

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

INTERIM CONDENSED FINANCIAL STATEMENTS

30 SEPTEMBER 2008 (UNAUDITED)

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

Introduction

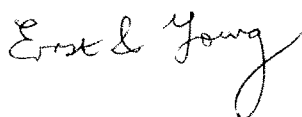
We have reviewed the accompanying interim condensed financial statements of Dubai Islamic Insurance & Reinsurance Company (Aman) PSC as at 30 September 2008 comprising interim balance sheet as at 30 September 2008, the related interim statement of income for the three-month and nine-month periods then 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

Based on our review, 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.

A handwritten signature in cursive script that reads 'Ernst & Young'.

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

9 November 2008

Dubai

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

INTERIM STATEMENT OF INCOME (Unaudited)

30 September 2008

	<i>Notes</i>	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
		2008	2007	2008	2007
		AED	AED	AED	AED
ATTRIBUTABLE TO POLICYHOLDERS					
UNDERWRITING INCOME					
Insurance premium revenue		102,331,738	66,796,033	273,271,526	185,453,428
Insurance premiums ceded to reinsurers		(63,250,339)	(36,072,793)	(154,736,605)	(105,378,107)
Net insurance premium revenue		39,081,399	30,723,240	118,534,921	80,075,321
Commission received on ceded reinsurance		5,411,453	3,795,980	16,603,506	15,090,291
Policy and survey fees		544,928	317,323	1,038,656	724,813
		45,037,780	34,836,543	136,177,083	95,890,425
UNDERWRITING EXPENSES					
Claims		35,119,596	32,963,049	106,696,941	98,796,711
Reinsurers' share of claims		(11,757,258)	(11,288,379)	(36,656,687)	(43,023,185)
Claims incurred		23,362,338	21,674,670	70,040,254	55,773,526
Commissions paid		7,612,255	4,293,614	22,586,615	14,349,696
Excess of loss insurance premiums		1,468,525	2,892,988	5,792,153	4,959,113
		32,443,118	28,861,272	98,419,022	75,082,335
NET UNDERWRITING INCOME		12,594,662	5,975,271	37,758,061	20,808,090
Wakala fees		(20,515,128)	(13,322,137)	(60,349,132)	(42,605,087)
NET SURPLUS/(DEFICIT) FROM INSURANCE OPERATIONS		(7,920,466)	(7,346,866)	(22,591,071)	(21,796,997)
Investment (loss) income	4	(10,394,978)	680,465	(10,374,599)	8,874,764
Mudarib fees		5,095	(170,116)	-	(2,218,691)
SURPLUS/(DEFICIT) FOR THE PERIOD		(18,310,349)	(6,836,517)	(32,965,670)	(15,140,924)
ATTRIBUTABLE TO SHAREHOLDERS					
INCOME					
Investment (loss) income	4	(11,097,107)	497,348	(11,076,658)	7,445,140
Other income		(1,090)	-	176,682	-
Wakala fees from policyholders		20,515,128	13,322,137	60,349,132	42,605,087
Mudarib fees from policyholders		(5,095)	170,116	-	2,218,691
		9,411,836	13,989,601	49,449,156	52,268,918
EXPENSES					
General and administrative expenses		(10,473,303)	(8,150,031)	(28,137,937)	(24,098,817)
Provision against loan to policyholders' fund		(18,310,349)	(6,836,517)	(32,965,670)	(15,140,924)
(LOSS) / INCOME FOR THE PERIOD		(19,371,816)	(996,947)	(11,654,451)	13,029,177
Basic and diluted earnings per share	5	(0.10)	(0.005)	(0.06)	0.07

The attached explanatory notes 1 to 15 form part of these financial statements.

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

INTERIM BALANCE SHEET

30 September 2008

		<i>(Unaudited)</i> 30 September 2008 AED	<i>(Audited)</i> 31 December 2007 AED
	<i>Notes</i>		
ASSETS			
Furniture and equipment		1,761,132	1,894,295
Investment property	6	45,308,055	45,308,055
Financial assets			
Held for trading	7	83,523,895	71,552,951
Available for sale	8	136,618,493	141,840,271
Reinsurance assets		125,124,807	109,139,793
Insurance receivables		123,017,247	84,863,353
Prepayments and other receivables		25,890,966	76,247,175
Investment deposits		18,000,000	12,500,000
Cash and cash equivalents		26,065,070	32,416,914
TOTAL ASSETS		585,309,665	575,762,807
EQUITY, POLICYHOLDERS' FUND AND LIABILITIES			
Equity			
Share capital	9	200,000,000	200,000,000
Statutory reserve	10	12,278,225	12,278,225
General reserve	11	12,278,225	12,278,225
Retained earnings		21,637,395	33,291,846
Proposed dividends		-	20,000,000
Cumulative changes in fair value of securities		(60,360,417)	(6,664,158)
Total equity		185,833,428	271,184,138
Policyholders' fund and liabilities			
Policyholders' fund			
Deficit in policyholders' fund		(39,964,410)	(6,998,740)
Loan from shareholders		39,964,410	6,998,740
Proposed profit distribution to policyholders		1,811,184	1,898,484
		1,811,184	1,898,484
Liabilities			
Insurance contract liabilities		254,323,372	199,048,343
Financial liabilities			
Ijara payables		23,820,608	28,925,024
Amounts held under reinsurance treaties		5,714,786	5,131,005
Insurance payables		84,533,276	46,378,361
Trade payables and accruals		26,833,871	19,252,441
Employees' end of service benefits		1,838,197	2,075,840
Accrued zakat		600,943	1,869,171
		397,665,053	302,680,185
Total policyholders' fund and liabilities		399,476,237	304,578,669
TOTAL EQUITY, POLICYHOLDERS' FUND AND LIABILITIES		585,309,665	575,762,807

Managing Director & CEO
9 November 2008

Assistant Chief Operating Officer
9 November 2008

The attached explanatory notes 1 to 15 form part of these financial statements.

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

INTERIM STATEMENT OF CASH FLOWS

30 September 2008

	<i>Nine months ended 30 September</i>	
	<i>2008 AED</i>	<i>2007 AED</i>
OPERATING ACTIVITIES		
(Loss)/profit for the period	(11,654,451)	13,029,177
Adjustments for:		
Depreciation	825,572	798,226
Changes in fair value of investments held for trading	(26,978,134)	7,583,068
Provision for employees' end of service benefits (net reversal)	11,553	300,000
	(37,795,460)	21,710,471
Changes in operating assets and liabilities:		
Financial assets – held for trading	15,007,190	(5,270,384)
Reinsurance assets	(15,985,014)	(23,402,562)
Insurance receivables	(38,153,894)	(47,112,752)
Prepayments and other receivables	50,356,209	(22,071,705)
Insurance contract liabilities	55,275,029	58,002,906
Amount held under reinsurance treaties	583,781	631,384
Insurance payable	38,154,915	26,385,974
Trade payables and accruals	7,581,429	1,791,421
Cash from operations	75,024,185	10,664,753
Employees' end of service benefits	(249,196)	(51,253)
Net cash from operating activities	74,774,989	10,613,500
INVESTING ACTIVITIES		
Purchase of furniture and equipment	(692,408)	(736,185)
Financial assets, available-for-sale	(48,474,481)	(25,557,118)
Realisation of investment deposits	-	25,913,143
New investment deposits	(5,500,000)	-
Purchase of investment property	-	(45,308,055)
Net cash used in investing activities	(54,666,889)	(45,688,215)
FINANCING ACTIVITIES		
Ijara taken	-	34,029,440
Ijara repaid	(5,104,416)	(3,402,944)
Murabaha repaid	-	(8,525,313)
Cash dividend paid	(20,000,000)	-
Distribution to policyholders	(87,300)	-
Zakat paid	(1,268,228)	(790,015)
Net cash (used in) from financing activities	(26,459,944)	21,311,168
DECREASE IN CASH AND CASH EQUIVALENTS	(6,351,844)	(13,763,547)
Cash and equivalents at the beginning of the period	32,416,914	26,011,362
BANK BALANCES AND CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	26,065,070	12,247,815

The attached explanatory notes 1 to 15 form part of these financial statements.

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

STATEMENT OF CHANGES IN EQUITY (Unaudited) 30 September 2008

	Share capital AED	Statutory reserve AED	General reserve AED	Retained earnings AED	Proposed dividends AED	Cumulative changes in fair values of securities AED	Total AED
Balance at 1 January 2008	200,000,000	12,278,225	12,278,225	33,291,846	20,000,000	(6,664,158)	271,184,138
Decrease in fair value of available for sale investments	-	-	-	-	-	(53,696,259)	(53,696,259)
Total income recognised directly in equity	-	-	-	-	-	(53,696,259)	(53,696,259)
Loss for the period	-	-	-	(11,654,451)	-	-	(11,654,451)
Total income and expense for the period	-	-	-	(11,654,451)	-	(53,696,259)	(65,350,710)
Dividend paid	-	-	-	-	(20,000,000)	-	(20,000,000)
Balance at 30 September 2008	200,000,000	12,278,225	12,278,225	21,637,395	-	(60,360,417)	185,833,428
Balance at 1 January 2007	200,000,000	8,122,205	8,122,205	23,673,409	-	(24,704,293)	215,213,526
Decrease in fair value of available for sale investments	-	-	-	-	-	(2,082,373)	(2,082,373)
Total income 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

The attached explanatory notes 1 to 12 form part of these financial statements.

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, life and medical insurance and reinsurance business in accordance with the teachings of Islamic Sharia'a. 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 issues insurance contracts in connection with motor, marine, fire and engineering, general accident, life and medical risks. 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 2007.

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 financial statements as of 31 December 2007. In addition, results for the nine-months ended 30 September 2008 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2008.

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.

In accordance with the requirement of Securities Authority and Commodities (Circular dated 12-10-2008) following significant accounting policies of Company's financial statements as of 31 December 2007 are reproduced below:

Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Fair value is determined by open market values based on valuations performed by independent surveyors and consultant or broker's quotes.

Fair value of financial instruments

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the balance sheet date. If quoted market prices are not available, reference can also be made to broker or dealer price quotations.

2 ACCOUNTING POLICIES (continued)

Fair value of financial instruments (continued)

The fair value of floating rate and overnight deposits with credit institutions is their carrying value. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the balance sheet date.

Financial assets

The Company classifies its investments into financial assets at fair value through profit or loss and available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired or originated. In general, financial assets are classified as at fair value through profit or loss, as the Company's strategy is to manage financial investments acquired to cover its insurance and investments contract liabilities (including shareholders' funds), on the same bases, being fair value. The available-for-sale and held-to-maturity categories are used when the relevant liability (including shareholders' funds) are passively managed and/or carried at amortised cost.

All regular way purchases and sales of financial assets are recognised on the trade date ie the date the Company commits to purchase or sell the asset. Regular way purchases or sales of financial assets require delivery of assets within the time frame generally established by regulation or convention in the market place.

Financial assets at fair value through profit or loss, has two sub categories namely financial assets held for trading and those designated at fair value through profit or loss at inception. Investments typically bought with the intention to sell in the near future are classified as held for trading. For investments designated as at fair value through profit or loss, the following criteria must be met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis, or
- the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis.

These investments are initially recorded at fair value. Subsequent to initial recognition, these investments are remeasured at fair value. Fair value adjustments and realised gain and loss are recognised in the income statement.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or which are not classified in any of the above categories. These investments are initially recorded at fair value. Subsequent to initial recognition, these investments are remeasured at fair value. Fair value gains and losses are reported as a separate component of equity until the investment is derecognised or the investment is determined to be impaired. On derecognition or impairment, the cumulative fair value gains and losses previously reported in equity is transferred to the income statement.

Impairment and uncollectibility of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a financial asset or group of financial assets may be impaired. If such evidence exists, any impairment losses are recognised in the income statement.

Impairment is determined as follows:

- a) for assets carried at fair value, impairment is the difference between cost and fair value;
- b) for assets carried at cost, impairment is the difference between cost and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.

Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Company no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)

30 September 2008

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 general, life and medical 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:

9 months ended 30 September (unaudited)

	2008		2007		Total
	Attributable to		Attributable to		
	Policyholders AED	Shareholders AED	Policyholders AED	Shareholders AED	
Insurance					
Underwriting income	136,177,083	-	95,890,425	-	95,890,425
Underwriting expenses	(98,419,022)	-	(75,082,335)	-	(75,082,335)
Net underwriting income	37,758,061	-	20,808,090	-	20,808,090
Wakala fees	(60,349,132)	60,349,132	(42,605,087)	42,605,087	-
Mudarib fees	-	-	(2,218,691)	2,218,691	-
	(22,591,071)	60,349,132	(24,015,688)	44,823,778	37,758,061
					20,808,090
Investment					
Investment (loss) income	(10,374,599)	(11,076,658)	8,874,764	7,445,140	16,319,904
Other income	-	176,682	-	-	176,682
Unallocated other expenses	-	(28,137,937)	-	(24,098,817)	(24,098,817)
Deficit attributable to policyholders	(32,965,670)		(15,140,924)		
Provision against loan to policyholders' fund		(32,965,670)		(15,140,924)	
(Loss)/profit for the period		(11,654,451)		13,029,177	13,029,177

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)

30 September 2008

4 INVESTMENT (LOSS) INCOME

	<u>Three months ended 30 September</u>		<u>Nine months ended 30 September</u>	
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	2008	2007	2008	2007
	AED	AED	AED	AED
Fair value gains and losses:				
Fair value (loss) gain on investments held for trading	(19,006,133)	(882,119)	(26,978,134)	7,583,068
Realised gains and losses				
(Loss)/income from sale of investments held for trading	(2,928,335)	1,496,874	1,304,458	5,147,175
Income from sale of available for sale investment	-	682,473	-	682,473
Other investment income				
Income from investment deposits	157,549	260,867	561,177	791,575
Income from investment in real estate funds	273,993	486,491	1,013,767	1,040,376
Income from investment in other funds	326,903	93,042	326,903	276,094
Dividend received	-	-	3,630,338	3,826,539
Other income	(2,728)	250,496	38,022	464,336
Investment financing	(313,334)	(1,210,311)	(1,347,788)	(3,491,732)
	<u>(21,492,085)</u>	<u>1,177,813</u>	<u>(21,451,257)</u>	<u>16,319,904</u>
<i>Allocated to:</i>				
Policyholders	(10,394,978)	680,465	(10,374,599)	8,874,764
Shareholders	(11,097,107)	497,348	(11,076,658)	7,445,140
	<u>(21,492,085)</u>	<u>1,117,813</u>	<u>(21,451,257)</u>	<u>16,319,904</u>

Investment loss or income are 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 is allocated to the policyholders. This allocation to policyholders is approved by the Company's Sharia'a Supervisory Board on an annual basis.

5 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 as follows:

	<u>Three months ended 30 September</u>		<u>Nine months ended 30 September</u>	
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	2008	2007	2008	2007
	AED	AED	AED	AED
(Loss) profit for the period	(19,371,816)	(996,947)	(11,654,451)	13,029,177
Weighted average number of shares outstanding during the year	200,000,000	200,000,000	200,000,000	200,000,000
Basic and diluted earnings per share (AED)	<u>(0.10)</u>	<u>(0.005)</u>	<u>(0.06)</u>	<u>0.07</u>

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

The basic earnings per share as reported for three-month and nine-month periods ended 30 September 2007 have been adjusted for the effect of change in the par value of the shares (Note 6).

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Unaudited)

30 September 2008

6 INVESTMENT PROPERTY

Investment property represent Company's investments in freehold land situated in the Emirate of Dubai, United Arab Emirates.

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>Domestic</i>		<i>International</i>		<i>Total</i>	
	<i>30 September 2008</i>	<i>31 December 2007</i>	<i>30 September 2008</i>	<i>31 December 2007</i>	<i>30 September 2008</i>	<i>31 December 2007</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
Held for trading investments						
Shares quoted	69,378,014	57,263,293	14,145,881	14,289,494	83,523,895	71,552,786

8 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<i>Domestic</i>		<i>International</i>		<i>Total</i>	
	<i>30 September 2008</i>	<i>31 December 2007</i>	<i>30 September 2008</i>	<i>31 December 2007</i>	<i>30 September 2008</i>	<i>31 December 2007</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
Shares and mutual funds						
quoted	67,624,324	79,124,693	6,454,744	-	74,079,068	79,124,693
unquoted	16,257,715	16,477,693	46,281,710	46,237,885	62,539,425	62,715,578
	83,882,039	95,602,386	52,736,454	46,237,885	136,618,493	141,840,271

9 SHARE CAPITAL

	<i>30 September 2008</i>	<i>31 December 2007</i>
	<i>AED</i>	<i>AED</i>
Issued and fully paid – 200,000,000 shares of AED 1 each (31 December 2007: 20,000,000 shares of AED 10 each)	200,000,000	200,000,000

At the Extraordinary General Meeting held on 25 May 2008, the shareholders of the Company resolved to split the shares' nominal value from AED 10 to AED 1 per share, thereby increasing the number of shares from 20 million to 200 million. At the same meeting, the shareholders also resolved that GCC Nationals and other foreigners can hold upto 15% each in the share capital of the Company and the balance 70% should be held by UAE Nationals.

10 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 ended 30 September 2008, 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.

11 GENERAL RESERVE

The Company is required to transfer 10% of the profit for the year to a general reserve in accordance with its Articles of Association. No transfer has been made to the general reserve during the nine-month period ended 30 September 2008, as this will be based on the results for the year.

12 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 Company's banker, Dubai Islamic Bank PJSC (DIB) and its subsidiaries own an equity interest of 6% in the Company. The Managing Director of the Company is also a key management executive of Leader Capital, 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 management.

During the period, the Company purchased 3,276,520 shares of Al Salam Bank – Bahrain for AED 9.21 million from Leader Capital. These shares are registered in the name of Leader Capital which is holding it in trust for and on behalf of the Company. The market value of the shares as at the end of the period was AED 6.45 million.

13 CONTINGENCIES AND COMMITMENTS

Contingent liabilities

At 30 September 2008, the Company had contingent liabilities in respect of bank and other guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to AED 101,217 (31 December 2007: AED 1,314,200).

Legal claims

The Company, in common with the majority of insurers, is subject to litigation in the normal course of its business. Based on independent legal advice, the management does not believe that the outcome of these court cases will have a material impact on the Company's income or financial position.

Commitments

The Company has a commitment for AED 24.6 million (2007: AED 14.7 million) on account of investments made in securities and properties. The Company has to pay for investment securities as and when calls are made by the investee company. Commitment in respect of purchase of investment properties is payable on various dates by February 2010.

14 SEASONALITY OF RESULTS

Dividend income of AED 3,630,338 for nine months ended 30 September 2008 (nil for three months ended 30 September 2008) and AED 3,826,539 for nine months ended September 2007 (nil for three months ended 30 September 2007) is of a seasonal nature.

15 SUBSEQUENT EVENT

As a result of the ongoing global credit crisis, financial markets regionally have been subject to significant declines during October. As of the date of approval of the financial statements, the market value of the Company's available for sale investments had declined by around AED 29.4 million (39.7%) and investments held for trading had declined around AED 20 million (23.8%) from the balance sheet market value.