

**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 statement of financial position of The Mediterranean & Gulf Cooperative Insurance & Reinsurance Company – A Saudi Joint Stock Company (the "Company") as at 31 December 2009 and the related statements of insurance operations and accumulated surplus, shareholders' operations, shareholders' comprehensive operations, changes in shareholders' equity, insurance operations and shareholders' cash flows for the year then ended and the notes thereto 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. 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 statements presentation. We believe that our audit provides a reasonable degree of assurance to enable us to express an opinion on the financial statements.

UNQUALIFIED OPINION

In our opinion, the financial statements taken as a whole:

- Present fairly, in all material respects, the financial position of the Company as at 31 December 2009 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.
- Comply with the requirements of the Regulations for Companies and the Company's bylaws with respect to the preparation and presentation of the financial statements.

EMPHASIS OF A MATTER

These financial statements have been prepared in accordance with International Financial Reporting Standards and not in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia as approved by the Saudi Organisation for Certified Public Accountants.

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Rabi Al-Awal 1431H
16 February 2010

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