

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

**INTERIM CONDENSED FINANCIAL
STATEMENTS**

31 MARCH 2010 (UNAUDITED)

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

Introduction

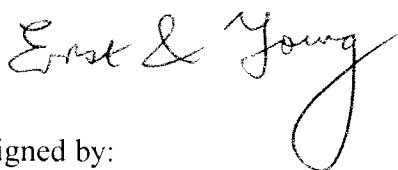
We have reviewed the accompanying interim condensed financial statements of Dubai Insurance Company (PSC) as at 31 March 2010 comprising of the interim statement of financial position as at 31 March 2010, the related interim condensed statements of income, comprehensive income, changes in equity and cash flow 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 cursive script that reads 'Ernst & Young'.

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

29 April 2010

Dubai, United Arab Emirates

Dubai Insurance Company (PSC)

INTERIM CONDENSED STATEMENT OF INCOME

31 March 2010 (Unaudited)

		<i>Three months ended 31 March</i>	
	<i>Note</i>	<i>2010 AED'000</i>	<i>2009 AED'000</i>
UNDERWRITING INCOME			
Gross premiums			
Insurance contracts premium receivable		82,751	72,013
Movement in provision for unearned premiums		(19,198)	(18,823)
Insurance premium revenue		<u>63,553</u>	<u>53,190</u>
Less: Reinsurers' share of premium			
Insurance contracts premium receivable		42,997	36,187
Movement in provision for unearned premium		(14,272)	(12,689)
		<u>(28,725)</u>	<u>(23,498)</u>
Net insurance premium revenue		34,828	29,692
Reinsurance commission income		4,528	4,281
Other operating (expense) income		(525)	40
Total underwriting income		<u>38,831</u>	<u>34,013</u>
UNDERWRITING EXPENSES			
Claims		24,541	18,292
Reinsurers' share of claims		(14,094)	(11,439)
Commission expenses		14,923	13,277
Excess of loss reinsurance premium		234	225
General and administrative expenses relating to underwriting activities		2,347	1,899
		<u>27,951</u>	<u>22,254</u>
NET UNDERWRITING INCOME		<u>10,880</u>	<u>11,759</u>
INVESTMENT INCOME			
Realised gains		-	718
Fair value gains on held for trading securities		30	485
Other investment income		4,256	1,343
		<u>4,286</u>	<u>2,546</u>
OTHER INCOME AND EXPENSES			
General and administrative expenses not allocated		(757)	(610)
Other income		22	56
		<u>(735)</u>	<u>(554)</u>
PROFIT FOR THE PERIOD		<u>14,431</u>	<u>13,751</u>
Basic and diluted earnings per share (AED)	3	<u>0.144</u>	<u>0.137</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 2010 (Unaudited)

	<i>Three months ended 31 March</i>	
	<i>2010 AED'000</i>	<i>2009 AED'000</i>
Profit for the period	14,431	13,751
OTHER COMPREHENSIVE INCOME		
Net unrealised losses on available for sale investments	(7,718)	(3,428)
Other comprehensive income for the period	(7,718)	(3,428)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	6,713	10,323

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

Dubai Insurance Company (PSC)

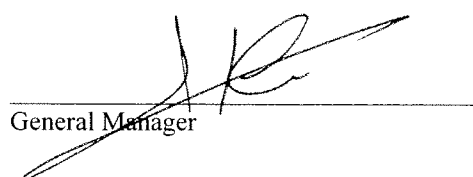
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

At 31 March 2010 (Unaudited)

		31 March 2010	<i>Audited</i> 31 December 2009
	<i>Notes</i>	AED '000	AED '000
ASSETS			
Office equipment and vehicles		1,529	1,602
Investment property		2,237	2,421
Advance for investment property		34,315	32,315
Financial instruments			
Financial assets at fair value through profit or loss		37,307	64,607
Available-for-sale financial assets		163,117	170,835
Reinsurance assets		106,579	91,900
Insurance receivables		96,868	78,322
Prepayments and other receivables		3,262	3,945
Statutory deposits		10,000	10,000
Cash and cash equivalents	9	37,771	12,200
TOTAL ASSETS		492,985	468,147
EQUITY AND LIABILITIES			
Equity			
Share capital	6	100,000	100,000
Statutory reserve	7	46,941	46,941
General reserve	8	3,500	3,500
Retained earnings		97,149	82,868
Proposed dividends – cash		-	25,000
Available-for-sale (AFS) reserve		36,775	44,493
Total equity		284,365	302,802
Liabilities			
Insurance contract liabilities		144,933	124,818
Amounts held under reinsurance treaties		7,017	8,969
Reinsurance balances payable		36,822	13,041
Trade and other payables		19,848	18,517
Total liabilities		208,620	165,345
TOTAL EQUITY AND LIABILITIES		492,985	468,147

Approved by Management on 29th April 2010


Chairman


General Manager

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

Dubai Insurance Company (PSC)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

31 March 2010 (Unaudited)

	<i>Three month period ended 31 March</i>	
	<i>2010 AED '000</i>	<i>2009 AED '000</i>
OPERATING ACTIVITIES		
Profit for the period	14,431	13,751
Adjustments for:		
Depreciation on office equipment and vehicles	194	176
Depreciation on investment property	184	184
Provision for employees' end of service benefits	168	126
Gain on sale of available-for-sale financial assets	-	(718)
	14,977	13,519
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	27,300	(485)
Reinsurance assets	(14,679)	(17,318)
Insurance receivables	(18,546)	(4,035)
Prepayments and accrued income	683	107
Insurance contract liabilities	20,115	25,321
Amounts held under reinsurance treaties	(1,952)	1,544
Reinsurance balances payable	23,781	4,251
Trade and other payables	2,144	(7,045)
Cash from operations	53,823	15,859
Employees' end of service paid	(81)	(2)
Net cash from operating activities	53,742	15,857
INVESTING ACTIVITIES		
Advance made on purchase of investment property	(2,000)	(2,166)
Purchase of office equipment and vehicles	(121)	(159)
Proceeds from sale of available-for-sale securities	-	1,399
Net cash used in investing activities	(2,121)	(926)
FINANCING ACTIVITIES		
Dividend paid	(25,000)	(27,302)
Directors fee paid	(1,050)	(900)
Net cash used in financing activities	(26,050)	(28,202)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	25,571	(13,271)
Cash and cash equivalents at 1 January	12,200	89,583
CASH AND CASH EQUIVALENTS AT 31 MARCH	37,771	76,312

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 2010 (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 2010	100,000	46,941	3,500	82,868	25,000	44,493	302,802
Profit for the period	-	-	-	14,431	-	-	14,431
Other comprehensive income	-	-	-	-	-	(7,718)	(7,718)
Total comprehensive income for the period	-	-	-	14,431	-	(7,718)	6,713
Cash dividend paid	-	-	-	-	(25,000)	-	(25,000)
Director's fee	-	-	-	(150)	-	-	(150)
Balance at 31 March 2010	100,000	46,941	3,500	97,149	-	36,775	284,365
Balance at 1 January 2009	100,000	44,217	3,500	84,249	30,000	48,517	310,483
Profit for the period	-	-	-	13,751	-	-	13,751
Other comprehensive income	-	-	-	-	-	(3,428)	(3,428)
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

The attached explanatory notes 1 to 13 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. The Company mainly issues short term insurance contracts in connection with motor, marine, fire and engineering, 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 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.

Interim 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 2010 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2010.

2.2 ACCOUNTING POLICIES

Basis of preparation

The interim condensed consolidated financial information of the Company is prepared in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting ("IAS 34"). The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2009, 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 2010.

IFRS 1 and IAS 27, Cost of an investment in a subsidiary, jointly-controlled entity or associate

The amended standard allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from IAS 27 and requires an entity to present dividends from investments in subsidiaries, jointly controlled entities and associates as income in the separate financial statements of the investor.

IFRS 3, 'Business combinations'

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of income. There is a choice, on an acquisition-by-acquisition basis, to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Company will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

IAS 27, 'Consolidated and separate financial statements'

The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost; any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Company will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 January 2010. In the future, this guidance will also tend to produce higher volatility in equity and/or earnings in connection with the acquisition of interests by the Company.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

IAS 39, 'Financial instruments: Recognition and measurement – Eligible hedged items'

The amendment 'Eligible hedged items' was issued in July 2008. It provides guidance for two situations. On the designation of a one-sided risk in a hedged item, IAS 39 concludes that a purchased option designated in its entirety as the hedging instrument of a one-sided risk will not be perfectly effective. The designation of inflation as a hedged risk or portion is not permitted unless in particular situations.

The adoption of these standards did not have any impact on the interim condensed consolidated financial statements of the Company or its financial performance for the current period.

Improvements to IFRS

'Improvements to IFRS' comprise amendments that result in accounting changes for presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. Most of the amendments are effective for annual periods beginning on or after 1 January 2009 and 1 January 2010 respectively, with earlier application permitted. No material changes to accounting policies are expected as a result of these amendments.

Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of income in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of income in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party or completion of construction or development. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of the change in use.

Fair value is determined by open market values based on valuations performed by independent surveyors and consultant or broker's quotes.

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 reporting date. If quoted market prices are not available, reference can also be made to broker or dealer price quotations.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 ACCOUNTING POLICIES (continued)

Fair value of financial instruments (continued)

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 reporting 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 reporting 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 2010 (Unaudited)

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 31 March</i>	
	<i>2010</i>	<i>2009</i>
Net profit for the period, net of directors' fees (AED '000)	14,431	13,751
Weighted average number of shares outstanding during the period	100,000,000	100,000,000
Earnings per share (AED)	0.144	0.137

The basic earnings per share as reported for the prior period has been adjusted for the effect of stock split up during the period.

No figures for diluted earnings has been presented because the Company have 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

	<i>Carrying value</i>		<i>Fair value</i>	
	<i>31 March 2010</i>	<i>31 December 2009</i>	<i>31 March 2010</i>	<i>31 December 2009</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
Financial instruments				
at fair value through profit or loss (note 5.1)	37,307	64,607	37,307	64,607
available-for-sale (note 5.2)	163,117	170,835	163,117	170,835
	200,424	235,442	200,424	235,442

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2010 (Unaudited)

5 FINANCIAL INSTRUMENTS (continued)**5.1 FINANCIAL INSTRUMENTS AT FAIR VALUES THROUGH PROFIT OR LOSS**

	<i>31 March 2010 AED '000</i>	<i>31 December 2009 AED '000 Audited</i>
a) <i>Shares - quoted</i>	4,218	4,188
b) <i>Designated upon initial recognition</i> Deposits matured over three months	33,089	60,419
	37,307	64,607

5.2 AVAILABLE-FOR-SALE FINANCIAL INSTRUMENTS

	<i>31 March 2010 AED '000</i>	<i>31 December 2009 AED '000 Audited</i>
Shares – quoted	152,917	160,635
Shares – unquoted	10,200	10,200
	163,117	170,835

Unquoted shares are carried at cost less impairment in value due to the unpredictable nature of future cash flows and the lack of other suitable methods for arriving at a reliable fair value.

6 SHARE CAPITAL

	<i>31 March 2010 AED '000</i>	<i>31 December 2009 AED '000 Audited</i>
Issued and fully paid 100,000,000 shares of AED 1 each (2009: – 10,000,000 shares of AED 10 each)	100,000	100,000

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 three months period to 31 March 2010, 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

Transfer to general reserve are made on the recommendation of the Board of Director. No transfers has been made to the general reserve during the three month period to 31 March 2010, as this will be based on the results for the year.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2010 (Unaudited)

9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	31 March 2010 AED '000	31 December 2009 AED '000 Audited
Bank balances and cash	37,771	12,200

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

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 2010 AED'000	31 March 2009 AED'000	31 March 2010 AED'000	31 March 2009 AED'000	31 March 2010 AED'000	31 March 2009 AED'000
Three months ended 31 March						
TOTAL UNDERWRITING INCOME	17,204	13,070	21,627	20,943	38,831	34,013
NET UNDERWRITING INCOME	8,202	5,711	2,678	6,048	10,880	11,759
TOTAL INVESTMENT INCOME					4,286	2,546
Other income					22	56
Unallocated other expenses					(757)	(610)
PROFIT FOR THE PERIOD					14,431	13,751

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 3,322 thousand and AED nil for the three-month period ended 31 March 2010 and 31 March 2009 respectively is of a seasonal nature.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2010 (Unaudited)

12 CAPITAL COMMITMENTS

	<i>31 March 2010 AED '000</i>	<i>31 December 2009 AED '000 Audited</i>
Commitment in respect of purchase of investment properties (plots of land in the UAE)	<u>8,992</u>	<u>10,992</u>

13 CONTINGENCIES

At 31 March 2010, 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 10,132 thousand (2009: AED 10,075 thousand).