

Doha Insurance Company Q.S.C.

**INTERIM CONDENSED
FINANCIAL STATEMENTS**

30 JUNE 2008

REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF DOHA INSURANCE COMPANY Q.S.C.

Introduction

We have reviewed the accompanying interim condensed financial statements of Doha Insurance Company Q.S.C. (the "Company") as at 30 June 2008, comprising of the interim condensed balance sheet as at 30 June 2008 and the related interim condensed statements of income, cash flows and changes in shareholders' equity for the six months 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 the 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.

Firas Qoussous
of Ernst & Young
Auditor's Registration No. 236

Date: 27 July 2008
Doha

Doha Insurance Company Q.S.C.

INTERIM CONDENSED INCOME STATEMENT

Six Months Period Ended 30 June 2008

	Notes	Six Months Period Ended	
		30 June 2008 QR (Reviewed)	30 June 2007 QR (Reviewed)
Gross premiums		167,470,120	153,949,388
Reinsurers' share of gross premiums		(125,127,188)	(119,021,731)
Net premiums		42,342,932	34,927,657
Change in unexpired risk reserve		(2,859,706)	(3,173,268)
Earned insurance premiums		39,483,226	31,754,389
Commissions received		11,871,713	10,317,593
Change in deferred commissions		(485,348)	(1,973,982)
Total underwriting revenues		50,869,591	40,098,000
Claims paid		(29,116,327)	(17,583,217)
Reinsurers' share of claims		14,197,876	4,885,909
Change in outstanding claims reserve		(7,957,416)	(7,973,691)
Commissions paid		(1,470,289)	(1,389,716)
NET UNDERWRITING RESULTS	3	26,523,435	18,037,285
Income from sale of financial investments		6,494,418	5,120,756
Dividend income		6,503,481	5,849,718
Interest income		2,610,550	2,187,185
Rental income from investment properties		924,400	1,734,400
Profit distribution from unquoted investment funds		3,311,631	-
Other income		787,260	218,790
INVESTMENT AND OTHER INCOME		20,631,740	15,110,849
Salaries and other staff costs		6,434,112	4,334,450
General and administrative expenses	4	2,757,636	2,764,049
Impairment of financial investments		-	156,904
Net loss on investments held for trading		200,506	-
Maintenance of investment properties		6,000	40,762
Depreciation of investment properties		523,214	523,214
Depreciation of property and equipment		632,998	583,143
Finance costs		24,015	75,849
TOTAL EXPENSES		10,578,481	8,478,371
PROFIT FOR THE PERIOD BEFORE ALLOCATION TO TAKAFUL BRANCH POLICYHOLDERS		36,576,694	24,669,763
Net (surplus) deficit attributable to Takaful Branch policyholders		(474,416)	212,322
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		36,102,278	24,882,085
Basic/diluted earnings per share	5	2.33	1.72

The attached notes 1 to 11 form part of these interim condensed financial statements.

Doha Insurance Company Q.S.C.

INTERIM CONDENSED BALANCE SHEET

At 30 June 2008

		<i>30 June 2008 QR (Reviewed)</i>	<i>31 December 2007 QR (Audited)</i>
ASSETS			
Cash and bank balances	6	151,114,830	69,449,756
Financial investments	7	287,496,757	217,782,535
Reinsurance contract assets		122,159,534	112,679,472
Insurance and other receivables		62,830,577	62,721,697
Investment properties		25,658,417	26,181,631
Property and equipment		42,350,653	29,506,547
TOTAL ASSETS		<u>691,610,768</u>	<u>518,321,638</u>
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	8	180,000,000	127,240,000
Legal reserve	9	96,405,928	17,455,482
Cumulative changes in fair value		123,991,125	97,779,924
Retained earnings		58,112,327	22,010,049
Proposed cash dividend		-	38,172,000
Total shareholders' equity		<u>458,509,380</u>	<u>302,657,455</u>
LIABILITIES			
Bank term loan		507,485	1,290,515
Insurance contract liabilities		194,583,653	173,814,004
Provisions, insurance and other payables		35,396,985	38,334,281
Employees' end of service benefits		2,613,265	2,225,383
Total liabilities		<u>233,101,388</u>	<u>215,664,183</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		<u>691,610,768</u>	<u>518,321,638</u>

.....
General/ Dahlan Jamaan B. Al Hamad
Vice Chairman

.....
Mr. Bassam Hussein
General Manager

The attached notes 1 to 11 form part of these interim condensed financial statements.

Doha Insurance Company Q.S.C.

INTERIM CONDENSED STATEMENT OF CASH FLOWS

Six Months Period Ended 30 June 2008

	<i>Six Months Period Ended</i>	
	<i>30 June</i>	<i>30 June</i>
	<i>2008</i>	<i>2007</i>
<i>Note</i>	<i>QR</i>	<i>QR</i>
OPERATING ACTIVITIES		
Profit attributable to shareholders	36,102,278	24,882,085
Adjustments for:		
Depreciation of property and equipment	632,998	583,143
Depreciation of investment properties	523,214	523,214
Provision for employee's end of service benefits	431,187	155,989
Loss on disposal of property and equipment	9,076	-
Reinsurers' share of unearned premium	(2,411,059)	(23,931,099)
Movement in unearned premium	5,270,766	27,104,366
Income from sale of financial investments	(6,494,418)	(5,120,756)
Dividend income	(6,503,481)	(5,849,718)
Interest income	(2,610,550)	(2,187,185)
Profit distribution from unquoted investment funds	(3,311,631)	-
Interest expense	24,015	75,849
	<hr/>	<hr/>
Operating profit before changes in operating assets and liabilities	21,662,395	16,235,888
Increase in insurance and other receivables	(108,880)	(15,379,520)
Net increase in insurance reserves	8,429,880	9,947,674
Decrease in provisions, insurance and other payables	(5,983,780)	(8,172,853)
Margin against letters of guarantee	(382,666)	(1,135,270)
	<hr/>	<hr/>
Cash generated from operations	23,616,949	1,495,919
Employee's end of service benefits paid	(43,305)	(35,243)
	<hr/>	<hr/>
Net cash from operating activities	23,573,644	1,460,676
INVESTING ACTIVITIES		
Purchase of land under development	(13,094,900)	(13,094,900)
Purchase of financial investments	(58,251,312)	(2,181,931)
Proceeds from disposal of financial investments	21,242,709	21,887,703
Dividend received	6,503,481	5,849,718
Interest received	2,610,550	2,187,185
Profit distribution from unquoted investment funds	3,311,631	-
Purchase of property and equipment	(437,080)	(609,102)
Proceed from sale of property and equipment	45,800	-
	<hr/>	<hr/>
Net cash (used in) from investing activities	(38,069,121)	14,038,673
FINANCING ACTIVITIES		
Repayments of bank term loan	(783,030)	(783,030)
Proceeds from rights issue	131,710,446	-
Dividends paid	(35,125,516)	(29,507,067)
Interest paid	(24,015)	(75,849)
	<hr/>	<hr/>
Net cash from (used in) financing activities	95,777,885	(30,365,946)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	81,282,408	(14,866,597)
Cash and cash equivalents at 1 January	68,526,463	60,961,266
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT 30 JUNE	6 <u>149,808,871</u>	<u>46,094,669</u>

The attached notes 1 to 11 form part of these interim condensed financial statements.

Doha Insurance Company Q.S.C.

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Six Months Period Ended 30 June 2008

	<i>Share capital QR</i>	<i>Legal reserve QR</i>	<i>Cumulative changes in fair value QR</i>	<i>Proposed cash dividends QR</i>	<i>Retained earnings QR</i>	<i>Total QR</i>
Balance at 1 January 2008	<u>127,240,000</u>	<u>17,455,482</u>	<u>97,779,924</u>	<u>38,172,000</u>	<u>22,010,049</u>	<u>302,657,455</u>
Recognised gains and losses on available-for-sale investments during the period	-	-	(6,494,418)	-	-	(6,494,418)
Net movement in fair value of available-for-sale investments during the period	-	-	<u>32,705,619</u>	-	-	<u>32,705,619</u>
Total income and expense for the period recognised directly in equity	-	-	26,211,201	-	-	26,211,201
Profit for the period	-	-	-	-	<u>36,102,278</u>	<u>36,102,278</u>
Total income and expenses for the period	-	-	26,211,201	-	36,102,278	62,313,479
Increase in share capital through rights issue (Note 8)	52,760,000	-	-	-	-	52,760,000
Increase in share premium through rights issue (Note 9)	-	78,950,446	-	-	-	78,950,446
Cash dividends	-	-	-	<u>(38,172,000)</u>	-	<u>(38,172,000)</u>
Balance at 30 June 2008	<u>180,000,000</u>	<u>96,405,928</u>	<u>123,991,125</u>	<u>-</u>	<u>58,112,327</u>	<u>458,509,380</u>

The attached notes 1 to 11 form part of these interim condensed financial statements.

Doha Insurance Company Q.S.C.

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Six Months Period Ended 30 June 2007

	<i>Share capital QR</i>	<i>Legal reserve QR</i>	<i>Cumulative changes in fair value QR</i>	<i>Proposed cash dividends QR</i>	<i>Retained earnings QR</i>	<i>Total QR</i>
Balance at 1 January 2007	<u>127,240,000</u>	<u>13,024,369</u>	<u>70,697,796</u>	<u>31,810,000</u>	<u>20,302,033</u>	<u>263,074,198</u>
Recognised gains and losses on available-for-sale investments during the period	-	-	(3,273,469)	-	-	(3,273,469)
Transfer to income statement on impairment of available-for-sale investments during the period	-	-	156,904	-	-	156,904
Net movement in fair value of available-for-sale investments during the period	-	-	(12,439,261)	-	-	(12,439,261)
Total income and expense for the period recognised directly in equity	-	-	(15,555,826)	-	-	(15,555,826)
Profit for the period	-	-	-	-	24,882,085	24,882,085
Total income and expenses for the period	-	-	(15,555,826)	-	24,882,085	9,326,259
Cash dividends	-	-	-	(31,810,000)	-	(31,810,000)
Balance at 30 June 2007	<u>127,240,000</u>	<u>13,024,369</u>	<u>55,141,970</u>	<u>-</u>	<u>45,184,118</u>	<u>240,590,457</u>

The attached notes 1 to 11 form part of these interim condensed financial statements.

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Doha Insurance Company Q.S.C. (the "Company") is a Qatari shareholding company registered and incorporated in the State of Qatar under Emiri Decree No. 30 issued on 2 October 1999 and is engaged in the business of insurance and reinsurance.

In 2006, the Company established an Islamic Takaful insurance branch (the "Branch") to carry out insurance and reinsurance activities in accordance with Islamic Sharia principles on a non-usury basis in all areas of insurance.

The financial statements for the six months period ended 30 June 2008 include the results of the Company and the Branch.

These financial statements were authorized for issue by the Board of Directors on 27 July 2008.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

BASIS OF PREPARATION

The interim condensed financial statements for the six months period ended 30 June 2008 are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

The interim condensed financial statements do not contain all information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at 31 December 2007. The results for the six months ended 30 June 2008 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2008.

ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of the interim condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2007.

Doha Insurance Company Q.S.C

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2008

3 NET UNDERWRITING RESULTS

The Company operates in the general insurance and Islamic takaful segments in the State of Qatar. For management purposes the Company is organised into three business segments, Motor, Marine and Aviation, and Fire and General Accident. These segments are the basis on which the Company reports its primary segment information. An analysis of the net underwriting results for the six months period ended 30 June 2008 for its main classes of business is disclosed below:

	<i>Motor</i>		<i>Marine and Aviation</i>		<i>Fire and General Accident</i>		<i>Total</i>	
	<i>30 June 2008 QR</i>	<i>30 June 2007 QR</i>	<i>30 June 2008 QR</i>	<i>30 June 2007 QR</i>	<i>30 June 2008 QR</i>	<i>30 June 2007 QR</i>	<i>30 June 2008 QR</i>	<i>30 June 2007 QR</i>
Gross premiums	36,027,048	25,938,154	34,526,178	32,829,461	96,916,894	95,181,773	167,470,120	153,949,388
Reinsurers' share of gross premiums	(7,485,024)	(4,154,684)	(31,753,022)	(29,050,263)	(85,889,142)	(85,816,784)	(125,127,188)	(119,021,731)
Net premiums	28,542,024	21,783,470	2,773,156	3,779,198	11,027,752	9,364,989	42,342,932	34,927,657
Change in unexpired risk reserve	(2,705,637)	(2,054,681)	506,736	(650,111)	(660,805)	(468,476)	(2,859,706)	(3,173,268)
Earned insurance premiums	25,836,387	19,728,789	3,279,892	3,129,087	10,366,947	8,896,513	39,483,226	31,754,389
Commissions received	489,648	322,063	1,713,549	2,745,029	9,668,516	7,250,501	11,871,713	10,317,593
Change in deferred commissions	(32,907)	(53,031)	387,272	(785,893)	(839,713)	(1,135,058)	(485,348)	(1,973,982)
Total underwriting revenues	26,293,128	19,997,821	5,380,713	5,088,223	19,195,750	15,011,956	50,869,591	40,098,000
Claims paid	(14,244,068)	(12,312,026)	(391,706)	(1,263,891)	(14,480,553)	(4,007,300)	(29,116,327)	(17,583,217)
Reinsurers' share of claims	197,777	331,638	312,389	1,172,144	13,687,710	3,382,127	14,197,876	4,885,909
Change in outstanding claims reserve	(7,848,251)	(7,725,978)	136,993	62,000	(246,158)	(309,713)	(7,957,416)	(7,973,691)
Commissions paid	(155,098)	(69,778)	(47,386)	(365,992)	(1,267,805)	(953,946)	(1,470,289)	(1,389,716)
Net underwriting results	4,243,488	221,677	5,391,003	4,692,484	16,888,944	13,123,124	26,523,435	18,037,285

As the Company's activities are performed on an integrated basis, a segmental analysis of assets and liabilities between these segments would not be meaningful.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2008

4 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Six Months Period Ended</i>	
	<i>30 June 2008 QR (Reviewed)</i>	<i>30 June 2007 QR (Reviewed)</i>
Advertisement and business promotion	852,352	911,920
Rent, maintenance and office expenses	606,244	741,094
Trainings and professional development	482,476	394,791
Business travel	266,314	327,974
Legal and consultation fee	151,252	114,224
Printing and stationery	165,350	111,527
Government fees	94,609	95,782
Miscellaneous expenses	139,039	66,737
	<u>2,757,636</u>	<u>2,764,049</u>

5 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period. During the current period, the Company made a rights issue. Accordingly, the previously reported earnings per share have been restated for the effect of the rights issue share made during the period.

	<i>Six months period ended</i>	
	<i>30 June 2008 (Reviewed)</i>	<i>30 June 2007 (Restated)</i>
Profit attributable to the shareholders (QR)	<u>36,102,278</u>	<u>24,882,085</u>
Weighted average number of shares outstanding during the period (i)	<u>15,512,998</u>	<u>14,463,794</u>
Basic earnings per share (QR)	<u>2.33</u>	<u>1.72</u>

Notes

(i) The weighted average number of shares has been calculated as follows:

	<i>30 June 2008 Numbers</i>	<i>30 June 2007 Numbers</i>
Qualifying shares at beginning of the period	12,724,000	12,724,000
Effect of rights issue	<u>2,788,998</u>	<u>1,739,794</u>
Weighted average number of shares at end of the period	<u>15,512,998</u>	<u>14,463,794</u>

(ii) There were no potentially dilutive shares outstanding at any time during the period. Therefore, the diluted earnings per share are equal to the basic earnings per share.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2008

6 CASH AND CASH EQUIVALENTS

	<i>30 June 2008 QR (Reviewed)</i>	<i>31 December 2007 QR (Audited)</i>
Cash and bank balances	151,114,830	69,449,756
Less: Margin against letters of guarantee	<u>(1,305,959)</u>	<u>(923,293)</u>
	<u>149,808,871</u>	<u>68,526,463</u>

7 FINANCIAL INVESTMENTS

The carrying amounts of financial investments at 30 June were as follows:

	<i>30 June 2008 QR (Reviewed)</i>	<i>31 December 2007 QR (Audited)</i>
Held to maturity investment		
Debt securities in US Dollar with fixed interest rate	<u>29,812,062</u>	<u>30,156,565</u>
Held for trading		
Quoted shares	<u>11,702,700</u>	<u>-</u>
Available for sale investments:		
- Quoted shares	210,576,005	162,403,032
- Unquoted shares and investment funds	<u>35,405,990</u>	<u>25,222,938</u>
	<u>245,981,995</u>	<u>187,625,970</u>
	<u>287,496,757</u>	<u>217,782,535</u>

At 30 June 2008, held to maturity debt securities amounting to QR 29,985,693 (31 December 2007 - Audited: QR 29,985,693) are pledged in favour of a bank as security against term loan provided to the Company.

8 SHARE CAPITAL

Following an Extraordinary General Meeting on 3 March 2008, the Company offered its existing shareholders the right to subscribe for up to 5,276,000 shares. Each share was offered for subscription at a nominal share price of QR 10 and a share premium of QR 15 per share, resulting in an increase of QR 52,760,000 and QR 78,950,446 in the share capital and legal reserve, respectively.

9 LEGAL RESERVE

The proceeds received net of any directly attributable transaction costs are directly credited to share capital (nominal value) and the legal reserve (share premium) when shares have been issued higher than their nominal value as per Article 154 of Qatar Commercial Companies Law No. 5 of 2002.

Doha Insurance Company Q.S.C

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2008

10 SEGMENT INFORMATION

:Branch are as follows Takaful assets and liabilities of the Company and its Islamic ,expenses ,Revenues

	30 June 2008 (Reviewed)			30 June 2007 (Reviewed)		
	Conventional Insurance QR	Takaful Insurance QR	Total QR	Conventional Insurance QR	Takaful Insurance QR	Total QR
Revenue						
Gross premiums	166,402,799	1,067,321	167,470,120	151,952,003	1,997,385	153,949,388
Reinsurers' share of gross premiums	(124,959,349)	(167,839)	(125,127,188)	(117,019,136)	(2,002,595)	(119,021,731)
Net premiums	41,443,450	899,482	42,342,932	34,932,867	(5,210)	34,927,657
Change in unexpired risk reserve	(2,500,109)	(359,597)	(2,859,706)	(3,173,268)	-	(3,173,268)
Earned insurance premiums	38,943,341	539,885	39,483,226	31,759,599	(5,210)	31,754,389
Commissions received	11,836,865	34,848	11,871,713	10,138,590	179,003	10,317,593
Change in deferred commissions	(548,737)	63,389	(485,348)	(1,862,448)	(111,534)	(1,973,982)
	50,231,469	638,122	50,869,591	40,035,741	62,259	40,098,000
Expenses						
Claims paid	26,715,030	2,401,297	29,116,327	17,572,237	10,980	17,583,217
Reinsurers' share of claims	(11,796,579)	(2,401,297)	(14,197,876)	(4,885,909)	-	(4,885,909)
Change in outstanding claims reserve	7,867,468	89,948	7,957,416	7,895,212	78,479	7,973,691
Commission paid	1,460,844	9,445	1,470,289	1,389,716	-	1,389,716
Total expenses	24,246,763	99,393	24,346,156	21,971,256	89,459	22,060,715
Net underwriting results	25,984,706	538,729	26,523,435	18,064,485	(27,200)	18,037,285
Investment and other income	20,631,155	585	20,631,740	15,110,849	-	15,110,849
Total expenses	10,513,583	64,898	10,578,481	8,293,249	185,122	8,478,371
Profit (loss) for the period	36,102,278	474,416	36,576,694	24,882,085	(212,322)	24,669,763

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2008

10 SEGMENT INFORMATION (continued)

	30 June 2008 (Reviewed)			31 December 2007 (Audited)		
	Conventional Insurance QR	Takaful Insurance QR	Total QR	Conventional Insurance QR	Takaful Insurance QR	Total QR
Assets						
Total assets	688,611,041	3,379,483	691,990,524	٥١٥,٨١٥,٥١٠	٢,٨٤٦,١٨٧	٥١٨,٦٦١,٦٩٧
Liabilities						
Insurance funds	(194,554,715)	(28,938)	(194,583,653)	(173,798,741)	(15,263)	(173,814,004)
Net surplus attributable to Islamic Takaful policyholders	-	(485,517)	(485,517)	-	(11,102)	(11,102)
Liabilities (other than insurance funds)	(35,926,702)	(2,485,272)	(38,411,974)	(٣٩,٦٩٩,٣٧٣)	(2,479,763)	(42,179,136)
Net assets	458,129,624	379,756	458,509,380	302,317,396	340,059	302,657,455

11 COMMITMENTS AND CONTINGENCIES

Guarantees

At 30 June 2008, the Company had contingent liabilities in respect of tender guarantees and other guarantees from which it is anticipated that no material liabilities will arise, amounting to QR 2,784,384 (31 December 2007 – Audited: QR 1,616,564).

Legal claims

The Company, in common with the significant majority of insurers, is subject to litigation in the normal course of its business. The Company, based on independent legal advice, does not believe that the outcome of these court cases will have a material impact on the Company's income or financial position.

Capital expenditure commitments

	<i>30 June 2008 QR (Reviewed)</i>	<i>31 December 2007 QR (Audited)</i>
Land under development	<u>29,463,515</u>	<u>42,558,425</u>

The Company entered into a contract to acquire a plot of land at Marine Lusail – Qatar for a total value of QR 65,474,510 out of which QR 13,094,900, QR 13,094,900 and QR 9,821,185 was paid in 2008, 2007 and 2006, respectively. The remaining payments under the contract are:

	<i>30 June 2008 QR (Reviewed)</i>	<i>31 December 2007 QR (Audited)</i>
Not later than one year	13,094,900	13,094,900
Later than one year and not later than 3 years	<u>16,368,615</u>	<u>29,463,525</u>
Land under development	<u>29,463,515</u>	<u>42,558,425</u>