



BDO JAWAD HABIB  
PO Box 787  
5th Floor, UGB Tower  
Diplomatic Area, Kingdom of Bahrain

Tel: 17 530077  
Fax: 17 530088  
[www.bdojawadhabib.com](http://www.bdojawadhabib.com)

## To the Shareholders of the Company

We have audited the accompanying financial statements of Al Ahlia Insurance Company BSC ("the Company"), which comprise the balance sheet as at 31 December 2007, the statement of income, the statement of changes in shareholders' equity and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

## Responsibility of the Directors for the financial statements

The Directors of the Company 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 misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## Auditor's 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 relevant 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 our 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, we consider 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 principles 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.

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

## Report on other legal and regulatory requirements

Further, as required by the Bahrain Commercial Companies Law and Central Bank of Bahrain and Financial Institutions Law, we report that:

1. we have obtained all the information we considered necessary for the purpose of our audit;
2. the Company has maintained proper books of account and the financial statements are in agreement therewith; and
3. the financial information included in the Directors' report is consistent with the books of account of the Company.

In addition, we report that nothing has come to our attention which causes us to believe that the Company has breached any of the applicable provisions of the Bahrain Commercial Companies Law 2001, the Central Bank of Bahrain and Financial Institutions Law 2006, the Insurance Regulations set out in volume 3 of the Insurance Rulebook issued by the Central Bank of Bahrain or the terms of the Company's Memorandum and Articles of Association, which would materially affect its activities, or its financial position as at 31 December 2007.

*BDO Jawad Habib*

Manama, Kingdom of Bahrain  
27 January 2008