

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

**INTERIM CONDENSED FINANCIAL
STATEMENTS**

31 MARCH 2009 (UNAUDITED)

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

Introduction

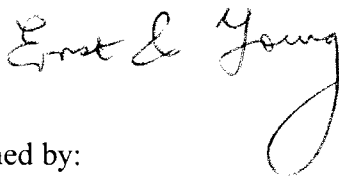
We have reviewed the accompanying interim condensed statement of financial position of Dubai Insurance Company (PSC) as at 31 March 2009 and the related interim condensed statements of income, comprehensive income, cash flows and changes in equity for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Financial Reporting 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 dark ink, appearing to read 'Ernst & Young' in a stylized, cursive script.

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

27 April 2009

Dubai, United Arab Emirates

Dubai Insurance Company (PSC)

INTERIM CONDENSED STATEMENT OF INCOME

31 March 2009 (Unaudited)

	<i>Three months ended 31 March</i>	
	<i>2009 AED '000</i>	<i>2008 AED '000</i>
UNDERWRITING INCOME		
Gross premiums	72,013	40,855
Movement in provision for unearned premiums	(18,823)	(6,470)
Insurance premium revenue	53,190	34,385
Reinsurers' share of premium	(23,498)	(13,689)
Net insurance premium revenue	29,692	20,696
Commission income	4,281	3,586
	<u>33,973</u>	<u>24,282</u>
UNDERWRITING EXPENSES		
Claims	18,292	10,542
Reinsurers' share of claims	(11,439)	(3,631)
Commission expenses	13,237	8,119
Excess of loss reinsurance premium	225	178
General and administrative expenses relating to underwriting activities	1,899	2,009
	<u>22,214</u>	<u>17,217</u>
NET UNDERWRITING INCOME	<u>11,759</u>	<u>7,065</u>
INVESTMENT INCOME		
Realised gains	718	2,325
Fair value gains and losses	485	(417)
Other investment income	1,343	2,554
	<u>2,546</u>	<u>4,462</u>
OTHER INCOME AND EXPENSES		
General and administrative expenses not allocated	(610)	(657)
Other income (expenses)	56	(38)
	<u>(554)</u>	<u>(695)</u>
PROFIT FOR THE PERIOD	<u>13,751</u>	<u>10,832</u>

The attached explanatory notes 1 to 13 form part of the interim condensed financial statements.

Dubai Insurance Company (PSC)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

31 March 2009 (Unaudited)

		<i>Three months ended 31 March</i>	
	<i>Note</i>	2009 AED'000	2008 AED'000
Profit for the period		13,751	10,832
OTHER COMPREHENSIVE INCOME			
Net unrealised losses on available for sale investments		(3,428)	(2,343)
Net realised gains transferred to statement of income on disposal of available for sale investments		-	(2,286)
Other comprehensive income for the period		(3,428)	(4,629)
Total comprehensive income for the period		10,323	6,203
Earnings per share (AED)	3	1.38	1.08

The attached explanatory notes 1 to 13 form part of the interim condensed financial statements.

Dubai Insurance Company (PSC)

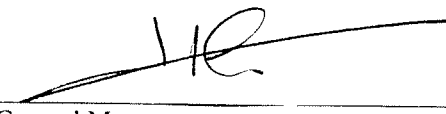
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

At 31 March 2009 (Unaudited)

		31 March 2009	<i>Audited</i> 31 December 2008
	<i>Notes</i>	AED '000	AED '000
ASSETS			
Office equipment and vehicles		1,786	1,803
Investment property		2,973	3,157
Advance for purchase of investment property		23,819	21,653
Financial instruments			
Financial assets at fair value through profit or loss		5,536	5,051
Available-for-sale financial assets		173,431	177,540
Reinsurance assets		66,263	48,945
Insurance receivables		70,341	66,306
Prepayments and accrued income		2,293	2,400
Statutory deposits		10,000	10,000
Cash and cash equivalents	9	76,312	89,583
TOTAL ASSETS		432,754	426,438
EQUITY AND LIABILITIES			
Equity			
Share capital	6	100,000	100,000
Statutory reserve	7	44,217	44,217
General reserve	8	3,500	3,500
Retained earnings		98,000	84,249
Proposed dividends – cash		-	30,000
Cumulative changes in fair values of securities		45,089	48,517
Total equity		290,806	310,483
Liabilities			
Insurance contract liabilities		103,772	78,451
Amounts held under reinsurance treaties		11,608	10,064
Reinsurance balances payable		12,724	8,473
Trade and other payables		13,844	18,967
Total liabilities		141,948	115,955
TOTAL EQUITY AND LIABILITIES		432,754	426,438

Approved by Management on 27 April 2009


Chairman


General Manager

The attached explanatory notes 1 to 13 form part of the interim condensed financial statements.

Dubai Insurance Company (PSC)

INTERIM CONDENSED CASH FLOW STATEMENT

31 March 2009 (Unaudited)

	<i>Three month period ended 31 March</i>	
	<i>2009 AED '000</i>	<i>2008 AED '000</i>
OPERATING ACTIVITIES		
Profit for the period	13,751	10,835
Adjustments for:		
Depreciation on office equipment and vehicles	176	60
Depreciation on investment property	184	184
Provision for employees' end of service benefits	126	162
Gain on sale of available-for-sale securities	(718)	(2,285)
	<u>13,519</u>	<u>8,956</u>
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	(485)	1,886
Reinsurance assets	(17,318)	(10,190)
Insurance receivables	(4,035)	(8,040)
Prepayments and accrued income	107	(405)
Insurance contract liabilities	25,321	9,858
Amounts held under reinsurance treaties	1,544	1,158
Reinsurance balances payable	4,251	10,939
Trade and other payables	(7,945)	(150)
	<u>14,959</u>	<u>14,012</u>
Employees' end of service paid	(2)	(223)
	<u>14,957</u>	<u>13,789</u>
Net cash from operating activities		
INVESTING ACTIVITIES		
Proceeds from sale of available-for-sale securities	1,399	2,650
Advance made on purchase of investment property	(2,166)	(40,339)
Purchase of office equipment and vehicles	(159)	(107)
	<u>(926)</u>	<u>(37,796)</u>
Net cash used in investing activities		
FINANCING ACTIVITIES		
Dividend paid	(27,302)	-
	<u>(27,302)</u>	<u>-</u>
Net cash used in financing activities		
DECREASE IN CASH AND CASH EQUIVALENTS	(13,271)	(24,007)
Cash and cash equivalents at 1 January	89,583	53,391
CASH AND CASH EQUIVALENTS AT 31 MARCH	76,312	29,384

The attached explanatory notes 1 to 13 form part of the interim condensed financial statements.

Dubai Insurance Company (PSC)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

31 March 2009 (Unaudited)

	Note	Share capital AED '000	Statutory reserve AED '000	General reserve AED '000	Retained earnings AED '000	Proposed dividend AED '000	Cumulative changes in fair values of securities AED '000	Total AED '000
Balance at 1 January 2009		100,000	44,217	3,500	84,249	30,000	48,517	310,483
Total comprehensive income for the period		-	-	-	13,751	-	(3,428)	10,323
Cash dividend paid		-	-	-	-	(30,000)	-	(30,000)
Balance at 31 March 2009		100,000	44,217	3,500	98,000	-	45,089	290,806
Balance at 1 January 2008		75,000	37,500	3,500	54,692	25,000	252,292	447,984
Total comprehensive income for the period		-	-	-	10,832	-	(4,629)	6,203
Script dividend		25,000	-	-	-	(25,000)	-	-
Balance at 31 March 2008		100,000	37,500	3,500	65,524	-	247,663	454,187

The attached explanatory notes 1 to 13 form part of the interim condensed financial statements.

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 United Arab Emirates.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim condensed financial statements of the Company are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. 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. In addition, results for the three months ended 31 March 2009 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2009.

2.2 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 2008.

During the period, the Company has adopted the following standards effective for the annual periods beginning on or after 1 January 2009.

IAS 1 'Presentation of Financial Statements' (Revised):

The revised standard requires changes in equity arising from transactions with owners in their capacity as owners (ie. owner changes in income) to be presented in the statement of changes in equity. All other changes in equity (ie. non-owner changes in equity) are required to be presented separately in a performance statement (consolidated statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.

IFRS 8 'Operating Segments':

The new standard which replaced IAS 14 'Segment Reporting' requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. In addition, the segments are reported in a manner that is more consistent with the internal reporting framework provided to the chief operating decision-maker.

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 the below:

Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent expenditure is added to the carrying value of investment properties when it is probable that future economic benefits in excess of the originally assessed standard of performance will flow to the Company. Any expenditure that results in the maintenance of property to an acceptable standard or specification is treated as repairs and maintenance expenses and is charged to the income statement in the period in which it is incurred.

Subsequently, investment properties are measured at cost less any accumulated depreciation and accumulated impairment losses. Depreciation is charged on a straight-line basis over the estimated useful lives of 4-33 years. All subsequent additions are depreciated over the remaining useful lives of investment properties.

No depreciation is charged on freehold land.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 ACCOUNTING POLICIES (continued)

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.

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.

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 gains and losses 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 specific financial asset may be impaired. If such evidence exists, any impairment loss is 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, less any impairment loss previously recognised in the income statement;
- (b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
- (c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

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.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2009 (Unaudited)

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>2009 AED '000</i>	<i>2008 AED '000</i>
Net profit for the period, net of directors' fees (AED '000)	<u>13,751</u>	<u>10,835</u>
Weighted average number of shares outstanding during the period	<u>10,000,000</u>	<u>10,000,000</u>
Earnings per share (AED)	<u>1.38</u>	<u>1.08</u>

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.

4 INVESTMENT PROPERTY

Investment properties represent Company's investments in freehold land and building situated in Emirate of Dubai, United Arab Emirates.

5 FINANCIAL INSTRUMENTS

Financial instruments represent investments in quoted and unquoted shares of companies incorporated in United Arab Emirates.

6 SHARE CAPITAL

	<i>31 March 2009 AED '000</i>	<i>Audited 31 December 2008 AED '000</i>
Issued and fully paid 10,000,000 shares of AED 10 each (2008: – 10,000,000 shares of AED 10 each)	<u>100,000,000</u>	<u>100,000,000</u>

7 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 nine months period to 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.

8 GENERAL RESERVE

No transfer has been made to the general reserve during the nine month period to 30 September 2008, as this will be based on the results for the year.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2009 (Unaudited)

9 CASH AND CASH EQUIVALENTS

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

	31 March 2009 AED '000	<i>Audited</i> 31 December 2008 AED '000
Deposits with banks maturing within three months	51,569	75,773
Bank balances and cash	24,743	13,810
	<u>76,312</u>	<u>89,583</u>

10 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>General insurance</i>		<i>Life insurance</i>		<i>Total</i>	
	31 March 2009 AED'000	31 March 2008 AED'000	31 March 2009 AED'000	31 March 2008 AED'000	31 March 2009 AED'000	31 March 2008 AED'000
Three months ended 31 March						
TOTAL UNDERWRITING INCOME	13,038	11,070	20,936	13,212	33,974	24,282
NET UNDERWRITING INCOME	5,711	4,793	6,048	2,272	11,759	7,065
TOTAL INVESTMENT INCOME					2,546	4,462
Other income					56	(38)
Unallocated other expenses					(610)	(657)
PROFIT FOR THE PERIOD					13,751	10,832

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.

11 SEASONALITY OF RESULTS

Dividend income of AED nil and AED 2,021 for the three-month period ended 31 March 2009 and 31 March 2008 respectively is of a seasonal nature.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2009 (Unaudited)

12 CAPITAL COMMITMENTS

	31 March 2009 AED '000	<i>Audited</i> 31 December 2008 AED '000
Commitment in respect of purchase of investment properties (plots of land in the UAE)	19,488	21,653

13 CONTINGENCIES

At 31 March 2009, 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 10,075 thousand (2008: AED 10,075 thousand).