

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 SEPTEMBER 2007 (UNAUDITED)

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

Introduction

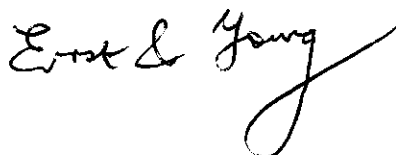
We have reviewed the accompanying interim consolidated balance sheet of Oman Insurance Company (PSC) (the "Company") as at 30 September 2007 and the related interim consolidated statements of income for the three-month and nine-month periods then ended, the related statements of cash flows and changes in equity for the nine-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting 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 consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.



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

10 October 2007
Dubai

Oman Insurance Company (PSC)

CONSOLIDATED INCOME STATEMENT

30 September 2007 (Unaudited)

		(3 months) 30 September 2007 AED'000	(3 months) 30 September Restated 2006 AED'000	(9 months) 30 September 2007 AED'000	(9 months) 30 September 2006 AED'000
	Notes				
UNDERWRITING INCOME					
Insurance contracts premium receivable		329,988	231,840	1,145,851	793,928
Movement in provision for unearned premiums		(28,301)	(21,608)	(110,997)	(63,095)
Insurance premium revenue		301,687	210,232	1,034,854	730,833
Less: Reinsurers' share of premium					
Insurance contracts premium receivable		152,887	101,366	559,947	392,483
Movement in provision for unearned premiums		(16,450)	(2,567)	(54,438)	(26,405)
		136,437	98,799	505,509	366,078
Net insurance premium revenue		165,250	111,433	529,345	364,755
Commissions earned		23,260	21,450	82,059	69,880
Other income		1,726	1,189	5,970	4,389
	3	190,236	134,072	617,374	439,024
UNDERWRITING EXPENSES					
Claims		302,636	131,022	726,994	398,220
Reinsurers' share of claims		(205,437)	(88,091)	(422,968)	(203,462)
Commissions paid		35,374	23,229	109,307	77,148
Excess of Loss Premium		7,689	5,531	18,604	10,276
Policies surrendered and maturities paid		268	99	1,356	1,436
General and administration relating to underwriting activities		16,201	13,115	61,503	48,061
		156,731	84,905	494,796	331,679
UNDERWRITING PROFIT BEFORE MOVEMENTS IN LIFE ASSURANCE FUND	3	33,505	49,167	122,578	107,345
INCREASE IN LIFE ASSURANCE FUND		(2,990)	(2,083)	(16,154)	(4,395)
NET UNDERWRITING INCOME	3	30,515	47,084	106,424	102,950
INVESTMENT INCOME					
Gain on sale of available for sale securities		5,947	2,771	36,062	34,135
Net gain/(loss) on trading securities		15,472	8,898	31,474	(71,706)
Gain on sale of an investment property		-	-	15,423	-
Dividends		3,929	8,583	49,530	41,844
Interest income		7,003	2,231	16,652	5,281
Investment expenses – finance costs		(8,368)	(10,560)	(31,523)	(47,191)
		23,983	11,923	117,618	(37,637)
OTHER EXPENSES					
General and administration expenses not allocated		(881)	(724)	(5,403)	(2,847)
Interest expense		(2,493)	(3,985)	(3,686)	(8,384)
Other income		439	74	3,231	998
		(2,935)	(4,635)	(5,858)	(10,233)
PROFIT FOR THE PERIOD		51,563	54,372	218,184	55,080
Basic earnings per share (AED)	4	0.18	0.19	0.76	0.17

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

Oman Insurance Company (PSC)

CONSOLIDATED BALANCE SHEET

30 September 2007 (Unaudited)

		30 September 2007 AED '000	Audited 31 December 2006 AED '000
	Notes		
ASSETS			
Cash and investments:			
Bank balances and cash	5	50,427	31,142
Deposits with banks		270,395	138,586
Investments		2,227,142	1,958,787
Investment properties		343,366	359,398
		<u>2,891,330</u>	<u>2,487,913</u>
Premiums and insurance balances receivable		445,835	332,276
Reinsurers' share of unearned premiums		222,549	168,111
Reinsurers' share of outstanding claims		467,410	284,566
Life assurance policy loans		479	691
Fixed assets		8,344	4,172
Other assets		54,716	21,167
		<u>1,199,333</u>	<u>810,983</u>
TOTAL ASSETS		<u>4,090,663</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		424,433	212,286
Proposed dividends		-	121,875
Cumulative changes in fair values of securities		234,242	109,121
Strategic reserve	8	253,750	253,750
Total equity		<u>1,678,354</u>	<u>1,423,961</u>
Liabilities			
Life assurance fund and additional reserves		100,514	57,360
Unearned premium		492,531	381,534
Gross outstanding claims		618,426	387,723
Reinsurance balances payable		193,633	97,750
Amounts held under reinsurance treaties		97,466	85,819
Other payables and accruals		235,789	205,337
Amounts payable for purchase of investment property		25,376	38,064
Bank overdrafts	5	53,084	182,798
Short term loans		595,490	438,550
Total liabilities		<u>2,412,309</u>	<u>1,874,935</u>
TOTAL EQUITY AND LIABILITIES		<u>4,090,663</u>	<u>3,298,896</u>

Chairman
10 October 2007

General Manager
10 October 2007

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

Oman Insurance Company (PSC)

CONSOLIDATED CASH FLOW STATEMENT

30 September 2007 (Unaudited)

	<i>Nine months ended 30 September</i>	
	<i>2007</i>	<i>2006</i>
<i>Notes</i>	<i>AED'000</i>	<i>AED'000</i>
OPERATING ACTIVITIES		
Profit for the year	218,184	55,080
Adjustments for:		
Depreciation	2,070	1,903
Gain on sale of available for sale securities	(36,062)	(34,135)
Gain on sale of investment properties	(15,423)	-
Gain on sale of fixed assets	-	(24)
Reinsurers' share of unearned premiums	(54,438)	(26,405)
Movement in unearned premiums	110,997	63,095
Profit before changes in operating assets and liabilities	225,328	59,514
Trading securities	(3,635)	211,010
Premiums, insurance and reinsurance balances receivable	(113,559)	(141,716)
Reinsurers' share of outstanding claims	(182,844)	(76,249)
Life assurance policy loans	212	636
Other assets	(33,549)	8,883
Life assurance fund, additional reserves and gross outstanding claims	273,857	110,219
Reinsurance balances payable	95,883	70,724
Amounts held under reinsurance treaties	11,647	9,005
Other payables and accruals	30,452	38,457
Net cash from operating activities	303,792	290,483
INVESTING ACTIVITIES		
Purchase of fixed assets	(6,249)	(1,941)
Proceeds from sale of fixed assets	7	24
Deposits with bank	(103)	(116,580)
Available-for-sale securities	(103,537)	(588,228)
Proceeds from sale of investments properties	47,224	-
Purchase of investment properties	(15,769)	-
Amounts payable for purchase of investment property	(12,688)	-
Advance for purchase of investments properties	-	(28,470)
Net cash used in investing activities	(91,115)	(735,195)
FINANCING ACTIVITIES		
Dividend paid	(85,312)	(97,500)
Directors' fees	(3,600)	(6,955)
Short term loans	156,940	200,000
Net cash from financing activities	68,028	95,545
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	280,705	(349,167)
Cash and cash equivalents at 1 January	(14,848)	(214,677)
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	5 265,857	(563,844)

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

Oman Insurance Company (PSC)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

30 September 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	-	-	-	-	-	125,121	-	125,121
Total income recognised directly in equity	-	-	-	-	-	125,121	-	125,121
Profit for the period	-	-	-	218,184	-	-	-	218,184
Total income for the period	-	-	-	218,184	-	125,121		343,305
	243,750	69,025	414,154	430,470	121,875	234,242	253,750	1,767,266
Scrip dividends	39,000	-	-	(2,437)	(36,563)	-	-	-
Dividends paid	-	-	-	-	(85,312)	-	-	(85,312)
Directors' fees	-	-	-	(3,600)	-	-	-	(3,600)
As of 30 September 2007	282,750	69,025	414,154	424,433	-	234,242	253,750	1,678,354

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 12 form part of these interim condensed consolidated financial statements.

Oman Insurance Company (PSC)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - Continued

30 September 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	-	-	-	-	-	(777,984)	-	(777,984)
Total income and expenses recognised directly in equity	-	-	-	-	-	(777,984)	-	(777,984)
Profit for the period	-	-	-	55,080	-	-	-	55,080
Total income and expenses for the period	-	-	-	55,080	-	(777,984)	-	(722,904)
Scrip dividends	146,250	-	-	-	(146,250)	-	-	-
Dividends paid	-	-	-	-	(97,500)	-	-	(97,500)
Directors' fees	-	-	-	(6,955)	-	-	-	(6,955)
As of 30 September 2006	243,750	48,750	363,466	269,053	-	301,835	243,750	1,470,604

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements.

Oman Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 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 9 months ended 30 September 2007 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2007.

Oman Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 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:

	<i>General insurance</i>		<i>Life assurance</i>		<i>Total</i>	
	<i>30 Sept</i>	<i>30 Sept</i>	<i>30 Sept</i>	<i>30 Sept</i>	<i>30 Sept</i>	<i>30 Sept</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>
Nine months ended 30 September 2007						
TOTAL UNDERWRITING INCOME	508,959	376,851	108,415	62,173	617,374	439,024
NET UNDERWRITING INCOME	89,318	94,381	17,106	8,569	106,424	102,950
TOTAL INVESTMENT INCOME (LOSS)					117,618	(37,637)
Other income					3,231	998
Unallocated other expenses					(9,089)	(11,231)
PROFIT FOR THE PERIOD					218,184	55,080
Three months ended 30 September 2007						
TOTAL UNDERWRITING INCOME	154,074	114,774	36,162	19,298	190,236	134,072
NET UNDERWRITING INCOME	27,308	44,977	3,207	2,107	30,515	47,084
TOTAL INVESTMENT INCOME (LOSS)					23,983	11,923
Other income					439	74
Unallocated other expenses					(3,374)	(4,709)
PROFIT FOR THE PERIOD					51,563	54,372

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.

Oman Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 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>(3 months)</i> <i>30 September</i>	<i>(3 months)</i> <i>30 September</i> <i>Restated</i>	<i>(9 months)</i> <i>30 September</i>	<i>(9 months)</i> <i>30 September</i>
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
Profit for the year, net of directors' fees (AED '000)	<u>51,563</u>	<u>53,772</u>	<u>214,584</u>	<u>48,125</u>
Weighted average number of shares outstanding during the year	<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>0.18</u>	<u>0.19</u>	<u>0.76</u>	<u>0.17</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 cash flows statement comprise the following balance sheet amounts:

	<i>30 September</i> <i>2007</i> <i>AED'000</i>	<i>Audited</i> <i>31 December</i> <i>2006</i> <i>AED'000</i>
Deposits with banks maturing within three months	268,514	136,808
Bank balances and cash	50,427	31,142
Bank overdrafts	(53,084)	(182,798)
	<u>265,857</u>	<u>(14,848)</u>

6 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 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 net 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 nine month period to 30 September 2007, as this will be based on the results for the year.

Oman Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 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 the general reserve during the nine month period to 30 September 2007.

9 CAPITAL COMMITMENTS

	30 September 2007 AED'000	<i>Audited</i> 31 December 2006 AED'000
Commitments in respect of uncalled subscription of certain funds held as investments	4,250	-

10 CONTINGENCIES

Contingent liabilities

At 30 September 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 21,260 thousand (31 December 2006: AED 16,418 thousand).

11 SEASONALITY OF RESULTS

Revenue includes dividend income of AED 3,929 thousand and AED 49,530 thousand for three month and nine month periods ended 30 September 2007, respectively, and AED 8,583 thousand and AED 41,844 thousand for three month and nine month periods ended 30 September 2006, respectively, which is of a seasonal nature.

Investment properties are revalued annually and therefore the relevant gain or loss if any will be accounted in the fourth quarter.

12 RESTATEMENT OF PRIOR PERIOD AMOUNTS

An adjustment amounting to AED 24,750 thousand relating to claims was inadvertently omitted from the claims reported for the three month period ended 30 September 2006. This has now been corrected. As a result, claims for the three month period ended 30 September 2006 have reduced and profit for the three month period ended 30 September 2006 has increased by AED 24,750 thousand. This did not have any impact on the claims or profit for the nine month period ended 30 September 2006.