

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

**INTERIM CONDENSED FINANCIAL
STATEMENTS**

30 JUNE 2009 (UNAUDITED)

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

Introduction

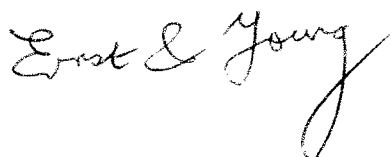
We have reviewed the accompanying interim condensed financial statements of Dubai Insurance Company (PSC) as at 30 June 2009, comprising of the interim statements of financial position as at 30 June 2009, and the related interim statements of income and comprehensive income for the three-months and six-months periods then ended, and the statement of changes in equity and cash flow 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 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 black ink, appearing to read 'Ernst & Young' in a cursive style.

Signed by
Edward B Quinlan
Partner
Registration number: 93

22 July 2009

Dubai

Dubai Insurance Company (PSC)

INTERIM STATEMENT OF INCOME

30 June 2009 (Unaudited)

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2009 AED '000</i>	<i>2008 AED '000</i>	<i>2009 AED '000</i>	<i>2008 AED '000</i>
UNDERWRITING INCOME				
Gross premium	25,773	30,769	97,786	71,624
Movement in provision for unearned premium	6,429	(4,841)	(12,394)	(11,311)
Insurance premium revenue	32,202	25,928	85,392	60,313
Reinsurance share of premium	(16,850)	(14,277)	(40,348)	(27,966)
Net insurance premium revenue	15,352	11,651	45,044	32,347
Commission income	3,969	2,724	8,250	6,310
	19,321	14,375	53,294	38,657
UNDERWRITING EXPENSES				
Claims	19,848	11,703	38,140	22,245
Reinsurers' share of claims	(9,850)	(6,657)	(21,289)	(10,288)
Commission expenses	5,271	3,647	18,508	11,766
Excess of loss reinsurance premium	225	178	450	356
General and administrative expenses relating to underwriting activities	2,084	1,566	3,983	3,575
	17,578	10,437	39,792	27,654
NET UNDERWRITING INCOME	1,743	3,938	13,502	11,003
INVESTMENT INCOME				
Realised gains on investments	-	36,462	718	38,787
Gain on sale of investment property	-	18,016	-	18,016
Net fair value gains	137	767	622	350
Other investment income	6,975	4,518	8,318	7,072
	7,112	59,763	9,658	64,225
OTHER INCOME AND EXPENSES				
General and administrative expenses not allocated	(676)	(511)	(1,286)	(1,168)
Other (expenses) income	(51)	127	5	89
	(727)	(384)	(1,281)	(1,079)
PROFIT FOR THE PERIOD	8,128	63,317	21,879	74,149

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

Dubai Insurance Company (PSC)

INTERIM STATEMENT OF INCOME

30 June 2009 (Unaudited)

		<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
		<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>Note</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Profit for the period		8,128	63,317	21,879	74,149
OTHER COMPREHENSIVE INCOME					
Net unrealised (losses) gains on available for sale investments		(1,834)	32,424	(5,262)	30,081
Net realised gains transferred to statement of income on disposal of available-for-sale investments		-	(36,462)	(718)	(38,747)
Other comprehensive income for the period		(1,834)	(4,038)	(5,980)	(8,666)
Total comprehensive income for the period		6,294	59,279	15,899	65,483
Earnings per share	3	0.813	6.332	2.188	7.415

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

Dubai Insurance Company (PSC)

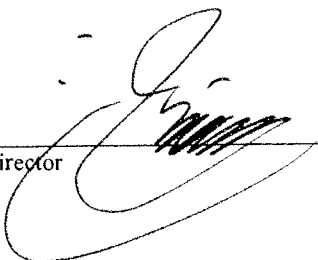
INTERIM STATEMENT OF FINANCIAL POSITION

At 30 June 2009 (Unaudited)

		30 June 2009	Audited 31 December 2008
	<i>Notes</i>	AED '000	AED '000
ASSETS			
Office equipment and vehicles		1,828	1,803
Investment property		2,790	3,157
Advance for purchase of investment property		30,315	21,653
Financial instruments			
Financial assets at fair value through profit or loss		57,713	5,051
Available-for-sale financial assets		170,879	177,540
Reinsurance assets		59,130	48,945
Insurance receivables		71,391	66,306
Prepayments and accrued income		3,511	2,400
Statutory deposits		10,000	10,000
Cash and cash equivalents	9	21,715	89,583
TOTAL ASSETS		429,272	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		106,128	84,249
Proposed dividends – cash		-	30,000
Cumulative changes in fair values of securities		42,537	48,517
Total equity		296,382	310,483
Liabilities			
Insurance contract liabilities		97,002	78,451
Amounts held under reinsurance treaties		9,515	10,064
Reinsurance balances payable		12,661	8,473
Trade and other payables		13,712	18,967
Total liabilities		132,890	115,955
TOTAL EQUITY AND LIABILITIES		429,272	426,438

Approved by Management on 22 July 2009.

Director



General Manager



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

Dubai Insurance Company (PSC)

INTERIM CASH FLOW STATEMENT

30 June 2009 (Unaudited)

		Six month period ended 30 June	
	Note	2009 AED '000	2008 AED '000
OPERATING ACTIVITIES			
Profit for the period		21,879	74,149
Adjustments for:			
Depreciation		748	543
Provision for employees' end of service benefits		173	207
Gain on sale of available-for-sale investment securities		(718)	(38,747)
Gain on sale of investment property		-	(18,016)
		22,082	18,136
Changes in operating assets and liabilities:			
Financial assets at fair value through profit or loss		(52,662)	1,120
Reinsurance assets		(10,185)	(15,244)
Insurance receivables		(5,085)	(22,393)
Prepayments and accrued income		(1,111)	341
Insurance contract liabilities		18,551	15,654
Amounts held under reinsurance treaties		(549)	2,349
Reinsurance balances payable		4,188	10,193
Trade and other payables		(5,424)	(1,792)
Cash from operations		(30,195)	8,364
Employees' end of service paid		(4)	(225)
Net cash (used in) from operating activities		(30,199)	8,139
INVESTING ACTIVITIES			
Purchase of available-for-sale securities		-	(38,768)
Proceeds from sale of available-for-sale securities		1,399	47,526
Advance made on purchase of investment property		(8,662)	(12,992)
Payments made for purchase of investment property		-	(27,346)
Proceeds from sale of investment property		-	65,532
Purchase of office equipment and vehicles		(406)	(740)
Proceeds from investment in held-to-maturity		-	1,850
Net cash (used in) /from investing activities		(7,669)	35,062
FINANCING ACTIVITY			
Dividends paid		(30,000)	-
Net cash used in financing activity		(30,000)	-
INCREASE IN CASH AND CASH EQUIVALENTS			
		(67,868)	43,201
Cash and cash equivalents at 1 January		89,583	53,391
CASH AND CASH EQUIVALENTS AT 30 JUNE	9	21,715	96,592

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

Dubai Insurance Company (PSC)

INTERIM STATEMENT OF CHANGES IN EQUITY

30 June 2009 (Unaudited)

	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	-	-	-	21,879	-	(5,980)	15,899
Cash dividend paid	-	-	-	-	(30,000)	-	(30,000)
Balance at 30 June 2009	100,000	44,217	3,500	106,128	-	42,537	296,382
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	-	-	-	74,149	-	(8,666)	65,483
Scrip dividend	-	-	-	-	(25,000)	-	(25,000)
Balance at 30 June 2008	75,000	37,500	3,500	128,841	-	243,626	488,467

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2009 (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 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 six months ended 30 June 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 (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 statement of comprehensive income in the period in which it is incurred.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 ACCOUNTING POLICIES (continued)

Investment properties (continued)

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 4-25 years. All subsequent additions are depreciated over the remaining useful lives of investment properties.

No depreciation is charged on freehold land.

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.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2009 (Unaudited)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)**2.2 ACCOUNTING POLICIES (continued)****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.

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 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
Profit for the period, net of directors' fees (AED '000)	8,128	63,317	21,879	74,149
Weighted average number of shares outstanding during the period ('000)	10,000	10,000	10,000	10,000
Earnings per share (AED)	0.813	6.332	2.188	7.415

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

4 INVESTMENT PROPERTY

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2009 (Unaudited)

5 FINANCIAL INSTRUMENTS

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

6 SHARE CAPITAL

	<i>30 June 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</u>	<u>100,000</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 six months period to 30 June 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.

8 GENERAL RESERVE

No transfer has been made to the general reserve during the six month period to 30 June 2009, as this will be based on the results for the year.

9 CASH AND CASH EQUIVALENTS

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

	<i>30 June 2009 AED '000</i>	<i>30 June 2008 AED '000</i>
Deposits with banks maturing within three months	-	19,232
Bank balances and cash	<u>21,715</u>	<u>77,360</u>
	<u>21,715</u>	<u>96,592</u>

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2009 (Unaudited)

10 SEGMENTAL INFORMATION

Primary segment information

For management purposes the Company is organised into three business segments; general insurance, life insurance and investment. The general insurance segment comprises motor, marine, fire, engineering, general accident and medical. The life segment includes individual 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 months ended 30 June</i>					
	<i>General insurance</i>		<i>Life assurance</i>		<i>Total</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</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>
TOTAL UNDERWRITING INCOME	11,462	7,032	7,859	7,343	19,321	14,375
NET UNDERWRITING INCOME (LOSS)	2,452	(6,975)	(709)	10,913	1,743	3,938
TOTAL INVESTMENT INCOME					7,112	59,763
Other income					(51)	(38)
Unallocated other expenses					(676)	(657)
PROFIT FOR THE PERIOD					8,128	63,006

	<i>Six months ended 30 June</i>					
	<i>General insurance</i>		<i>Life assurance</i>		<i>Total</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</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>
TOTAL UNDERWRITING INCOME	24,500	18,102	28,794	20,555	53,294	38,657
NET UNDERWRITING INCOME	8,163	(2,182)	5,339	13,185	13,502	11,003
TOTAL INVESTMENT INCOME					9,658	64,225
Other income					5	89
Unallocated other expenses					(1,286)	(1,168)
PROFIT FOR THE PERIOD					21,879	74,149

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.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2009 (Unaudited)

11 SEASONALITY OF RESULTS

Dividend income of AED 6,244 and AED 6,244 for three month and six month periods ended 30 June 2009, respectively, and AED 4,129 and AED 6,150 for three month and six month periods ended 30 June 2008, respectively is of seasonal nature.

12 CAPITAL COMMITMENTS

	<i>30 June</i> <i>2009</i> <i>AED '000</i>	<i>Audited</i> <i>31 December</i> <i>2008</i> <i>AED '000</i>
Commitment in respect of purchase of investment properties (plots of land in the UAE)	12,992	21,653

13 CONTINGENCIES

At 30 June 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).