

Dubai Islamic Insurance & Reinsurance Co. (Aman) (PSC)

INTERIM CONDENSED FINANCIAL STATEMENTS

30 SEPTEMBER 2007 (UNAUDITED)

**REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE
BOARD OF DIRECTORS OF DUBAI ISLAMIC INSURANCE & REINSURANCE COMPANY
(AMAN) (PSC)**

Introduction

We have reviewed the accompanying interim balance sheet of Dubai Islamic Insurance & Reinsurance Company (Aman) (PSC) (the "Company") as at 30 September 2007, the related interim statements of income for the three month and nine month periods then ended, the related statements of cash flows and changes in equity for the nine-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

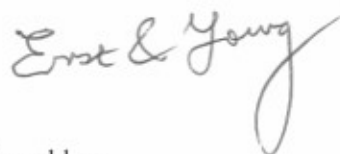
Conclusion

A cash flow statement for the period ended 30 September 2006 has not been presented in the financial statements.

Based on our review, except for the effect of the matter reported in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

Emphasis of matter

Without further qualifying our conclusion, we draw attention to the fact that we have not reviewed or audited the interim condensed financial information for the three month and nine month periods ended 30 September 2006 which is presented for comparison purposes only.



Signed by:
Edward B. Quinlan
Partner
Registration No. 93

28 October 2007

Dubai

Dubai Islamic Insurance & Reinsurance Company (Aman) (PSC)

STATEMENT OF INCOME

30 September 2007 (Unaudited)

		<i>Reviewed (3 months) 30 September 2007 AED</i>	<i>Unaudited (3 months) 30 September 2006 AED</i>	<i>Reviewed (9 months) 30 September 2007 AED</i>	<i>Unaudited (9 months) 30 September 2006 AED</i>
	<i>Notes</i>				
ATTRIBUTABLE TO POLICYHOLDERS					
UNDERWRITING INCOME					
Insurance premium revenue		66,796,033	26,271,947	185,453,428	98,985,774
Insurance premiums ceded to reinsurers		(36,072,793)	(13,438,473)	(105,378,107)	(45,325,925)
Net insurance premium revenue		30,723,240	12,833,474	80,075,321	53,659,849
Commission received on ceded reinsurance		3,795,980	2,214,669	15,090,291	7,662,599
Policy and survey fees		317,323	513,198	724,813	737,437
		<u>34,836,543</u>	<u>15,561,341</u>	<u>95,890,425</u>	<u>62,059,885</u>
UNDERWRITING EXPENSES					
Claims		32,963,049	24,457,175	98,796,711	51,294,813
Reinsurers' share of claims		(11,288,379)	(15,091,049)	(43,023,185)	(23,976,907)
Claims incurred		21,674,670	9,366,126	55,773,526	27,317,906
Commission paid		4,293,614	2,476,002	14,349,696	5,927,940
Excess of loss insurance premiums		2,892,988	442,874	4,959,113	1,133,373
		<u>28,861,272</u>	<u>12,285,002</u>	<u>75,082,335</u>	<u>34,379,219</u>
NET UNDERWRITING INCOME		<u>5,975,271</u>	<u>3,276,339</u>	<u>20,808,090</u>	<u>27,680,666</u>
Wakala fees		(13,322,137)	(10,672,826)	(42,605,087)	(30,443,623)
NET DEFICIT FROM INSURANCE OPERATIONS		<u>(7,346,866)</u>	<u>(7,396,487)</u>	<u>(21,796,997)</u>	<u>(2,762,957)</u>
Investment income (loss)	5	680,465	5,554,832	8,874,764	(7,268,344)
Mudarib fees		(170,116)	-	(2,218,691)	-
DEFICIT FOR THE PERIOD		<u>(6,836,517)</u>	<u>(1,841,655)</u>	<u>(15,140,924)</u>	<u>(10,031,301)</u>
ATTRIBUTABLE TO SHAREHOLDERS					
INCOME					
Investment income (loss)	5	497,348	13,220,036	7,445,140	(16,695,881)
Wakala fees from policyholders		13,322,137	10,672,826	42,605,087	30,443,623
Mudarib fees from policyholders		170,116	-	2,218,691	-
		<u>13,989,601</u>	<u>23,892,862</u>	<u>52,268,918</u>	<u>13,747,742</u>
EXPENSES					
General and administrative expenses		(8,150,031)	(5,551,652)	(24,098,817)	(17,189,483)
Provision against loan to policyholders' fund		(6,836,517)	(1,841,655)	(15,140,924)	(3,513,218)
PROFIT (LOSS) FOR THE PERIOD		<u>(996,947)</u>	<u>16,499,555</u>	<u>13,029,177</u>	<u>(6,954,959)</u>
Basic and diluted earnings per share	4	<u>(0.05)</u>	<u>1.00</u>	<u>0.65</u>	<u>(0.42)</u>

The attached explanatory notes 1 to 10 form part of these interim condensed financial statements.

Dubai Islamic Insurance & Reinsurance Company (Aman) (PSC)

BALANCE SHEET

30 September 2007 (Unaudited)

		<i>Reviewed 30 September 2007 AED</i>	<i>Audited 31 December 2006 AED</i>
	<i>Notes</i>		
ASSETS			
Bank balances and cash		12,247,815	26,011,362
Investment deposits		16,377,237	42,290,380
Investments		261,499,864	240,337,803
Investment property		45,308,055	-
		<u>335,432,971</u>	<u>308,639,545</u>
Premiums and insurance balances receivable		89,398,437	48,868,104
Recoverable from reinsurers in connection with claims payable		30,043,430	22,957,050
Reinsurers share of unexpired risks		48,552,789	25,654,188
Furniture and equipment		2,061,540	2,123,581
Other assets		26,852,749	4,781,044
		<u>196,908,945</u>	<u>104,383,967</u>
TOTAL ASSETS		<u>532,341,916</u>	<u>413,023,512</u>
EQUITY, POLICYHOLDERS' FUND AND LIABILITIES			
Equity			
Share capital		200,000,000	200,000,000
Statutory reserve	6	8,122,205	8,122,205
General reserve	7	8,122,205	8,122,205
Retained earnings		36,702,586	23,673,409
Cumulative changes in fair value of securities		(26,786,666)	(24,704,293)
Total equity		<u>226,160,330</u>	<u>215,213,526</u>
Policyholders' fund and liabilities			
Policyholders' fund			
Deficit in policyholders' fund		(21,995,508)	(6,854,584)
Loan from shareholders		21,995,508	6,854,584
Proposed profit distribution to policyholders		1,898,484	1,898,484
		<u>1,898,484</u>	<u>1,898,484</u>
Liabilities			
Insurance funds:			
Unearned premium		93,524,519	60,817,499
Additional reserve		17,800,000	16,000,000
Gross outstanding claims		73,217,346	49,721,460
		<u>184,541,865</u>	<u>126,538,959</u>
Murabaha payable		25,687,187	34,212,500
Ijara payable		30,626,496	-
Insurance and reinsurance balances payable		48,373,232	21,355,874
Other payables and accruals		13,331,914	11,540,493
Employees' end of service benefits		1,062,650	813,903
Accrued Zakat		659,758	1,449,773
		<u>304,283,102</u>	<u>195,911,502</u>
Total Policyholders' fund and liabilities		<u>306,181,586</u>	<u>197,809,986</u>
TOTAL LIABILITIES AND EQUITY		<u>532,341,916</u>	<u>413,023,512</u>

Managing Director
28 October 2007

General Manager
28 October 2007

The attached explanatory notes 1 to 10 form part of these interim condensed financial statements.

Dubai Islamic Insurance & Reinsurance Company (Aman) (PSC)

STATEMENT OF CASH FLOWS

30 September 2007 (Unaudited)

	<i>Note</i>	<i>Nine months ended 30 September 2007 AED</i>
OPERATING ACTIVITIES		
Profit for the period		13,029,177
Adjustments for:		
Movement in unearned premiums		32,707,020
Reinsurers' share of unexpired risks		(22,898,601)
Movements in additional reserve		1,800,000
Depreciation		798,226
Changes in fair value of investments carried at fair value through income statement	5	(7,583,068)
Provision for employees' end of service benefits		300,000
		<u>18,152,754</u>
Changes in operating assets and liabilities:		
Premiums, insurance and reinsurance balances receivable		(47,616,713)
Other assets		(22,071,705)
Gross outstanding claims		23,495,886
Insurance and reinsurance balances payable		27,017,358
Other payables and accruals		<u>1,791,421</u>
Cash from operations		769,001
Employees' end of service benefits paid		<u>(51,253)</u>
Net cash from operating activities		<u>717,748</u>
INVESTING ACTIVITIES		
Purchase of furniture and equipment		(736,185)
Realisation of investment deposits		25,913,143
Purchase of investments (net)		(15,661,366)
Purchase of investment property		<u>(45,308,055)</u>
Net cash used in investing activities		<u>(35,792,463)</u>
FINANCING ACTIVITIES		
Ijara payable		34,029,440
Payment of Ijara		(3,402,944)
Payment of Murabaha		(8,525,313)
Zakat paid		<u>(790,015)</u>
Net cash from financing activities		<u>21,311,168</u>
DECREASE IN BANK BALANCES AND CASH		<u>(13,763,547)</u>
Bank balances and cash at the beginning of the period		<u>26,011,362</u>
BANK BALANCES AND CASH AT 30 SEPTEMBER		<u><u>12,247,815</u></u>

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The attached explanatory notes 1 to 10 form part of these interim condensed financial statements.

Dubai Islamic Insurance & Reinsurance Company (Aman) (PSC)

STATEMENT OF CHANGES IN EQUITY

30 September 2007 (Unaudited)

	<i>Share capital AED</i>	<i>Statutory reserve AED</i>	<i>General reserve AED</i>	<i>Retained earnings AED</i>	<i>Proposed dividends AED</i>	<i>Cumulative changes in fair values AED</i>	<i>Proposed scrip dividend AED</i>	<i>Total AED</i>
Balance at 1 January 2007	200,000,000	8,122,205	8,122,205	23,673,409	-	(24,704,293)	-	215,213,526
Net movement in cumulative changes in fair values	-	-	-	-	-	(2,082,373)	-	(2,082,373)
Total expense recognised directly in equity	-	-	-	-	-	(2,082,373)	-	(2,082,373)
Profit for the period	-	-	-	13,029,177	-	-	-	13,029,177
Total income and expense for the period	-	-	-	13,029,177	-	(2,082,373)	-	10,946,804
Balance at 30 September 2007	200,000,000	8,122,205	8,122,205	36,702,586	-	(26,786,666)	-	226,160,330
Balance at 1 January 2006	60,000,000	8,122,205	8,122,205	38,019,195	9,000,000	-	9,000,000	132,263,605
Net movement in cumulative changes in fair values	-	-	-	-	-	(10,523,120)	-	(10,523,120)
Total expense recognised directly in equity	-	-	-	-	-	(10,523,120)	-	(10,523,120)
Profit for the period	-	-	-	(6,954,959)	-	-	-	(6,954,959)
Total income and expense for the period	-	-	-	(6,954,959)	-	(10,523,120)	-	(17,478,079)
Scrip dividend	9,000,000	-	-	-	-	-	(9,000,000)	-
Cash dividend paid	-	-	-	-	(9,000,000)	-	-	(9,000,000)
Balance at 30 September 2006	69,000,000	8,122,205	8,122,205	31,064,236	-	(10,523,120)	-	105,785,526

The attached explanatory notes 1 to 10 form part of these interim condensed financial statements.

Dubai Islamic Insurance & Reinsurance Company (Aman) (PSC)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 September 2007 (Unaudited)

1 ACTIVITIES

Dubai Islamic Insurance & Reinsurance Company (Aman) (PSC) is a public shareholding company and is registered under the Commercial Companies Law of 1984 (as amended). The Company carries out general and medical insurance business in accordance with the teachings of Islamic Sharia'a. The Company is also licensed to engage in reinsurance and life assurance business. The registered address of the Company is PO Box 157, Dubai, United Arab Emirates.

The Company obtained its commercial license on 12 March 2003 and commenced operations on 8 April 2003.

The Company mainly issues short term insurance contracts in connection with motor, marine, fire and engineering, general accident risks and group life and medical risks (collectively known as general insurance). The Company also invests its funds in investment securities and properties.

2 ACCOUNTING POLICIES

The interim condensed financial statements of the Company are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2006 except for the adoption of new standards and interpretations, noted below;

IFRS 7 Financial Instruments Disclosures

The Company has adopted IFRS 7, which requires disclosures that enable users to evaluate the significance of the Company's financial instruments and the nature and extent of risks arising from those financial instruments. These new disclosures will be included in the Company's annual financial statements for the year ending 31 December 2007.

IAS 1 Amendment - Presentation of Financial Statements

This amendment requires the Company to make new disclosures to enable users of the financial statements to evaluate the Company's objectives, policies and processes for managing capital. These new disclosures will be included in the Company's annual financial statements for the year ending 31 December 2007.

IFRIC 10 Interim Financial Reporting and Impairment

The Company has adopted IFRIC Interpretation 10 as of 1 January 2007, which requires that an entity must not reverse an impairment loss recognised in a previous interim period in respect of an investment in either an equity instrument or a financial asset carried at cost.

Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Company.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Company's annual financial statements as at 31 December 2006. In addition, results for the 9 months ended 30 September 2007 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2007.

The articles of association of the Company require that separate accounts be maintained for insurance operations on behalf of the policyholders. Accordingly, the directors have resolved to present the financial statements on that basis and comply with the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) to the extent that these are compatible with International Financial Reporting Standards.

Dubai Islamic Insurance & Reinsurance Company (Aman) (PSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2007 (Unaudited)

3 SEGMENTAL INFORMATION

Primary segment information

For management purposes the Company is organised into two business segments: insurance and investment. The insurance segment comprises the insurance business undertaken by the Company. Investment comprises investment and cash management for the Company's own account. These segments are the basis on which the Company reports its primary segment information. Segmental information is presented below:

	(3 months) 30 September 2007 AED	(3 months) 30 September 2006 AED	(9 months) 30 September 2007 AED	(9 months) 30 September 2006 AED
Insurance				
Underwriting income	34,836,543	15,561,341	95,890,425	62,059,885
Underwriting expenses	(28,861,272)	(12,285,002)	(75,082,335)	(34,379,219)
Net underwriting income	5,975,271	3,276,339	20,808,090	27,680,666
Investment income (loss)	1,177,813	18,774,868	16,319,904	(23,964,225)
Unallocated other income and expenses	(8,150,031)	(5,551,652)	(24,098,817)	(17,189,483)
	(996,947)	16,499,555	13,029,177	(13,473,042)
Deficit attributable to policyholders	6,836,517	1,841,655	15,140,924	10,031,301
Provision against loan to policyholders	(6,836,517)	(1,841,655)	(15,140,924)	(3,513,218)
Profit (loss) for the period	(996,947)	16,499,555	13,029,177	(6,954,959)

Secondary segment information

For operational and management reporting purposes, the Company is organised as one geographical segment. Consequently, no secondary segment information is required to be provided.

4 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the period by the weighted average number of shares outstanding during the period, adjusted for the bonus element included in the rights issue (the bonus element being the impact of issuing rights shares at value lower than the prevailing market price) as required by International Financial Reporting Standards (IFRS) as follows:

	(3 months) 30 September 2007 AED	(3 months) 30 September 2006 AED	(9 months) 30 September 2007 AED	(9 months) 30 September 2006 AED
Profit (loss) for the period	(996,947)	16,499,555	13,029,177	(6,954,959)
Weighted average number of shares outstanding during the period	20,000,000	16,423,475	20,000,000	16,423,475
Basic and diluted earnings per share (AED)	(0.05)	1.00	0.65	(0.42)

The Company has not issued any instruments which would have an impact on earnings per share when exercised.

Dubai Islamic Insurance & Reinsurance Company (Aman) (PSC)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
30 September 2007 (Unaudited)

5 INVESTMENT INCOME

	<i>(3 months)</i> <i>30 September</i> <i>2007</i> <i>AED</i>	<i>(3 months)</i> <i>30 September</i> <i>2006</i> <i>AED</i>	<i>(9 months)</i> <i>30 September</i> <i>2007</i> <i>AED</i>	<i>(9 months)</i> <i>30 September</i> <i>2006</i> <i>AED</i>
Investment income (losses) consists of:				
Fair value gain (loss) on investments carried at fair value through income statement	(882,119)	15,408,728	7,583,068	(17,177,400)
Gain (loss) on sale of investments carried at fair value through income statement	1,496,874	2,164,196	5,147,175	(7,220,425)
Gain on sale of available for sale investments	682,473	-	682,473	-
Income from investment deposits	260,867	830,894	791,575	1,008,934
Income from investment in real estate funds	486,491	259,633	1,040,376	806,160
Income from investment in other funds	93,042	-	276,094	-
Dividend received	-	829,553	3,826,539	1,321,141
Murabaha income	-	21,550	-	91,967
Other income	250,496	-	464,336	-
Investment financing	(1,210,311)	(739,686)	(3,491,732)	(2,794,602)
	<u>1,177,813</u>	<u>18,774,868</u>	<u>16,319,904</u>	<u>(23,964,225)</u>
<i>Allocated to:</i>				
Policyholders	680,465	5,554,832	8,874,764	(7,268,344)
Shareholders	497,348	13,220,036	7,445,140	(16,695,881)
	<u>1,177,813</u>	<u>18,774,868</u>	<u>16,319,904</u>	<u>(23,964,225)</u>

Investment income or loss has been allocated to the shareholders in the ratio of equity at beginning of the year to total assets at the end of the period excluding the current period profit, furniture and equipment and end of service benefits. The remaining income or loss has been allocated to the policyholders. Allocation of investment income or losses to the shareholders and policyholders is approved by the Company's Sharia'a Supervisory Board on an annual basis.

6 STATUTORY RESERVE

In accordance with the Commercial Companies Law and the Company's Articles of Association, 10% of the net profit for the year is required to be transferred to statutory reserve. No transfers have been made during the nine month period to 30 September 2007, as this will be based on the results for the year. The reserve is not available for distribution except in the circumstances stipulated by the law.

7 GENERAL RESERVE

As required by the Company's Articles of Association 10% of the profit for the year is required to be transferred to general reserve. No transfer has been made to the general reserve during the nine month period to 30 September 2007, as this will be based on the results for the year. The reserve is available for distribution based on recommendation of the Board of Directors.

8 RELATED PARTY TRANSACTIONS

Related parties represent major shareholders (including Dubai Islamic Bank PJSC), directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. The Managing Director of the Company is also a key management executive of Al Salam Bank - Sudan, Al Salam Bank - Bahrain and Al Salam Bank - Algeria. The pricing policies and terms of these transactions are approved by the Board of Directors.

During the period an investment of AED 20.2 million in equity shares of Al Salam Bank Algeria was made through a related party.

9 SEASONALITY OF RESULTS

Dividend income of AED Nil and AED 3,826,539 for the three month and nine month periods ended 30 September 2007 respectively and AED 829,553 and AED 1,321,141 for the three month and nine month periods ended 30 September 2006 is of a seasonal nature.

10 COMMITMENTS

The Company has a commitment for AED 13.19 million on account of an investment in securities. The Company has to pay such amounts as and when calls are made by the investee company.