

**Dubai Insurance Company
(Public Shareholding Company)**

**INTERIM CONDENSED FINANCIAL
STATEMENTS**

31 MARCH 2008 (UNAUDITED)

REPORT ON REVIEW OF THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF DUBAI INSURANCE COMPANY (PSC)

Introduction

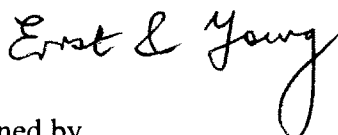
We have reviewed the accompanying interim balance sheet of Dubai Insurance Company (PSC) (the "Company") at 31 March 2008 and the related interim statements of income, cash flows and changes in equity for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 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.



Signed by
Edward B Quinlan
Partner
Registration number: 93

30 April 2008

Dubai

Dubai Insurance Company (PSC)

STATEMENT OF INCOME

31 March 2008 (Unaudited)

	<i>Note</i>	<i>Three months ended 31 March</i>	
		<i>2008 AED</i>	<i>2007 AED</i>
UNDERWRITING INCOME			
Insurance contracts premium receivable		40,855,420	15,239,855
Movement in provision for unearned premiums		(6,470,199)	(3,690,632)
Insurance premium revenue		34,385,221	11,549,223
Less: Reinsurers' share of premium		(13,688,597)	(5,559,432)
Net insurance premium revenue		20,696,624	5,989,791
Commission income		3,585,987	1,856,088
	7	24,282,611	7,845,879
UNDERWRITING EXPENSES			
Claims		10,541,594	(646,753)
Reinsurers' share of claims		(3,631,171)	1,940,677
Commission expenses		8,119,137	1,280,110
Excess of loss reinsurance premium		177,875	147,188
General and administrative expenses relating to underwriting activities		2,008,570	1,001,280
	7	17,216,005	3,722,502
NET UNDERWRITING INCOME	7	7,066,606	4,123,377
INVESTMENT INCOME			
Realised gains		2,325,435	-
Fair value gains and losses		(416,962)	2,343,525
Other investment income		2,554,242	5,549,435
		4,462,715	7,892,960
OTHER INCOME AND EXPENSES			
General and administrative expenses not allocated		(657,002)	(329,523)
Other expenses		(37,799)	(3,036)
		(694,801)	(332,559)
PROFIT FOR THE PERIOD		10,834,520	11,683,778
Earnings per share (AED)	3	1.08	1.17

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

Dubai Insurance Company (PSC)

BALANCE SHEET

At 31 March 2008 (Unaudited)

		<i>31 March 2008 AED</i>	<i>Audited 31 December 2007 AED</i>
	<i>Notes</i>		
ASSETS			
Office equipment and vehicles		549,364	501,847
Investment property		3,709,035	3,892,950
Advance for purchase of investment property		60,507,750	20,169,250
Financial assets - Investments			
At fair value through profit or loss		5,105,978	6,992,122
Held-to-maturity		1,849,505	1,849,505
Available for sale		357,322,250	362,315,685
Reinsurance assets		30,446,995	20,256,479
Insurance receivables		41,521,059	33,481,353
Prepayments and accrued income		1,673,308	1,268,126
Statutory deposits		7,500,000	7,500,000
Cash and cash equivalents	4	33,387,729	53,391,455
TOTAL ASSETS		543,572,973	511,618,772
EQUITY AND LIABILITIES			
Equity			
Share capital		100,000,000	75,000,000
Statutory reserve	5	37,500,000	37,500,000
General reserve	6	3,500,000	3,500,000
Retained earnings		65,526,165	54,691,645
Proposed dividends – scrip		-	25,000,000
Cumulative changes in fair values of securities		247,663,349	252,291,888
Total equity		454,189,514	447,983,533
Liabilities			
Insurance contract liabilities		53,620,428	43,762,014
Amounts held under reinsurance treaties		5,923,837	4,765,782
Reinsurance balances payable		15,363,592	4,424,507
Bank overdraft		4,003,608	-
Trade and other payables		10,471,994	10,682,936
Total liabilities		89,383,459	63,635,239
TOTAL EQUITY AND LIABILITIES		543,572,973	511,618,772

Approved by Management on 30 April 2008.


Chairman


General Manager

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

Dubai Insurance Company (PSC)

CASH FLOW STATEMENT

31 March 2008 (Unaudited)

		Three month period ended 31 March	
	Notes	2008 AED	2007 AED
OPERATING ACTIVITIES			
Profit for the period		10,834,520	11,683,778
Adjustments for:			
Depreciation on office equipment and vehicles		59,552	26,215
Depreciation on investment property		183,915	183,915
Provision for employees' end of service benefits		161,886	29,174
Gain on sale of available for sale securities		(2,285,306)	-
		8,954,567	11,923,082
Changes in operating assets and liabilities:			
Financial assets at fair value through profit or loss		1,886,144	(3,143,565)
Reinsurance assets		(10,190,516)	4,420,051
Insurance receivables		(8,039,706)	(7,932,920)
Prepayments and accrued income		(405,182)	(762,481)
Insurance contract liabilities		9,858,414	(1,178,651)
Amounts held under reinsurance treaties		1,158,055	423,225
Reinsurance balances payable		10,939,085	1,077,919
Trade and other payables		(149,994)	493,851
Cash from operations		14,010,867	5,320,511
Employees' end of service paid		(222,834)	-
Net cash from operating activities		13,788,033	5,320,511
INVESTING ACTIVITIES			
Purchase of available-for-sale securities		-	(2,127,494)
Proceeds from sale of available-for-sale securities		2,650,202	-
Advance made on purchase of investment property		(40,338,500)	-
Purchase of office equipment and vehicles		(107,069)	(18,238)
Statutory deposits		-	15,000
Net cash used in investing activities		(37,795,367)	(2,130,732)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(24,007,334)	3,189,779
Cash and cash equivalents at 1 January		53,391,455	41,544,365
CASH AND CASH EQUIVALENTS AT 31 MARCH	4	29,384,121	44,734,144

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

Dubai Insurance Company (PSC)

STATEMENT OF CHANGES IN EQUITY

31 March 2008 (Unaudited)

Note	Share capital AED	Statutory reserve AED	General reserve AED	Retained earnings AED	Proposed dividend AED	Cumulative changes in fair values AED	Total AED
Balance at 1 January 2008	75,000,000	37,500,000	3,500,000	54,691,645	25,000,000	252,291,888	447,983,533
Decrease in fair value of available for sale securities	-	-	-	-	-	(2,343,233)	(2,343,233)
Realised gain (net) on sale of available for sale securities	-	-	-	-	-	(2,285,306)	(2,285,306)
Total income and expense recognised directly in equity	-	-	-	-	-	(4,628,539)	(4,628,539)
Profit for the period	-	-	-	10,834,520	-	-	10,834,520
Total income and expense for the period	-	-	-	10,834,520	-	(4,628,539)	6,205,981
Scrip dividend	25,000,000	-	-	-	(25,000,000)	-	-
Balance at 31 March 2008	100,000,000	37,500,000	3,500,000	65,526,165	-	247,663,349	454,189,514
Balance at 1 January 2007	75,000,000	37,500,000	3,500,000	36,316,292	7,500,000	132,786,620	292,602,912
Decrease in fair value of available for sale securities	-	-	-	-	-	(5,719,890)	(5,719,890)
Total income and expense recognised directly in equity	-	-	-	-	-	(5,719,890)	(5,719,890)
Profit for the period	-	-	-	11,683,778	-	-	11,683,778
Total income and expense for the period	-	-	-	11,683,778	-	(5,719,890)	5,963,88
Balance at 31 March 2007	75,000,000	37,500,000	3,500,000	48,000,070	7,500,000	127,066,730	298,566,800
	(Note 5)	(Note 5)	(Note 6)				

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

Dubai Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2008 (Unaudited)

1 ACTIVITIES

Dubai Insurance Company (PSC) is a public shareholding Company and is registered under the Federal Law No. 8 of 1984 (as amended) relating to commercial companies in the UAE. The Company mainly issues short term insurance contracts in connection with motor, marine, fire and engineering, general accident risks, medical and group life risks (collectively termed as general insurance). The Company also invests its funds in investment securities. The registered address of the Company is P.O. Box 3027, Dubai, United Arab Emirates. The Company operates from Dubai and most of the insurance policies are issued in the UAE.

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 for the year ended 31 December 2007. In addition, results for the three-month period ended 31 March 2008 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2008.

3 EARNINGS PER SHARE

Earnings per share is calculated by dividing the net profit for the period by the weighted average number of shares outstanding during the period as follows:

	<i>Three months ended 31 March</i>	
	<i>2008</i>	<i>2007</i>
Net profit for the period, net of directors' fees (AED)	10,834,520	11,683,778
Weighted average number of shares outstanding during the period	10,000,000	10,000,000
Basic and diluted earnings per share (AED)	1.08	1.17

The basic earnings per share as reported for the prior period has been adjusted for the effect of bonus shares issued during the period.

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

Dubai Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2008 (Unaudited)

4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following balance sheet amounts:

	31 March 2008 AED	Audited 31 December 2007 AED
Cash and bank balances	19,065,651	12,257,799
Deposits with banks maturing within three months	14,322,078	41,133,656
	33,387,729	53,391,455
Less: Bank overdrafts	(4,003,608)	-
	29,384,121	53,391,455

5 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. The Company may resolve to discontinue such annual transfers when the statutory reserve is equal to 50% of the paid up share capital. No transfers have been made during the three-month period to 31 March 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.

6 GENERAL RESERVE

No transfer has been made to the general reserve during the three month period to 31 March 2008, as this will be based on the results for the year.

7 SEGMENTAL INFORMATION

Primary segment information

For management purposes the Company is organised into two business segments; insurance and investment. The insurance segment comprises motor, marine, fire, engineering, general accident, medical and group life insurance. 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. Transactions between segments are conducted at estimated market rates on an arm's length basis. Segmental information is presented below:

	Three months ended 31 March	
	2008 AED	2007 AED
Insurance		
Underwriting income	24,282,611	7,845,879
Underwriting expenses	(17,216,005)	(3,722,502)
Net underwriting income	7,066,606	4,123,377
Investment		
Investment income	4,462,715	7,892,960
Unallocated other income and expenses	(694,801)	(332,559)
Profit for the period	10,834,520	11,683,778

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2008 (Unaudited)

7 SEGMENTAL INFORMATION (continued)

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.

8 SEASONALITY OF RESULTS

Dividend income of AED 2,020,568 and AED 4,745,938 for the three-month period ended 31 March 2008 and 31 March 2007 respectively is of a seasonal nature.

9 CAPITAL COMMITMENTS

	<i>31 March 2008 AED</i>	<i>Audited 31 December 2007 AED</i>
Commitment in respect of purchase of investment properties (plots of land in the UAE)	141,184,750	181,523,250

10 CONTINGENCIES

At 31 March 2008, the Company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to AED 7,500,000 (2007: AED 7,500,000).