correction on investments	(142 834.287)		(142 834.287)	(128 811.549)
Capital losses on investments	(125 001.661)		(125 001.661)	
<b>Sub-total :</b>				
<b>Life Operating Result</b>	<b>1 489 304.205</b>	<b>(457 177.867)</b>	<b>1 032 126.338</b>	<b>(2 910 772.146)</b>

## NON-LIFE INSURANCE AND REINSURANCE OPERATING RESULT'S ACCOUNT

(DINARS)

	GROSS OPERATIONS 31/12/06	CESSIONS AND RETROCESSIONS 31/12/06	NET OPERATIONS 31/12/06	NET OPERATIONS 31/12/06
Earned premiums	56 636 590.755	(23 621 154.271)	33 015 436.484	29 817 097.130
Premiums issued and accepted	59 368 933.999	(24 406 621.703)	34 962 312.296	30 984 908.431
Changes in unearned premium reserves	(2 732 343.244)	785 467.432	(1 946 875.812)	(1 167 811.301)
Revenue from allocated investments, transferred from the income statement	2 059 342.305		2 059 342.305	2 118 400.327
Other revenues	128 010.659		128 010.659	188 741.236
Claims incurred	(36 496 903.278)	9 748 620.292	(26 748 282.986)	(21 955 562.096)
Claims paid	(23 317 569.389)	1 969 990.869	(21 347 578.520)	(20 126 377.473)
Changes in claims reserves	(13 179 333.889)	7 778 629.423	(5 400 704.466)	(1 829 184.623)
Changes in other technical reserves	406 537.611		406 537.611	552 518.747
Changes in annuities mathematical reserves	280 301.702		280 301.702	143 361.559
Changes in projected recoveries	(253 626.561)		(253 626.561)	37 930.771
Changes in reserves for outstanding risks	379 862.470		379 862.470	371 226.417
Participation in profits and return premiums	7 860.435		7 860.435	(32 867.031)
Operating expenses	(8 318 825.214)	4 413 186.087	(3 905 639.127)	(3 751 079.382)
Acquisition expenses	(6 076 659.478)		(6 076 659.478)	(4 654 916.298)
Deferred acquisition expenses	520 383.489		520 383.489	63 360.929
Administrative expenses	(2 762 549.225)		(2 762 549.225)	(2 903 658.595)
Commissions received from reinsurers		4 413 186.087	4 413 186.087	3 744 134.582
Other underwriting expenses	(983 460.552)	(436 168.399)	(1 419 628.951)	(1 199 609.026)
<b>Sub-total :</b>				
<b>Non-life operating result</b>	<b>13 439 152.721</b>	<b>(9 895 516.291)</b>	<b>3 543 636.430</b>	<b>5 737 639.905</b>

## INCOME STATEMENT AS OF 31 DECEMBER 2006

	(DINARS)	
	31/12/06	31/12/05
<b>Non-life operating result</b>	<b>3 543 636.430</b>	<b>5 737 639.905</b>
<b>Life operating result</b>	<b>1 032 126.338</b>	<b>(2 910 772.146)</b>
<b>Investment revenues (non-life)</b>	<b>3 547 668.867</b>	<b>2 944 149.668</b>
Investment revenues	1 863 694.177	2 610 254.527
Other revenues of investments	443 215.433	179 484.884
Resumptions of value correction on investments	492 764.054	39 602.760
Capital gains	747 995.203	114 807.497
<b>Investment expenses</b>	<b>(1 401 854.769)</b>	<b>(662 832.765)</b>
Internal and external administrative expenses	(511 084.132)	(361 621.500)
Value correction on investments	(681 885.251)	(232 336.816)
Capital losses on investments	(208 885.386)	(68 874.449)
<b>Revenues from allocated investments, transferred from the operating results account (non-life)</b>	<b>(2 059 342.305)</b>	<b>(2 118 400.327)</b>
<b>Profits from ordinary activities</b>	<b>4 662 234.561</b>	<b>2 989 784.335</b>
<b>Income tax</b>	<b>(1 568 730.574)</b>	<b>(566 781.316)</b>
<b>After-tax profits from ordinary activities</b>	<b>3 093 503.987</b>	<b>2 423 003.019</b>
<b>Net profit</b>	<b>3 093 503.987</b>	<b>2 423 003.019</b>

## CASH-FLOW STATEMENT AS OF 31 DECEMBER 2006

	(DINARS)	
	31/12/06	31/12/05
<b>Operating Cash-flow</b>		
Premiums paid in by policy holders	59 923 443.588	59 133 954.926
Amounts paid out for damages	(25 752 890.653)	(25 037 098.072)
Premiums paid in (acceptance)	65 692.488	133 870.168
Disbursement of premiums on transfers	(12 584 038.360)	(16 724 253.481)
Fees paid out on transfers	335 932.118	915 443.520
Fees paid to intermediaries	(256 479.901)	(516 291.691)
Amounts paid to suppliers and staff	(5 925 776.259)	(5 884 595.049)
Disbursements for acquisition of financial assets	(9 557 500.000)	(6 198 301.737)
Income from transfers of financial assets	85 320.000	736 966.500
Loans awarded	1 500.000	0.000
Re-imburement of loans	5 178.421	38 816.267
Taxes on insurances paid to the Treasury	(4 367 741.835)	(4 811 238.639)
Financial products received	(389 287.547)	(1 034 095.020)
Other movements	26 946.133	(118 725.218)
<b>Operating cash-flow</b>	<b>1 610 298.193</b>	<b>2 702 642.514</b>
<b>Cash-flow related to investments</b>		
Disbursements for acquisition of tangible & intangible assets	(233 178.095)	(320 418.486)
Incomes from transfers of tangible and intangible assets		
Disbursements for acquisition of land and buildings for exploitation	(21 854.000)	(15 575.470)
<b>Cash-flow resulting from investment activities</b>	<b>(255 032.095)</b>	<b>(335 993.956)</b>
<b>Cash-flow related to financial activities</b>		
Dividends and other distributions	(934 233.200)	(636 015.253)
<b>Cash-flow resulting from financial activities</b>	<b>(934 233.200)</b>	<b>(636 015.253)</b>
<b>Cash-flow variation</b>	<b>421 032.898</b>	<b>1 730 633.305</b>
<b>Cash-flow at beginning of financial year</b>	<b>13 016 536.326</b>	<b>11 285 903.021</b>
<b>Cash-flow at end of financial year</b>	<b>13 437 569.224</b>	<b>13 016 536.326</b>

