

Adonis Insurance & Reinsurance s.a.l.

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AUDITORS' REPORT

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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 2007, 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:-

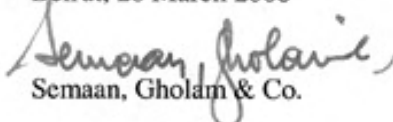
The Company carries insurance contracts which contain both an insurance component and a deposit component. The Company did not recognize the unbundling of deposit components. The total premium is recognised in the income statement. However, this procedure does not have any effect on net income of the Company.

Technical reserves at 31 December 2007 comprise a balance of LBP.998,826,998 representing provision set up during prior years for unspecified risks.

This provision does not meet the requirements of International Accounting Standard N°37: "Provisions, Contingent Liabilities and Contingent Assets".

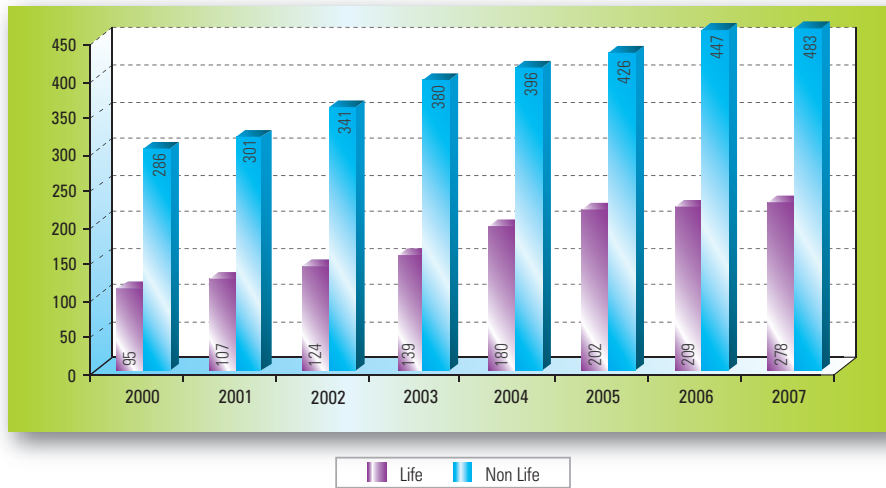
Except for the above remarks, in our opinion, the financial statements present fairly, in all material respects the financial position of Adonis Insurance and Reinsurance Co., ADIR S.A.L. as of 31 December 2007, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Beirut, 28 March 2008

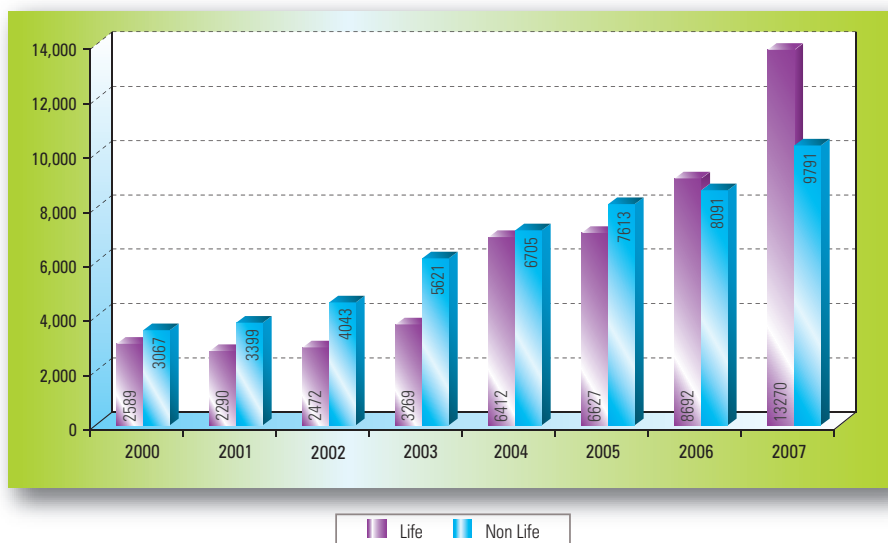

Semaan, Gholam & Co.

Adonis Insurance & Reinsurance (ADIR) s.a.l.

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 2007
BALANCE SHEET

	LIFE	NON-LIFE	TOTAL 2007	TOTAL 2006	Assets (LBP)
CASH, BANKS & INVESTMENTS					
Cash & short term investments	824,325,722	2,536,197,443	3,360,523,165	3,189,217,274	
Long term investments	13,571,935,895	15,104,410,761	28,676,346,656	30,775,737,339	
Investments in financial instruments	-	8,132,923,552	8,132,923,552	6,677,636,337	
Unit-linked contracts investments	27,224,207,158	-	27,224,207,158	15,802,454,865	
Investments in affiliates	-	8,672,601,975	8,672,601,975	-	
	41,620,468,775	34,446,133,731	76,066,602,506	56,445,045,815	
Premiums receivable	998,105,369	1,386,747,047	2,384,852,416	1,772,596,185	
Receivable under reinsurance contracts	-	201,772,310	201,772,310	98,502,693	
Reinsurance share in technical reserve	5,813,014,856	913,108,707	6,726,123,563	5,345,824,797	
Inter branches account	3,065,077,557	(3,065,077,557)	-	-	
Tangible assets	345,000,000	1,445,170,132	1,790,170,132	1,538,206,214	
Intangible assets	-	22,583,559	22,583,559	65,423,484	
Other assets	-	178,215,775	178,215,775	28,614,838	
	10,221,197,782	1,082,519,973	11,303,717,755	8,849,168,211	
Total assets	51,841,666,557	35,528,653,704	87,370,320,261	65,294,214,026	

Return on Equity 16.72%

	LIFE	NON-LIFE	TOTAL 2007	TOTAL 2006	Liabilities & Shareholders' Equity (LBP)
LIABILITIES / TECHNICAL RESERVES					
For unearned premium	4,117,182,553	5,971,152,408	10,088,334,961	8,070,014,291	
For outstanding claims	934,680,133	1,853,858,595	2,788,538,728	1,453,550,957	
Mathematical reserve - life	2,486,126,196	-	2,486,126,196	1,964,295,476	
Mathematical reserve - unit linked	25,389,891,935	-	25,389,891,935	14,887,721,632	
Policyholders dividend reserve	1,512,414,797	-	1,512,414,797	801,659,978	
Other technical reserve	716,104,328	998,826,998	1,714,931,326	2,018,950,850	
	35,156,399,942	8,823,838,001	43,980,237,943	29,196,193,184	
Liabilities under reinsurance contracts	444,290,412	530,972,039	975,262,451	1,533,375,831	
Reinsurers' deposits	5,222,255,029	-	5,222,255,029	3,886,648,032	
Other debts	275,000,000	12,592,059,448	12,867,059,448	8,417,131,042	
Provision for risks and charges	150,000,000	158,655,803	308,655,803	260,000,000	
Total Liabilities	41,247,945,383	22,105,525,291	63,353,470,674	43,293,348,089	

SHAREHOLDERS' EQUITY				
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	6,500,000,000	6,830,000,000	13,330,000,000	11,380,000,000
Retained earnings	1,322,932,658	2,696,916,929	4,019,849,587	3,953,865,937
Total shareholders' equity	10,593,721,174	13,423,128,413	24,016,849,587	22,000,865,937
Total liabilities & shareholders' equity	51,841,666,557	35,528,653,704	87,370,320,261	65,294,214,026

OFF BALANCE SHEET			48,680,000	49,621,000
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Return on Assets 4.60%

Adonis Insurance & Reinsurance (ADIR) s.a.l.

for the year 2007

PROFIT & LOSS ACCOUNT

(LBP)	GROSS OPERATIONS 2007	CEDED OPERATIONS 2007	NET OPERATIONS 2007	NET OPERATIONS 2006
LIFE BUSINESS				
Gross written premiums	20,004,198,433	4,359,628,720	15,644,569,713	9,346,145,413
Less: unearned and mathematical reserve variation	(11,759,281,458)	(829,520,691)	(10,929,760,767)	(6,240,087,616)
Claims and surrenders	8,244,916,975	3,530,108,029	4,714,808,946	3,106,057,797
Add: outstanding claims - net	3,036,656,253	607,234,030	2,429,422,223	1,453,864,667
	665,048,864	449,875,639	215,173,225	2,877,832
	3,701,705,117	1,057,109,669	2,644,595,448	1,456,742,499
Technical margin-life	4,543,211,858	2,472,998,360	2,070,213,498	1,649,315,298
NON LIFE BUSINESS				
Gross written premiums	14,760,195,754	4,529,839,746	10,230,356,008	7,894,118,431
Less: unearned and technical reserve variation	(1,289,472,813)	(8,993,421)	(1,280,479,392)	(242,854,981)
	13,470,722,941	4,520,846,325	8,949,876,616	7,651,263,450
Claims paid	5,788,861,907	1,078,476,722	4,710,385,185	3,260,936,184
Add: outstanding claims and IBNR - net	359,486,805	91,909,014	267,577,791	1,048,878,920
	6,148,348,712	1,170,385,736	4,977,962,976	4,309,815,104
Technical margin non life	7,322,374,229	3,350,460,589	3,971,913,640	3,341,448,346
Global Technical Margin	11,865,586,087	5,823,458,949	6,042,127,138	4,990,763,644
Technical income from operations			3,503,093,727	2,940,751,448
Total insurance revenue			9,545,220,865	7,931,515,092
Other operating charges			4,189,456,760	3,012,921,719
Salaries and social charges			2,126,219,797	1,889,337,761
Taxes			700,133,785	576,380,928
Depreciation and provisions			408,331,212	759,258,410
Total charges			7,424,141,554	6,237,898,818
Net operating profit			2,121,079,311	1,693,616,274
Financial income			2,782,893,255	2,395,715,497
Other income			12,896,641	934,650
Profit before income tax			4,916,869,207	4,090,266,421
Income tax			900,885,557	140,100,000
Profit for the year			4,015,983,650	3,950,166,421

Solvency Ratio 57.53%

STATEMENT OF CASH FLOW

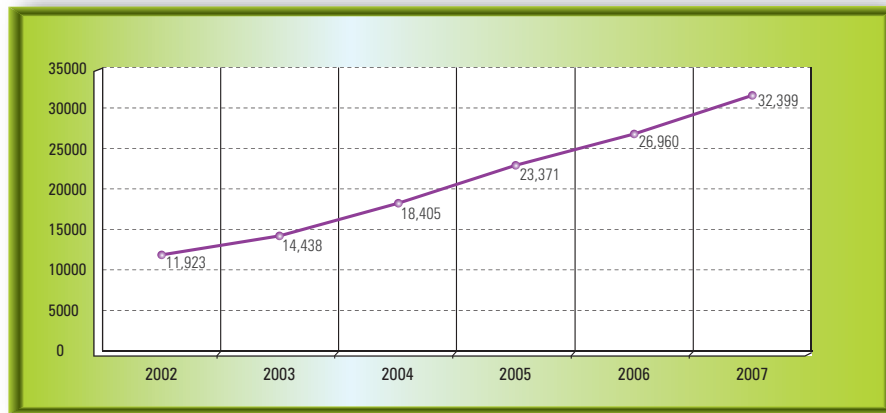
	2007	2006	(LBP)
OPERATING ACTIVITIES			
Profit before income tax	4,916,869,207	4,090,266,421	
Adjustments for:			
- depreciation	358,331,212	452,210,368	
- provision	50,000,000	304,733,668	
- provision no more required	(154,531,185)	-	
- gain on sale of fixed assets	(12,896,641)	(934,650)	
- net charge in technical provision	13,403,745,993	7,970,948,413	
- debts less provision	(5,425,492)	-	
- Gain /loss on sale of investments held for trading	(24,534,563)	2,525,063	
Trading profit	18,531,558,531	12,819,749,283	
Purchase of investments held for trading	-	(45,978,750)	
(Decrease) increase of reinsurers current account	927,090,741	22,603,387	
(Increase) decrease of premium receivable	(522,476,695)	(354,537,659)	
Increase of accounts payable	3,480,823,891	1,962,532,265	
(Increase) other assets	(151,164,578)	9,072,425	
(Increase) decrease of deposits more than 3 months	6,293,577,851	(7,636,274,946)	
(Increase) of net margin	(19,106,499)	(76,014,374)	
Income tax on profit	(112,907,000)	(149,900,000)	
End of service indemnities paid	(1,344,197)	(32,048,042)	
(Increase) decrease of unit-linked contracts investments	(11,421,752,293)	(6,510,016,981)	
	17,004,299,752	9,186,608	
INVESTING ACTIVITIES			
Acquisition of fixed assets	(581,575,807)	(541,496,817)	
Acquisition of software	(13,518,657)	(64,215,731)	
Revenue on cession of fixed assets	40,535,900	934,650	
Acquisition of subsidiaries	(7,916,250,030)	-	
Loans to affiliated companies	(756,351,945)	-	
Increase of investments held to maturity	(1,430,752,652)	(1,383,778,801)	
	(10,657,913,191)	(1,988,556,699)	
FINANCING ACTIVITIES			
Dividend distribution	(2,000,000,000)	(1,750,000,000)	
(DECREASE) INCREASE IN CASH & CASH EQUIVALENTS	4,346,386,561	(3,729,370,091)	
CASH & CASH EQUIVALENT AT BEGINNING OF YEAR	10,729,140,498	14,458,510,589	
CASH & CASH EQUIVALENT AT YEAR END	15,075,527,059	10,729,140,498	

Return on Investment 11.82%

Adonis Insurance & Reinsurance (ADIR) s.a.l.

in thousands of USD

Invested Assets Evolution



During the last six years (in thousands of USD)

Total Assets Evolution



USD

Gross Written Premium

	2007	2006
Life	13,269,783	8,692,132
Fire	1,652,105	1,610,465
Marine	784,707	653,510
General Accident	876,386	802,055
Motor	5,381,392	3,758,683
Medical	537,585	505,467
Miscellaneous	559,000	761,032
	23,060,958	16,783,344
Growth	+37.40	+17.86%
No. of contracts issued	72,735	55,111

Key Figures

Capital	LBP 5,000,000,000 fully paid
Shareholder's Equity	USD 15,932,000
Total Assets	USD 57,957,000
Invested assets	USD 32,400,000
Number of Clients	54,500
Number of policies in force	92,496
NET PROFIT	USD 2,664,000
SOLVENCY RATIO	57.53%

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