

**Oman Insurance Company
(Public Shareholding Company)**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 JUNE 2007 (UNAUDITED)

Oman Insurance Company (PSC)

CONSOLIDATED INCOME STATEMENT

30 June 2007 (Unaudited)

		<i>Reviewed (3 months) 30 June 2007 AED'000</i>	<i>Unreviewed (3 months) 30 June 2006 AED'000</i>	<i>Reviewed (6 months) 30 June 2007 AED'000</i>	<i>Unreviewed (6 months) 30 June 2006 AED'000</i>
	<i>Notes</i>				
UNDERWRITING INCOME					
Insurance contracts premium receivable		373,787	266,496	815,863	562,090
Movement in provision for unearned premiums		(51,672)	(11,927)	(82,696)	(41,487)
Insurance premium revenue		<u>322,115</u>	<u>254,569</u>	<u>733,167</u>	<u>520,603</u>
Less: Reinsurers' share of premium					
Insurance contracts premium receivable		192,050	137,074	407,060	291,117
Movement in provision for unearned premiums		(24,798)	(7,428)	(37,988)	(23,838)
		<u>167,252</u>	<u>129,646</u>	<u>369,072</u>	<u>267,279</u>
Net insurance premium revenue		154,863	124,923	364,095	253,324
Commissions earned		28,822	21,781	58,799	48,430
Other income		1,789	1,580	4,244	3,200
		<u>185,474</u>	<u>148,284</u>	<u>427,138</u>	<u>304,954</u>
UNDERWRITING EXPENSES					
Claims		239,614	140,544	424,358	267,198
Reinsurers' share of claims		(150,391)	(68,698)	(217,531)	(115,371)
Commissions paid		38,798	24,422	73,933	53,919
Excess of Loss Premium		5,011	3,294	10,915	4,745
Policies surrendered and maturities paid		496	427	1,088	1,337
General and administration relating to underwriting activities		23,091	14,524	45,302	34,948
		<u>156,619</u>	<u>114,513</u>	<u>338,065</u>	<u>246,776</u>
UNDERWRITING PROFIT BEFORE MOVEMENTS IN LIFE ASSURANCE FUND	3	28,855	33,771	89,073	58,178
INCREASE IN LIFE ASSURANCE FUND		<u>(1,859)</u>	<u>32</u>	<u>(13,164)</u>	<u>(2,312)</u>
NET UNDERWRITING INCOME	3	<u>26,996</u>	<u>33,803</u>	<u>75,909</u>	<u>55,866</u>
INVESTMENT INCOME					
Gain on sale of available for sale securities		22,075	6,977	30,115	31,364
Net gain/(loss) on trading securities		22,461	(122,660)	16,002	(80,604)
Gain on sale of an investment property		-	-	15,423	-
Dividends		15,734	16,868	45,601	33,261
Interest income		4,434	1,750	9,649	3,050
Investment expenses – finance costs		(13,870)	(30,372)	(23,155)	(36,631)
		<u>50,834</u>	<u>(127,437)</u>	<u>93,635</u>	<u>(49,560)</u>
OTHER EXPENSES					
General and administration expenses not allocated		(2,064)	144	(4,522)	(2,123)
Interest expense		(528)	(3,269)	(1,193)	(4,399)
Other income		2,586	276	2,792	924
		<u>(6)</u>	<u>(2,849)</u>	<u>(2,923)</u>	<u>(5,598)</u>
PROFIT/(LOSS) FOR THE PERIOD		<u>77,824</u>	<u>(96,483)</u>	<u>166,621</u>	<u>708</u>
Basic earnings per share (AED)	4	<u>0.26</u>	<u>(0.34)</u>	<u>0.58</u>	<u>(0.02)</u>

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements.

Oman Insurance Company (PSC)

CONSOLIDATED BALANCE SHEET

30 June 2007 (Unaudited)

		<i>Reviewed 30 June 2007 AED'000</i>	<i>Audited 31 December 2006 AED'000</i>
	<i>Notes</i>		
ASSETS			
Cash and investments:			
Bank balances and cash	5	6,510	31,142
Deposits with banks		233,486	138,586
Investments		2,186,562	1,958,787
Investment properties		342,700	359,398
		<u>2,769,258</u>	<u>2,487,913</u>
Premiums and insurance balances receivable		436,450	332,276
Reinsurers' share of unearned premiums		206,099	168,111
Reinsurers' share of outstanding claims		330,115	284,566
Life assurance policy loans		466	691
Fixed assets		5,631	4,172
Other assets		31,381	21,167
		<u>1,010,142</u>	<u>810,983</u>
TOTAL ASSETS		<u>3,779,400</u>	<u>3,298,896</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		282,750	243,750
Statutory reserve	6	69,025	69,025
General reserve	7	414,154	414,154
Retained earnings		372,870	212,286
Proposed dividends		-	121,875
Cumulative changes in fair values of securities		179,044	109,121
Strategic reserve	8	253,750	253,750
Total equity		<u>1,571,593</u>	<u>1,423,961</u>
Liabilities			
Life assurance fund and additional reserves		96,124	57,360
Unearned premium		464,230	381,534
Gross outstanding claims		455,591	387,723
Reinsurance balances payable		211,032	97,750
Amounts held under reinsurance treaties		98,048	85,819
Other payables and accruals		200,370	205,337
Amounts payable for purchase of investment property		38,064	38,064
Bank overdrafts	5	66,253	182,798
Short term loans		578,095	438,550
Total liabilities		<u>2,207,807</u>	<u>1,874,935</u>
TOTAL EQUITY AND LIABILITIES		<u>3,779,400</u>	<u>3,298,896</u>

Chairman
2007

General Manager
2007

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements.

Oman Insurance Company (PSC)

CONSOLIDATED CASH FLOW STATEMENT

30 June 2007 (Unaudited)

	<i>Note</i>	<i>Six months ended 30 June 2007 AED'000</i>
OPERATING ACTIVITIES		
Profit for the period		166,621
Adjustments for:		
Depreciation		1,303
Gain on sale of available for sale securities		(30,115)
Gain on sale of investment properties		(15,423)
Reinsurers' share of unearned premiums		(37,988)
Movement in unearned premiums		82,696
Profit before changes in operating assets and liabilities		167,094
Trading securities		(9,494)
Premiums and insurance balances receivable		(104,174)
Reinsurers' share of outstanding claims		(45,549)
Life assurance policy loans		225
Other assets		(10,214)
Life assurance fund, additional reserves and gross outstanding claims		106,632
Reinsurance balances payable		113,282
Amounts held under reinsurance treaties		12,229
Other payables and accruals		(4,967)
Net cash from operating activities		225,064
INVESTING ACTIVITIES		
Purchase of fixed assets		(2,769)
Proceeds from sale of fixed assets		7
Deposits with bank		(3,000)
Available-for-sale securities		(118,243)
Proceed from sale of investment properties		47,224
Purchase of investment properties		(15,103)
Net cash used in investing activities		(91,884)
FINANCING ACTIVITIES		
Dividend paid		(85,312)
Directors' fees		(3,600)
Short term loans		139,545
Net cash from financing activities		50,633
DECREASE IN CASH AND CASH EQUIVALENTS		183,813
Cash and cash equivalents at 1 January		(14,848)
CASH AND CASH EQUIVALENTS AT 30 JUNE	5	168,965

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements.

Oman Insurance Company (PSC)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

30 June 2007 (Unaudited)

	<i>Share capital AED'000</i>	<i>Statutory reserve AED'000</i>	<i>General reserve AED'000</i>	<i>Retained earnings AED'000</i>	<i>Proposed dividends AED'000</i>	<i>Cumulative changes in fair values AED'000</i>	<i>Strategic reserve AED'000</i>	<i>Total AED'000</i>
Balance at 1 January 2007	243,750	69,025	414,154	212,286	121,875	109,121	253,750	1,423,961
Net movement in cumulative changes in fair values	-	-	-	-	-	69,923	-	69,923
Total income and expenses recognised directly in equity	-	-	-	-	-	69,923	-	69,923
Profit for the period	-	-	-	166,621	-	-	-	166,621
Total income for the period	-	-	-	166,621	-	69,923	-	236,544
Scrip dividends	39,000	-	-	(2,437)	(36,563)	-	-	-
Cash dividend paid	-	-	-	-	(85,312)	-	-	(85,312)
Directors' fees	-	-	-	(3,600)	-	-	-	(3,600)
As of 30 June 2007	282,750	69,025	414,154	372,870	-	179,044	253,750	1,571,593

Notes:

1. Directors' fees relate to the profit for the year ended 31 December 2006 as approved by the shareholders at the Annual General Meeting held on 25 February 2007.
2. The board of directors initially recommended 50% cash dividend for the year ended 31 December 2006 at their meeting held on 17 January 2007. However, a cash dividend of 35% and bonus shares of 16% were eventually approved at the Annual General Meeting. Accordingly, an additional 1% of paid up share capital amounting to AED 2,437,500 has been appropriated from retained earnings.

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements.

Oman Insurance Company (PSC)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - Continued

30 June 2007 (Unaudited)

	<i>Share capital AED '000</i>	<i>Statutory reserve AED '000</i>	<i>General reserve AED '000</i>	<i>Retained earnings AED '000</i>	<i>Proposed dividends AED '000</i>	<i>Cumulative changes in fair values AED '000</i>	<i>Strategic reserve AED '000</i>	<i>Total AED '000</i>
Balance at 1 January 2006	97,500	48,750	363,466	220,928	243,750	1,079,819	243,750	2,297,963
Net movement in cumulative changes in fair values	-	-	-	-	-	(825,680)	-	(825,680)
Total income and expenses recognised directly in equity	-	-	-	-	-	(825,680)	-	(825,680)
Net profit for the period	-	-	-	708	-	-	-	708
Total income and expenses for the period	-	-	-	708	-	(825,680)	-	(824,972)
Scrip dividends	146,250	-	-	-	(146,250)	-	-	-
Dividends paid	-	-	-	-	(97,500)	-	-	(97,500)
Directors' fees	-	-	-	(6,355)	-	-	-	(6,355)
As of 30 June 2006	243,750	48,750	363,466	215,281	-	254,139	243,750	1,369,136

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

At 30 June 2007 (Unaudited)

1 ACTIVITIES

Oman Insurance Company (PSC), established by an Amiri Decree issued by His Highness The Ruler of Dubai, is a public shareholding company and is registered under Federal Law No. 8 of 1984 (as amended) relating to commercial companies in the UAE. The Company is a subsidiary of MashreqBank (PSC) incorporated in the Emirate of Dubai. Its registered head office is at P O Box 5209, Dubai, United Arab Emirates.

The Company mainly issues short term insurance contracts in connection with property, motor and marine risks as well as medical, group life and personal accident risks. The Company has a small portfolio of life assurance contracts. The Company also invests its funds in investment securities and properties.

The consolidated financial statements include the financial statements of Oman Insurance Company (PSC) and its subsidiary Equator Trading Enterprises LLC, engaged in investment activities.

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 2006 except for the adoption of new standards and interpretations, noted below;

IFRS 7 Financial Instruments Disclosures

The Company has adopted IFRS 7, which requires disclosures that enable users to evaluate the significance of the Company's financial instruments and the nature and extent of risks arising from those financial instruments. These new disclosures will be included in the Company's annual financial statements for the year ending 31 December 2007.

IAS 1 Amendment - Presentation of Financial Statements

This amendment requires the Company to make new disclosures to enable users of the financial statements to evaluate the Company's objectives, policies and processes for managing capital. These new disclosures will be included in the Company's annual financial statements for the year ending 31 December 2007.

IFRIC 10 Interim Financial Reporting and Impairment

The Company has adopted IFRIC Interpretation 10 as of 1 January 2007, which requires that an entity must not reverse an impairment loss recognised in a previous interim period in respect of an investment in either an equity instrument or a financial asset carried at cost.

Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Company.

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 6 months ended 30 June 2007 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2007.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2007 (Unaudited)

3 SEGMENTAL INFORMATION

Primary segment information

For management purposes the Company is organised into three business segments: general insurance, life assurance and investment. The general insurance segment comprises motor, marine, fire, engineering and general accident. The life assurance segment includes life, medical group life and personal accident. 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:

Three months ended 30 June:

	<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>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</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	160,113	135,436	25,361	12,848	185,474	148,284
NET UNDERWRITING INCOME	24,499	31,655	2,497	2,138	26,996	33,803
TOTAL INVESTMENT INCOME					50,834	(127,437)
Other Income					2,586	276
Unallocated other expenses					(2,592)	(3,125)
PROFIT FOR THE PERIOD					77,824	(96,483)

Six months ended 30 June:

	<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>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</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	354,885	266,957	72,253	37,997	427,138	304,954
NET UNDERWRITING INCOME	62,010	49,403	13,899	6,463	75,909	55,866
TOTAL INVESTMENT INCOME					93,635	(49,560)
Other Income					2,792	924
Unallocated other expenses					(5,715)	(6,522)
PROFIT FOR THE PERIOD					166,621	708

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 CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2007 (Unaudited)

4 BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the period by the weighted average number of shares outstanding during the period as follows:

	<i>Reviewed (3 months) 30 June 2007</i>	<i>Unreviewed (3 months) 30 June 2006</i>	<i>Reviewed (6 months) 30 June 2007</i>	<i>Unreviewed (6 months) 30 June 2006</i>
Profit/ (loss) for the period, net of directors' fees (AED '000)	<u>74,224</u>	<u>(96,683)</u>	<u>163,021</u>	<u>(5,647)</u>
Weighted average number of shares outstanding during the period	<u>282,750,000</u>	<u>282,750,000</u>	<u>282,750,000</u>	<u>282,750,000</u>
Earnings per share (AED)	<u><u>0.26</u></u>	<u><u>(0.34)</u></u>	<u><u>0.58</u></u>	<u><u>(0.02)</u></u>

The basic earnings per share as reported for all the periods have been adjusted for the effect of bonus shares issued during the period.

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

5 CASH AND CASH EQUIVALENTS

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

	<i>Reviewed 30 June 2007 AED'000</i>	<i>Audited 31 December 2006 AED'000</i>
Deposits with banks maturing within three months	228,708	136,808
Bank balances and cash	6,510	31,142
Bank overdrafts	<u>(66,253)</u>	<u>(182,798)</u>
	<u><u>168,965</u></u>	<u><u>(14,848)</u></u>

6 STATUTORY RESERVE

In accordance with the Commercial Companies Law and the Company's Articles of Association, 10% of the 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 month period to 30 June 2007, 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.

7 GENERAL RESERVE

Annual transfers to the general reserve are made at the rate of 25% of the profit less directors' fees for the year. The reserve is freely available for distribution. No transfers have been made to the general reserve during the six month period to 30 June 2007, as this will be based on the results for the year.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

At 30 June 2007 (Unaudited)

8 STRATEGIC RESERVE

The strategic reserve may be utilised for any purpose to be determined by a resolution of the shareholders of the Company at an ordinary general meeting, on the recommendation of the Board of Directors. No transfers have been made to or from strategic reserve during the six month period to 30 June 2007.

9 CONTINGENCIES

At 30 June 2007 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 16,814 thousand (31 December 2006: AED 16,418 thousand).

10 SEASONALITY OF RESULTS

Revenue includes dividend income of AED 15,734 thousand and AED 45,601 thousand for three month and six month periods ended 30 June 2007, respectively, and AED 9,160 thousand and AED 33,261 thousand for three month and six month periods ended 30 June 2006, respectively, which is of a seasonal nature.