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

Introduction

We have reviewed the accompanying interim balance sheet of Dubai Insurance Company (PSC) (the "Company") at 30 September 2007 and the related interim 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 financial statements in accordance with International Accounting Standard 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.

Ernst & Young

Signed by
Edward B Quinlan
Partner
Registration number: 93

23 October 2007

Dubai

INCOME STATEMENT
30 September 2007 (Unaudited)

	Note	Three month period ended 30 September 2007 AED	Three month period ended 30 September 2006 AED	Nine month period ended 30 September 2007 AED	Nine month period ended 30 September 2006 AED
UNDERWRITING INCOME					
Gross premium					
Insurance contracts premium receivable		**13,508,266**	6,436,199	**44,688,932**	18,017,742
Movement in provision for unearned premium		**(1,994,227)**	(1,289,531)	**(13,411,746)**	(228,983)
Insurance premium revenue		**11,514,039**	5,146,668	**31,277,186**	17,788,759
Less: **Reinsurers' share of premium**					
Insurance contracts premium receivable		**7,082,516**	4,306,920	**21,348,598**	11,459,738
Movement in provision for unearned premium		**(812,264)**	(1,957,872)	**(3,857,192)**	(540,615)
		6,270,252	2,349,048	**17,491,406**	10,919,123
Net insurance premium revenue		**5,243,787**	2,797,620	**13,785,780**	6,869,636
Commission income on ceded reinsurance		**2,397,087**	900,206	**6,710,333**	3,287,529
		7,640,874	3,697,826	**20,496,113**	10,157,165
UNDERWRITING EXPENSES					
Claims		**4,908,197**	4,865,039	**7,299,231**	10,029,297
Reinsurers' share of claims		**(966,115)**	(4,276,486)	**(846,965)**	(7,638,950)
		3,942,082	588,553	**6,452,266**	2,390,347
Insurance commission expenses		**1,275,521**	92,132	**4,077,639**	418,604
General and administrative expenses relating to underwriting activities		**1,150,834**	1,008,708	**3,457,031**	2,305,756
		6,368,437	1,689,393	**13,986,936**	5,114,707
NET UNDERWRITING RESULT		**1,272,437**	2,008,433	**6,509,177**	5,042,458
INVESTMENT INCOME					
Net gain (loss) on trading securities		**579,096**	(2,467,541)	**6,139,472**	(40,045,541)
Dividends		**82,116**	153,529	**9,359,384**	6,344,385
Interest income		**722,777**	704,594	**2,132,369**	2,068,424
Rental income		**422,864**	389,297	**1,242,880**	1,431,002
Investment property expenses		**(310,411)**	(377,756)	**(895,993)**	(923,637)
		1,496,442	(1,597,877)	**17,978,112**	(31,125,367)
OTHER INCOME AND EXPENSES					
General and administrative expenses not allocated		**(379,442)**	(292,446)	**(1,134,694)**	(724,795)
Other income		**(34,287)**	(4,271)	**(37,136)**	105,556
PROFIT (LOSS) FOR THE PERIOD		**2,355,150**	113,839	**23,315,459**	(26,702,148)
Basic and diluted earnings per share	3	**0.31**	0.02	**3.11**	(3.56)

The attached notes 1 to 9 form part of the interim condensed financial statements.

Dubai Insurance Company (PSC)

BALANCE SHEET
30 September 2007 (Unaudited)

	Notes	30 September 2007 AED	Audited 31 December 2006 AED
ASSETS			
Cash and investments:			
Bank balances and cash	4	7,771,212	2,630,586
Deposits with banks		48,107,883	46,428,779
Investments		282,173,526	247,380,633
Investment properties		4,076,865	4,628,610
		342,129,486	301,068,608
Premiums and insurance balances receivable		24,599,465	7,725,172
Reinsurers' share of unearned premiums		9,511,540	5,654,348
Reinsurers' share of outstanding claims		25,816,684	31,291,643
Office equipment and vehicles		540,944	401,205
Other assets		1,090,521	632,179
		61,559,154	45,704,547
TOTAL ASSETS		403,688,640	346,773,155
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		75,000,000	75,000,000
Statutory reserve	5	37,500,000	37,500,000
General reserve	6	3,500,000	3,500,000
Retained earnings		59,631,751	36,316,292
Proposed dividends		-	7,500,000
Cumulative changes in fair values of securities		156,317,070	132,786,620
Total equity		331,948,821	292,602,912
Liabilities			
Liabilities arising from insurance contracts			
Unearned premium		22,630,436	9,218,690
Additional reserve		1,250,000	2,200,000
Gross outstanding claims		31,381,358	34,256,885
		55,261,794	45,675,575
Bank overdraft		1,852,535	-
Reinsurance balances payable		4,253,002	1,516,277
Amounts held under reinsurance treaties		4,157,590	2,729,215
Other payables and accruals		4,851,530	2,884,724
Employees' end of service benefits		1,363,368	1,364,452
Total liabilities		71,739,819	54,170,243
TOTAL EQUITY AND LIABILITIES		403,688,640	346,773,155

Approved by Management on 23 October 2007

Chairman

General Manager

The attached notes 1 to 9 form part of the interim condensed financial statements.

CASH FLOW STATEMENT
30 September 2007 (Unaudited)

	Note	*Nine month period ended 30 September* 2007 AED	2006 AED
OPERATING ACTIVITIES			
Profit (loss) for the period		**23,315,459**	(26,702,148)
Adjustments for:			
Depreciation relating to investment property		**551,745**	551,745
Depreciation relating to furniture and equipment		**184,064**	126,370
Provision for employees' end of service benefits		**89,014**	475,349
Gain on sale of furniture and equipment		**33,137**	(25,000)
Interest on bank deposits		**(2,132,369)**	(2,068,424)
Dividend income		**(9,359,384)**	(6,344,385)
Movement in unearned premiums		**13,411,746**	228,983
Movement in reinsurers' share of unearned premiums		**(3,857,192)**	(540,615)
		22,236,220	(34,298,125)
Changes in operating assets and liabilities:			
Trading securities		**31,067,784**	40,045,541
Premiums and insurance balances receivable		**(16,874,293)**	38,724
Reinsurers' share of outstanding claims		**5,474,959**	(3,665,911)
Other assets		**(458,342)**	809,606
Additional reserve		**(950,000)**	-
Outstanding claims		**(2,875,527)**	3,546,349
Reinsurance balances payable		**2,736,725**	(371,611)
Amounts held under reinsurance treaties		**1,428,375**	326,581
Other payables and accruals		**1,966,806**	118,005
Cash from operations		**43,752,707**	6,549,159
End of service benefits paid		**(90,098)**	(1,348,328)
Net cash from operating activities		**43,662,609**	5,200,831
INVESTING ACTIVITIES			
Purchase of furniture and equipment		**(406,940)**	(382,630)
Purchase of available-for-sale securities		**(42,330,227)**	(18,456,793)
Interest on bank deposits		**2,132,369**	2,068,424
Dividend income		**9,359,384**	6,344,385
Proceeds from sale of furniture and equipment		**50,000**	25,000
Deposits with bank		**15,000**	-
Net cash used in investing activities		**(31,180,414)**	(10,401,614)
FINANCING ACTIVITIES			
Dividends paid		**(7,500,000)**	(22,500,000)
Directors' remuneration paid		**-**	(150,000)
Net cash used in financing activities		**(7,500,000)**	(22,650,000)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**4,982,195**	(27,850,783)
Cash and cash equivalents at the beginning of the period		**41,544,365**	67,701,991
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	**46,526,560**	39,851,208

The attached notes 1 to 9 form part of the interim condensed financial statements.

STATEMENT OF CHANGES IN EQUITY
30 September 2007 (Unaudited)

	Note	*Share capital AED*	*Statutory reserve AED*	*General reserve AED*	*Retained earnings AED*	*Proposed dividend AED*	*Cumulative changes in fair values AED*	*Total AED*
Balance at 1 January 2007		75,000,000	37,500,000	3,500,000	36,316,292	7,500,000	132,786,620	292,602,912
Net movement in cumulative changes in fair values		-	-	-	-	-	23,530,450	23,530,450
Total income recognised directly in equity		-	-	-	-	-	23,530,450	23,530,450
Profit for the period		-	-	-	23,315,459	-	-	23,315,459
Total income for the period		-	-	-	23,315,459	-	-	23,315,459
Cash dividend paid for 2006		-	-	-	-	(7,500,000)	-	(7,500,000)
Balance at 30 September 2007		**75,000,000**	**37,500,000**	**3,500,000**	**59,631,751**	-	**156,317,070**	**331,948,821**
Balance at 1 January 2006		75,000,000	37,500,000	3,500,000	67,279,895	22,500,000	265,720,000	471,499,895
Net movement in cumulative changes in fair values		-	-	-	-	-	(97,419,888)	(97,419,888)
Total expenses recognised directly in equity		-	-	-	-	-	(97,419,888)	(97,419,888)
Loss for the period		-	-	-	(26,702,148)	-	-	(26,702,148)
Total expenses for the period		-	-	-	(26,702,148)	-	-	(26,702,148)
Directors' fees for 2005		-	-	-	(150,000)	-	-	(150,000)
Cash dividend paid for 2005		-	-	-	-	(22,500,000)	-	(22,500,000)
Balance at 30 September 2006		75,000,000	37,500,000	3,500,000	40,427,747	-	168,300,112	324,727,859
			(Note 5)	(Note 6)				

The attached notes 1 to 9 form part of the interim condensed financial statements.

1 ACTIVITIES

Dubai Insurance Company (PSC) is a public shareholding company and is registered under the 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 and group life risks (included within life assurance). The Company also invests its funds in investment securities. 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 UAE.

2 ACCOUNTING POLICIES

The interim condensed financial statements of the Company are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

Changes in accounting policies
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 change in the basis of calculation of additional reserve and adoption of new standards and interpretations, noted below;

Calculation of additional reserve
Until the previous year, additional reserve included a provision for shortfall in unearned premiums calculated by reference to 1/8th method and unearned premiums calculated in accordance with UAE Federal Law No. 9 of 1984 (as amended), at 40% of net written premiums for all classes of business except marine which is calculated at 25%. With effect from 1 January 2007, the Board of Directors has decided to change the policy of the Company whereby no additional provision is made for the abovementioned shortfall in unearned premiums.

As a result of the change, net profit for the nine-month period is higher by AED 1,911,215.

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 and should be read in conjunction with the Company's annual financial statements as at 31 December 2006. In addition, results for the nine months ended 30 September 2007 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2007.

3 BASIC AND DILUTED EARNINGS PER SHARE

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

	Three month period ended 30 September		*Nine month period ended 30 September*	
	2007	*2006*	***2007***	*2006*
Profit for the period	**2,355,150**	113,839	**23,315,459**	(26,702,148)
Weighted average number of shares outstanding during the period	**7,500,000**	7,500,000	**7,500,000**	7,500,000
Basic earnings per share (AED)	**0.31**	0.02	**3.11**	(3.56)

No figure for diluted earnings per share has been presented because the Company has not issued any instruments which would have an impact on earnings per share when exercised.

4 CASH AND CASH EQUIVALENTS

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

	30 September 2007 AED	*Audited 31 December 2006 AED*
Cash and bank balances	**7,771,212**	2,630,586
Deposits with banks maturing within three months	**40,607,883**	38,913,779
Bank overdraft	**(1,852,535)**	-
	46,526,560	41,544,365

5 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.

6 GENERAL RESERVE

No transfer has 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.

7 SEGMENTAL INFORMATION

Primary segment information
For management purposes the Company is organised into two business segments; insurance and investment. The insurance segment comprises motor, marine, fire, engineering, general accident, medical and group life insurance. 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 month period ended 30 September		*Nine month period ended 30 September*	
	2007 AED	*2006 AED*	***2007 AED***	*2006 AED*
Insurance				
Underwriting income	**7,640,874**	3,697,826	**20,496,113**	10,157,165
Underwriting expenses	**(6,368,437)**	(1,689,393)	**(13,986,936)**	(5,114,707)
Net underwriting income	**1,272,437**	2,008,433	**6,509,177**	5,042,458
Investment				
Investment income	**1,496,442**	(1,597,877)	**17,978,112**	(31,125,367)
Unallocated other income and expenses	**(413,729)**	(296,717)	**(1,171,830)**	(619,239)
Profit (loss) for the period	**2,355,150**	113,839	**23,315,459**	(26,702,148)

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.

8 SEASONALITY OF RESULTS

Revenue includes dividend income of AED 82,116 and AED 9,359,384 for three-month and nine-month periods ended 30 September 2007, respectively, and AED 153,529 and AED 6,344,385 for three-month and nine-month periods ended 30 September 2006, respectively, which is of a seasonal nature.

9 CONTINGENCIES

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 7,539,000 (2006: AED 7,500,000).