

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

**INTERIM CONDENSED FINANCIAL
STATEMENTS**

30 JUNE 2008 (UNAUDITED)

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

Introduction

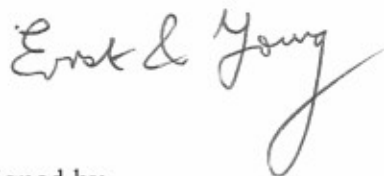
We have reviewed the accompanying interim balance sheet of Dubai Insurance Company (PSC) (the "Company") at 30 June 2008 and the related interim statements of income for the three-months and six-months period then ended and the related statements of cash flows and changes in equity for the six-month 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

28 July 2008

Dubai

Dubai Insurance Company (PSC)

INCOME STATEMENT

30 June 2008 (Unaudited)

		Three month period ended 30 June		Six month period ended 30 June		
		2008 AED	2007 AED	2008 AED	2007 AED	
Note						
UNDERWRITING INCOME						
	Insurance contracts premium receivable	30,769,071	15,940,811	71,624,491	31,180,666	
	Movement in provision for unearned premium	(4,840,955)	(7,726,887)	(11,311,154)	(11,417,519)	
	Insurance premium revenue	25,928,116	8,213,924	60,313,337	19,763,147	
	Less: Reinsurers' share of premium	(14,276,990)	(5,367,347)	(27,965,587)	(10,926,779)	
	Net insurance premium revenue	11,651,126	2,846,577	32,347,750	8,836,368	
	Commission income	2,724,059	2,457,158	6,310,046	4,313,246	
		14,375,185	5,303,735	38,657,796	13,149,614	
UNDERWRITING EXPENSES						
	Claims	11,703,182	3,037,786	22,244,776	2,391,034	
	Reinsurers' share of claims	(6,656,614)	(1,821,526)	(10,287,785)	119,150	
	Commission expenses	3,646,530	1,522,008	11,765,667	2,802,118	
	Excess of loss reinsurance premium	177,875	147,187	355,750	294,375	
	General and administrative expenses relating to underwriting activities	1,567,079	1,304,917	3,575,649	2,306,197	
		10,438,052	4,190,372	27,654,057	7,912,874	
	NET UNDERWRITING INCOME	3,937,133	1,113,363	11,003,739	5,236,740	
INVESTMENT INCOME						
	Realised gains on investments	36,461,729	3,361,537	38,787,164	3,361,537	
	Gain on sale of investment property	18,016,362	-	18,016,362	-	
	Fair value gains and losses	766,317	(144,686)	349,355	2,198,839	
	Other investment income	4,517,750	5,371,859	7,071,992	10,921,294	
		59,762,158	8,588,710	64,224,873	16,481,670	
OTHER INCOME AND EXPENSES						
	General and administrative expenses not allocated	(510,973)	(422,693)	(1,167,975)	(755,252)	
	Other income/(expenses)	126,348	(2,849)	88,549	(2,849)	
	PROFIT FOR THE PERIOD	63,314,666	9,276,531	74,149,186	20,960,309	
	Earnings per share (AED)	3	6.33	0.93	7.41	2.10

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

Dubai Insurance Company (PSC)

BALANCE SHEET

At 30 June 2008 (Unaudited)

		30 June 2008 AED	Audited 31 December 2007 AED
	Notes		
ASSETS			
Office equipment and vehicles		1,066,911	501,847
Investment property		3,525,120	3,892,950
Advance for purchase of investment property		12,992,070	20,169,250
Financial assets - Investments			
At fair value through profit or loss		5,872,296	6,992,122
Held-to-maturity		-	1,849,505
Available for sale		383,638,090	362,315,685
Reinsurance assets		35,500,258	20,256,479
Insurance receivables		55,874,435	33,481,353
Prepayments and accrued income		927,061	1,268,126
Statutory deposits		7,500,000	7,500,000
Cash and cash equivalents		96,592,502	53,391,455
TOTAL ASSETS		603,488,743	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		128,840,831	54,691,645
Proposed dividends – scrip		-	25,000,000
Cumulative changes in fair values of securities		243,626,126	252,291,888
Total equity		513,466,957	447,983,533
Liabilities			
Insurance contract liabilities		59,416,209	43,762,014
Amounts held under reinsurance treaties		7,114,499	4,765,782
Reinsurance balances payable		14,617,980	4,424,507
Trade and other payables		8,873,098	10,682,936
Total liabilities		90,021,786	63,635,239
TOTAL EQUITY AND LIABILITIES		603,488,743	511,618,772

Approved by Management on 28 July 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

30 June 2008 (Unaudited)

	<i>Notes</i>	<i>Six month period ended 30 June</i>	
		<i>2008 AED</i>	<i>2007 AED</i>
OPERATING ACTIVITIES			
Profit for the period		74,149,186	20,960,309
Adjustments for:			
Depreciation on office equipment and vehicles		174,806	78,969
Depreciation on investment property		367,830	367,830
Provision for employees' end of service benefits		206,979	59,526
Gain on sale of available for sale securities		(38,747,034)	-
Gain on sale of investment property		(18,016,362)	-
		<u>18,135,405</u>	<u>21,466,634</u>
Changes in operating assets and liabilities:			
Financial assets at fair value through profit or loss		1,119,826	(6,720,621)
Reinsurance assets		(15,243,779)	3,174,868
Insurance receivables		(22,393,082)	(11,835,674)
Prepayments and accrued income		341,065	(2,673,558)
Insurance contract liabilities		15,654,195	4,780,441
Amounts held under reinsurance treaties		2,348,717	752,468
Reinsurance balances payable		10,193,473	893,922
Trade and other payables		(1,791,998)	3,380,577
		<u>8,363,822</u>	<u>13,219,057</u>
Cash from operations		(224,819)	(89,400)
Employees' end of service paid			
Net cash from operating activities		<u>8,139,003</u>	<u>13,129,657</u>
INVESTING ACTIVITIES			
Purchase of available-for-sale securities		(38,767,564)	(2,127,494)
Proceeds from sale of available-for-sale securities		47,526,431	-
Advance made on purchase of investment property		(12,992,070)	-
Payments made for purchase of investment property		(27,346,430)	-
Proceeds from sale of investment property		65,532,042	-
Purchase of office equipment and vehicles		(739,870)	(230,548)
Proceeds from investment in held-to-maturity		1,849,505	-
Statutory deposits		-	15,000
		<u>35,062,044</u>	<u>(2,343,042)</u>
Net cash from (used) in investing activities			
FINANCING ACTIVITY			
Dividends paid		-	(7,500,000)
Net cash used in financing activities		<u>-</u>	<u>(7,500,000)</u>
INCREASE IN CASH AND CASH EQUIVALENTS		<u>43,201,047</u>	<u>3,286,615</u>
Cash and cash equivalents at 1 January		53,391,455	41,544,365
CASH AND CASH EQUIVALENTS AT 30 JUNE	4	<u>96,592,502</u>	<u>44,830,980</u>

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

Dubai Insurance Company (PSC)

STATEMENT OF CHANGES IN EQUITY

30 June 2008 (Unaudited)

	<i>Share capital AED</i>	<i>Statutory reserve AED</i>	<i>General reserve AED</i>	<i>Retained earnings AED</i>	<i>Proposed dividend AED</i>	<i>Cumulative changes in fair values AED</i>	<i>Total AED</i>
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
Increase in fair value of available for sale securities	-	-	-	-	-	30,081,272	30,081,272
Realised gain (net) on sale of available for sale securities	-	-	-	-	-	(38,747,034)	(38,747,034)
Total income and expense recognised directly in equity	-	-	-	-	-	(8,665,762)	(8,665,762)
Profit for the period	-	-	-	74,149,186	-	-	74,149,186
Total income and expense for the period	-	-	-	74,149,186	-	(8,665,762)	65,483,424
Scrip dividend	25,000,000	-	-	-	(25,000,000)	-	-
Balance at 30 June 2008	100,000,000	37,500,000	3,500,000	128,840,831	-	243,626,126	513,466,957
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
Increase in fair value of available for sale securities	-	-	-	-	-	16,702,986	16,702,986
Total income and expense recognised directly in equity	-	-	-	-	-	16,702,986	16,702,986
Profit for the period	-	-	-	20,960,309	-	-	20,960,309
Total income and expense for the period	-	-	-	20,960,309	-	16,702,986	37,663,295
Dividend paid	-	-	-	-	(7,500,000)	-	(7,500,000)
Balance at 30 June 2007	75,000,000	37,500,000	3,500,000	57,276,601	-	149,489,606	322,766,207
		(Note 5)	(Note 6)				

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 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, except for the adoption of new standards and interpretations, noted below:

IFRIC 11 IFRS 2 – Group and Treasury Share Transactions

This interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments, to be accounted as an equity - settled scheme, even if the entity buys instruments from another party, or the shareholders provide the equity instruments needed. The adoption of this interpretation did not have any effect on the financial position or performance of the Company.

IFRIC 14 IAS 19- The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

This interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognised as an asset under IAS 19 Employee Benefits. The adoption of this interpretation had no impact 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 financial statements for the year ended 31 December 2007. In addition, results for the six-month period ended 30 June 2008 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2008.

3 BASIC AND DILUTED 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 month period ended 30 June</i>		<i>Six month period ended 30 June</i>	
	<i>2008 AED</i>	<i>2007 AED</i>	<i>2008 AED</i>	<i>2007 AED</i>
Net profit for the period	63,314,666	9,276,531	74,149,186	20,960,309
Weighted average number of shares outstanding during the period	10,000,000	10,000,000	10,000,000	10,000,000
Earnings per share (AED)	6.33	0.93	7.41	2.10

The 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

30 June 2008 (Unaudited)

4 CASH AND CASH EQUIVALENTS

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

	<i>30 June 2008 AED</i>	<i>30 June 2007 AED</i>
Cash and bank balances	19,231,735	4,782,324
Deposits with banks maturing within three months	77,360,767	40,048,656
	<u>96,592,502</u>	<u>44,830,980</u>

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 six months period to 30 June 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 six month period to 30 June 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:

	<i>Three month period ended 30 June</i>		<i>Six month period ended 30 June</i>	
	<i>2008 AED</i>	<i>2007 AED</i>	<i>2008 AED</i>	<i>2007 AED</i>
<i>Insurance</i>				
Underwriting income	14,375,185	5,303,735	38,657,796	13,149,614
Underwriting expenses	(10,438,052)	(4,190,372)	(27,654,057)	(7,912,874)
Net underwriting income	3,937,133	1,113,363	11,003,739	5,236,740
<i>Investment</i>				
Investment income	59,762,158	8,588,710	64,224,873	16,481,670
Unallocated other income and expenses	(384,625)	(425,542)	(1,079,426)	(758,101)
Profit for the period	63,314,666	9,276,531	74,149,186	20,960,309

Dubai Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 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

Revenue includes dividend income of AED 4,129,110 and AED 6,149,678 for three month and six month periods ended 30 June 2008, respectively, and AED 4,531,330 and AED 9,277,268 for three month and six month periods ended 30 June 2007, respectively, which is of a seasonal nature.

9 CAPITAL COMMITMENTS

	<i>30 June 2008 AED</i>	<i>Audited 31 December 2007 AED</i>
Commitment in respect of purchase of investment properties (plots of land in the UAE)	<u>30,314,830</u>	<u>181,523,250</u>

10 CONTINGENCIES

At 30 June 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 7,563,000 (2007: AED 7,500,000).