

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
THE MEDITERRANEAN & GULF COOPERATIVE INSURANCE & REINSURANCE
COMPANY (A SAUDI JOINT STOCK COMPANY)**

SCOPE OF AUDIT:

We have audited the accompanying balance sheet of The Mediterranean & Gulf Cooperative Insurance & Reinsurance Company – A Saudi Joint Stock Company (the ‘Company’) as at 31 December 2008 and the related statements of shareholders’ operations, shareholders’ cash flows and changes in shareholders’ equity for the period then ended and the notes which form an integral part of these financial statements. These financial statements are the responsibility of the Company’s management and have been prepared by them in accordance with International Financial Reporting Standards and the provisions of Article 123 of the Regulations for Companies and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these financial statements based on our audit. Except for the matter explained in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable degree of assurance to enable us to express an opinion on the financial statements.

QUALIFICATION:

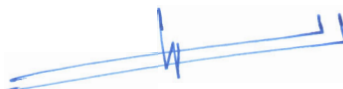
As described in Note 3, management have prepared these financial statements in accordance with International Financial Reporting Standards and not in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia. Based on evidence and information available to us, we have been unable to conclude whether the basis used in the preparation of these financial statements is appropriate.

QUALIFIED OPINION:

In our opinion, subject to the matter referred to above, the financial statements taken as a whole:

- Present fairly, in all material respects, the financial position of the Company as at 31 December 2008 and the results of its operations and its cash flows for the period then ended in accordance with International Financial Reporting Standards.
- Comply with the requirements of the Regulations for Companies and the Company's bye-laws with respect to the preparation and presentation of the financial statements.

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29 Safar 1430H
24 February 2009

