

**AL DHAFRA INSURANCE
COMPANY P.S.C.**

**Review report and interim
financial information
for the period ended 30 June 2009**

AL DHAFRA INSURANCE COMPANY P.S.C.

Review report and interim financial information for the period ended 30 June 2009

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THE BOARD OF DIRECTORS' REPORT

for the period ended 30 June 2009

The Board of Directors takes great pleasure in presenting the unaudited results for the Second Quarter of 2009.

We are pleased to report that, as noted below, net underwriting profit increased by 15.82%. However, net profit has decreased by (46.42%) as compared to the same period of last year due to impairment loss taken on available-for-sale financial assets amounting to AED 15,978,060 during the period.

Particulars	6 months ended 30 June		Variance %
	2009	2008	
	(unaudited) AED	(unaudited) AED (restated)	
<u>Income Statement</u>			
Gross premium income	139,389,681	144,587,480	(3.59%)
Net underwriting income	35,362,931	30,532,971	15.82%
Administrative and other operating expenses	9,795,604	9,109,427	7.53%
Net investment (loss)/income	(2,584,068)	21,782,832	(111.86%)
Net profit for the period	23,148,032	43,206,376	(46.42%)
Basic earnings per ordinary share	0.31	0.58	(46.55%)
	June 2009	Dec 2008	
	(unaudited)	(audited)	
	AED	AED (restated)	
<u>Balance Sheet</u>			
Shareholders' equity	269,857,881	257,009,258	5.00%
Total assets	673,809,957	653,736,954	3.07%

We are confident that the year 2009 will be another strong year for the Company in terms of its net underwriting operations.


Chairman



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of
Al Dhafra Insurance Company P.S.C.
Abu Dhabi, UAE

Introduction

We have reviewed the accompanying condensed statement of financial position of Al Dhafra Insurance Company P.S.C. as of 30 June 2009 and the related condensed statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim condensed financial information in accordance with International Accounting Standard IAS 34, "*Interim Financial Reporting*". Our responsibility is to express a conclusion on this interim financial information based on our review.

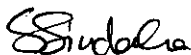
Scope of Review

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 financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte & Touche



Saba Y. Sindaha
Registration Number 410
28 July 2009



**Condensed statement of financial position
as at 30 June 2009**

	Notes	30 June 2009 (unaudited) AED	31 December 2008 (audited) AED (restated)
ASSETS			
Non-current assets			
Property and equipment	3	2,349,082	2,413,092
Investment properties	4	77,150,000	75,000,000
Intangible assets	5	632,322	503,715
Investments	6	134,165,662	147,209,678
Statutory deposit	7	10,000,000	6,000,000
Total non-current assets		224,297,066	231,126,485
Current assets			
Investments	6	-	4,960,800
Reinsurance contract assets	8	172,228,422	178,768,315
Trade and other receivables	10	73,119,724	53,787,117
Prepayments		1,671,021	1,562,291
Bank balances and cash	11	202,493,724	183,531,946
Total current assets		449,512,891	422,610,469
Total assets		673,809,957	653,736,954
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	12	75,000,000	75,000,000
Legal reserve	13	37,500,000	37,500,000
General reserve	14	140,000,000	140,000,000
Investment revaluation reserve		(88,450,707)	(116,651,298)
Retained earnings		105,808,588	121,160,556
Total Shareholders' equity		269,857,881	257,009,258
Non-current liability			
Provision for end of service benefit		4,730,378	4,675,973
Current liabilities			
Insurance contract liabilities	8	274,281,737	282,280,270
Trade and other payables	15	124,939,961	109,771,453
Total current liabilities		399,221,698	392,051,723
Total liabilities		403,952,076	396,727,696
Total equity and liabilities		673,809,957	653,736,954

.....
General Manager



.....
Board Member

The accompanying notes form an integral part of these condensed financial statements.

**Condensed income statement (unaudited)
for the period ended 30 June 2009**

	Notes	<u>3 months ended 30 June</u>		<u>6 months ended 30 June</u>	
		2009 AED	2008 AED (restated)	2009 AED	2008 AED (restated)
Gross written premium		68,920,233	74,694,502	139,389,681	144,587,480
Change in unearned premium provision		2,243,192	(4,183,196)	2,574,900	(12,102,728)
Premium income earned		71,163,425	70,511,306	141,964,581	132,484,752
Reinsurance premium ceded		(39,647,052)	(49,375,936)	(81,896,754)	(88,597,146)
Change in unearned premium provision		(3,849,027)	5,334,947	(3,115,417)	10,542,731
Reinsurance ceded		(43,496,079)	(44,040,989)	(85,012,171)	(78,054,415)
Net premium earned		27,667,346	26,470,317	56,952,410	54,430,337
Net claims incurred		(15,546,493)	(19,041,943)	(31,724,050)	(36,252,377)
Gross commission earned		7,506,360	12,465,151	17,082,779	20,951,883
Less: commission incurred		(3,199,195)	(4,983,061)	(6,948,208)	(8,596,872)
Net commission earned		4,307,165	7,482,090	10,134,571	12,355,011
Net underwriting income		16,428,018	14,910,464	35,362,931	30,532,971
Administrative expenses		(4,682,249)	(4,463,332)	(9,226,102)	(8,711,221)
Other operating expenses		(291,127)	(210,112)	(569,502)	(398,206)
Net investment (loss)/income	16	(3,858,113)	12,021,055	(2,584,068)	21,782,832
Settlement from BCCI	17	-	-	164,773	-
Net profit for the period	18	7,596,529	22,258,075	23,148,032	43,206,376
Basic earnings per ordinary share	19	0.10	0.30	0.31	0.58

The accompanying notes form an integral part of these condensed financial statements.

**Condensed statement of comprehensive income (unaudited)
for the period ended 30 June 2009**

	<u>3 months ended 30 June</u>		<u>6 months ended 30 June</u>	
	2009	2008	2009	2008
	AED	AED	AED	AED
		(restated)		(restated)
Net profit for the period	7,596,529	22,258,075	23,148,032	43,206,376
Other comprehensive income/(loss)				
Reclassification adjustment for gains included in profit or loss	-	3,680,473	-	740,170
Reclassification adjustment for impairment included in profit or loss	10,978,060	-	15,978,060	-
Increase/(decrease) in fair value of available-for-sale investments	11,404,181	(661,665)	12,222,531	(16,910,757)
Directors' remuneration	(500,000)	(250,000)	(1,000,000)	(500,000)
Total other comprehensive income/(loss)	21,882,241	2,768,808	27,200,591	(16,670,587)
Total comprehensive income for the period	29,478,770	25,026,883	50,348,623	26,535,789

The accompanying notes form an integral part of these condensed financial statements.

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**Condensed statement of changes in equity (unaudited)
for the period ended 30 June 2009**

	Share capital AED	Legal reserve AED	General reserve AED	Investment revaluation reserve AED	Retained earnings AED	Total AED
Balance at 1 January 2008 (audited)	75,000,000	35,160,814	135,000,000	22,701,021	54,255,219	322,117,054
Adjustment due to change in accounting policy for recording investment properties (note 2.2)	-	-	-	-	70,385,732	70,385,732
Balance at 1 January 2008 as restated	75,000,000	35,160,814	135,000,000	22,701,021	124,640,951	392,502,786
Net profit for the period	-	-	-	-	43,206,376	43,206,376
Total other comprehensive loss for the period	-	-	-	(16,170,587)	(500,000)	(16,670,587)
Dividends paid	-	-	-	-	(37,500,000)	(37,500,000)
Balance at 30 June 2008 (unaudited)	75,000,000	35,160,814	135,000,000	6,530,434	129,847,327	381,538,575
Balance at 1 January 2009 as restated (audited)	75,000,000	37,500,000	140,000,000	(116,651,298)	121,160,556	257,009,258
Net profit for the period	-	-	-	-	23,148,032	23,148,032
Total other comprehensive income/(loss) for the period	-	-	-	28,200,591	(1,000,000)	27,200,591
Dividends paid	-	-	-	-	(37,500,000)	(37,500,000)
Balance at 30 June 2009 (unaudited)	75,000,000	37,500,000	140,000,000	(88,450,707)	105,808,588	269,857,881

The accompanying notes form an integral part of these condensed financial statements.

**Condensed statement of cash flows (unaudited)
for the period ended 30 June 2009**

	6 months ended 30 June	
	2009	2008
	AED	AED
		(restated)
Cash flows from operating activities	21,940,838	34,961,579
Investing activities		
Proceeds from disposal of available-for-sale investments	33,344,947	133,204,543
Proceeds from maturity of held for maturity investments	6,796,800	5,247,000
Movement in bank deposits with a maturity at the balance sheet date of greater than three months	3,251,479	(67,765,789)
Increase in statutory deposits	(4,000,000)	-
Interest received	5,186,925	5,064,799
Dividends received	2,537,222	2,190,463
Net rental income received from investment properties	1,530,879	1,354,504
Proceeds from disposal of property, plant and equipment	3,321	27,421
Purchase of available-for-sale investments	-	(172,694,533)
Purchase of held to maturity investments	(9,914,400)	(4,500,000)
Purchase of property and equipment	(379,682)	(760,571)
Purchase of intangible assets	(191,811)	(58,272)
Payment of investment expenses	(393,261)	(584,457)
Net cash from/(used in) investing activities	37,772,419	(99,274,892)
Cash flows from financing activities		
Dividend paid	(37,500,000)	(37,500,000)
Cash used in financing activities	(37,500,000)	(37,500,000)
Increase/(decrease) in cash and cash equivalents	22,213,257	(101,813,313)
Cash and cash equivalents at the beginning of the period	90,493,730	205,725,448
Cash and cash equivalents at the end of the period (note 11)	112,706,987	103,912,135

The accompanying notes are an integral part of these condensed financial statements.

**Notes to the condensed financial statements
for the period ended 30 June 2009****1 General**

Al Dhafra Insurance Company P.S.C. (the "Company") is a public shareholding company incorporated in Abu Dhabi by Emiri Decree No. 8 of 1979.

The Company is domiciled in the United Arab Emirates and its registered office address is PO Box 319, Abu Dhabi.

The Company's ordinary shares are listed on the Abu Dhabi Securities Exchange.

The Company is engaged in insurance and reinsurance of all classes of business with the exception of endowments and annuities.

2 Summary of significant accounting policies**2.1 Basis of preparation**

These condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) No. 34, "*Interim Financial Reporting*" and also comply with the applicable requirements of the laws in the U.A.E.

The condensed financial statements are presented in UAE Dirhams (AED) since that is the currency in which the majority of the Company's transactions are denominated.

These condensed financial statements have been prepared on the historical cost basis, except for the revaluation of investment properties and certain financial instruments.

The accounting policies and estimates used in the preparation of these condensed financial statements are consistent with those used in the audited annual financial statements for the year ended 31 December 2008, except for the impact of the adoption of the Standards and Interpretations described below:

IFRS 8 Operating Segments *(effective for annual periods beginning on or after 1 January 2009)*

IFRS 8 is a disclosure Standard that requires re-designation of the Company's reportable segments based on the segments used by the Chief Operating Decision Maker to allocate resources and assess performance. There was no material impact of this Standard on the previous disclosures and reported results or the financial position of the Company.

IAS 1 (revised 2007) Presentation of financial statements *(effective for annual periods beginning on or after 1 January 2009)*

The revised Standard has introduced a number of terminology changes (including revised titles for the condensed financial statements) and has resulted in a number of changes in presentation and disclosure. However, the revised Standards has had no impact on the reported results or financial position of the Company.

As required by the Securities and Commodities Authority ("SCA") notification dated 12 October 2008, accounting policies related to investment properties and financial instruments as disclosed in the year end financial statements have been disclosed in paragraph 2.3 to 2.4 below.

**Notes to the condensed financial statements
for the period ended 30 June 2009 (continued)**

2 Summary of significant accounting policies (continued)

2.2 Change in accounting policy

In the current period, the Company has changed its accounting policy for recording investment properties from the cost model to the fair value model in accordance with IAS 40 *Investment Properties*.

This change in the accounting policy has been accounted for retrospectively with comparative periods restated in accordance with the requirements of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

The impact of this change in accounting policy as at 30 June 2009 resulted in an increase in investment properties by AED 73,116,447 and the recognition of gain on revaluation in the income statement by AED 2,150,000, with a corresponding adjustment for the net effect of AED 70,966,447 against retained earnings as at 1 January 2009. Net profit for the period ended 30 June 2009 has therefore been increased by AED 2,150,000 as a result of the new policy. For the period ended 30 June 2008, as it is impractical for the Company to determine the increase in fair value for the period from 1 January 2008 to 30 June 2008, the income statement for this period was restated to eliminate only the depreciation element of these properties amounting to AED 290,358 which was charged to income statement in accordance with the previous accounting policy.

2.3 Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

2.4 Investment in securities

AFS investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

AFS investments are measured at subsequent reporting dates at fair value unless the latter cannot be reliably measured. Gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gains or losses previously recognised in equity are included in the income statement for the period. Impairment losses recognised in income statement for equity investments classified as AFS are not subsequently reversed through income statement.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the balance sheet date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in income statement, and other changes are recognised in equity.

Dividends on AFS equity instruments are recognised in income statement when the Company's right to receive the dividends is established.

**Notes to the condensed financial statements
for the period ended 30 June 2009 (continued)**

2 Summary of significant accounting policies (continued)

2.4 Investment in securities (continued)

Held to maturity investments

Investments with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

3 Property and equipment

Included in property and equipment at 30 June 2009 is capital work in progress amounting to AED 557,044 representing the costs incurred for development of online insurance and claims module for medical insurance which will be transferred to intangible assets when completed. All the Company's property and equipment are located in the United Arab Emirates.

4 Investment properties

	Land AED	Abu Dhabi building AED	Al Ain building AED	Total AED
Fair values as at 1 January 2008 and 31 December 2008 (restated)	51,000,000	20,500,000	3,500,000	75,000,000
Increase/(decrease) in fair value during the period (note 16)	2,500,000	(100,000)	(250,000)	2,150,000
Fair values as at 30 June 2009 (unaudited)	53,500,000	20,400,000	3,250,000	77,150,000

The fair values of the Company's investment properties has been arrived at on the basis of open market valuations carried out by Malcolm Gaskill, Dubai, Loss Adjusters and Surveyors in their reports dated 31 March 2009 and 24 November 2008, respectively. The independent valuers are not connected with the Company. The valuers are members of various professional valuers' associations, and have appropriate qualifications and recent experience in the valuation of properties at the relevant locations. The valuation was determined by reference to recent prices for similar properties in the same location and similar condition and by discounting cash flow projections based on estimates of future cash flows.

The fair values of the plots of land in Abu Dhabi and Al Ain amounted to AED 31,000,000 and AED 22,500,000, respectively. The Company's buildings have been constructed on these plots of land and were originally allotted free of cost by the Executive Council of Abu Dhabi.

Depreciation on the buildings for the period ended 30 June 2008 amounting to AED 290,358 had been reversed as a result of the change in accounting policy (note 2.2).

The property rental income earned by the Company from its investment properties during the period amounted to AED 1,834,392 (30 June 2008 - AED 1,673,581). Direct operating expenses arising on the investment properties during the period amounted to AED 303,513 (30 June 2008 restated - AED 319,077).

**Notes to the condensed financial statements
for the period ended 30 June 2009 (continued)**

5 Intangible assets

Intangible assets primarily represent the cost of insurance computer system software purchased and additional costs incurred in the upgrading of the existing computer software system.

6 Investments

	30 June 2009 (unaudited) AED	31 December 2008 (audited) AED
Available-for-sale investments:		
Quoted UAE securities	66,469,762	54,603,570
Unquoted UAE securities	2,500,000	2,500,000
Investment funds	17,634,500	50,623,108
	<u>86,604,262</u>	<u>107,726,678</u>
Held to maturity investments:		
Bank deposit	-	1,836,000
Investment funds	22,860,000	22,860,000
Bonds	24,701,400	19,747,800
	<u>47,561,400</u>	<u>44,443,800</u>
Total investments	<u>134,165,662</u>	<u>152,170,478</u>
Investments are classified as follows:		
Held to maturity investment maturing within 12 months from balance sheet	-	4,960,800
Investments - current portion	-	4,960,800
Investments - non current portion	134,165,662	147,209,678
Total investments	<u>134,165,662</u>	<u>152,170,478</u>
Geographical breakup is as follows:		
Within UAE	119,378,662	99,077,731
Outside UAE	14,787,000	53,092,747
	<u>134,165,662</u>	<u>152,170,478</u>

As at 30 June 2009, available-for-sale investment in unquoted UAE securities represent the Company's equity interest in Emirates Industrial Bank that is carried at cost, which in the Directors' opinion, approximates its fair value at the financial position date.

**Notes to the condensed financial statements
for the period ended 30 June 2009 (continued)**

6 Investments (continued)

Investment funds included in available-for-sale at 30 June 2009 comprise various mutual funds in the UAE, while those of 31 December 2008 include investment funds in Kuwait.

Bank deposit represents a non-callable long term deposit which was pre-terminated on 22 April 2009.

Investment funds included in held for maturity comprise a fixed investment of AED 4.5 million with returns dependent on price of stocks based on underlying index on various observation dates. The redemption is in June 2010. Capital is guaranteed on maturity and has a minimum target return of 1.2%. Also included in held to maturity investment funds, is a three-year investment of US\$ 5 million in Arabian Real Estate Fund, which has a minimum target return of 8% per annum.

Development bonds held to maturity comprise Central Bank of Oman development bonds denominated in Omani Riyals. The maturity ranges between 1 to 2 years from the balance sheet date and the effective rate of interest ranges from 5% to 5.25%. Also included in held to maturity bonds, is a five-year investment of US\$ 2.7 million in Aldar Bonds, which bears a fixed interest of 8.75%. Interest is payable semi-annually on May 14 and November 14.

The movement in the investments is as follows:

	30 June 2009 (unaudited) AED	31 December 2008 (audited) AED
Available-for-sale investments		
Fair value at 1 January	107,726,678	167,705,212
Purchased during the period/year	-	219,438,244
Proceeds from disposal	(33,344,947)	(142,680,500)
Gain on disposal (note 16)	-	15,116,041
Increase/(decrease) in fair value	12,222,531	(151,852,319)
Fair value	86,604,262	107,726,678
Held to maturity investments		
Cost at 1 January	44,443,800	31,600,800
Purchased during the period/year	9,914,400	22,860,000
Proceeds from maturity	(6,796,800)	(10,017,000)
Cost	47,561,400	44,443,800
Total investments	134,165,662	152,170,478

The Board of Directors reviewed the Company's available-for-sale financial assets for impairment based on criteria that include the extent to which carrying value exceeds market value, the duration of the market decline, management's intent and ability to hold investment up to recovery and the financial health and specific prospects for the issuer. As a result, the Board of Directors approved an impairment loss on available-for-sale financial assets for the amount of AED 15,978,060 (year ended 31 December 2008: AED 12,500,000).

**Notes to the condensed financial statements
for the period ended 30 June 2009 (continued)**

7 Statutory deposit

In accordance with the requirements of Federal Law No. 6 of 2007, concerning insurance companies and agencies, the Company maintains a bank deposit of AED 10,000,000 (2008 – AED 6,000,000) which cannot be utilised without the consent of the UAE Insurance Authority.

8 Insurance contract liabilities and reinsurance contract assets

	30 June 2009 (unaudited) AED	31 December 2008 (audited) AED
Insurance liabilities		
• Reported claims	169,717,947	176,686,640
• Claims incurred but not reported	9,430,234	7,885,174
• Unearned premiums	95,133,556	97,708,456
	<u>274,281,737</u>	<u>282,280,270</u>
Recoverable from reinsurers		
• Reported claims	116,166,220	120,482,090
• Claims incurred but not reported	4,845,862	3,954,468
• Unearned premiums	51,216,340	54,331,757
	<u>172,228,422</u>	<u>178,768,315</u>
Insurance liabilities – Net		
• Reported claims	53,551,727	56,204,550
• Claims incurred but not reported	4,584,372	3,930,706
• Unearned premiums	43,917,216	43,376,699
	<u>102,053,315</u>	<u>103,511,955</u>

9 Related parties

Related parties comprise the Directors and major Shareholders of the Company and those entities in which they have the ability to control or exercise significant influence in financial and operational decisions. The Company maintains significant balances with these related parties which arise from commercial transactions as follows:

	6 months ended 30 June 2009 (unaudited) AED	2008 (unaudited) AED
Premiums written	<u>8,203,997</u>	<u>8,378,643</u>
Claims paid	<u>3,166,139</u>	<u>3,055,210</u>

**Notes to the condensed financial statements
for the period ended 30 June 2009 (continued)**

9 Related parties (continued)

	6 months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
	AED	AED
Directors' remuneration	1,000,000	500,000
Remuneration of key management personnel	2,496,918	2,229,120

The remuneration of Directors is accrued and paid as an appropriation out of the profits of the period in accordance with the Federal Law No. 8 applicable to Commercial Companies operating in UAE.

The remuneration of key management personnel is based on the remuneration agreed in their employment contracts as approved by the Board of Directors.

10 Trade and other receivables

	30 June 2009 (unaudited) AED	31 December 2008 (audited) AED
Due from policy holders	42,465,099	34,326,154
Due from related parties (note 9)	13,552,119	11,291,916
Less: allowance for doubtful receivables	(5,229,557)	(5,490,449)
Net insurance receivables	50,787,661	40,127,621
Due from insurance companies	12,943,968	10,561,254
Due from reinsurance companies	4,380,912	203,584
Interest receivable	3,880,258	2,418,015
Other receivables	1,126,925	476,643
	73,119,724	53,787,117

11 Cash and cash equivalents

	30 June 2009 (unaudited) AED	30 June 2008 (unaudited) AED
Bank balances and cash	202,493,724	196,148,129
Bank term deposits with a maturity at the balance sheet date of greater than six months	(89,786,737)	(92,235,994)
Cash and cash equivalents	112,706,987	103,912,135

All cash and cash equivalents are held in local banks in the United Arab Emirates.

**Notes to the condensed financial statements
for the period ended 30 June 2009 (continued)**

12 Share capital

	30 June 2009 (unaudited) AED	31 December 2008 (audited) AED
Authorised:		
75,000,000 ordinary shares of AED 1 each	<u><u>75,000,000</u></u>	<u><u>75,000,000</u></u>
Issued and fully paid:		
75,000,000 ordinary shares of AED 1 each	<u><u>75,000,000</u></u>	<u><u>75,000,000</u></u>

13 Legal reserve

In accordance with the UAE Federal Law number (8) of 1984 (as amended) concerning Commercial Companies and the Company's Articles of Association, 10% of net annual profit has to be transferred to a non-distributable legal reserve until the balance of the legal reserve equals 50% of the Company's paid up share capital.

14 General reserve

Transfers to and from the general reserve are made at the discretion of the Board of Directors. This reserve may be used for such purposes as they deem fit.

15 Trade and other payables

	30 June 2009 (unaudited) AED	31 December 2008 (audited) AED (restated)
Due to policy holders	10,755,159	6,381,628
Due to insurance companies	13,828,429	7,464,996
Due to reinsurance companies	50,006,482	45,443,510
Premium reserve withheld	22,980,841	24,269,826
Commission payable	17,500,000	17,500,000
Deferred income	1,491,575	1,253,300
Directors' remuneration payable (note 9)	1,000,000	2,000,000
Other payables	7,377,475	5,458,193
	<u><u>124,939,961</u></u>	<u><u>109,771,453</u></u>

**Notes to the condensed financial statements
for the period ended 30 June 2009 (continued)**

16 Net investment (loss)/income

	6 months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
	AED	AED
		(restated)
Net interest income on:		
Bank deposits	5,757,086	3,445,902
Held to maturity investments	892,082	699,822
	<u>6,649,168</u>	<u>4,145,724</u>
Net dividend income on available-for-sale investments	2,537,222	2,190,463
Gain on disposal of available-for-sale investments	-	14,229,503
Investment expenses	(393,261)	(584,457)
Impairment of available-for-sale investments	(15,978,060)	-
Increase in fair value of investment properties (note 4)	2,150,000	-
Net rental income	1,530,879	1,354,504
Other income	918,021	430,460
Gain on disposal of property and equipment	1,963	16,635
	<u>(2,584,068)</u>	<u>21,782,832</u>

17 Settlement from BCCI

An allowance of AED 6,431,730 representing 100% of the nominal value of the term deposits was established as at the end of 1994 against BCCI deposits. During the period, the Company received a further disbursement of AED 164,773 (2008 – AED nil) from the BCCI Liquidators. Cumulative settlements received to date amount to AED 5,656,775.

18 Net profit for the period

Net profit for the period is stated after charging:

	6 months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
	AED	AED
		(restated)
Staff costs	7,124,592	6,553,813
Depreciation of property and equipment	442,334	288,495
Amortisation of intangible assets	63,204	51,665
Foreign exchange loss	36,156	37,745

**Notes to the condensed financial statements
for the period ended 30 June 2009 (continued)**

19 Basic earnings per ordinary share

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

	6 months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
	AED	AED
		(restated)
Net profit for the period	23,148,032	43,206,376
Ordinary shares in issue throughout the period	75,000,000	75,000,000
Basic earnings per share	0.31	0.58

As at 30 June 2009, the Company has not issued any instruments that have an impact on earnings per share when exercised.

20 Segment information

The Company has adopted IFRS 8 "Operating Segments" with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (IAS 14 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. This has not resulted in any significant change to the reportable segments presented by the Company as the segments reported by the Company was consistent with the internal reports provided to the Chief Operating Decision Maker.

For operating purposes, the Company is organised into two main business segments:

Underwriting of general insurance business – incorporating all classes of general insurance such as fire, marine, motor, general accident and miscellaneous.

Investments – incorporating investments in marketable equity securities and investment funds, development bonds, term deposits with banks and investment properties and other securities.

AL DHAFRA INSURANCE COMPANY P.S.C.

Notes to the condensed financial statements
for the period ended 30 June 2009 (continued)

20 Segment information (continued)

Primary segment information

	30 June 2009			30 June 2008 (restated)		
	Underwriting (unaudited) AED	Investments (unaudited) AED	Total (unaudited) AED	Underwriting (unaudited) AED	Investments (unaudited) AED	Total (unaudited) AED
Segment revenue	156,472,460	11,193,345	167,665,805	165,539,363	22,435,887	187,975,250
Segment result	25,732,100	(3,504,052)	22,228,048	21,423,544	21,335,737	42,759,281
Unallocated income			919,984			447,095
Net profit for the period			23,148,032			43,206,376
Segment assets	250,000,571	409,582,808	659,583,379	234,964,612	480,561,107	715,525,719
Unallocated assets			14,226,578			31,194,940
Total assets			673,809,957			746,720,659
Segment liabilities	395,810,277	1,609,037	397,419,314	357,492,599	1,443,204	358,935,803
Unallocated liabilities			6,532,762			6,246,280
Total liabilities			403,952,076			365,182,083

There are no transactions between the business segments.

**Notes to the condensed financial statements
for the period ended 30 June 2009 (continued)****21 Seasonality of results**

No income of seasonal nature was recorded in the statement of income for the six month period ended 30 June 2009 and 2008.

22 Contingent liabilities

	30 June 2009 (unaudited) AED	31 December 2008 (audited) AED
Bank guarantees	12,444,214	15,554,019

The above bank guarantees were issued in the normal course of business.

23 Comparative figures

Certain comparative figures have been reclassified to conform to the current period presentation.

24 Approval of condensed financial statements

The condensed financial statements were approved and authorised for issue by the Board of Directors on 28 July 2009.