

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

**INTERIM CONDENSED FINANCIAL
STATEMENTS**

31 MARCH 2011 (UNAUDITED)



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

Introduction

We have reviewed the accompanying interim condensed financial statements of Dubai Insurance Company (PSC) ("the Company") as at 31 March 2011, comprising the interim condensed statement of financial position as at 31 March 2011 and the related interim condensed statements of income, comprehensive income, changes in equity and cash flows 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:
Joseph A. Murphy
Partner
Registration No. 492

2 May 2011

Dubai, United Arab Emirates

Dubai Insurance Company (PSC)

INTERIM CONDENSED STATEMENT OF INCOME

For the period ended 31 March 2011 (Unaudited)

		Three months ended 31 March	
	Note	2011 AED'000	2010 AED'000
UNDERWRITING INCOME			
Gross premium		100,263	82,751
Movement in provision for unearned premiums		(26,337)	(19,198)
Insurance premium revenue		73,926	63,553
Less: Reinsurers' share of premium			
Reinsurance premium		72,043	42,997
Movement in provision for reinsurance share of unearned premium		(22,646)	(14,272)
		(49,397)	(28,725)
Net insurance premium revenue		24,529	34,828
Reinsurance commission income		12,978	4,528
Other operating expense		(780)	(525)
Total underwriting income		36,727	38,831
UNDERWRITING EXPENSES			
Claims incurred		45,409	24,541
Reinsurers' share of claims incurred		(28,732)	(14,094)
Commission expenses		7,759	14,923
Excess of loss reinsurance premium		268	234
General and administrative expenses relating to underwriting activities		2,603	2,347
		27,307	27,951
NET UNDERWRITING INCOME		9,420	10,880
INVESTMENT INCOME			
Fair value (loss) gains on financial assets at fair value through profit or loss		(495)	30
Other investment income		2,894	4,256
		2,399	4,286
OTHER INCOME AND EXPENSES			
General and administrative expenses not allocated		(832)	(757)
Other (expense) income		(64)	22
		(896)	(735)
PROFIT FOR THE PERIOD		10,923	14,431
Basic and diluted earnings per share (AED)	3	0.109	0.144

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

For the period ended 31 March 2011 (Unaudited)

	<i>Three months ended 31 March</i>	
	<i>2011 AED'000</i>	<i>2010 AED'000</i>
Profit for the period	10,923	14,431
OTHER COMPREHENSIVE INCOME		
Net unrealised losses on investments	(3,101)	(7,718)
Other comprehensive income for the period	(3,101)	(7,718)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	7,822	6,713

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

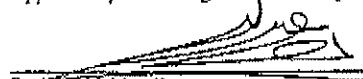
Dubai Insurance Company (PSC)

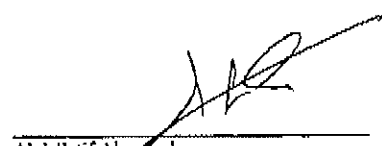
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

At 31 March 2011 (Unaudited)

	Notes	31 March 2011 AED '000	31 December 2010 AED '000 (Audited)
ASSETS			
Office equipment and vehicles		1,308	1,205
Advances for purchase of land	4	43,307	43,307
Investment properties	5	1,670	1,686
Financial assets	6	185,122	208,368
Reinsurance assets		117,193	83,265
Insurance receivables		137,082	99,650
Prepayments and other receivables		4,155	4,387
Statutory deposits		10,000	10,000
Cash and cash equivalents	7	55,809	26,598
TOTAL ASSETS		555,646	478,466
EQUITY AND LIABILITIES			
Equity			
Share capital	8	100,000	100,000
Statutory reserve	9	49,296	49,296
General reserve	10	3,500	3,500
Retained earnings		88,633	77,710
Cumulative changes in fair value of investments		19,207	22,308
Proposed dividends – cash		-	25,000
Total equity		260,636	277,814
Liabilities			
Insurance contract liabilities		169,088	124,958
Amounts held under reinsurance treaties		10,124	10,494
Reinsurance balances payable		64,900	34,578
Trade and other payables		50,898	30,622
Total liabilities		295,010	200,652
TOTAL EQUITY AND LIABILITIES		555,646	478,466

Approved by the management on 2 May 2011


 Burd Obaid Altmulla
 Chairman


 Abdellatif Abuqurrah
 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

For the period ended 31 March 2011 (Unaudited)

		Three month period ended 31 March	
	Note	2011 AED '000	2010 AED '000
OPERATING ACTIVITIES			
Profit for the period		10,923	14,431
Adjustments for:			
Depreciation on office equipment and vehicles		197	194
Depreciation on investment properties		16	184
Provision for employees' end of service benefits		63	168
		<u>11,199</u>	<u>14,977</u>
Changes in operating assets and liabilities:			
Financial assets at fair value through profit or loss		20,145	27,300
Reinsurance assets		(33,928)	(14,679)
Insurance receivables		(37,432)	(18,546)
Prepayments and other receivables		232	683
Insurance contract liabilities		44,130	20,115
Amounts held under reinsurance treaties		(370)	(1,952)
Reinsurance balances payable		30,322	23,781
Trade and other payables		(3,586)	2,144
		<u>30,712</u>	<u>53,823</u>
Cash from operations			
Employees' end of service paid		(1)	(81)
		<u>30,711</u>	<u>53,742</u>
Net cash from operating activities			
		<u>30,711</u>	<u>53,742</u>
INVESTING ACTIVITIES			
Advance made on purchase of investment property		-	(2,000)
Purchase of office equipment and vehicles		(300)	(121)
		<u>(300)</u>	<u>(2,121)</u>
Net cash used in investing activities			
		<u>(300)</u>	<u>(2,121)</u>
FINANCING ACTIVITIES			
Dividend paid		-	(25,000)
Directors fee paid		(1,200)	(1,050)
		<u>(1,200)</u>	<u>(26,050)</u>
Net cash used in financing activities			
		<u>(1,200)</u>	<u>(26,050)</u>
INCREASE IN CASH AND CASH EQUIVALENTS		29,211	25,571
Cash and cash equivalents at 1 January		26,598	12,200
CASH AND CASH EQUIVALENTS AT 31 MARCH	7	<u>55,809</u>	<u>37,771</u>

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

For the period ended 31 March 2011 (Unaudited)

	Share capital AED '000	Statutory reserve AED '000	General reserve AED '000	Retained earnings AED '000	Proposed dividends AED '000	Cumulative changes in fair values of investments AED '000	Total AED '000
Balance at 1 January 2011	100,000	49,296	3,500	77,710	25,000	22,308	277,814
Profit for the period	-	-	-	10,923	-	-	10,923
Other comprehensive income	-	-	-	-	-	(3,101)	(3,101)
Total comprehensive income for the period				10,923		(3,101)	7,822
Cash dividend paid	-	-	-	-	(25,000)	-	(25,000)
Balance at 31 March 2011	<u>100,000</u>	<u>49,296</u>	<u>3,500</u>	<u>88,633</u>	<u>-</u>	<u>19,207</u>	<u>260,636</u>
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	<u>100,000</u>	<u>46,941</u>	<u>3,500</u>	<u>97,149</u>	<u>-</u>	<u>36,775</u>	<u>284,365</u>

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

Dubai Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2011 (Unaudited)

1 CORPORATE INFORMATION

Dubai Insurance Company (PSC) (the "Company") is a public shareholding Company is registered under 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, group life and individual life policies (included within life assurance). 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. The shares of the Company are listed on the Dubai Financial Market.

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 Financial Reporting Standard IAS 34, Interim Financial Reporting ("IAS 34").

Interim reporting

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2010 except for the adoption of the new and amended IFRS and IFRIC interpretations which became effective as of 1 January 2011. The adoption of these standards and interpretations did not have an impact on the financial position or performance of the Company during the period.

2.2 ACCOUNTING POLICIES

The accounting policies adopted by the Company relating to Investments and Cash and cash equivalents, which are consistent with the policies adopted during the previous year, are reproduced below:

Investment properties

The Company has elected to adopt the cost model for investment properties. Accordingly, investment properties are carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

Building	25 years
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No depreciation is charged on freehold land.

Fair value of financial instruments

The fair value of financial instruments that are actively traded in organised 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.

The fair values of floating rate and overnight deposits with credit institutions are their carrying values. 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

At initial recognition, all financial assets are measured at fair value.

Equity investments

For subsequent measurements, all financial assets that are equity investments are measured at fair value either through Other Comprehensive Income (OCI) or through profit or loss. This is an irrevocable choice that the Company has made on early adoption of IFRS 9 or will make on subsequent acquisition of equity investments unless the equity investments are held for trading, in which case, they must be measured at fair value through profit or loss.

Dubai Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2011 (Unaudited)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)**2.2 ACCOUNTING POLICIES (continued)****Financial assets (continued)***Equity investments (continued)*

Gain or loss on disposal of equity investments carried at fair value through OCI are not recycled.

Dividend income for all equity investments are recorded through profit or loss.

Debt instruments

Debt instruments are also measured at fair value through profit or loss unless they are classified at amortised cost. They are classified at amortised cost only if:

- i. the asset is held within a business model whose objective is to hold the asset to collect the contractual cash flows; and
- ii. the contractual terms of the debt instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less in the statement of financial position.

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>2011</i>	<i>2010</i>
Net profit for the period, net of directors' fees (AED '000)	<u>10,923</u>	<u>14,431</u>
Weighted average number of shares outstanding during the period	<u>100,000,000</u>	<u>100,000,000</u>
Earnings per share (AED)	<u>0.109</u>	<u>0.144</u>

The basic earnings per share as reported for the prior period has been adjusted for the effect of stock split during the period. 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 ADVANCES FOR PURCHASE OF LAND

The Company's Board of Directors has resolved to construct the Company's head office on the land in the foreseeable future.

The land is located in Emirate of Dubai, United Arab Emirates.

Dubai Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2011 (Unaudited)

5 INVESTMENT PROPERTIES

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

6 FINANCIAL ASSETS

	Carrying value		Fair value	
	31 March 2011 AED'000 (Unaudited)	31 December 2010 AED'000 (Audited)	31 March 2011 AED'000 (Unaudited)	31 December 2010 AED'000 (Audited)
<i>Financial assets</i>				
At fair value through profit or loss (Note 6.1)	39,573	59,718	39,573	59,718
At fair value through other comprehensive income (Note 6.2)	145,549	148,650	145,549	148,650
	<u>185,122</u>	<u>208,368</u>	<u>185,122</u>	<u>208,368</u>

6.1 FINANCIAL ASSETS AT FAIR VALUES THROUGH PROFIT OR LOSS

	31 March 2011 AED '000	31 December 2010 AED '000 (Audited)
a) <i>Shares - quoted</i>	3,262	3,757
b) <i>Designated upon initial recognition</i>		
Bank deposits with maturity over three months (unquoted)	36,311	55,961
	<u>39,573</u>	<u>59,718</u>

6.2 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (OCI)

	31 March 2011 AED '000	31 December 2010 AED '000 (Audited)
Shares - quoted	135,349	138,450
Shares - unquoted	10,200	10,200
	<u>145,549</u>	<u>148,650</u>

Dubai Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2011 (Unaudited)

7 CASH AND CASH EQUIVALENTS

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

	<i>31 March 2011 AED '000</i>	<i>31 March 2010 AED '000</i>
Deposits with banks maturing within three months	13,648	-
Bank balances and cash	42,161	37,771
	<u>55,809</u>	<u>37,771</u>

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

8 SHARE CAPITAL

	<i>31 March 2011 AED '000</i>	<i>31 December 2010 AED '000 (Audited)</i>
Issued and fully paid 100,000,000 shares of AED 1 each (2010: – 100,000,000 share of AED 1 each)	<u>100,000</u>	<u>100,000</u>

9 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 2011, 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.

10 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 2011, as this will be based on the results for the year.

Dubai Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2011 (Unaudited)

11 SEGMENTAL INFORMATION

Identification of reportable segments

For management purposes, the Company is organised into business units based on its products and services and has three reportable operating segments as follows:

- 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.

Transactions between operating segments are conducted at estimated market rates on an arm's length basis. Operating segment information is presented below:

	<i>General insurance</i>		<i>Life insurance</i>		<i>Total</i>	
	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</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>
Three months ended 31 March						
TOTAL UNDERWRITING INCOME	23,186	17,204	13,541	21,627	36,727	38,831
NET UNDERWRITING INCOME	6,699	8,202	2,721	2,678	9,420	10,880
TOTAL INVESTMENT INCOME					2,399	4,286
Other (expenses) income					(64)	22
Unallocated other expenses					(832)	(757)
PROFIT FOR THE PERIOD					10,923	14,431

The Company is organised as one geographical segment and operates in the United Arab Emirates.

12 SEASONALITY OF RESULTS

Dividend income of AED 1,883 thousand and AED 3,322 thousand for the three-month periods ended 31 March 2011 and 31 March 2010, respectively, is of a seasonal nature.

13 CONTINGENCIES

At 31 March 2011, 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 10,159 thousand (31 December 2010: AED 10,132 thousand).