

**DUBAI ISLAMIC INSURANCE &
REINSURANCE CO. (AMAN) (PSC)
DUBAI - UNITED ARAB EMIRATES**

**INTERIM CONDENSED FINANCIAL
INFORMATION AND REVIEW REPORT
FOR THE THREE-MONTH PERIOD ENDED
MARCH 31, 2009**

Dubai Islamic Insurance & Reinsurance Co. (Aman) (PSC)
Dubai - United Arab Emirates

**Interim Condensed Financial Information
and Review Report
For the Three-Month Period Ended March 31, 2009**

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Report on Review of Interim Condensed Financial Information

The Board of Directors
Dubai Islamic Insurance & Reinsurance Co. (Aman) (PSC)
Dubai- United Arab Emirates

We have reviewed the accompanying interim condensed statement of financial position of **Dubai Islamic Insurance & Reinsurance Co. (Aman) (PSC)** as of March 31, 2009 and the related interim condensed statements of income, comprehensive income, changes in equity and cash flows for the period from January 1, 2009 to March 31, 2009, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting ("IAS 34")'. Our responsibility is to express a conclusion on this interim condensed financial information based on our review. The interim condensed financial information for the period from January 1, 2008 to March 31, 2008, were reviewed by another auditor who issued a review report on these financial information on April 22, 2008. The condensed balance sheet as of December 31, 2008 and related notes were audited by the same auditor who issued a qualified opinion dated March 23, 2009.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and , accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

The cumulative decline in fair value of available-for-sale securities amounted to AED 108,261,674 of which AED 66,023,863 was charged to equity and AED 42,237,811 was charged to policyholders' funds. Given the current significant difficulties in the financial markets and their resultant impact on prices of equity instruments, management considers that the current quoted prices of the financial assets do not necessarily reflect the extent of impairment in fair values in all cases. Accordingly, no impairment loss has been recorded in the condensed statement of income on these investments. As we are unable to assess the reasonableness of this assumption because of its inherent nature, we have not been able to conclude on the adequacy of the charge for impairment and the resulting effect on the profit for the period.

Qualified Conclusion

Based on our review, except for the effects of the matters discussed in the previous paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.

Dubai
May 7, 2009

Deloitte & Touche


Musa F. Dajani
Partner
(Registration No. 323)

Interim Condensed Statement of Financial Position
At March 31, 2009
(In Arab Emirates Dirhams)

	<u>Note</u>	<u>March 31,</u> <u>2009</u> <u>(Un-audited)</u>	<u>December 31,</u> <u>2008</u> <u>(Audited)</u>
ASSETS			
Cash and cash equivalents		20,436,676	40,106,802
Investment deposits		35,000,000	18,000,000
Reinsurance assets		152,610,719	150,535,926
Insurance receivables		97,381,561	88,767,429
Investment in securities - Trading	3	33,176,097	38,278,695
Investment in securities - Available-for-sale	3	82,772,910	85,135,167
Prepayments and other receivables		20,863,021	20,325,825
Investment property	4	62,308,055	62,308,055
Property and equipment		<u>1,964,248</u>	<u>1,733,217</u>
Total Assets		<u>506,513,287</u>	<u>505,191,116</u>
LIABILITIES, POLICY HOLDERS' FUND AND EQUITY			
Liabilities			
Trade and other payables		38,107,305	38,498,360
Insurance payables		63,796,420	64,197,287
Insurance contract liabilities		250,483,284	260,498,137
Ijara payables		20,417,664	22,119,137
Amounts held under reinsurance treaties		<u>6,926,718</u>	<u>6,625,386</u>
Total liabilities		<u>379,731,391</u>	<u>391,938,307</u>
Policyholders' fund			
Deficit in policyholders' fund		(31,233,296)	(34,141,051)
Loan from shareholders		31,233,296	34,141,051
Proposed profit distribution to policyholders		1,776,344	1,776,344
Cumulative changes in fair value of securities		<u>(42,237,811)</u>	<u>(30,938,932)</u>
Total deficit in policyholders' fund		<u>(40,461,467)</u>	<u>(29,162,588)</u>
Total Liabilities and Policyholders' Fund		<u>339,269,924</u>	<u>362,775,719</u>
Equity			
Share capital	5	200,000,000	200,000,000
Statutory reserve	9	12,278,225	12,278,225
General reserve	10	12,278,225	12,278,225
Retained earnings		8,710,776	(1,491,974)
Cumulative changes in fair value of securities		<u>(66,023,863)</u>	<u>(80,649,079)</u>
Total Equity		<u>167,243,363</u>	<u>142,415,397</u>
Total Liabilities, Policyholders' Fund and Equity		<u>506,513,287</u>	<u>505,191,116</u>

The accompanying notes form an integral part of this interim condensed financial information.

The interim condensed financial information on pages 2 to 13 were approved by the Board of Directors and authorized for issue on May 7, 2009.

Interim Condensed Statement of Income
For the Three-Month Period Ended March 31, 2009
(In Arab Emirates Dirhams)

		Three-month period ended	
		March 31,	
		2009	2008
		(un-audited)	(un-audited)
Attributable to policyholders			
Underwriting income			
Insurance premium revenue		90,981,083	81,756,535
Insurance premiums ceded to reinsurers		(49,413,077)	(42,685,063)
Net insurance premium revenue		41,568,006	39,071,472
Commission received on ceded reinsurance		3,853,955	4,942,932
Policy and survey fees		682,505	139,830
		<u>46,104,466</u>	<u>44,154,234</u>
Underwriting expenses			
Claims		34,810,401	34,352,380
Reinsurers' share of claims		(11,115,343)	(8,893,060)
Claims incurred		23,695,058	25,459,320
Commissions paid		4,950,611	4,725,639
Excess of loss insurance premiums		1,090,410	915,809
		<u>29,736,079</u>	<u>31,100,768</u>
Net underwriting income		16,368,387	13,053,466
Wakala fees		(14,386,365)	(14,958,204)
Net surplus/(deficit) from insurance operations		1,982,022	(1,904,738)
Investment income	6	1,234,311	487,988
Mudarib fees		(308,578)	(121,997)
Surplus/(deficit) for the period		<u>2,907,755</u>	<u>(1,538,747)</u>
Attributable to shareholders			
Income			
Investment income	6	1,929,409	983,685
Wakala fees from policyholders		14,386,365	14,958,204
Mudarib fees from policyholders		308,578	121,997
		<u>16,624,352</u>	<u>16,063,886</u>
Expenses			
General and administrative expenses		(9,329,357)	(8,481,676)
Provision against loan to policyholders' fund (made) reversed		2,907,755	(1,538,747)
Profit for the period		<u>10,202,750</u>	<u>6,043,463</u>
Earnings per share	8	<u>0.05</u>	<u>0.03</u>

The accompanying notes form an integral part of this interim condensed financial information.

Interim Condensed Statement of Comprehensive Income
For the Three-Month Period Ended March 31, 2009
(In Arab Emirates Dirhams)

	Three-month period ended	
	March 31,	
	2009	2008
	(un-audited)	(un-audited)
Profit for the period	<u>10,202,750</u>	<u>6,043,463</u>
Other comprehensive income		
Changes in fair value of available for sale investments	<u>14,625,216</u>	<u>(19,964,499)</u>
Other comprehensive income for the period	<u>14,625,216</u>	<u>(19,964,499)</u>
Total comprehensive income for the period	<u>24,827,966</u>	<u>(13,921,036)</u>

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Dubai Islamic Insurance & Reinsurance Co. (Aman) (PSC)
Dubai - United Arab Emirates

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Interim Condensed Statement of Changes in Equity
For the Three-Month Period Ended March 31, 2009
(In Arab Emirates Dirhams)

	Share capital	Statutory reserve	General reserve	Retained earnings	Proposed dividends	Cumulative changes in fair value of securities	Total
Balance at December 31, 2007 (audited)	200,000,000	12,278,225	12,278,225	33,291,846	20,000,000	(6,664,158)	271,184,138
Profit for the period	-	-	-	6,043,463	-	-	6,043,463
Changes in fair value of available for sale investments	-	-	-	-	-	(19,964,499)	(19,964,499)
Total comprehensive income for the period	-	-	-	6,043,463	-	(19,964,499)	(13,921,036)
Balance at March 31, 2008 (un-audited)	200,000,000	12,278,225	12,278,225	39,335,309	20,000,000	(26,628,657)	257,263,102
Balance at December 31, 2008 (audited)	200,000,000	12,278,225	12,278,225	(1,491,974)	-	(80,649,079)	142,415,397
Profit for the period	-	-	-	10,202,750	-	-	10,202,750
Changes in fair value of available for sale investments	-	-	-	-	-	14,625,216	14,625,216
Total comprehensive income for the period	-	-	-	10,202,750	-	14,625,216	24,827,966
Balance at March 31, 2009 (un-audited)	200,000,000	12,278,225	12,278,225	8,710,776	-	(66,023,863)	167,243,363

The accompanying notes form an integral part of this interim condensed consolidated financial information.

Interim Condensed Statement of Cash Flows
For the Three-Month Period Ended March 31, 2009
(In Arab Emirates Dirhams)

	Three-month period ended	
	March 31,	
	2009	2008
	(un-audited)	(un-audited)
Operating activities		
Profit for the period	10,202,750	6,043,463
Adjustments for:		
Depreciation of property and equipment	231,909	299,125
(Loss)/gain on revaluation of fair value through profit and loss assets	(4826)	5,174,740
Provision for employees' end of service benefits	251,779	280,253
	10,681,612	11,797,581
Changes in operating assets and liabilities:		
(Increase)/decrease in reinsurance assets	(2,074,793)	5,578,506
Increase in insurance receivables	(8,614,132)	(4,056,194)
Decrease/(increase) in financial assets at fair value through profit or loss assets	5,107,424	(25,540,457)
(Increase)/decrease in prepayments and other receivables	(537,196)	65,483,666
Decrease in insurance contract liabilities	(10,014,853)	(8,744,070)
Increase/(decrease) in amounts held under reinsurance treaties	301,332	(400,927)
(Decrease)/increase in insurance payables	(400,867)	3,251,301
Decrease in trade and other payables	(491,675)	(820,096)
Cash (used in)/generated from operations	(6,043,148)	46,549,310
Employees' end of service benefits paid	(32,634)	(190,089)
Net cash (used in)/from operating activities	(6,075,782)	46,359,221
Investing activities		
Purchase of property and equipment	(462,940)	(366,208)
Net movement on available-for-sale investments	5,688,594	(39,626,644)
Investment deposit	(17,000,000)	-
Net cash used in investing activities	(11,774,346)	(39,992,852)
Financing activities		
Ijara repaid	(1,701,473)	(1,701,472)
Decrease in policyholders' funds before Zakat	-	(27,190)
Zakat paid	(118,525)	(243,111)
Net cash used in financing activities	(1,819,998)	(1,971,773)
(Decrease)/increase in cash and cash equivalents	(19,670,126)	4,394,596
Cash and cash equivalents at the beginning of the period	40,106,802	32,416,914
Cash and cash equivalents at the end of the period	20,436,676	36,811,510

The accompanying notes form an integral part of this interim condensed financial information.

Notes to the Interim Condensed Financial Information
For the Three-Month Period Ended March 31, 2009

1. General information

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 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 March 12, 2003 and commenced operations on April 8, 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 consolidated financial information have been prepared on the historical cost basis, except for certain financial instruments, which are carried at fair value.

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 December 31, 2008, except for the impact of the adoption of the Standard described below:

IAS 1 (Revised) *Presentation of Financial Statements* (effective for accounting periods beginning on or after January 1, 2009). The revised Standard has introduced a number of terminology changes (including revised titles for the condensed financial statements) and has resulted in a number of changes in presentation and disclosure. However, the revised Standard has had no impact on the reported results or financial position 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 financial statements as of December 31, 2008. In addition, results for the three months ended March 31, 2008 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2009.

Notes to the Interim Condensed Financial Information - continued
For the Three-Month Period Ended March 31, 2009

2. Accounting policies (continue)

(a) Estimates

The preparation of interim condensed financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the financial statements as at and for the year ended December 31, 2008.

(b) Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended December 31, 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.

3. Investment in securities

	Domestic		International		Total	
	March 31, 2009	December 31, 2008	March 31, 2009	December 31, 2008	March 31, 2009	December 31, 2008
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
	(un-audited)	(audited)	(un-audited)	(audited)	(un-audited)	(audited)
Trading securities	25,550,634	32,318,755	7,625,463	5,959,940	33,176,097	38,278,695
Available for sale	33,744,439	35,040,804	49,028,471	50,094,363	82,772,910	85,135,167

4. Investment property

Investment property comprises a plot of land purchased in 2007. The property is mortgaged as security against on Ijara payable.

Notes to the Interim Condensed Financial Information - continued
For the Three-Month Period Ended March 31, 2009

5. Share capital

	March 31, 2009 (un-audited) AED	December 31, 2008 (audited) AED
Issued and fully paid: 200,000,000 ordinary shares of AED 1 each	200,000,000	200,000,000

6. Investment income

	Three-month period ended March 31,	
	2009 AED (un-audited)	2008 AED (un-audited)
<i>Fair value gains and losses</i>		
Fair value gain/(loss) on investments carried at fair value through income statement	4,826	(5,174,740)
<i>Realised gains and losses</i>		
Income from sale of investments carried at fair value through income statement	1,738,598	3,759,251
<i>Other investment income</i>		
Income from investment deposits	275,889	199,345
Income from investment in real estate funds	154,410	301,475
Dividend received	1,387,731	3,159,026
Investment related costs	(397,734)	(772,684)
	3,163,720	1,471,673
<i>Allocated to:</i>		
Policyholders	1,234,311	487,988
Shareholders	1,929,409	983,685
	3,163,720	1,471,673

Investment income and losses are allocated to the shareholders in the ratio of equity at beginning of the year to total assets at the end of the year excluding the current year profit, furniture and equipment and end of service benefits. The remaining gain 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.

Notes to the Interim Condensed Financial Information - continued
For the Three-Month Period Ended March 31, 2009

7. Segmental information

The Company has adopted IFRS 8 Operating Segments with effect from January 1, 2009. The segments identified in accordance with IFRS 8 do not differ materially from those previously disclosed under IAS 14.

Operating Segments are identified on the basis of internal reports about the components of the company that are regularly reviewed by the Company's Chief Executive Officer (CEO)/Managing Director (MD) in order to allocate resources to the segment and to assess its performance. Information reported to the Company's CEO for the purpose of resource allocation and assessment of performance is based on following strategic business activities:

- **Insurance activities** include the general, life and medical insurance business undertaken by the Company.
- **Investment activities** represent investment and cash management for the Company's own account.

Notes to the Interim Condensed Financial Information - continued
For the Three-Month Period Ended March 31, 2009

7. Segmental information (continued)

The following table presents segment information for the period ended March 31, 2009 and March 31, 2008.

	Three-month period ended March 31					
	2009		2008		Total	
	Attributable to		Attributable to			
	Policyholders	Shareholders	Policyholders	Shareholders	2009	2008
	AED	AED	AED	AED	AED	AED
<i>Insurance</i>						
Underwriting income	46,104,466	-	44,154,234	-	46,104,466	44,154,234
Underwriting expenses	(29,736,079)	-	(31,100,768)	-	(29,736,079)	(31,100,768)
<i>Net underwriting income</i>	16,368,387	-	13,053,466	-	16,368,387	13,053,466
Wakala fees	(14,386,365)	14,386,365	(14,958,204)	14,958,204	-	-
Mudarib fees	(308,578)	308,578	(121,997)	121,997	-	-
	1,673,444	14,694,943	(2,026,735)	15,080,201	16,368,387	13,053,466
<i>Investment</i>						
Investment income	1,234,311	1,929,409	487,988	983,685	3,163,720	1,471,673
Other income	-	-	-	-	-	-
Unallocated other income and expenses	-	(9,329,357)	-	(8,481,676)	(9,329,357)	(8,481,676)
Surplus/(deficit) attributable to policyholders	2,907,755	2,907,755	(1,538,747)	(1,538,747)		
Provision against loan to policyholders' fund						
Profit for the period		10,202,750		6,043,463	10,202,750	6,043,463

Notes to the Interim Condensed Financial Information - continued
For the Three-Month Period Ended March 31, 2009

8. Earnings per share

Basic earnings per share are calculated by dividing the profit for the period by the weighted average number of shares outstanding during the period as follows:

	Three-month period ended	
	March 31,	
	2009	2008
	AED	AED
	(un-audited)	(un-audited)
Profit for the period	10,202,750	6,043,463
Weighted average number of shares outstanding during the period	200,000,000	200,000,000
Earnings per share (AED)	0.05	0.03

9. 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 three-month period ended March 31, 2009, 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.

10. 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 three-month period ended March 31, 2009, as this will be based on the results for the year.

11. 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.

As of March 31, 2009, the Company has 3,276,520 shares of Al Salam Bank – Bahrain. 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 2.78 million.

Notes to the Interim Condensed Financial Information - continued
For the Three-Month Period Ended March 31, 2009

12. Contingencies and commitments

Contingent liabilities

At March 31, 2009, 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 1,271,513 (December 31, 2008: AED 1,021,513).

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 14.7 million (2008: 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.

13. Comparative figures

Certain amounts for the prior period were reclassified to conform to current period presentation.