



REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF G A ANGOLA SEGUROS S.A.

We have audited the company's annual financial statements set out on pages 2 to 6 for the year ended 31 December 2006. These financial statements are the responsibility of the directors of the company. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures included in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

Audit opinion

In our opinion the financial statements fairly present, in all material respects, the financial position of the company at the 31st of December 2006, and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting standards and rules of Instituto de Supervisão de Seguros de Angola.

29 January 2007



G A ANGOLA SEGUROS S.A.

G A ANGOLA SEGUROS S.A.

INCOME STATEMENT
for the year ended 31 December 2006

		2006	2006
Description	Notes	KZ	USD
Gross premiums	10	716.750.912	8.959.386
Less: reinsurance premiums	8	366.141.752	4.576.772
Net premiums		350.609.160	4.382.614
Less: Funding Contribution/(release)		78.313.843	978.923
Gross amount		272.295.317	3.403.691
Expenses			
Claims incurred		169.167.285	2.114.591
Net earned premium income		103.128.032	1.289.100
Net commission earned / (paid)		-17.278.470	-215.981
Commission paid	7	50.998.356	637.479
Reinsurance commission received	9	33.719.886	421.498
Net operating expenses		197.126.505	2.464.081
Underwriting surplus before investment income		-111.276.943	-1.390.962
Investment income		1.344.785	16.810
Loss for the period		-109.932.158	-1.374.152

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**BALANCE SHEET
at 31 December 2006**

ASSETS

		2006	2006
BALANCE SHEET	Notes	KZ	USD
Tangible Fixed Assets		44.336.909	535.631
Accumulated Depreciation		7.027.853	81.729
	3	37.309.056	453.902
Intangible Fixed Assets		187.911.715	2.079.445
Accumulated Depreciation		46.872.898	518.654
	3	141.038.817	1.560.791
Financial Investment		154.674.160	1.933.427
Reins/Share of Technical Provisions			
Outstanding Claims		887.006	11.088
Current Assets			
Premiums Receivable		62.548.593	781.857
Bank and Cash Balances	4	180.512.704	2.256.409
Other Debtors		17.947.330	224.341
Prepayments		6.131.085	76.638
Total of Current Assets		267.139.712	3.339.245
TOTAL ASSETS		601.048.751	7.298.453

G A ANGOLA SEGUROS S.A.

**BALANCE SHEET
at 31 December 2006**

EQUITY AND LIABILITIES

		2006	2006
BALANCE SHEET	Notes	KZ	USD
Equity			
Ordinary share capital	6	543.000.000	6.000.000
Currency Translation difference		-32.163.155	0
Previous year losses		-165.827.480	-1.902.040
Net loss for the year		-109.932.158	-1.374.152
Total Equity		235.077.207	2.723.808
Liabilities			
Technical Provisions			
Outstanding claims		129.101.680	1.613.771
Provision for commissions		85.535.059	1.069.188
Total of Technical Provisions		214.636.739	2.682.959
Current Liabilities			
Due to Reinsurers	5	99.271.086	1.240.889
Tax and Duties		19.171.868	239.649
Others creditors		26.285.039	328.563
Accruals		6.606.812	82.585
Total of Current Liabilities		151.334.805	1.891.686
Total Liabilities		365.971.544	4.574.645
Total Equity and Liabilities		601.048.751	7.298.453



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**CASH FLOW STATEMENT
at 31 December 2006**

CASH FLOW STATEMENT	2006	2006
	KZ	USD
Cash flows from operations activities		
Net operational income	-109.932.158	-1.374.152
Depreciation of fixed assets	41.632.795	463.395
Provisions	202.361.540	2.532.758
Increase in other current assets		
Receivables Premium	-56.345.200	-704.315
Reinsurance Claims	-848.560	-10.607
Other current assets	62.003.760	775.047
Foreign Currency Translation difference	-18.163.155	0
Total funds provided from operating activities	120.709.022	1.682.126
Cash flows from investment activities		
Financial Investments	-154.674.160	-1.933.427
Purchase of fixed assets	-24.376.271	-323.284
Total cash used in investments	-179.050.431	-2.256.711
Cash flows from financing activities		
Creditors Variance	-5.370.800	-67.135
Reinsurers	90.426.400	1.130.330
Net cash flows from financing activities	85.055.600	1.063.195
Net increase in cash	26.714.191	488.610
Cash and cash equivalents at the beginning of the year	153.798.513	1.767.799
Cash and cash equivalents at the end of the year	180.512.704	2.256.409



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**STATEMENT OF CHANGES IN EQUITY
at 31 December 2006**

Statement of Changes in Equity	Share Capital	Share Premium	Provision	Currency Translation Difference	Retained Earnings	Total Equity
	KZ	KZ	KZ	KZ	KZ	KZ
Balance at 31 December 2005	543.000.000	0	0	-14.000.000	-165.827.480	363.172.520
Share Capital	0	0	0	0	0	0
Net loss for 2006	0	0	0	0	-109.932.158	-109.932.158
<i>Currency translation difference</i>	0	0	0	-18.163.155	0	-18.163.155
Balance at 31 December 2006	543.000.000	0	0	-32.163.155	-275.759.638	235.077.207
	USD	USD	USD	USD	USD	USD
Balance at 31 December 2005	6.000.000	0	0	0	-1.902.040	4.097.960
Share Capital	0	0	0	0	0	6.000.000
Previous year loss	0	0	0	0	0	-1.902.040
Net loss for 2006	0	0	0	0	-1.374.152	-1.374.152
Balance at 31 December 2006	6.000.000	0	0	0	-3.276.192	2.723.808

G A ANGOLA SEGUROS S.A

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2006**

1. Incorporation and Activities

G A Angola Seguros S.A. from hereon referred to, as GA Angola Seguros or Company, is a private limited company incorporated in 2005. The Company, has its head office in Luanda and has the main objective of carrying on the business of short-term insurance. The Company is owned by five shareholders, namely, Global Alliance Holdings, Limited, and various local Angolan investors.

Due to the fact that the company began its activities in July 2005, there are no comparative figures with 2005.

These financial statements reflect the financial position and results of the company operations carried on during the year ended on 31st of December 2006.

2. Principal accounting policies

The following are the principal accounting policies used by the company, which, unless specifically stated, have been consistently applied by the company.

2.1 Basis of preparation

The financial statements have been prepared on the historical costs basis, in accordance with Internationally General Accepted Accounting Standards except where modified to comply with specific Angolan legislation.

2.2 Profit recognition

Revenue and costs are recorded in the period to which they relate, regardless of the timing of receipt or payment.

2.3 *Basis of accounting for underwriting activities*

Underwriting results are determined on the annual basis whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance, as follows:

- Premiums written relate to business initiated during the year, include estimates of premiums due but not yet collected or notified to the company.
- Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the balance sheet date, calculated on a time proportionate basis.
- Claims incurred comprise claims and related expenses paid in the year and changes in the provisions for outstanding claims, including provisions for claims incurred but not reported, and related expenses, together with any other adjustments to claims from previous years. Where applicable, deductions are made for salvage and other recoveries.
- Claims outstanding represent the ultimate cost of settling all claims (including direct and indirect settlement costs) arising from events that have occurred up to the balance sheet date, including provision for claims incurred but not yet reported, less any amounts paid in respect of those claims. Claims outstanding are reduced by anticipated salvage and other recoveries.

2.4 *Fixed Assets*

Intangible and tangible are stated at historical cost less depreciation. Depreciation is calculated on the straight line method, at the maximum rates permitted by fiscal legislation, *Portaria n° 755/72*, to write off the cost of each asset over its estimated useful life as follows:

Computer equipment	16.66%
Motor Vehicles	33.33%
Office equipment	16.66%
Office furniture and fittings	10.00%
Startup Cost	33.33%

Payments made under operating leases are charged to the income statement in equal instalments over the period of the lease, except when an alternative method is more representative of the time pattern from which benefits are derived.

Repairs and renewals are charged to the income statement when the expenditure is incurred.

2.5 *Foreign currency*

The accounting records are maintained in United States Dollars.
The financial statements are presented in both Kwanzas and United States Dollars.

Transactions in Kwanzas and other currencies are converted to United States Dollars at the rate of exchange at the date of the transaction. Balances, which reflect those currencies amounts, are revaluated to United States Dollars on a monthly basis, using the official exchange rate at the end of that month.

2.6 *Financial Instruments*

Financial Instruments carried on the balance sheet include cash and bank balances, investments, receivables and payables. The particular recognition methods adopted are disclosed in the relevant accounting policy statement.

2.7 *Income Tax*

The company is subject to the applicable fiscal regime under the scope of Imposto Industrial. Tax is determined on the basis of the accounting profit, adjusted under the terms of the referred tax, based on the rate of 35%.

3. Fixed Assets

This heading presents the following composition:

	2006	2006
	KZ	USD
FIXED ASSETS		
Tangible Fixed Assets		
Cost		
Buildings	21.840.000	273.000
Computer Equipment	4.230.572	48.973
Furniture & Fittings	3.159.555	36.575
Office Equipment	6.249.272	72.266
Motor Vehicles	8.857.510	104.817
	44.336.909	535.631
Accumulated Depreciations		
Computer Equipment	2.398.874	27.699
Furniture & Fittings	759.456	8.768
Office Equipment	1.363.893	15.761
Motor Vehicles	2.505.630	29.501
	7.027.853	81.729
Net Tangible Fixed Assets		
Buildings	21.840.000	273.000
Computer Equipment	1.831.698	21.274
Furniture & Fittings	2.400.099	27.807
Office Equipment	4.885.379	56.505
Motor Vehicles	6.351.880	75.316
	37.309.056	453.902
Intangible Fixed Assets		
Cost		
Software	181.000.000	2.000.000
Start up Cost	6.911.715	79.445
	187.911.715	2.079.445
Accumulated Depreciations		
Software	45.250.000	500.000
Start up Cost	1.622.898	18.654
	46.872.898	518.654
Net Intangible Fixed Assets		
Software	135.750.000	1.500.000
Start up Cost	5.288.817	60.791
	141.038.817	1.560.791
Total of Fixed Assets	178.347.873	2.014.693

4. Bank and Cash Balances

The balances are defined as follows:

	2006	2006
	KZ	USD
Petty Cash	316.720	3.959
	316.720	3.959
Banks Balances		
KZ	3.305.600	41.320
USD	176.679.184	2.208.490
EUR	211.200	2.640
	180.195.984	2.252.450
	180.512.704	2.256.409

5. Due to Reinsurers

The reinsurer's net balance presents the following composition:

	2006	2006
	KZ	USD
Due from Reinsurers		
Reinsurance -FAC	123.763.932	1.547.049
FAC - Aviation	8.637.520	107.969
RI Comm - Engineering	2.048.720	25.609
RI Comm - Fire	3.240.080	40.501
RI Comm - Liability	1.653.840	20.673
Other	2.778.240	34.728
	142.122.332	1.776.529
Due to Reinsurers		
Fac - Fire	143.970.545	1.799.632
Fac - Engineering	31.525.517	394.069
Fac - Specialised Liability	16.744.158	209.302
Surplus - Fire	8.580.960	107.262
Surplus - GIT	4.205.680	52.571
Surplus - Liability	4.239.200	52.990
XOL -Fire	5.901.600	73.770
XOL - WCA	3.226.480	40.331
Other	22.999.278	287.491
	241.393.418	3.017.418
Net due to Reinsurers	99.271.086	1.240.889

6. Ordinary Share Capital

While the authorised capital was USD 20.000.000 represented by 4.000.000 shares, the actual composition of capital in 2006 was as follows:

Shareholders	Nr. Shares	%	KZ	USD
Global Alliance Holdings	598.800	49,9	270.957.000	2.994.000
Luzolo Adiano Neto de Carvalho	507.600	42,3	229.689.000	2.538.000
Emílio Diabanza Guerra e Neto	68.400	5,7	30.951.000	342.000
Mawete Jorge Neto de Carvalho	24.000	2,0	10.860.000	120.000
Maria Manuel Adriano Paulo Van-dúnem	1.200	0,1	543.000	6.000
	1.200.000	100	543.000.000	6.000.000

7. Commissions paid to Brokers

At the end of the year this account had the following composition:

	2006	2006
	KZ	USD
Fire	18.831.293	235.391
Motor O/D	8.370.886	104.636
WCA	7.344.565	91.807
Engineering	7.033.045	87.913
Motor T/P	5.168.964	64.612
Other	4.249.603	53.120
	50.998.356	637.479

8. Reinsurance Premiums

This account had the following composition:

	2006	2006
	KZ	USD
FAC - Fire	181.925.917	2.274.074
Surplus - Fire	28.928.239	361.603
Fire	11.803.200	147.540
FAC - Engineering	40.855.039	510.688
Surplus - Engineering	12.099.200	151.240
Other	90.530.157	1.131.627
	366.141.752	4.576.772

9. Reinsurance Commissions

At the end of the year this account had the following composition:

	2006	2006
	KZ	USD
Fire	20.354.347	254.429
Engineering	6.321.929	79.024
Other	7.043.610	88.045
	33.719.886	421.498

10. Gross Premiums

At the end of the year this heading had the following composition:

	2006	2006
	KZ	USD
Fire	218.431.451	2.730.393
WCA	119.418.805	1.492.735
Motor O/D	96.239.284	1.202.991
Engineering	63.912.883	798.911
Motor T/P	49.979.442	624.743
Admin. Fee - Fire	41.338.642	516.733
Other	127.430.405	1.592.880
	716.750.912	8.959.386