

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

**Review report and interim
financial information
for the period ended 31 March 2009**

AL DHAFRA INSURANCE COMPANY P.S.C.

Review report and interim financial information for the period ended 31 March 2009

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THE BOARD OF DIRECTORS' REPORT

for the period ended 31 March 2009

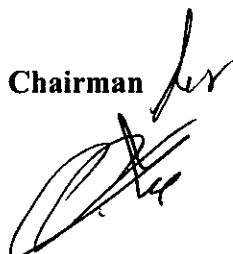
The Board of Directors takes great pleasure in presenting the unaudited results for the First Quarter of 2009.

We are pleased to report that, as noted below, net underwriting profit increased by 21.20% and net profit has decreased by (25.76%) as compared to the same period of last year.

Particulars	March 2009 AED	March 2008 AED (restated)	Variance %
<u>Income Statement</u>			
Gross premium income	70,469,448	69,892,978	0.82%
Net underwriting income	18,934,913	15,622,507	21.20%
Administrative and other operating expenses	4,822,228	4,435,983	8.71%
Net investment and other income	1,274,045	9,761,777	(86.95%)
Net profit for the period	15,551,503	20,948,301	(25.76%)
Basic earnings per share (AED)	0.21	0.28	(25.00%)
	March 2009 AED	Dec 2008 AED (restated)	
<u>Balance Sheet</u>			
Shareholders' equity	240,379,111	257,009,258	(6.47%)
Total assets	672,605,151	653,736,954	2.89%

We are confident that the year 2009 will be another strong year for the Company as far as the technical results are concerned.

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 31 March 2009 and the related condensed statements of income, comprehensive income, changes in equity and cash flows for the three-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, "*Interim Financial Reporting*".

Deloitte & Touche



Saba Y. Sindaha
Registration Number 410
22 April 2009



**Condensed statement of financial position
as at 31 March 2009**

	Notes	31 March 2009 (unaudited) AED	31 December 2008 (audited) AED (restated)
ASSETS			
Non-current assets			
Property and equipment	3	2,310,388	2,413,092
Investment properties	4	77,150,000	75,000,000
Intangible assets	5	624,559	503,715
Investments	6	114,683,080	147,209,678
Statutory deposit	7	6,000,000	6,000,000
Total non-current assets		200,768,027	231,126,485
Current assets			
Investments	6	-	4,960,800
Reinsurance contract assets	8	170,633,597	178,768,315
Trade and other receivables	10	67,408,459	53,787,117
Prepayments		1,913,914	1,562,291
Bank balances and cash	19	231,881,154	183,531,946
Total current assets		471,837,124	422,610,469
Total assets		672,605,151	653,736,954
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	11	75,000,000	75,000,000
Legal reserve	12	37,500,000	37,500,000
General reserve	13	140,000,000	140,000,000
Investment revaluation reserve		(110,832,948)	(116,651,298)
Retained earnings		98,712,059	121,160,556
Total Shareholders' equity		240,379,111	257,009,258
Non-current liability			
End of service benefit		4,703,713	4,675,973
Current liabilities			
Insurance contract liabilities	8	272,479,811	282,280,270
Trade and other payables	14	155,042,516	109,771,453
Total current liabilities		427,522,327	392,051,723
Total liabilities		432,226,040	396,727,696
Total equity and liabilities		672,605,151	653,736,954

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General Manager



.....

Board Member

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

**Condensed income statement (unaudited)
for the period ended 31 March 2009**

	Notes	3 months ended 31 March	
		2009	2008
		AED	AED
			(restated)
Gross written premium		70,469,448	69,892,978
Change in unearned premium provision		331,708	(7,919,532)
Premium income earned		70,801,156	61,973,446
Reinsurance premium ceded		(42,249,702)	(39,221,210)
Change in unearned premium provision		733,610	5,207,784
Reinsurance ceded		(41,516,092)	(34,013,426)
Net premium earned		29,285,064	27,960,020
Net claims incurred		(16,177,557)	(17,210,434)
Gross commission earned		9,576,419	8,486,732
Less: commission incurred		(3,749,013)	(3,613,811)
Net commission earned		5,827,406	4,872,921
Net underwriting income		18,934,913	15,622,507
Administrative expenses		(4,543,853)	(4,247,889)
Other operating expenses		(278,375)	(188,094)
Net investment and other income	15	1,274,045	9,761,777
Settlement from BCCI	16	164,773	-
Net profit for the period	17	15,551,503	20,948,301
Basic earnings per ordinary share	18	0.21	0.28

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

**Condensed statement of comprehensive income (unaudited)
for the period ended 31 March 2009**

	<u>3 months ended 31 March</u>	
	2009	2008
	AED	AED
		(restated)
Net profit for the period	15,551,503	20,948,301
Other comprehensive income:		
Reclassification adjustment for gains included in profit or loss	-	(2,940,303)
Reclassification adjustment for impairment included in profit or loss	5,000,000	-
Increase/(decrease) in fair value of available-for-sale investments	818,350	(16,249,092)
Directors' remuneration	(500,000)	(250,000)
Total other comprehensive income/(loss) for the period	5,318,350	(19,439,395)
Total comprehensive income for the period	20,869,853	1,508,906

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

**Condensed statement of changes in equity (unaudited)
for the period ended 31 March 2009**

	Share capital AED	Legal reserve AED	General reserve AED	Investment revaluation reserve AED	Retained earnings AED	Total AED
Balance at 1 January 2009 as restated	75,000,000	37,500,000	140,000,000	(116,651,298)	121,160,556	257,009,258
Net profit for the period	-	-	-	-	15,551,503	15,551,503
<i>Other comprehensive income:</i>						
Reclassification adjustment for impairment included in profit or loss	-	-	-	5,000,000	-	5,000,000
Increase in fair value of available-for-sale investments	-	-	-	818,350	-	818,350
Directors' remuneration	-	-	-	-	(500,000)	(500,000)
Total comprehensive income for the period	-	-	-	5,818,350	15,051,503	20,869,853
Dividends paid	-	-	-	-	(37,500,000)	(37,500,000)
Balance at 31 March 2009	75,000,000	37,500,000	140,000,000	(110,832,948)	98,712,059	240,379,111

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

**Condensed statement of changes in equity (unaudited)
for the period ended 31 March 2009 (continued)**

	Share capital AED	Legal reserve AED	General reserve AED	Investment revaluation reserve AED	Retained earnings AED	Total AED
Balance at 1 January 2008	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
Restated balance at 1 January 2008	75,000,000	35,160,814	135,000,000	22,701,021	124,640,951	392,502,786
Net profit for the period	-	-	-	-	20,948,301	20,948,301
<i>Other comprehensive income:</i>						
Reclassification adjustment for gains included in profit or loss	-	-	-	(2,940,303)	-	(2,940,303)
Decrease in fair value of available-for-sale investments	-	-	-	(16,249,092)	-	(16,249,092)
Directors' remuneration	-	-	-	-	(250,000)	(250,000)
Total comprehensive income for the period	-	-	-	(19,189,395)	20,698,301	1,508,906
Dividends paid	-	-	-	-	(37,500,000)	(37,500,000)
Balance at 31 March 2008	75,000,000	35,160,814	135,000,000	3,511,626	107,839,252	356,511,692

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

**Condensed statement of cash flows (unaudited)
for the period ended 31 March 2009**

	3 months ended 31 March	
	2009	2008
	AED	AED
		(restated)
Operating activities		
Net profit for the period	15,551,503	20,948,301
Adjustments for:		
Reinsurance contract assets	8,134,718	7,899,533
Insurance contract liabilities	(9,800,459)	(3,516,729)
Depreciation of property and equipment	213,082	137,348
Amortisation of intangible assets	32,789	25,841
Investment income	(1,122,782)	(9,683,662)
Gain on disposal of property and equipment	(1,963)	(16,635)
Net transfer to provision for end of service benefit	27,740	151,176
Operating cash flows before movements in working capital	13,034,628	15,945,173
Increase in trade and other receivables	(12,031,908)	(14,992,880)
(Increase)/decrease in prepayments	(351,623)	49,031
Increase in trade and other payables	44,771,063	44,661,967
Net cash from operating activities	45,422,160	45,663,291
Investing activities		
Proceeds from disposal of available-for-sale investments	33,344,948	71,524,127
Proceeds from disposal of held to maturity investments	4,960,800	-
Movement in bank deposits with a maturity of greater than three months	(6,467,679)	(59,098,599)
Interest received	1,384,577	3,432,714
Dividends received	543,100	240,859
Net rental income on investment properties	726,418	654,630
Proceeds from disposal of property and equipment	3,321	26,601
Purchase of available-for-sale investments	-	(81,479,690)
Purchase of property and equipment	(111,736)	(249,836)
Purchase of intangible assets	(153,633)	(35,272)
Payment of investment expenses	(270,747)	(584,457)
Net cash from/(used) investing activities	33,959,369	(65,568,923)
Cash flows from financing activities		
Dividend paid	(37,500,000)	(37,500,000)
Increase/(decrease) in cash and cash equivalents	41,881,529	(57,405,632)
Cash and cash equivalents at the beginning of the period	90,493,730	205,725,448
Cash and cash equivalents at the end of period (note 19)	132,375,259	148,319,816

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

**Notes to the condensed financial statements
for the period ended 31 March 2009**

1 General

Al Dhafra Insurance Company P.S.C. 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 U.A.E. 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 of the financial position of the Company.

**Notes to the condensed financial statements
for the period ended 31 March 2009 (continued)**

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

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 2.2 to 2.4 below.

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 International Accounting Standard 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 31 March 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 31 March 2009 has therefore been increased by AED 2,150,000 as a result of the new policy. For the period ended 31 March 2008, as it is impractical for the Company to determine the increase in fair value for the period from 1 January 2008 to 31 March 2008, the income statement for this period was restated to eliminate only the depreciation element of these properties amounting to AED 145,179 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.

**Notes to the condensed financial statements
for the period ended 31 March 2009 (continued)**

2 Summary of significant accounting policies (continued)

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.

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 31 March 2009 is capital work in progress amounting to AED 631,793 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.

**Notes to the condensed financial statements
for the period ended 31 March 2009 (continued)**

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 15)	2,500,000	(100,000)	(250,000)	2,150,000
Fair values as at 31 March 2009	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 31 March 2008 amounting to AED 145,179 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 901,039 (31 March 2008 - AED 797,781). Direct operating expenses arising on the investment properties during the period amounted to AED 174,621 (31 March 2008 restated - AED 143,151).

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.

**Notes to the condensed financial statements
for the period ended 31 March 2009 (continued)**

6 Investments

	31 March 2009 (unaudited) AED	31 December 2008 (audited) AED
Available for sale investments:		
Quoted UAE securities	57,062,193	54,603,570
Unquoted UAE securities	2,500,000	2,500,000
Investment funds	15,637,887	50,623,108
	<u>75,200,080</u>	<u>107,726,678</u>
Held to maturity investments:		
Bank deposit	1,836,000	1,836,000
Investment funds	22,860,000	22,860,000
Development bonds	14,787,000	19,747,800
	<u>39,483,000</u>	<u>44,443,800</u>
Total investments	<u><u>114,683,080</u></u>	<u><u>152,170,478</u></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	114,683,080	147,209,678
Total investments	<u><u>114,683,080</u></u>	<u><u>152,170,478</u></u>
Geographical breakup is as follows:		
Within UAE	99,896,080	99,077,731
Outside UAE	14,787,000	53,092,747
	<u><u>114,683,080</u></u>	<u><u>152,170,478</u></u>

As at 31 March 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 balance sheet date.

**Notes to the condensed financial statements
for the period ended 31 March 2009 (continued)**

6 Investments (continued)

Investment funds included in available for sale at 31 March 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 is due to mature in April 2012. The effective rate of interest ranges from 1.95% to 4.4% per annum.

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 4% to 5%.

The movement in the investments is as follows:

	31 March 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	(33,344,948)	(142,680,500)
Gain on disposal (note 15)	-	15,116,041
Impairment loss during the period/year (note 15)	(5,000,000)	(12,500,000)
Net movement in fair value adjustment	5,818,350	(139,352,319)
Fair value	75,200,080	107,726,678
Held-to-maturity investments		
Cost at 1 January	44,443,800	31,600,800
Purchased during the period/year	-	22,860,000
Proceeds from maturity	(4,960,800)	(10,017,000)
Cost	39,483,000	44,443,800
Total investments	114,683,080	152,170,478

**Notes to the condensed financial statements
for the period ended 31 March 2009 (continued)**

7 Statutory deposit

In accordance with the requirements of Federal Law No. 9 of 1984 (as amended), concerning insurance companies and agencies, the Company maintains a bank deposit of AED 6,000,000 (2008- AED 6,000,000) which cannot be utilised without the consent of the U.A.E. Insurance Authority.

8 Insurance contract liabilities and reinsurance contract assets

	31 March 2009 (unaudited) AED	31 December 2008 (audited) AED
Insurance liabilities		
• Reported claims	168,793,414	176,686,640
• Claims incurred but not reported	6,309,649	7,885,174
• Unearned premiums	97,376,748	97,708,456
	<u>272,479,811</u>	<u>282,280,270</u>
Recoverable from reinsurers		
• Reported claims	113,416,197	120,482,090
• Claims incurred but not reported	2,152,033	3,954,468
• Unearned premiums	55,065,367	54,331,757
	<u>170,633,597</u>	<u>178,768,315</u>
Insurance liabilities – Net		
• Reported claims	55,377,217	56,204,550
• Claims incurred but not reported	4,157,616	3,930,706
• Unearned premiums	42,311,381	43,376,699
	<u>101,846,214</u>	<u>103,511,955</u>

**Notes to the condensed financial statements
for the period ended 31 March 2009 (continued)**

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:

	3 months ended 31 March	
	2009	2008
	(unaudited)	(unaudited)
	AED	AED
Premiums written	3,889,991	4,222,449
Claims paid	2,182,778	19,427
Directors' remuneration	500,000	250,000
Remuneration of key management personnel	1,243,979	1,093,302

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

	31 March	31 December
	2009	2008
	(unaudited)	(audited)
	AED	AED
Due from policy holders	43,377,672	34,326,154
Due from related parties (note 9)	11,895,342	11,291,916
Less: allowance for doubtful receivables	(5,229,557)	(5,490,449)
Net insurance receivables	50,043,457	40,127,621
Due from insurance companies	10,123,730	10,561,254
Due from reinsurance companies	1,733,460	203,584
Interest receivable	4,007,449	2,418,015
Other receivables	1,500,363	476,643
	67,408,459	53,787,117

**Notes to the condensed financial statements
for the period ended 31 March 2009 (continued)**

11 Share capital

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

12 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.

13 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.

14 Trade and other payables

	31 March 2009 (unaudited) AED	31 December 2008 (audited) AED
Due to policy holders	13,537,076	6,381,628
Due to insurance companies	14,229,743	7,464,996
Due to reinsurance companies	40,678,925	45,443,510
Premium reserve withheld	24,314,058	24,269,826
Commission payable	17,500,000	17,500,000
Deferred income	1,642,370	1,253,300
Directors' remuneration payable (note 9)	500,000	2,000,000
Dividends payable	37,500,000	-
Other payables	5,140,344	5,458,193
	<u>155,042,516</u>	<u>109,771,453</u>

**Notes to the condensed financial statements
for the period ended 31 March 2009 (continued)**

15 Net investment and other income

	<u>3 months ended 31 March</u>	
	2009	2008
	(unaudited)	(unaudited)
	AED	AED
		(restated)
Net interest income on:		
Bank deposits	2,766,809	2,383,648
Held to maturity investments	207,202	208,282
	<hr/>	<hr/>
	2,974,011	2,591,930
	<hr/>	<hr/>
Net dividend income on available for sale investments	543,100	240,859
Gain on disposal of available for sale investments	-	6,780,700
Investment expenses	(270,747)	(584,457)
Impairment of available for sale investments (note 6)	(5,000,000)	-
Increase in fair value of investment properties (note 4)	2,150,000	-
Net rental income	726,418	654,630
Gain on disposal of property and equipment	1,963	16,635
Other income	149,300	61,480
	<hr/>	<hr/>
	1,274,045	9,761,777
	<hr/>	<hr/>

16 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.

**Notes to the condensed financial statements
for the period ended 31 March 2009 (continued)**

17 Net profit for the period

Net profit for the period is stated after charging:

	<u>3 months ended 31 March</u>	
	2009	2008
	(unaudited)	(unaudited)
	AED	AED
Staff costs	3,529,779	3,218,776
Depreciation of property and equipment	213,082	282,527
Amortisation of intangible assets	32,789	25,841
Foreign exchange loss	20,566	20,965

18 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:

	<u>3 months ended 31 March</u>	
	2009	2008
	(unaudited)	(unaudited)
	AED	AED
		(restated)
Net profit for the period	15,551,503	20,948,301
Ordinary shares in issue throughout the period	75,000,000	75,000,000
Basic earnings per share	0.21	0.28

As of 31 March 2009, the Company has not issued any instruments that have an impact on earnings per share when exercised.

**Notes to the condensed financial statements
for the period ended 31 March 2009 (continued)**

19 Cash and cash equivalents

	31 March 2009 (unaudited) AED	31 March 2008 (unaudited) AED
Bank balances and cash.	231,881,154	231,888,620
Bank term deposits with a maturity at the balance sheet date of greater than three months	(99,505,895)	(83,568,804)
Cash and cash equivalents	132,375,259	148,319,816

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

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.

Notes to the condensed financial statements
for the period ended 31 March 2009 (continued)

20 Segment information (continued)

Primary segment information (continued)

	31 March 2009			31 March 2008 (restated)		
	Underwriting (unaudited) AED	Investments (unaudited) AED	Total (unaudited) AED	Underwriting (unaudited) AED	Investments (unaudited) AED	Total (unaudited) AED
Segment revenue	80,045,867	4,512,688	84,558,555	78,379,710	10,501,832	88,881,542
Segment result	14,277,458	1,122,782	15,400,240	11,186,524	9,683,662	20,870,186
Unallocated income			151,263			78,115
Net profit for the period			15,551,503			20,948,301
Segment assets	242,890,917	410,864,998	653,755,915	229,151,930	449,034,198	678,186,128
Unallocated assets			18,849,236			59,207,302
Total assets			672,605,151			737,393,430
Segment liabilities	389,426,163	1,653,832	391,079,995	339,728,897	1,554,931	341,283,828
Unallocated liabilities			41,146,045			39,597,910
Total liabilities			432,226,040			380,881,738

There are no transactions between the business segments.

**Notes to the condensed financial statements
for the period ended 31 March 2009 (continued)**

21 Seasonality of results

No income of seasonal nature was recorded in the statement of income for the three month period ended 31 March 2009 and 2008.

22 Contingent liabilities

	31 March 2009 (unaudited) AED	31 December 2008 (audited) AED
Bank guarantees	13,623,188	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 interim condensed financial statements

The interim condensed financial statements were approved and authorised for issue by the Board of Directors on 22 April 2009.