

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

**INTERIM CONDENSED FINANCIAL
STATEMENTS**

30 SEPTEMBER 2009 (UNAUDITED)

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

Introduction

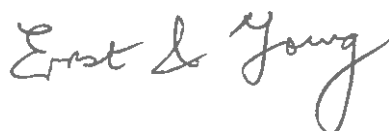
We have reviewed the accompanying interim condensed financial statements of Dubai Insurance Company (PSC) as at 30 September 2009, comprising of the interim statements of financial position as at 30 September 2009, and the related interim statements of income and comprehensive income for the three-months and nine-months periods then ended, and the statement of changes in equity and cash flow for the nine-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.



Signed by
Edward B Quinlan
Partner
Registration number: 93

26 October 2009

Dubai, United Arab Emirates

Dubai Insurance Company (PSC)

INTERIM STATEMENT OF INCOME

30 September 2009 (Unaudited)

		<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</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>
UNDERWRITING INCOME					
Gross premium		37,866	29,929	135,652	101,553
Movement in provision for unearned premium		(1,573)	(4,043)	(13,967)	(15,354)
Insurance premium revenue		36,293	25,886	121,685	86,199
Reinsurance share of premium		(15,437)	(13,766)	(55,785)	(41,732)
Net insurance premium revenue		20,856	12,120	65,900	44,467
Commission income		3,112	3,624	11,362	9,934
		<u>23,968</u>	<u>15,744</u>	<u>77,262</u>	<u>54,401</u>
UNDERWRITING EXPENSES					
Claims		55,579	12,083	93,719	34,328
Reinsurers' share of claims		(47,159)	(6,131)	(68,448)	(16,419)
Commission expenses		8,858	3,592	27,366	15,358
Excess of loss reinsurance premium		225	178	675	534
General and administrative expenses relating to underwriting activities		2,206	1,333	6,189	4,908
		<u>19,709</u>	<u>11,055</u>	<u>59,501</u>	<u>38,709</u>
NET UNDERWRITING INCOME		4,259	4,688	17,761	15,691
INVESTMENT INCOME					
Realised gains on investments		-	-	718	38,787
Gain on sale of investment property		-	-	-	18,016
Net fair value gains (losses)		650	(639)	1,272	(289)
Other investment income		1,015	1,164	9,333	8,236
		<u>1,665</u>	<u>525</u>	<u>11,323</u>	<u>64,750</u>
OTHER INCOME AND EXPENSES					
General and administrative expenses not allocated		(722)	(434)	(2,008)	(1,602)
Other income		462	26	467	115
		<u>(260)</u>	<u>(408)</u>	<u>(1,541)</u>	<u>(1,487)</u>
PROFIT FOR THE PERIOD		5,664	4,806	27,543	78,955
Basic and diluted earnings per share (AED)	3	<u>0.566</u>	<u>0.481</u>	<u>2.754</u>	<u>7.896</u>

The attached explanatory notes 1 to 12 form part of the interim condensed financial statements.

Dubai Insurance Company (PSC)

INTERIM STATEMENT OF COMPREHENSIVE INCOME

30 September 2009 (Unaudited)

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2009 AED '000</i>	<i>2008 AED '000</i>	<i>2009 AED '000</i>	<i>2008 AED '000</i>
Profit for the period	5,664	4,806	27,543	78,955
OTHER COMPREHENSIVE INCOME				
Net unrealized gains (losses) on Available-for-sale investments	27,631	(53,763)	22,369	(23,682)
Net realised gains transferred to statement of income on disposal of available-for-sale investments	-	-	(718)	(38,747)
Other comprehensive income (loss) for the period	27,631	(53,763)	21,651	(62,429)
Total comprehensive income (loss) for the period	33,295	(48,957)	49,194	16,526

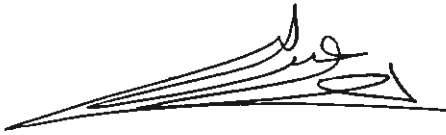
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Dubai Insurance Company (PSC)

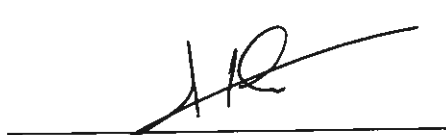
INTERIM STATEMENT OF FINANCIAL POSITION

At 30 September 2009 (Unaudited)

		30 September 2009	Audited 31 December 2008
	Notes	AED '000	AED '000
ASSETS			
Office equipment and vehicles		1,769	1,803
Investment property		2,606	3,157
Advance for purchase of investment property		30,315	21,653
Financial instruments		65,863	5,051
Financial assets at fair value through profit or loss		198,510	177,540
Available-for-sale financial assets		97,217	48,945
Reinsurance assets		83,008	66,306
Insurance receivables		4,559	2,400
Prepayments and accrued income		10,000	10,000
Statutory deposits		19,341	89,583
Cash and cash equivalents	8		
TOTAL ASSETS		513,188	426,438
EQUITY AND LIABILITIES			
Equity			
Share capital	6	100,000	100,000
Statutory reserve	7	44,217	44,217
General reserve	7	3,500	3,500
Retained earnings		111,792	84,249
Proposed dividends – cash		-	30,000
Available-for-sale (AFS) reserve	7	70,168	48,517
Total equity		329,677	310,483
Liabilities			
Insurance contract liabilities		135,293	78,451
Amounts held under reinsurance treaties		8,578	10,064
Reinsurance balances payable		17,987	8,473
Trade and other payables		21,653	18,967
Total liabilities		183,511	115,955
TOTAL EQUITY AND LIABILITIES		513,188	426,438



Chairman
26 October 2009



General Manager
26 October 2009

The attached explanatory notes 1 to 12 form part of the interim condensed financial statements.

Dubai Insurance Company (PSC)

INTERIM CASH FLOW STATEMENT

30 September 2009 (Unaudited)

		Nine month period ended 30 September	
	Note	2009 AED '000	2008 AED '000
OPERATING ACTIVITIES			
Profit for the period		27,543	78,955
Adjustments for:			
Depreciation		1,082	820
Provision for employees' end of service benefits		211	203
Gain on sale of available-for-sale investment securities		(718)	(38,747)
Gain on sale of investment property		-	(18,016)
		<u>28,118</u>	<u>23,215</u>
Changes in operating assets and liabilities:			
Financial assets at fair value through profit or loss		(60,812)	1,758
Reinsurance assets		(48,272)	(18,255)
Insurance receivables		(16,702)	(34,467)
Prepayments and accrued income		(2,159)	(892)
Insurance contract liabilities		56,842	21,876
Amounts held under reinsurance treaties		(1,486)	2,643
Reinsurance balances payable		9,514	10,786
Trade and other payables		2,348	1,651
		<u>(32,609)</u>	<u>8,315</u>
Cash from operations		(32,609)	8,315
Employees' end of service paid		(4)	(498)
		<u>(32,613)</u>	<u>7,817</u>
Net cash (used in) from operating activities		(32,613)	7,817
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)	(21,653)
Payments made for purchase of investment property		-	(27,346)
Proceeds from sale of investment property		-	65,532
Purchase of office equipment and vehicles		(497)	(970)
Proceeds from investment in held-to-maturity		-	1,850
		<u>(7,760)</u>	<u>26,171</u>
Net cash (used in) from investing activities		(7,760)	26,171
FINANCING ACTIVITY			
Dividends paid		(29,869)	-
		<u>(29,869)</u>	<u>-</u>
Net cash used in financing activity		(29,869)	-
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS			
		<u>(70,242)</u>	<u>33,988</u>
Cash and cash equivalents at 1 January		89,583	53,391
		<u>19,341</u>	<u>87,379</u>
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	8	19,341	87,379

The attached explanatory notes 1 to 12 form part of the interim condensed financial statements.

Dubai Insurance Company (PSC)

INTERIM STATEMENT OF CHANGES IN EQUITY 30 September 2009 (Unaudited)

	Share capital AED '000	Statutory reserve AED '000	General reserve AED '000	Retained earnings AED '000	Proposed dividend AED '000	Available- for-sale (AFS) reserve AED '000	Total AED '000
Balance at 1 January 2009	100,000	44,217	3,500	84,249	30,000	48,517	310,483
Profit for the period	-	-	-	27,543	-	-	27,543
Other comprehensive income	-	-	-	-	-	21,651	21,651
Total comprehensive income for the period	-	-	-	27,543	-	21,651	49,194
Cash dividend paid	-	-	-	-	(30,000)	-	(30,000)
Balance at 30 September 2009	100,000	44,217	3,500	111,792	-	70,168	329,677
Balance at 1 January 2008	75,000	37,500	3,500	54,692	25,000	252,292	447,984
Profit for the period	-	-	-	78,955	-	-	78,955
Other comprehensive loss	-	-	-	-	-	(62,429)	(62,429)
Total comprehensive income for the period	-	-	-	78,955	-	(62,429)	16,526
Scrip dividend	-	-	-	-	(25,000)	-	(25,000)
Balance at 30 September 2008	75,000	37,500	3,500	133,647	-	189,863	439,510

The attached explanatory notes 1 to 12 form part of the interim condensed financial statements.

1 CORPORATE INFORMATION

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 and also registered in accordance with the UAE Federal Law No. 6 of 2007 (as amended) ("the Insurance Companies Law"). The Company mainly issues short term insurance contracts in connection with motor, marine, fire, engineering and general accident risks (collectively known as general insurance) and medical and group life risks (included within life insurance). The Company also invests its funds in investment securities and properties. The registered address of the Company is P.O. Box 3027, Dubai, United Arab Emirates. The Company operates in the United Arab Emirates 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 nine months ended 30 September 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 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, except as noted below:

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

IASB Standards and Interpretation issued and adopted

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 2008 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 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 September 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 BASIC AND DILUTED EARNINGS PER SHARE

Basic 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 September</i>		<i>Nine months ended 30 September</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
Profit for the period, net of directors' fees (AED '000)	5,664	4,806	27,543	78,955
Weighted average number of shares outstanding during the period ('000)	10,000	10,000	10,000	10,000
Earnings per share (AED)	0.566	0.481	2.754	7.896

No figures for diluted earnings has been presented because 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 September 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 September 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 RESERVES**Nature and purpose of reserves**

- 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 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.

- GENERAL RESERVE**

Transfers to the general reserves are made on the recommendation of the Board of Directors. This reserve may be used for such purposes deemed appropriate by the Board of Directors.

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

- AVAILABLE-FOR-SALE (AFS) RESERVE**

This reserve records fair value changes on available-for-sale financial assets.

8 CASH AND CASH EQUIVALENTS

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

	<i>30 September 2009 AED '000</i>	<i>30 September 2008 AED '000</i>
Deposits with banks maturing within three months	-	77,689
Bank balances and cash	<u>19,341</u>	<u>9,690</u>
	<u>19,341</u>	<u>87,379</u>

The entire bank balances and bank deposits are within United Arab Emirates.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2009 (Unaudited)

9 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 and general accident. The life segment includes 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 months ended 30 September</i>					
	<i>General insurance</i>		<i>Life assurance</i>		<i>Total</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	9,804	8,611	14,164	7,133	23,968	15,744
NET UNDERWRITING INCOME (LOSS)	3,538	12,527	721	(7,839)	4,259	4,688
TOTAL INVESTMENT INCOME					1,665	525
Other income					462	27
Unallocated other expenses					(722)	(434)
PROFIT FOR THE PERIOD					5,664	4,806

	<i>Nine months ended 30 September</i>					
	<i>General insurance</i>		<i>Life assurance</i>		<i>Total</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	34,304	26,713	42,958	27,688	77,262	54,401
NET UNDERWRITING INCOME	11,701	10,345	6,060	5,346	17,761	15,691
TOTAL INVESTMENT INCOME					11,323	64,750
Other income					467	116
Unallocated other expenses					(2,008)	(1,602)
PROFIT FOR THE PERIOD					27,543	78,955

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 September 2009 (Unaudited)

10 SEASONALITY OF RESULTS

Dividend income of nil and AED 6,244 for three month and nine month periods ended 30 September 2009, respectively, and nil and AED 6,405 for three month and nine month periods ended 30 September 2008, respectively is of seasonal nature.

11 CAPITAL COMMITMENTS

	30 September 2009 AED '000	Audited 31 December 2008 AED '000
Commitment in respect of purchase of investment property (plot of land in the UAE)	12,992	21,653

12 CONTINGENCIES

At 30 September 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 10,117 thousand (2008: AED 10,075 thousand).