

Adonis Insurance and Reinsurance S.A.L.

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ADONIS INSURANCE AND REINSURANCE CO., ADIR S.A.L.

We have audited the accompanying financial statements of Adonis Insurance and Reinsurance Co., ADIR S.A.L. ("the Company"), which comprise the balance sheet as of 31 December 2008 and the income statement, cash flow statement and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Directors are 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 fair 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.

Auditors' Responsibility

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 auditors' 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 for 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 the directors, as well as evaluating the overall presentation of the financial statements.

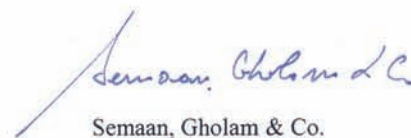
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2008 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



Ernst & Young



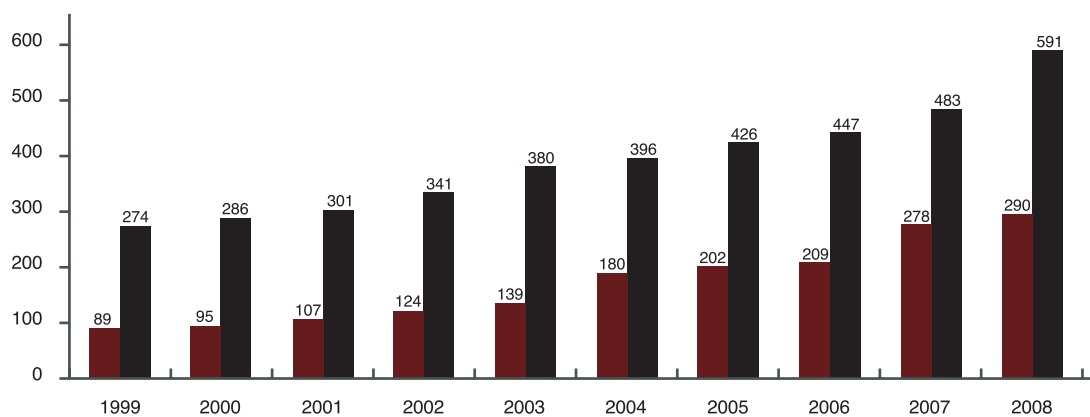
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DURING THE LAST TEN YEARS
(IN USD THOUSANDS)

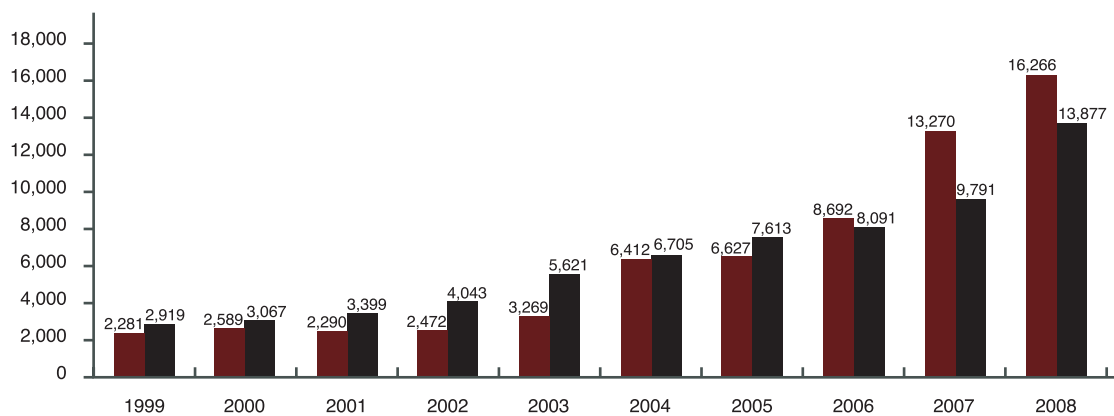
INSURANCE MARKET GROWTH IN LEBANON

Life
Non Life



ADIR PREMIUM GROWTH

Life
Non Life



	LIFE	NON-LIFE	2008 TOTAL	2007 TOTAL	ASSETS
CASH & INVESTMENTS					LBP
Cash & short term investments	1,103,014,469	4,179,138,546	5,282,153,015	3,256,501,522	
Long term investments	18,946,985,530	17,210,768,805	36,157,754,335	28,780,368,299	
Financial investments	-	13,301,489,993	13,301,489,993	8,132,923,552	
Unit-linked contracts investments	36,714,561,207	-	36,714,561,207	27,224,207,158	
Investments in affiliated companies	-	8,740,673,650	8,740,673,650	8,672,601,975	
	56,764,561,206	43,432,070,994	100,196,632,200	76,066,602,506	
Premiums receivable	1,299,267,334	1,647,468,114	2,946,735,448	2,384,852,416	
Receivable under reinsurance contracts	230,477,910	111,550,326	342,028,236	201,772,310	
Reinsurance share in technical reserve	7,343,586,998	2,197,473,750	9,541,060,748	6,726,123,563	
Inter branches account	2,471,246,576	(2,471,246,576)	-	-	
Tangible assets	425,000,000	1,693,524,700	2,118,524,700	1,790,170,132	
Intangible assets	-	41,700,265	41,700,265	22,583,559	
Other assets	-	1,948,720,900	1,948,720,900	178,215,775	
	11,769,578,818	5,169,191,479	16,938,770,297	11,303,717,755	
Total assets	68,534,140,024	48,601,262,473	117,135,402,497	87,370,320,261	

RETURN ON EQUITY 21.2%

	LIFE	NON-LIFE	2008 TOTAL	2007 TOTAL	LIABILITIES AND SHAREHOLDERS' EQUITY
LIABILITIES / TECHNICAL PROVISIONS					LBP
Mathematical reserve	5,246,018,399	-	5,246,018,399	2,992,775,472	
For unearned premium	5,895,403,060	9,876,526,326	15,771,929,386	10,088,334,961	
For premium deficiency	-	851,256,097	851,256,097	-	
For outstanding claims	527,627,153	2,898,724,847	3,426,352,000	2,788,538,728	
Other provisions	-	-	-	1,208,282,050	
	11,669,048,612	13,626,507,270	25,295,555,882	17,077,931,211	
Debts due to policyholders under unit linked contracts	36,070,084,798	-	36,070,084,798	26,902,306,732	
Liabilities under reinsurance contracts	274,516,702	595,707,945	870,224,647	975,262,451	
Reinsurers' deposits	7,670,645,672	146,189,495	7,816,835,167	5,222,255,029	
Other debts	649,999,999	18,813,242,087	19,463,242,086	12,867,059,448	
Provision for end of service indemnity	200,000,000	225,000,000	425,000,000	308,655,803	
Total Liabilities	56,534,295,783	33,406,646,797	89,940,942,580	63,353,470,674	
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	6,943,000,000	8,152,000,000	15,095,000,000	13,330,000,000	
Retained earnings	2,286,055,725	3,146,404,192	5,432,459,917	4,019,849,587	
Total shareholders' equity	11,999,844,241	15,194,615,676	27,194,459,917	24,016,849,587	
Total liabilities	68,534,140,024	48,601,262,473	117,135,402,497	87,370,320,261	
OFF BALANCE SHEET					
Letter of guarantee			49,740,000	48,680,000	

RETURN ON ASSETS 5.31%

STATEMENT OF INCOME
FOR THE YEAR 2008

	2008	2007
LBP		
NET PREMIUMS		
Written and accepted premiums		
Life contracts	8,919,739,464	6,887,903,097
Other contracts	20,920,221,697	14,760,186,754
Mathematical reserve variation	-2,253,242,927	-641,811,197
Unearned premium reserve	-5,683,594,426	-2,018,320,670
	21,903,123,808	18,987,957,984
Ceded premiums		
Life contracts	-5,557,806,489	-4,358,034,540
Other contracts	-5,182,461,242	-4,531,433,938
Mathematical reserve variation	1,889,998,662	452,357,316
Unearned premium reserve	1,115,296,519	386,156,796
	-7,734,972,550	-8,050,954,366
Net premiums	14,168,151,258	10,937,003,618
Revenue commissions and other	3,925,796,270	3,643,867,162
Revenue from investments and similar	4,620,855,719	3,891,014,819
Other revenues	1,307,558,374	810,183,117
Other revenues	9,854,210,363	8,345,065,098
	24,022,361,621	19,282,068,716
Claims paid	-8,656,333,197	-6,649,987,587
Ceded claims	1,596,779,639	1,685,710,758
Claims variation	-1,489,069,368	-1,334,987,771
Reinsurers share of claims variation	-190,357,996	541,784,653
Claims paid-net	-8,738,980,922	-5,757,479,947
Other external and administrative charges	-6,314,808,324	-5,107,505,742
Commissions paid	-1,467,113,345	-2,420,349,747
Financial charges	-1,603,848,700	-1,079,864,073
Other charges	-9,385,770,369	-8,607,719,562
	-18,124,751,291	-14,365,199,509
Profit before income tax	5,897,610,330	4,916,869,207
Income tax	-470,000,000	-900,885,557
Net profit of the year	5,427,610,330	4,015,983,650

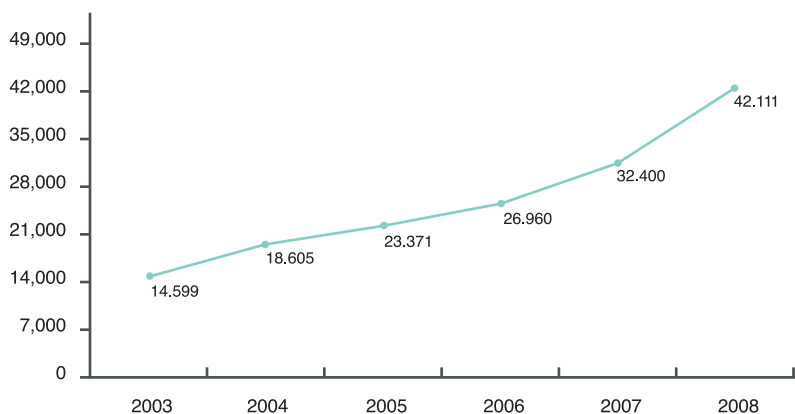
LBP

	2008	2007
OPERATING ACTIVITIES		
Profit before income tax	5,897,610,330	4,916,869,207
Adjustments for:		
- depreciation	420,202,340	358,331,212
- provision	517,362,888	50,000,000
- provision no more required	(1,563,641)	(154,531,185)
- gain on sale of fixed assets	-	(12,896,641)
- net charge in technical provision	5,402,687,486	2,190,820,871
- Amortized receivable	-	(5,425,492)
- Gain /loss on sale of investments held for trading	(161,320,590)	-24,534,563
Trading profit	12,074,978,813	7,318,633,409
Purchase of investments held for trading	(36,761,897)	-
Credit reinsurers current account	2,347,666,813	927,090,741
Premium receivable	(651,827,078)	(522,476,695)
Debts due to policyholders under unit linked contracts	9,167,778,066	11,212,925,122
Accounts payable	6,818,970,638	3,480,823,891
Other assets	(1,768,941,484)	(151,164,578)
Deposits more than 3 months	6,136,184,000	6,293,577,851
Net margin	(24,036,582)	(19,106,499)
Unit-linked contracts investments	(9,490,354,049)	(11,421,752,293)
Income tax on profit	(692,788,000)	(112,907,000)
End of service indemnities paid	-	(1,344,197)
	23,880,869,240	17,004,299,752
INVESTING ACTIVITIES		
Acquisition of fixed assets	(693,096,081)	(581,575,807)
Acquisition of software	(74,577,533)	(13,518,657)
revenue on disposal of fixed assets	-	40,535,900
Acquisition of subsidiaries	-	(7,916,250,030)
Loans to affiliated companies	-	(753,750,000)
Interest on loans to affiliated companies	(68,071,675)	(2,601,945)
Increase of investments held to maturity	(5,279,939,004)	(1,430,752,652)
	(6,115,684,293)	(10,657,913,191)
FINANCING ACTIVITIES		
Dividend distribution	(2,250,000,000)	(2,000,000,000)
Increase in cash and cash equivalent	15,515,184,947	4,346,386,561
Cash and cash equivalent at the beginning of the year	15,075,527,059	10,729,140,498
Cash and cash equivalent at year end	30,590,712,006	15,075,527,059

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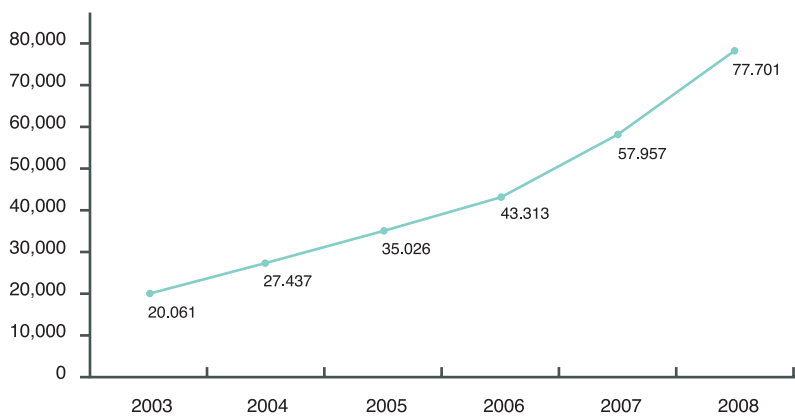
IN USD THOUSANDS

INVESTED ASSETS EVOLUTION



DURING THE LAST SIX YEARS
(IN USD THOUSANDS)

TOTAL ASSETS EVOLUTION



GROSS WRITTEN PREMIUM

	2008	2007	
Life business:	\$	\$	USD
Retirement and education	10,529,894	8,782,094	
Other life business	5,735,931	4,487,689	
Total life business	16,265,825	13,269,783	
Non life business:			
Fire	1,902,120	1,652,105	
Marine	971,332	784,707	
General Accident	1,023,406	876,386	
Motor	8,771,745	5,381,392	
Medical	549,771	537,584	
Other	659,053	558,995	
Total non life business	13,877,427	9,791,169	
Gross written premiums	30,143,252	23,060,952	
Growth	+30.71%	+37.40%	
No. of contracts issued	88,357	72,735	

KEY FIGURES

	2007
Capital	LBP 5,000,000,000
Shareholder's Equity	USD 18,039,443
Total Assets	USD 77,701,760
Invested assets	USD 42,110,827
Number of Clients	61,411
Number of policies in force	114,915
Net profit	USD 3,600,405
Solvency ratio	74.00%