

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

31 March 2008 (UNAUDITED)

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

Introduction

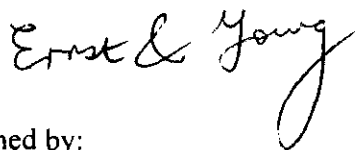
We have reviewed the accompanying interim consolidated balance sheet of Oman Insurance Company (PSC) as at 31 March 2008 and the related interim consolidated statements of income, cash flows and changes in equity for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International 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 consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.



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

16 April 2008

Dubai

Oman Insurance Company (PSC)

CONSOLIDATED INCOME STATEMENT

31 March 2008 (Unaudited)

		<i>Three months ended 31 March</i>	
	<i>Notes</i>	<i>2008 AED'000</i>	<i>2007 AED'000</i>
UNDERWRITING INCOME			
Insurance contracts premium receivable		667,256	442,076
Movement in provision for unearned premiums		(88,423)	(31,024)
Insurance premium revenue		578,833	411,052
Less: Reinsurers' share of premium		(305,888)	(201,820)
Net insurance premium revenue		272,945	209,232
Commission earned		45,151	29,977
Other income		2,893	2,455
	3	320,989	241,664
UNDERWRITING EXPENSES			
Claims		286,326	184,744
Reinsurers' share of claims		(146,158)	(67,140)
Commission expenses		47,290	35,135
Excess of loss reinsurance premium		5,550	5,904
Policies surrendered and maturities paid		595	592
General and administration relating to underwriting activities		26,333	22,211
		219,936	181,446
UNDERWRITING PROFIT BEFORE MOVEMENTS IN LIFE ASSURANCE FUND		101,053	60,218
INCREASE IN LIFE ASSURANCE FUND		(15,471)	(11,305)
NET UNDERWRITING INCOME	3	85,582	48,913
INVESTMENT INCOME			
Realised gains		35,731	23,463
Fair value gains and losses		(34,053)	(6,459)
Other investment income		31,124	35,082
Investment expenses – finance costs		(7,921)	(9,285)
		24,881	42,801
OTHER EXPENSES			
General and administration expenses not allocated		(4,583)	(2,458)
Interest expense		(849)	(665)
Other income		270	206
		(5,162)	(2,917)
PROFIT FOR THE PERIOD		105,301	88,797
Earnings per share (AED)	4	0.28	0.22

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

Oman Insurance Company (PSC)

CONSOLIDATED BALANCE SHEET

At 31 March 2008 (Unaudited)

		<i>31 March 2008</i>	<i>Audited 31 December 2007</i>
	<i>Notes</i>	<i>AED'000</i>	<i>AED'000</i>
ASSETS			
Office equipment and vehicles		10,241	10,018
Investment properties		493,940	493,940
Financial investments			
At fair value through profit or loss		442,745	455,080
Available for sale		2,111,332	2,172,983
Reinsurance assets		775,250	704,665
Insurance receivables		685,418	448,002
Prepayments and other assets		54,265	43,840
Statutory deposits		23,573	22,573
Cash and cash equivalents	5	389,670	337,244
TOTAL ASSETS		4,986,434	4,688,345
EQUITY AND LIABILITIES			
Equity			
Share capital		381,713	282,750
Statutory reserve	6	132,136	132,136
Cumulative changes in fair values of securities		538,701	520,478
Strategic reserve	7	303,750	303,750
General reserve	8	571,930	571,930
Retained earnings		459,641	354,340
Proposed dividend – cash		-	98,963
Proposed dividend – scrip		-	98,963
Total equity		2,387,871	2,363,310
Liabilities			
Insurance contract liabilities		1,362,291	1,221,559
Financial liabilities			
Borrowings		521,671	555,872
Other financial liabilities		133,161	133,502
Insurance payables		515,883	320,274
Trade and other payables		65,557	93,828
Total liabilities		2,598,563	2,325,035
TOTAL EQUITY AND LIABILITIES		4,986,434	4,688,345

Chairman

16 APRIL 2008

General Manager

16 APRIL 2008

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

Oman Insurance Company (PSC)

CONSOLIDATED CASH FLOW STATEMENT

31 March 2008 (Unaudited)

	<i>Note</i>	<i>Three months ended 31 March</i>	
		<i>2008 AED'000</i>	<i>2007 AED'000</i>
OPERATING ACTIVITIES			
Profit for the period		105,301	88,797
Adjustments for:			
Depreciation		2,338	654
Gain on sale of financial investments, available-for-sale		(35,731)	(8,040)
Gain on sale of investment properties		-	(15,423)
		<u>71,908</u>	<u>65,988</u>
Changes in operating assets and liabilities:			
Financial investments at fair value through profit or loss		12,335	6,459
Reinsurance assets		(70,585)	(16,681)
Insurance receivables		(237,416)	(153,096)
Prepayments and accrued income		(10,425)	(21,628)
Insurance contract liabilities		140,732	81,635
Insurance payables		195,609	80,649
Trade and other payables		(28,271)	23,541
		<u>73,887</u>	<u>66,867</u>
Net cash from operating activities			
INVESTING ACTIVITIES			
Purchase of office equipment and vehicles		(2,674)	(1,498)
Proceeds from sale of office equipment and vehicles		113	8
Financial investments, available-for-sale		115,605	(13,923)
Statutory deposits		(1,000)	(39,676)
Proceeds from sale of investments properties		-	47,224
Purchase of investment properties		-	(15,103)
		<u>112,044</u>	<u>(22,968)</u>
Net cash from (used in) investing activities			
FINANCING ACTIVITIES			
Dividend paid		(98,963)	(85,312)
Directors' fees		-	(3,600)
Borrowings, other than bank overdrafts		(38,530)	(200,000)
Other financial liabilities		(341)	-
		<u>(137,834)</u>	<u>(288,912)</u>
Net cash used in financing activities			
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		48,097	(245,013)
Cash and cash equivalents at 1 January		293,362	(14,848)
CASH AND CASH EQUIVALENTS AT 31 MARCH	5	<u>341,459</u>	<u>(259,861)</u>

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

31 March 2008 (Unaudited)

	<i>Share capital AED'000</i>	<i>Statutory reserve AED'000</i>	<i>Cumulative changes in fair values AED'000</i>	<i>Strategic reserve AED'000</i>	<i>General reserve AED'000</i>	<i>Retained earnings AED'000</i>	<i>Proposed dividends AED'000</i>	<i>Total AED'000</i>
Balance at 1 January 2008	282,750	132,136	520,478	303,750	571,930	354,340	197,926	2,363,310
Increase in fair value of available for sale securities	-	-	53,954	-	-	-	-	53,954
Realised gain (net) on sale of available for sale securities	-	-	(35,731)	-	-	-	-	(35,731)
Total income and expense recognised directly in equity	-	-	18,223	-	-	-	-	18,223
Profit for the period	-	-	-	-	-	105,301	-	105,301
Total income and expense for the period	-	-	18,223	-	-	105,301	-	123,524
Scrip dividend	98,963	-	-	-	-	-	(98,963)	-
Cash dividend paid	-	-	-	-	-	-	(98,963)	(98,963)
As of 31 March 2008	381,713	132,136	538,701	303,750	571,930	459,641	-	2,387,871

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

Oman Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2008 (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>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</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	265,127	194,772	55,862	46,892	320,989	241,664
NET UNDERWRITING INCOME	73,186	37,511	12,396	11,402	85,582	48,913
TOTAL INVESTMENT INCOME					24,881	42,801
Other Income					270	206
Unallocated other expenses					(5,432)	(3,123)
PROFIT FOR THE PERIOD					105,301	88,797

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 31 March 2008 (Unaudited)

4 EARNINGS PER SHARE

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>Reviewed (3 months) 31 March 2008</i>	<i>Reviewed (3 months) 31 March 2007</i>
Net profit for the period, net of directors' fees (AED '000)	<u>105,301</u>	<u>85,197</u>
Weighted average number of shares outstanding during the period	<u>381,713,500</u>	<u>381,713,500</u>
Basic and diluted earnings per share (AED)	<u>0.28</u>	<u>0.22</u>

The basic earnings per share as reported for the prior period has 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>31 March 2008 AED'000</i>	<i>Audited 31 December 2007 AED'000</i>
Deposits with banks maturing within three months	329,805	299,716
Bank balances and cash	<u>59,865</u>	<u>37,528</u>
	389,670	337,244
Less: Bank overdrafts	<u>(48,211)</u>	<u>(43,882)</u>
	<u>341,459</u>	<u>293,362</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 three months period to 31 March 2008, 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.

Oman Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2008 (Unaudited)

7 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 three month period to 31 March 2008.

8 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 three month period to 31 March 2008, as this will be based on the results for the year.

9 CONTINGENCIES

At 31 March 2008 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 21,882 thousand (31 December 2007: AED 21,169 thousand).

10 SEASONALITY OF RESULTS

Revenue includes dividend income of AED 25,193 thousand for three month period ended 31 March 2008 and AED 29,867 thousand for three month period ended 31 March 2007, 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.