Dubai Insurance Company
(Public Shareholding Company)

INTERIM CONDENSED FINANCIAL STATEMENTS

30 JUNE 2011 (UNAUDITED)

ERNST & YOUNG

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

Introduction

We have reviewed the accompanying interim condensed financial statements of Dubai Insurance Company (PSC) ("the Company") as at 30 June 2011, comprising of the interim statement of financial position as at 30 June 2011 and the related interim statements of income and comprehensive income for the three-month and six-month periods then ended, and the statements of changes in equity and cash flows for the six 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 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 financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young

Signed by
Joseph A. Murphy
Partner
Registration number: 492

28 July 2011

Dubai, United Arab Emirates

INTERIM CONDENSED STATEMENT OF INCOME
For the period ended 30 June 2011 (Unaudited)

		Three months ended 30 June		*Six months ended 30 June*	
	Note	***2011 AED '000***	*2010 AED '000*	***2011 AED '000***	*2010 AED '000*
UNDERWRITING INCOME					
Gross premium		**43,827**	32,783	**144,090**	115,534
Movement in provision for unearned premium		**8,710**	5,755	**(17,627)**	(13,443)
Insurance premium revenue		**52,537**	38,538	**126,463**	102,091
Less: **Reinsurers' share of premium**					
Reinsurance premium		**21,622**	18,469	**93,665**	61,466
Movement in provision for reinsurance share of unearned premium		**9,751**	5,307	**(12,895)**	(8,965)
		(31,373)	(23,776)	**(80,770)**	(52,501)
Net insurance premium revenue		**21,164**	14,762	**45,693**	49,590
Reinsurance commission income		**3,228**	3,012	**16,206**	7,540
Other operating income (expense)		**312**	1,292	**(468)**	767
Total underwriting income		**24,704**	19,066	**61,431**	57,897
UNDERWRITING EXPENSES					
Claims incurred		**33,561**	22,286	**78,970**	46,827
Reinsurers' share of claims incurred		**(16,576)**	(13,967)	**(45,308)**	(28,061)
Commission expenses		**3,550**	5,475	**11,309**	20,398
Excess of loss reinsurance premium		**267**	234	**535**	468
General and administrative expenses relating to underwriting activities		**2,701**	2,221	**5,304**	4,568
		23,503	16,249	**50,810**	44,200
NET UNDERWRITING INCOME		**1,201**	2,817	**10,621**	13,697
INVESTMENT INCOME					
Fair value loss on financial assets at fair value through profit or loss		**(59)**	(514)	**(554)**	(484)
Other investment income		**6,686**	4,051	**9,580**	8,307
		6,627	3,537	**9,026**	7,823
OTHER INCOME AND EXPENSES					
General and administrative expenses not allocated		**(1,391)**	(730)	**(2,223)**	(1,487)
Other income (expenses)		**649**	(706)	**585**	(684)
		(742)	(1,436)	**(1,638)**	(2,171)
PROFIT FOR THE PERIOD		**7,086**	4,918	**18,009**	19,349
Basic and diluted earnings per share (AED)	3	**0.071**	0.048	**0.180**	0.192

The attached explanatory notes 1 to 13 form part of the interim condensed financial statements.

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 30 June 2011 (Unaudited)

	Three months ended 30 June		*Six months ended 30 June*	
	2011 ***AED '000***	*2010* *AED '000*	***2011*** ***AED '000***	*2010* *AED '000*
Profit for the period	**7,086**	4,918	**18,009**	19,349
OTHER COMPREHENSIVE INCOME				
Net unrealised gains (losses) on investments	**10,478**	(24,370)	**7,377**	(32,088)
Other comprehensive income for the period	**10,478**	(24,370)	**7,377**	(32,088)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**17,564**	(19,452)	**25,386**	(12,739)

Dubai Insurance Company (PSC)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
At 30 June 2011 (Unaudited)

	Notes	*30 June 2011 AED '000*	*Audited 31 December 2010 AED '000*
ASSETS			
Property, plant and equipment	4	44,483	1,205
Investment property	5	1,670	1,686
Advance for purchase of land	4	-	43,307
Financial instruments	6	199,216	208,368
Reinsurance assets		108,623	83,265
Insurance receivables		100,124	99,650
Prepayments and other receivables		3,673	4,387
Statutory deposits		10,000	10,000
Cash and cash equivalents	7	30,665	26,598
TOTAL ASSETS		498,454	478,466
EQUITY AND LIABILITIES			
Equity			
Share capital	8	100,000	100,000
Statutory reserve	9	49,296	49,296
General reserve	10	3,500	3,500
Retained earnings		95,719	77,710
Cumulative changes in fair value of investments		29,685	22,308
Proposed dividends – cash		-	25,000
Total equity		278,200	277,814
Liabilities			
Insurance contract liabilities		163,904	124,958
Amounts held under reinsurance treaties		10,876	10,494
Reinsurance balances payable		26,172	34,578
Trade and other payables		19,302	30,622
Total liabilities		220,254	200,652
TOTAL EQUITY AND LIABILITIES		498,454	478,466

Approved by management on 28 July 2011.

Buti Obaid Almulla
Chairman

Abdellatif Abuqurah
General Manager

The attached explanatory notes 1 to 13 form part of the interim condensed financial statements.

Dubai Insurance Company (PSC)

INTERIM STATEMENT OF CASH FLOWS
For period ended 30 June 2011 (Unaudited)

	Note	*Six months ended 30 June* 2011 AED '000	2010 AED '000
OPERATING ACTIVITIES			
Profit for the period		**18,009**	19,349
Adjustments for:			
Depreciation on office equipment and vehicles		**405**	399
Depreciation on investment property		**16**	367
Provision for employees' end of service benefits		**111**	130
		18,541	20,245
Changes in operating assets and liabilities:			
Financial assets at fair value through profit or loss		**20,204**	17,570
Reinsurance assets		**(25,358)**	(10,391)
Insurance receivables		**(474)**	(1,017)
Prepayments and accrued income		**714**	392
Insurance contract liabilities		**38,946**	16,211
Amounts held under reinsurance treaties		**382**	1,496
Reinsurance balances payable		**(8,406)**	10,242
Trade and other payables		**(10,091)**	(1,203)
Cash from operations		**34,458**	53,545
Employees' end of service paid		**(140)**	(187)
Net cash from operating activities		**34,318**	53,358
INVESTING ACTIVITIES			
Investment held at amortised cost		**(3,675)**	-
Advance made on purchase of land		**-**	(6,000)
Purchase of office equipment and vehicles		**(376)**	(212)
Net cash used in investing activities		**(4,051)**	(6,212)
FINANCING ACTIVITIES			
Dividends paid		**(25,000)**	(25,000)
Directors' fees paid		**(1,200)**	(1,050)
Net cash used in financing activities		**(26,200)**	(26,050)
INCREASE IN CASH AND CASH EQUIVALENTS		**4,067**	21,096
Cash and cash equivalents at 1 January		**26,598**	12,200
CASH AND CASH EQUIVALENTS AT 30 JUNE	7	**30,665**	33,296

The attached explanatory notes 1 to 13 form part of the interim condensed financial statements.

INTERIM STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2011 (Unaudited)

	Share capital AED '000	*Statutory reserve AED '000*	*General reserve AED '000*	*Retained earnings AED '000*	*Proposed dividend AED '000*	*Cumulative changes in fair value of investments AED '000*	*Total AED '000*
Balance at 1 January 2011	100,000	49,296	3,500	77,710	25,000	22,308	277,814
Profit for the period	-	-	-	18,009	-	-	18,009
Other comprehensive income	-	-	-	-	-	7,377	7,377
Total comprehensive income for the period	-	-	-	18,009	-	7,377	25,386
Cash dividend paid	-	-	-	-	(25,000)	-	(25,000)
Balance at 30 June 2011	**100,000**	**49,296**	**3,500**	**95,719**	**-**	**29,685**	**278,200**
Balance at 1 January 2010	100,000	46,941	3,500	82,868	25,000	44,493	302,802
Profit for the period	-	-	-	19,349	-	-	19,349
Other comprehensive income	-	-	-	-	-	(32,088)	(32,088)
Total comprehensive income for the period	-	-	-	19,349	-	(32,088)	(12,739)
Cash dividend paid	-	-	-	-	(25,000)	-	(25,000)
Director's fee	-	-	-	(150)	-	-	(150)
Balance at 30 June 2010	100,000	46,941	3,500	102,067	-	12,405	264,913

The attached explanatory notes 1 to 13 form part of the interim condensed financial statements.

1 ACTIVITIES

Dubai Insurance Company (PSC) (the "Company") is a public shareholding Company is registered under 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, group life and individual life policies (included within life assurance). The Company also invests its funds in investment securities and properties. 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 United Arab Emirates. The shares of the Company are listed on the Dubai Financial Market.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

Interim reporting
The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2010 except for the adoption of the new and amended IFRS and IFRIC interpretations which became effective as of 1 January 2011. The adoption of these standards and interpretations did not have an impact on the financial position or performance of the Company during the period.

2.2 ACCOUNTING POLICIES

The accounting policies adopted by the Company relating to Investments and Cash and cash equivalents, which are consistent with the policies adopted during the previous year, are reproduced below:

Investment properties
The Company has elected to adopt the cost model for investment properties. Accordingly, investment properties are carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

Building	25 years

No depreciation is charged on freehold land.

Fair value of financial instruments
The fair value of financial instruments that are actively traded in organised 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 reporting date. If quoted market prices are not available, reference can also be made to broker or dealer price quotations.

The fair values of floating rate and overnight deposits with credit institutions are their carrying values. 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 reporting date.

Financial assets
At initial recognition, all financial assets are measured at fair value.

Equity investments
For subsequent measurements, all financial assets that are equity investments are measured at fair value either through Other Comprehensive Income (OCI) or through profit or loss. This is an irrevocable choice that the Company has made on early adoption of IFRS 9 or will make on subsequent acquisition of equity investments unless the equity investments are held for trading, in which case, they must be measured at fair value through profit or loss.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 ACCOUNTING POLICIES (continued)

Financial assets (continued)

Equity investments (continued)
Gain or loss on disposal of equity investments carried at fair value through OCI are not recycled.

Dividend income for all equity investments are recorded through profit or loss.

Debt instruments
Debt instruments are also measured at fair value through profit or loss unless they are classified at amortised cost. They are classified at amortised cost only if:

i. the asset is held within a business model whose objective is to hold the asset to collect the contractual cash flows; and
ii. the contractual terms of the debt instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

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.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less in the statement of financial position.

3 BASIC AND DILUTED EARNINGS PER SHARE

Basic 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:

	Three months ended 30 June		*Six months ended 30 June*	
	2011	*2010*	*2011*	*2010*
Profit for the period, net of directors' fees (AED '000)	**7,086**	4,768	**18,009**	19,199
Weighted average number of shares outstanding during the period ('000)	**100,000**	100,000	**100,000**	100,000
Earnings per share (AED)	**0.071**	0.048	**0.180**	0.192

The basic earnings per share as reported for the prior period has been adjusted for the effect of stock split during the period. No figures for diluted earnings has been presented because the Company has not issued any instruments which would have an impact on earnings per share when exercised.

4 ADVANCES FOR PURCHASE OF LAND

The land is located in Emirate of Dubai, United Arab Emirates The Company's Board of Directors has resolved to construct the Company's head office on the land in the foreseeable future. Following payment of the final installment, the amount paid in respect of the land has been classified as property, plant and equipment. The Company's management is in the process of formalizing the legal title in respect of the land.

5 INVESTMENT PROPERTIES

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

6 FINANCIAL ASSETS

	Carrying value		Fair value	
	30 June 2011 AED'000 (Unaudited)	*31 December 2010 AED'000 (Audited)*	***30 June 2011 AED'000 (Unaudited)***	*31 December 2010 AED'000 (Audited)*
Financial instruments				
at fair value through profit or loss (note 6.1)	**39,514**	59,718	**39,514**	59,718
at fair values through other comprehensive income (OCI) (note 6.2)	**156,027**	148,650	**156,027**	148,650
debt instrument at amortised cost (note 6.3)	**3,675**	-	**3,675**	-
	199,216	208,368	**199,216**	208,368

6.1 FINANCIAL ASSETS AT FAIR VALUES THROUGH PROFIT OR LOSS

		30 June 2011 AED'000	*31 December 2010 AED'000*
a)	***Shares - quoted***	**3,203**	3,757
b)	***Designated upon initial recognition***		
	Deposits matured over three months	**36,311**	55,961
		39,514	59,718

6.2 FINANCIAL ASSETS AT FAIR VALUES THROUGH OTHER COMPREHENSIVE INCOME (OCI)

	30 June 2011 AED'000	*31 December 2010 AED'000*
Shares – quoted	**145,827**	138,450
Shares – unquoted	**10,200**	10,200
	156,027	148,650

6.3 DEBT INSTRUMENT AT AMORTISED COST

	30 June 2011 AED'000	*31 December 2010 AED'000*
Amortised cost		
Debt securities	**3,675**	-
	3,675	-

7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	30 June 2011 AED '000	*30 June 2010 AED '000*
Bank balances and cash	**30,665**	33,296

The entire bank balance and bank deposits are within United Arab Emirates.

8 SHARE CAPITAL

	30 June 2011 AED '000	*31 December 2010 AED '000*
Issued and fully paid 100,000,000 shares of AED 1 each (2010: – 100,000,000 shares of AED 1 each)	**100,000**	100,000

9 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 six months period to 30 June 2011, 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.

10 GENERAL RESERVE

Transfer to general reserve are made on the recommendation of the Board of Director. No transfers has been made to the general reserve during the six month period to 30 June 2011, as this will be based on the results for the year.

11 SEGMENTAL INFORMATION

Primary segment information

For management purposes, the Company is organised into business units based on its products and services and has three reportable operating segments as follows:

- The general insurance segment comprises motor, marine, fire, engineering, general accident and medical
- The life segment includes individual and group life insurance.
- Investment comprises investment and cash management for the Company's own account.

11 SEGMENTAL INFORMATION (continued)

Transactions between operating segments are conducted at estimated market rates on an arm's length basis. Operating segment information is presented below:

	Three months ended 30 June					
	General insurance		*Life assurance*		*Total*	
	30 June 2011 AED'000	*30 June 2010 AED'000*	***30 June 2011 AED'000***	*30 June 2010 AED'000*	***30 June 2011 AED'000***	*30 June 2010 AED'000*
TOTAL UNDERWRITING INCOME	**14,767**	12,570	**9,937**	6,496	**24,704**	19,066
NET UNDERWRITING INCOME (LOSS)	**3,915**	3,838	**(2,714)**	(1,021)	**1,201**	2,817
TOTAL INVESTMENT INCOME					**6,627**	3,537
Other expenses					**649**	(706)
Unallocated general and administration expenses					**(1,391)**	(730)
PROFIT FOR THE PERIOD					**7,086**	4,918

	Six months ended 30 June					
	General insurance		*Life assurance*		*Total*	
	30 June 2011 AED'000	*30 June 2010 AED'000*	***30 June 2011 AED'000***	*30 June 2010 AED'000*	***30 June 2011 AED'000***	*30 June 2010 AED'000*
TOTAL UNDERWRITING INCOME	**37,953**	29,774	**23,478**	28,123	**61,431**	57,897
NET UNDERWRITING INCOME	**10,614**	12,040	**7**	1,657	**10,621**	13,697
TOTAL INVESTMENT INCOME					**9,026**	7,823
Other income (expenses)					**585**	(684)
Unallocated general and administration expenses					**(2,223)**	(1,487)
PROFIT FOR THE PERIOD					**18,009**	19,349

The Company is organised as one geographical segment and operates in the United Arab Emirates.

12 SEASONALITY OF RESULTS

Dividend income of AED 5,960 thousand and AED 7,843 thousand for three month and six month periods ended 30 June 2011, respectively, and AED 3,339 and AED 6,661 for three month and six month periods ended 30 June 2010, respectively, is of seasonal nature.

13 CONTINGENCIES

At 30 June 2011, 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 10,168 thousand (31 December 2010: AED 10,132 thousand).