

Oman Insurance Company(PSC)

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 SEPTEMBER 2008 (UNAUDITED)

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

Introduction

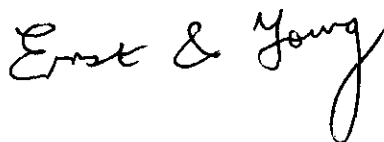
We have reviewed the accompanying interim condensed consolidated balance sheet of Oman Insurance Company (PSC) and its subsidiaries (the "Company") as at 30 September 2008, comprising of the interim consolidated balance sheet as at 30 September 2008, the related interim consolidated statements of income 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

15 October 2008
Dubai

Oman Insurance Company (PSC)

INTERIM CONSOLIDATED INCOME STATEMENT

30 September 2008 (Unaudited)

		<i>Three-months ended 30 September</i>		<i>Nine-months ended 30 September</i>	
		<i>2008 AED'000</i>	<i>2007 AED'000</i>	<i>2008 AED'000</i>	<i>2007 AED'000</i>
	<i>Notes</i>				
UNDERWRITING INCOME					
Insurance contracts premium receivable		491,543	329,988	1,666,035	1,145,851
Movement in provision for unearned premiums		25,367	(28,301)	(121,966)	(110,997)
Insurance premium revenue		516,910	301,687	1,544,069	1,034,854
Less: Reinsurers' share of premiums		(266,158)	(136,437)	(785,074)	(505,509)
Net insurance premium revenue		250,752	165,250	758,995	529,345
Commissions earned		43,338	23,260	121,472	82,059
Other income		3,763	1,726	8,688	5,970
	3	297,853	190,236	889,155	617,374
UNDERWRITING EXPENSES					
Claims		254,698	302,636	774,670	726,994
Reinsurers' share of claims		(139,172)	(205,437)	(390,399)	(422,968)
Commissions paid		50,347	35,374	150,275	109,307
Excess of loss reinsurance premiums		12,320	7,689	25,582	18,604
Policies surrendered and maturities paid		832	268	1,954	1,356
General and administration expenses relating to underwriting activities		31,772	16,201	89,305	61,503
		210,797	156,731	651,387	494,796
UNDERWRITING PROFIT BEFORE MOVEMENTS IN LIFE ASSURANCE FUND		87,056	33,505	237,768	122,578
INCREASE IN LIFE ASSURANCE FUND		(3,769)	(2,990)	(23,541)	(16,154)
NET UNDERWRITING INCOME	3	83,287	30,515	214,227	106,424
INVESTMENT INCOME					
Realised gains		4,150	19,308	77,534	74,865
Unrealised fair value gains and losses	4	(103,555)	2,111	21,624	8,094
Other investment income		16,410	10,932	68,986	66,182
Investment expenses – finance costs		(15,320)	(8,368)	(31,204)	(31,523)
		(98,315)	23,983	136,940	117,618
OTHER EXPENSES					
General and administration expenses not allocated		(7,698)	(881)	(14,229)	(5,403)
Interest expense		(1,845)	(2,493)	(3,235)	(3,686)
Other income		343	439	705	3,231
		(9,200)	(2,935)	(16,759)	(5,858)
(LOSS)/PROFIT FOR THE PERIOD		(24,228)	51,563	334,408	218,184
Earnings per share (AED)	5	(0.06)	0.14	0.88	0.57

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

Oman Insurance Company (PSC)

INTERIM CONSOLIDATED BALANCE SHEET

30 September 2008

		30 September 2008 AED'000 (Unaudited)	31 December 2007 AED'000 (Audited)
	Notes		
ASSETS			
Office equipment and vehicles		13,329	10,018
Investment properties	6	655,667	493,940
Advances for investment properties		157,436	-
Financial investments			
At fair value through profit or loss	7	629,607	455,080
Available for sale	8	1,891,489	2,172,983
Reinsurance assets		859,873	704,665
Insurance receivables		834,560	448,002
Prepayments and other assets		70,895	43,840
Statutory deposits		26,073	22,573
Cash and bank balances		419,553	337,244
TOTAL ASSETS		5,558,482	4,688,345
EQUITY AND LIABILITIES			
Equity			
Share capital	10	381,713	282,750
Statutory reserve	11	132,136	132,136
Cumulative changes in fair values of securities		308,920	520,478
Strategic reserve	12	303,750	303,750
General reserve	13	571,930	571,930
Retained earnings		688,748	354,340
Proposed dividend – cash		-	98,963
Proposed dividend – scrip		-	98,963
Total equity		2,387,197	2,363,310
Liabilities			
Insurance contract liabilities		1,586,150	1,221,559
Financial liabilities			
Borrowings		828,277	555,872
Other financial liabilities		163,221	133,502
Insurance payables		507,539	320,274
Trade and other payables		86,098	93,828
Total liabilities		3,171,285	2,325,035
TOTAL EQUITY AND LIABILITIES		5,558,482	4,688,345

Chairman
15 October 2008

General Manager
15 October 2008

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

Oman Insurance Company (PSC)

INTERIM CONSOLIDATED CASH FLOW STATEMENT

30 September 2008 (Unaudited)

		<i>Nine months ended</i> <i>30 September</i>	
		2008	2007
	<i>Note</i>	<i>AED'000</i>	<i>AED'000</i>
OPERATING ACTIVITIES			
Profit for the period		334,408	218,184
Adjustments for:			
Depreciation		7,199	2,070
Gain on sale of financial investments, available-for-sale		(44,025)	(36,062)
Unrealised gain on investment properties		(161,727)	-
Gain on sale of investment properties		-	(15,423)
		<u>135,855</u>	<u>168,769</u>
Changes in operating assets and liabilities:			
Financial investments at fair value through profit or loss		(174,527)	(3,635)
Reinsurance assets		(155,208)	(237,282)
Insurance receivables		(386,558)	(113,347)
Prepayments and accrued income		(27,055)	(33,549)
Insurance contract liabilities		364,591	384,854
Insurance payables		187,265	95,883
Trade and other payables		(7,730)	30,452
		<u>(63,367)</u>	<u>292,145</u>
Net cash (used in) from operating activities			
INVESTING ACTIVITIES			
Purchase of office equipment and vehicles		(10,623)	(6,249)
Proceeds from sale of office equipment and vehicles		113	7
Financial investments, available-for-sale		113,961	(103,537)
Statutory deposits		(3,500)	(103)
Proceeds from sale of investments properties		-	47,224
Advance paid for purchase of properties		(157,436)	-
Purchase of investment properties		-	(15,769)
		<u>(57,485)</u>	<u>(78,427)</u>
Net cash used in investing activities			
FINANCING ACTIVITIES			
Dividend paid		(98,963)	(85,312)
Directors' fees		-	(3,600)
Borrowings, other than bank overdrafts		205,009	156,940
Other financial liabilities		29,719	(1,041)
		<u>135,765</u>	<u>66,987</u>
Net cash from financing activities			
INCREASE IN CASH AND CASH EQUIVALENTS		14,913	280,705
Cash and cash equivalents at 1 January		293,362	(14,848)
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	9	308,275	265,857

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

Oman Insurance Company (PSC)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

30 September 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
Decrease in fair value of available for sale securities	-	-	(167,533)	-	-	-	-	(167,533)
Net realised gain on sale of available for sale securities	-	-	(44,025)	-	-	-	-	(44,025)
Total income and expense recognised directly in equity	-	-	(211,558)	-	-	-	-	(211,558)
Profit for the period	-	-	-	-	-	334,408	-	334,408
Total income and expense for the period	-	-	(211,558)	-	-	334,408	-	122,850
Scrip dividend	98,963	-	-	-	-	-	(98,963)	-
Cash dividend paid	-	-	-	-	-	-	(98,963)	(98,963)
As of 30 September 2008	381,713	132,136	308,920	303,750	571,930	688,748	-	2,387,197

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

Oman Insurance Company (PSC)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

30 September 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 2007	243,750	69,025	109,121	253,750	414,154	212,286	121,875	1,423,961
Increase in fair value of available for sale securities	-	-	161,183	-	-	-	-	161,183
Net realised gain on sale of available for sale securities	-	-	(36,062)	-	-	-	-	(36,062)
Total income and expense recognised directly in equity	-	-	125,121	-	-	-	-	125,121
Profit for the period	-	-	-	-	-	218,184	-	218,184
Total income and expense for the period	-	-	125,121	-	-	218,184	-	343,305
Scrip dividend	39,000	-	-	-	-	(2,437)	(36,563)	-
Cash dividend paid	-	-	-	-	-	-	(85,312)	(85,312)
Directors' fee	-	-	-	-	-	(3,600)	-	(3,600)
As of 30 September 2007	282,750	69,025	234,242	253,750	414,154	424,433	-	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 17 form part of these interim condensed consolidated financial statements.

Oman Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED

FINANCIAL STATEMENTS

At 30 September 2008 (Unaudited)

1 ACTIVITIES

Oman Insurance Company (PSC), which was 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 Mashreq Bank (PSC) incorporated in the Emirate of Dubai. Its registered head office is at P O Box 5209, Dubai, United Arab Emirates.

The consolidated financial statements include the results of its wholly-owned subsidiary, Equator Trading Enterprises LLC (collectively referred to as "the Company").

The Company mainly issues short term insurance contracts in connection with property, motor and marine risks (collectively known as general insurance) and medical, group life and personal accident risks (included within life assurance). The Company also invests its funds in investment securities and properties.

The Company has obtained a licence to open a branch in Muscat (Oman) and Doha (Qatar). The branches will carry out the Company's insurance business in Oman and Qatar. However, the branches had not commenced operations as of the period end.

2 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.

Changes in accounting estimates

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 2007 except for change in the basis of calculation of additional reserve noted below.

Calculation of additional reserve for marine class of business

With effect from 1 January 2008, Management have decided not to provide for the shortfall in unearned premiums calculated by reference to 1/8th method and unearned premiums for marine class of business calculated at 25% in accordance with UAE Federal Law No.6 of 2007.

As a result of the change, profit for the three-month period is lower by AED 5,293 thousand and profit for nine-month period is higher by AED 13,499 thousand. The additional reserve at 30 September 2008 is lower by AED 13,499 thousand.

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, and should be read in conjunction with the Company's financial statements as of 31 December 2007. In addition, results for the 9 months ended 30 September 2008 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2008.

2.2 SELECTED ACCOUNTING POLICIES

In accordance with the requirement of Securities Authority and Commodities (Circular dated 12-10-2008) following significant accounting policies of Company's financial statements as of 31 December 2007 are reproduced below:

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 balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
At 30 September 2008 (Unaudited)

2.2 SELECTED ACCOUNTING POLICIES (continued)

Investment properties (continued)

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 income statement in the year of retirement or disposal.

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

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 balance sheet 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. In general, financial assets are classified as at fair value through profit or loss, as the Company's strategy is to manage financial investments acquired to cover its insurance and investments contract liabilities (including shareholders' funds), on the same bases, being fair value. The available-for-sale and held-to-maturity categories are used when the relevant liability (including shareholders' funds) are passively managed and/or carried at amortised cost.

All regular way purchases and sales of financial assets are recognised on the trade date ie the date the Company commits to purchase or sell the asset. Regular way purchases or sales of financial assets require delivery of assets within the time frame generally established by regulation or convention in the market place.

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 gain and loss 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.

Oman Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS At 30 September 2008 (Unaudited)

2.2 SELECTED ACCOUNTING POLICIES (continued)

Impairment and uncollectibility of financial assets

An assessment is made at each balance sheet 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.

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 September

	<i>General insurance</i> 30 September		<i>Life assurance</i> 30 September		<i>Total</i> 30 September	
	2008	2007	2008	2007	2008	2007
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
TOTAL UNDERWRITING INCOME	239,801	154,074	58,052	36,162	297,853	190,236
NET UNDERWRITING INCOME	75,258	27,308	8,029	3,207	83,287	30,515
TOTAL INVESTMENT (LOSS) INCOME					(98,315)	23,983
Other income					343	439
Unallocated other expenses					(9,543)	(3,374)
(LOSS) PROFIT FOR THE PERIOD					(24,228)	51,563

Oman Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2008 (Unaudited)

3 SEGMENTAL INFORMATION (continued)

	<i>General insurance</i> 30 September		<i>Life assurance</i> 30 September		<i>Total</i> 30 September	
	2008	2007	2008	2007	2008	2007
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Nine months ended 30 September						
TOTAL UNDERWRITING INCOME	720,094	508,959	169,061	108,415	889,155	617,374
NET UNDERWRITING INCOME	185,175	89,318	29,052	17,106	214,227	106,424
TOTAL INVESTMENT INCOME					136,940	117,618
Other income					705	3,231
Unallocated other expenses					(17,464)	(9,089)
PROFIT FOR THE PERIOD					334,408	218,184

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.

4 UNREALISED FAIR VALUE GAINS AND LOSSES

	<i>Three months ended</i> 30 September		<i>Nine months ended</i> 30 September	
	2008	2007	2008	2007
Fair value gains on investment properties	-	-	161,727	-
Fair value gains (losses) on financial assets at fair value through profit or loss :held for trading purposes	(98,441)	2,111	(128,222)	8,094
Fair value losses on financial assets at fair value through profit or loss: designated upon initial recognition	(5,114)	-	(11,881)	-
Total fair value gains	(103,555)	2,111	21,624	8,094

Previously, management's practice was to carry out the independent valuation of investment properties on an annual basis and any gains or losses were reflected in the last quarter of the financial year.

Oman Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2008 (Unaudited)

5 EARNINGS PER SHARE

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>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
Net (loss) profit for the period, net of directors' fees (AED '000)	(24,228)	51,563	334,408	218,184
Weighted average number of shares outstanding during the period	381,713,000	381,713,000	381,713,000	381,713,000
Earnings per share (AED)	(0.06)	0.14	0.88	0.57

The weighted average number of shares outstanding 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.

6 INVESTMENT PROPERTIES

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

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>Domestic</i>		<i>International</i>		<i>Total</i>	
	<i>30 September 2008 AED'000 (Unaudited)</i>	<i>31 December 2007 AED'000 (Audited)</i>	<i>30 September 2008 AED'000 (Unaudited)</i>	<i>31 December 2007 AED'000 (Audited)</i>	<i>30 September 2008 AED'000 (Unaudited)</i>	<i>31 December 2007 AED'000 (Audited)</i>
a) Held for trading securities						
Shares - quoted	355,360	269,940	707	715	356,067	270,655
b) Designated upon initial recognition:						
-Structured investments unquoted	-	-	193,467	146,890	193,467	146,890
-Bank deposits with maturity over three months: unquoted	54,370	37,536	25,703	-	80,073	37,535
	54,370	37,536	219,170	146,890	273,540	184,425
	409,730	307,476	219,877	147,605	629,607	455,080

Maturity dates for structured notes and bank deposits range between 3 to 10 years. However, the issuers of the notes have options to call back the notes on earlier dates. The principal amounts are guaranteed on maturity or on exercise of the options. The returns on these notes are based mainly on movements in USD LIBOR or share prices of a basket of shares.

Oman Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2008 (Unaudited)

8 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<i>Domestic</i>		<i>International</i>		<i>Total</i>	
	<i>30 September 2008</i>	<i>31 December 2007</i>	<i>30 September 2008</i>	<i>31 December 2007</i>	<i>30 September 2008</i>	<i>31 December 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>
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
Shares and mutual funds						
- quoted	1,483,182	1,814,454	92,634	118,076	1,575,816	1,932,530
- unquoted	222,809	177,992	92,864	62,461	315,673	240,453
	<u>1,705,991</u>	<u>1,992,446</u>	<u>185,498</u>	<u>180,537</u>	<u>1,891,489</u>	<u>2,172,983</u>

The movements in provision for impairment in unquoted available for sale securities were as follows:

	<i>30 September 2008</i>	<i>31 December 2007</i>
	<i>AED'000</i>	<i>AED'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
At 1 January	833	833
Written off during the year	-	-
At 31 December	<u>833</u>	<u>833</u>

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.

9 CASH AND CASH EQUIVALENTS

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

	<i>30 September 2008</i>	<i>30 September 2007</i>
	<i>AED'000</i>	<i>AED'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Deposits with banks maturing within three months	345,979	268,514
Other accounts	73,574	50,427
Cash and bank balances	<u>419,553</u>	<u>318,941</u>
Bank overdrafts	<u>(111,278)</u>	<u>(53,084)</u>
	<u>308,275</u>	<u>265,857</u>

Oman Insurance Company (PSC)

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10 SHARE CAPITAL

At the annual general meeting held on 18 February 2008, the shareholders approved the scrip dividend of 35 shares for every 100 shares held. Accordingly, the number of shares increased to 381,713,000. Legal formalities for registration of the scrip dividend were completed during the period.

11 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 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.

12 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 2008.

13 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 nine month period to 30 September 2008, as this will be based on the results for the year.

14 CAPITAL COMMITMENTS

	30 September 2008 AED'000 (Unaudited)	31 December 2007 AED'000 (Audited)
Commitments in respect of uncalled subscription of certain share held as investments	62,320	-
Commitment in respect of purchase of investment properties	132,303	-
	194,623	-

15 CONTINGENCIES

Contingent liabilities

At 30 September 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 32,285 thousand (31 December 2007: AED 16,418 thousand).

16 SEASONALITY OF RESULTS

Revenue includes dividend income of AED 8,213 thousand and AED 53,340 thousand for three month and nine month periods ended 30 September 2008, respectively, and AED 3,929 thousand and AED 49,530 thousand for three month and nine month periods ended 30 September 2007, respectively, which is of a seasonal nature.

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17 SUBSEQUENT EVENT

As a result of the ongoing global credit crisis, financial markets regionally have been subject to significant declines during October. As of the date of approval of the financial statements, the market value of the Company's available for sale investments had declined by around AED 108,512 thousand (7%) and the held for trading investments had declined by around AED 26,541 thousand (7%) from the balance sheet market value.