AL DHAFRA INSURANCE COMPANY P.S.C.

Review report and interim financial information for the period ended 30 September 2010

AL DHAFRA INSURANCE COMPANY P.S.C.

Review report and interim financial information for the period ended 30 September 2010

REPORT OF THE BOARD OF DIRECTORS
for the period ended 30 September 2010

The Board of Directors takes great pleasure in presenting the unaudited results for the Third Quarter of 2010.

We are pleased to report that, as noted below, net underwriting income increased by 22.59% and net profit has increased by 77.57% as compared to the same period of last year.

Particulars	9 months ended 30 September 2010 (unaudited) AED	2009 (unaudited) AED	Variance %
Income Statement			
Gross premium income	235,151,397	200,420,472	17.33%
Net underwriting income	55,967,720	45,655,693	22.59%
Administrative and other operating expenses	18,511,269	14,807,229	25.02%
Net investment income /(loss)	12,304,265	(2,989,597)	511.57%
Net profit for the period	49,760,716	28,023,640	77.57%
Basic earnings per ordinary share	0.66	0.37	

	30 September 2010 (unaudited) AED	31 December 2009 (audited) AED
Statement of Financial Position		
Shareholders' equity	295,225,854	286,559,990

We expect improvement in the overall investment segment results in the current year compared to 2009. We are confident that the year 2010 will be another strong year for the Company as far as the technical results are concerned.

Director

AL DHAFRA INSURANCE CO. P.S.C.-FAD 3
ABU DHABI

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Deloitte.

Deloitte & Touche (M.E.)
Bin Ghanim Tower
Hamdan Street
P.O.Box 990, Abu Dhabi
United Arab Emirates

Tel: +971 (2) 676 0606
Fax: +971 (2) 676 0644
www.deloitte.com

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. (the "Company") as of 30 September 2010 and the related condensed statements of income, comprehensive income, changes in equity and cash flows for the nine months period then ended. Management of the Company is responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting 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 International Financial Reporting Standard IAS 34, "*Interim Financial Reporting*".

Deloitte & Touche

Saba Y. Sindaha
Registration Number 410
30 October 2010

Member of
Deloitte Touche Tohmatsu

Condensed statement of financial position as at 30 September 2010

	Notes	30 September 2010 (unaudited) AED	31 December 2009 (audited) AED (restated)
ASSETS			
Non-current assets			
Property and equipment	4	**1,966,630**	1,869,742
Investment properties	5	**81,000,000**	81,000,000
Intangible assets	6	**1,012,062**	951,481
Investments designated at fair value through other comprehensive income (FVTOCI)	7	**62,160,589**	64,192,941
Investments at amortised cost	7	**9,914,400**	28,274,400
Statutory deposit	8	**10,000,000**	10,000,000
Total non-current assets		**166,053,681**	186,288,564
Current assets			
Investments designated at fair value through profit or loss (FVTPL)	7	**16,642,419**	17,484,910
Investments at amortised cost	7	**33,147,000**	19,287,000
Reinsurance contract assets	9	**197,622,975**	166,664,169
Trade and other receivables	11	**81,908,022**	65,135,565
Prepayments		**2,049,603**	1,579,036
Bank balances and cash	12	**248,460,307**	229,541,552
Total current assets		**579,830,326**	499,692,232
Total assets		**745,884,007**	685,980,796
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	13	**75,000,000**	75,000,000
Legal reserve	14	**37,500,000**	37,500,000
General reserve	15	**145,000,000**	145,000,000
Investment revaluation reserve		**(97,903,743)**	(95,808,891)
Retained earnings		**135,629,597**	124,868,881
Total Shareholders' equity		**295,225,854**	286,559,990
Non-current liability			
End of service benefit		**5,381,071**	5,030,169
Current liabilities			
Insurance contract liabilities	9	**318,161,992**	274,830,898
Trade and other payables	16	**127,115,090**	119,559,739
Total current liabilities		**445,277,082**	394,390,637
Total liabilities		**450,658,153**	399,420,806
Total equity and liabilities		**745,884,007**	685,980,796

AL DHAFRA INSURANCE CO. P.S.C.-FAD 3 ABU DHABI

.... 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 September 2010

	Notes	3 months ended 30 September		9 months ended 30 September	
		2010	2009	**2010**	2009
		AED	AED	**AED**	AED
Gross written premium		**65,390,372**	61,030,791	**235,151,397**	200,420,472
Change in unearned premium provision		**(1,846,346)**	(3,873,485)	**(13,850,535)**	(1,298,585)
Premium income earned		**63,544,026**	57,157,306	**221,300,862**	199,121,887
Reinsurance premium ceded		**(37,825,213)**	(34,830,800)	**(130,627,062)**	(116,727,554)
Change in unearned premium provision		**1,043,809**	1,132,546	**5,155,571**	(1,982,871)
Reinsurance ceded		**(36,781,404)**	(33,698,254)	**(125,471,491)**	(118,710,425)
Net premium earned		**26,762,622**	23,459,052	**95,829,371**	80,411,462
Net claims incurred		**(18,773,892)**	(16,956,527)	**(54,139,139)**	(48,680,577)
Gross commission earned		**8,279,066**	7,452,486	**26,241,127**	24,535,265
Less: commission incurred		**(3,886,356)**	(3,662,249)	**(11,963,639)**	(10,610,457)
Net commission earned		**4,392,710**	3,790,237	**14,277,488**	13,924,808
Net underwriting income		**12,381,440**	10,292,762	**55,967,720**	45,655,693
Administrative expenses		**(3,711,772)**	(4,703,364)	**(14,369,694)**	(13,929,466)
Other operating expenses		**(2,472,135)**	(308,261)	**(4,141,575)**	(877,763)
Net investment income/(loss)	17	**5,404,644**	(405,529)	**12,304,265**	(2,989,597)
Settlement from BCCI	18	**-**	-	**-**	164,773
Net profit for the period	19	**11,602,177**	4,875,608	**49,760,716**	28,023,640
Basic and diluted earnings per share	20	**0.15**	0.07	**0.66**	0.37

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

Condensed statement of comprehensive income (unaudited)
for the period ended 30 September 2010

	3 months ended 30 September		9 months ended 30 September	
	2010	2009	**2010**	2009
	AED	AED	**AED**	AED
Net profit for the period	**11,602,177**	4,875,608	**49,760,716**	28,023,640
Other comprehensive income/(loss)				
Reclassification adjustment for gains included in profit or loss	-	19,864,456	-	32,086,987
Reclassification adjustment for impairment included in profit or loss	-	5,000,000	-	20,978,060
Increase/(decrease) in fair value of investments at FVTOCI (note 7)	**11,319,612**	-	**(2,094,852)**	-
Directors' remuneration	**(500,000)**	(500,000)	**(1,500,000)**	(1,500,000)
Total other comprehensive income/(loss)	**10,819,612**	24,364,456	**(3,594,852)**	51,565,047
Total comprehensive income for the period	**22,421,789**	29,240,064	**46,165,864**	79,588,687

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

Condensed statement of changes in equity (unaudited) for the period ended 30 September 2010

	Share capital AED	Legal reserve AED	General reserve AED	Investment revaluation reserve AED	Retained earnings AED	Total AED
Balance at 1 January 2009 (audited)	**75,000,000**	**37,500,000**	**140,000,000**	**(116,651,298)**	**121,160,556**	**257,009,258**
Net profit for the period	-	-	-	-	28,023,640	28,023,640
Other comprehensive loss	-	-	-	53,065,047	(1,500,000)	51,565,047
Total comprehensive income/(loss) for the period	-	-	-	53,065,047	26,523,640	79,588,687
Effect of change in accounting policy for classification and measurement of financial assets – IFRS 9 (note 3)	-	-	-	(20,978,060)	20,978,060	-
Dividends paid	-	-	-	-	(37,500,000)	(37,500,000)
Balance at 30 September 2009 as restated (unaudited)	**75,000,000**	**37,500,000**	**140,000,000**	**(84,564,311)**	**131,162,256**	**299,097,945**
Balance at 1 January 2010 (audited)	**75,000,000**	**37,500,000**	**145,000,000**	**(95,808,891)**	**124,868,881**	**286,559,990**
Net profit for the period	-	-	-	-	49,760,716	49,760,716
Other comprehensive loss	-	-	-	(2,094,852)	(1,500,000)	(3,594,852)
Total comprehensive (loss)/income for the period	-	-	-	(2,094,852)	48,260,716	46,165,864
Dividends	-	-	-	-	(37,500,000)	(37,500,000)
Balance at 30 September 2010 (unaudited)	**75,000,000**	**37,500,000**	**145,000,000**	**(97,903,743)**	**135,629,597**	**295,225,854**

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

Condensed statement of cash flows (unaudited)
for the period ended 30 September 2010

	9 months ended 30 September	
	2010	2009
	AED	AED
Cash flows from operating activities	**41,374,839**	26,489,686
Investing activities		
Proceeds from disposal/redemption of:		
Available-for-sale investments	-	33,344,947
Investments at amortised cost	**4,500,000**	6,796,800
Property and equipment	**31,920**	3,321
Interest received	**8,063,541**	9,119,910
Dividends received (note 17)	**1,239,512**	2,537,222
Net rental income on investment properties (note 17)	**2,483,334**	2,240,283
Payment of investment expenses (note 17)	**(135,619)**	(313,071)
Purchase of:		
Investments at FVTOCI	**(62,500)**	-
Investments at amortised cost	-	(9,914,400)
Property and equipment	**(764,477)**	(482,987)
Intangible assets	**(311,795)**	(250,454)
Movement in bank deposits with original maturities of greater than three months	**(15,708,226)**	(10,810,090)
Increase in statutory deposits	-	(4,000,000)
Net cash (used in)/from investing activities	**(664,310)**	28,271,481
Cash flows from financing activity		
Dividend paid	**(37,500,000)**	(37,500,000)
Cash used in financing activity	**(37,500,000)**	(37,500,000)
Increase in cash and cash equivalents	**3,210,529**	17,261,167
Cash and cash equivalents at the beginning of the period	**179,404,620**	90,493,730
Cash and cash equivalents at the end of the period	**182,615,149**	107,754,897

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

Notes to the condensed financial statements
for the period ended 30 September 2010

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 P.O. 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 Standards and Interpretations in issue not yet effective

At the date of authorisation of these condensed financial statements, the following new and revised Standards and Interpretations were in issue but not yet effective:

New Standards and amendments to Standards:	**Effective for annual periods beginning on or after**
• IAS 32 (revised) *Financial Instruments: Presentation* – Amendments relating to classification of Rights Issue	1 February 2010
• IAS 24 *Related Party Disclosures* – Amendment on disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a Government	1 January 2011
• Amendments to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13 resutling from May 2010 *Annual Improvements to IFRSs*	Majority effective for annual periods beginning on or after 1 January 2011
New Interpretations and amendments to Interpretations:	
• IFRIC 19: *Extinguishing Financial Liabilities with Equity Instruments*	1 July 2010
• Amendment to IFRIC 14: *IAS 19: The limit on a defined Benefit Asset, Minimum Funding Requirement and their interaction*	1 January 2011

Management anticipates that the adoption of these Standards and Interpretations in future periods will have no material impact on the condensed financial statements of the Company in the period of initial application.

Notes to the condensed financial statements
for the period ended 30 September 2010 (continued)

3 Summary of significant accounting policies

3.1 Basis of preparation

The condensed financial statements are prepared in accordance with International Accounting Standard (IAS) No. 34, "*Interim Financial Reporting*" issued by the International Accounting Standard Board 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.

The condensed financial statements have been prepared on the historical cost basis, except for the measurement at fair value of certain financial instruments and revaluation of investment properties.

The accounting policies, estimates and significant judgments made by management, financial risk management objectives and policies, presentation and methods 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 2009.

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 condensed financial statements in paragraphs 3.3 to 3.4 below.

3.2 Change in accounting policy

The Company adopted IFRS 9 *Financial Instruments* (IFRS 9) in 2009 in advance of its effective date. The Company has chosen 31 December 2009 as its date of initial application and has elected not to restate comparative information in the year of initial application.

3.3 Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes), 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.

3 Summary of significant accounting policies (continued)

3.4 Investment in securities

3.4.1 Investments at amortised cost

Debt instruments are measured at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments meeting these criteria are measured initially at fair value plus transaction costs (except if they are designated as at FVTPL – see note 3.4.2 below). They are subsequently measured at amortised cost using the effective interest method less any impairment.

Subsequent to initial recognition, the Company is required to reclassify debt instruments from amortised cost to FVTPL if the objective of the business model changes so that the amortised cost criteria are no longer met.

3.4.2 Investments at FVTPL

Debt instrument financial assets that do not meet the amortised cost criteria described in note 3.4.1, or that meet the criteria but the entity has chosen to designate as at FVTPL at initial recognition, are measured at FVTPL. The Company has not designated any debt instrument financial asset as at FVTPL.

Subsequent to initial recognition, the Company is required to reclassify debt instruments from FVTPL to amortised cost if the objective of the business model changes so that the amortised cost criteria starts to be met and the instrument's contractual cash flows meet the amortised cost criteria. Reclassification of debt instruments designated as at FVTPL at initial recognition is not permitted.

Investments in equity instruments are mandatorily classified as at FVTPL, unless the Company designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) at initial recognition as described in note 3.4.3 below.

Financial assets at FVTPL are measured at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss is included in the 'net investment income/(loss)' line item in the profit and loss. Fair value is determined with reference to quoted prices.

Dividend income on investments in equity instruments at FVTPL is recognised in profit or loss when the Company's right to receive the dividends is established in accordance with IAS 18 *Revenue* and is included in the 'net investment income/(loss)' line item in the profit and loss.

3 Summary of significant accounting policies (continued)

3.4 Investment in securities (continued)

3.4.3 Financial assets at FVTOCI

At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is reclassified to retained earnings.

Dividends on these investments in equity instruments at FVTOCI are recognised in profit or loss when the Company's right to receive the dividends is established in accordance with IAS 18 *Revenue*, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends earned are included in the 'net investment income/(loss)' line item in the profit and loss.

4 Property and equipment

Included in property and equipment at 30 September 2010 is capital work in progress amounting to AED 485,974 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 30 September 2010 (continued)

5 Investment properties

	Land AED	Abu Dhabi building AED	Al Ain building AED	Total AED
Fair values as at 1 January 2009 (audited)	**51,000,000**	**20,500,000**	**3,500,000**	**75,000,000**
Increase/(decrease) in fair value during the period (note 17)	2,500,000	(100,000)	(250,000)	2,150,000
Fair values as at 30 September 2009 (unaudited)	**53,500,000**	**20,400,000**	**3,250,000**	**77,150,000**
Fair values as at 1 January 2010 (audited)	**56,600,000**	**20,400,000**	**4,000,000**	**81,000,000**
Increase/(decrease) in fair value during the period (note 17)	-	-	-	-
Fair values as at 30 September 2010 (unaudited)	**56,600,000**	**20,400,000**	**4,000,000**	**81,000,000**

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 December 2009 and 31 March 2009, 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 plots of land in Abu Dhabi and Al Ain on which investment properties are constructed were awarded to the Company free of cost by the Executive Council of the Government of Abu Dhabi on 21 June 1981 and 27 August 1983, respectively. The fair values of the plots of land in Abu Dhabi and Al Ain as at 31 December 2009 amounted to AED 40,600,000 and AED 16,000,000, respectively.

The construction of the Abu Dhabi head office building was completed during 1993. The Company occupies three floors of the building for its Head Office with the remaining fourteen floors available for letting to third parties.

The construction of the Al Ain office building was completed in 1993. The Company is utilising the first and mezzanine floors for housing its Al Ain Branch office with the remaining space available for letting to third parties.

6 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 30 September 2010 (continued)

7 Investments

	30 September 2010 (unaudited) AED	31 December 2009 (audited) AED
Investments at FVTOCI		
Quoted UAE securities	**62,160,589**	64,192,941
Investments at FVTPL		
Investment funds	**16,642,419**	17,484,910
Investments at amortised cost		
Investment funds	**18,360,000**	22,860,000
Bonds	**24,701,400**	24,701,400
	43,061,400	47,561,400
Current	**33,147,000**	19,287,000
Non-current	**9,914,400**	28,274,400

Investment funds included in investments at FVTPL comprise various mutual funds in the UAE.

In June 2010, an investment fund measured at amortised cost amounting to AED 4.5 million was redeemed. Also included in the investment funds at amortised cost, is an investment of US$ 5 million (AED: 18.35 million) in Arabian Real Estate Fund, which has target return of 3% to 8% per annum.

Bonds at amortised cost comprise Central Bank of Oman development bonds denominated in Omani Riyals. The bonds, which are maturing in November 2010, have effective rate of interest ranging from 5% to 5.25%. In 2009, the Company acquired five-year investment amounting to US$ 2.7 million (AED: 9.9 million) in Aldar Bonds which bears interest ranging from 6% to 9.1%. Interest is payable semi-annually on 14 May and 14 November.

7 Investments (continued)

The movement in the investments is as follows:

	30 September 2010 (unaudited) AED	31 December 2009 (audited) AED
Investments at FVTOCI		
Fair value at 1 January	**64,192,941**	-
Purchased during the period/year	**62,500**	-
Reclassification adjustment upon initial application of IFRS 9	-	43,350,534
(Decrease)/increase in fair value taken to other comprehensive income	**(2,094,852)**	20,842,407
Fair value	**62,160,589**	64,192,941
Investments at FVTPL		
Fair value at 1 January	**17,484,910**	-
Reclassification adjustment upon initial application of IFRS 9	-	64,376,144
Proceeds from disposal	-	(37,244,947)
Gain on disposal	-	1,400,000
Decrease in fair value taken to profit or loss	**(842,491)**	(11,046,287)
Fair value	**16,642,419**	17,484,910
Investments at amortised cost		
Cost at 1 January	**47,561,400**	44,443,800
Purchased during the period/year	-	9,914,400
Proceeds from maturity	**(4,500,000)**	(6,796,800)
Cost	**43,061,400**	47,561,400
Total investments	**121,864,408**	129,239,251

The geographical distribution of investments is as follows:

Within UAE	**107,077,408**	114,452,251
Outside UAE	**14,787,000**	14,787,000
	121,864,408	129,239,251

Notes to the condensed financial statements
for the period ended 30 September 2010 (continued)

8 Statutory deposit

In accordance with the requirements of Federal Law No.6/2007, covering insurance companies and agencies, the Company maintains a bank deposit of AED 10,000,000 (31 December 2009: AED 10,000,000) which cannot be utilised without the consent of the U.A.E. Insurance Authority.

9 Insurance contract liabilities and reinsurance contract assets

	30 September 2010 (unaudited) AED	31 December 2009 (audited) AED
Insurance liabilities		
Reported claims	**196,729,941**	169,590,977
Claims incurred but not reported	**9,928,997**	7,587,402
Unearned premiums	**111,503,054**	97,652,519
	318,161,992	274,830,898
Recoverable from reinsurers		
Reported claims	**135,635,005**	111,594,345
Claims incurred but not reported	**5,433,375**	3,670,800
Unearned premiums	**56,554,595**	51,399,024
	197,622,975	166,664,169
Insurance liabilities – net		
Reported claims	**61,094,936**	57,996,632
Claims incurred but not reported	**4,495,622**	3,916,602
Unearned premiums	**54,948,459**	46,253,495
	120,539,017	108,166,729

10 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 30 September		9 months ended 30 September	
	2010 (unaudited) AED	2009 (unaudited) AED	**2010 (unaudited) AED**	2009 (unaudited) AED
Premiums written	**5,214,270**	19,272,364	**13,429,548**	27,476,361
Claims paid	**605,451**	3,461,118	**1,976,180**	6,627,257
Directors' remuneration	**500,000**	500,000	**1,500,000**	1,500,000
Management remuneration	**1,431,390**	1,395,660	**4,187,550**	3,892,578

Notes to the condensed financial statements for the period ended 30 September 2010 (continued)

10 Related parties (continued)

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.

11 Trade and other receivables

	30 September 2010 (unaudited) AED	31 December 2009 (audited) AED
Due from policy holders	**50,956,701**	40,651,436
Due from related parties (note 10)	**18,437,004**	13,651,880
Less: allowance for doubtful receivables	**(5,991,017)**	(5,991,017)
Net insurance receivables	**63,402,688**	48,312,299
Due from insurance companies	**10,824,008**	7,598,863
Due from reinsurance companies	**1,897,852**	4,948,424
Interest receivable	**4,250,508**	3,571,738
Other receivables	**1,532,966**	704,241
	81,908,022	65,135,565

12 Cash and cash equivalents

	30 September 2010 (unaudited) AED	31 December 2009 (audited) AED
Cash on hand	**22,250**	24,250
Call accounts	**25,108,874**	13,276,622
Term deposits	**223,329,183**	216,240,680
Bank balances and cash	**248,460,307**	229,541,552
Bank term deposits with original maturities of greater than three months	**(65,845,158)**	(50,136,932)
Cash and cash equivalents	**182,615,149**	179,404,620

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 September 2010 (continued)

13 Share capital

	30 September 2010 (unaudited) AED	31 December 2009 (audited) AED
Authorised:		
75,000,000 ordinary shares of AED 1 each	**75,000,000**	75,000,000
Issued and fully paid:		
75,000,000 ordinary shares of AED 1 each	**75,000,000**	75,000,000

14 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.

15 General reserve

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

16 Trade and other payables

	30 September 2010 (unaudited) AED	31 December 2009 (audited) AED
Due to policy holders	**10,869,871**	11,786,571
Due to insurance companies	**21,649,283**	14,477,379
Due to reinsurance companies	**42,632,738**	40,813,802
Premium reserve withheld	**22,668,955**	22,826,571
Commission payable	**17,500,000**	17,500,000
Deferred income	**1,551,765**	3,827,293
Directors' remuneration payable (note 10)	**1,500,000**	2,000,000
Other payables	**8,742,478**	6,328,123
	127,115,090	119,559,739

Notes to the condensed financial statements
for the period ended 30 September 2010 (continued)

17 Net investment income/(loss)

	3 months ended 30 September		9 months ended 30 September	
	2010	2009	**2010**	2009
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
	AED	AED	**AED**	AED
Net rental income on:				
Gross rental income	**979,947**	937,541	**2,893,836**	2,771,933
Less: building expenses	**(143,656)**	(228,137)	**(410,502)**	(531,650)
Net rental income	**836,291**	709,404	**2,483,334**	2,240,283
Net interest income on:				
Bank deposit	**2,349,988**	2,869,480	**6,896,587**	8,626,566
Investments at amortised cost	**481,839**	873,941	**1,845,724**	1,766,023
Net interest income	**2,831,827**	3,743,421	**8,742,311**	10,392,589
Net dividend income on investments at FVTOCI	**148,500**	-	**1,239,512**	2,537,222
Increase/(decrease) in fair value of investments at FVTPL (note 7)	**1,544,469**	-	**(842,491)**	-
Impairment of AFS investments	**-**	(5,000,000)	**-**	(20,978,060)
Investment expenses	**(30,997)**	80,190	**(135,619)**	(313,071)
Increase in fair value investment properties (note 5)	**-**	-	**-**	2,150,000
Gain on disposal of property and equipment	**-**	-	**31,117**	1,963
Other income	**74,554**	61,456	**786,101**	979,477
	5,404,644	(405,529)	**12,304,265**	(2,989,597)

18 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 Nil (2009 – AED 164,773) 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 30 September 2010 (continued)

19 Net profit for the period

Net profit for the period is stated after charging:

	3 months ended 30 September		9 months ended 30 September	
	2010	2009	**2010**	2009
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
	AED	AED	**AED**	AED
Staff costs	**4,248,699**	3,741,520	**12,429,465**	10,866,112
Depreciation of property and equipment	**233,615**	224,942	**666,786**	667,276
Amortisation of intangible assets	**134,393**	52,552	**251,214**	115,756
Foreign exchange loss	**(742)**	81,669	**12,403**	45,513

20 Basic and diluted earnings per share

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:

	3 months ended 30 September		9 months ended 30 September	
	2010	2009	**2010**	2009
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
	AED	AED	**AED**	AED
Net profit for the period	**11,602,177**	4,875,608	**49,760,716**	28,023,640
Ordinary shares in issue throughout the period	**75,000,000**	75,000,000	**75,000,000**	75,000,000
Basic earnings per share	**0.15**	0.07	**0.66**	0.37

The Company does not have potentially dilutive shares and accordingly, diluted earnings per share equals basic earnings per share.

21 Segment information

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, medical, 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 30 September 2010 (continued)

21 Segment information (continued)

Primary segment information

	9 months ended 30 September 2010 (unaudited)			9 months ended 30 September 2009 (unaudited)		
	Underwriting AED	**Investments AED**	**Total AED**	Underwriting AED	Investments AED	Total AED
Direct revenues	**261,392,524**	**13,103,962**	**274,496,486**	224,955,737	15,701,744	240,657,481
Direct costs	**(205,424,804)**	**(774,424)**	**(206,199,228)**	(179,300,044)	(844,721)	(180,144,765)
Administrative expenses	**(14,369,694)**	**-**	**(14,369,694)**	(13,929,466)	-	(13,929,466)
Depreciation expense	**(666,786)**	**-**	**(666,786)**	(667,276)	-	(667,276)
Amortisation expense	**(251,214)**	**-**	**(251,214)**	(115,756)	-	(115,756)
Other expenses	**(3,223,575)**	**-**	**(3,223,575)**	(94,731)	-	(94,731)
Non-cash investment						
Losses	**-**	**(842,491)**	**(842,491)**	-	(20,978,060)	(20,978,060)
Gains	**-**	**-**	**-**	-	2,150,000	2,150,000
Settlement from BCCI	**-**	**-**	**-**	164,773	-	164,773
Segment profit	**37,456,451**	**11,487,047**	**48,943,498**	31,013,237	(3,971,037)	27,042,200
Other income	**-**	**-**	**817,218**	-	-	981,440
Net profit for the period	**37,456,451**	**11,487,047**	**49,760,716**	31,013,237	(3,971,037)	28,023,640

Revenue reported above represents revenue generated from external customers and third parties. There were no inter-segment revenues in the nine-month period ended 30 September 2010 and 2009.

The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 3.

Notes to the condensed financial statements
for the period ended 30 September 2010 (continued)

21 Segment information (continued)

Primary segment information (continued)

	As at 30 September 2010 (unaudited)			As at 31 December 2009 (audited)		
	Underwriting AED	Investments AED	Total AED	Underwriting AED	Investments AED	Total AED
Segment assets	284,559,292	436,193,591	720,752,883	236,199,993	436,479,931	672,679,924
Unallocated assets	-	-	25,131,124	-	-	13,300,872
Total assets	284,559,292	436,193,591	745,884,007	236,199,993	436,479,931	685,980,796
Segment liabilities	441,598,640	2,149,300	443,747,940	389,636,471	3,838,755	393,475,226
Unallocated liabilities	-	-	6,910,213	-	-	5,945,580
Total liabilities	441,598,640	2,149,300	450,658,153	389,636,471	3,838,755	399,420,806
Capital expenditure	1,076,272	-	1,076,272	998,767	-	998,767

Notes to the condensed financial statements for the period ended 30 September 2010 (continued)

21 Segment information (continued)

Secondary segment information - revenue from underwriting departments

The following is an analysis of the Company's direct revenues classified by major underwriting departments.

	9 months ended 30 September	
	2010 (unaudited) AED	2009 (unaudited) AED
Motor	**93,046,125**	90,309,155
Engineering	**29,153,659**	36,421,905
Fire, Workmen's compensation and Third party Liability	**33,645,889**	27,884,524
Marine and Aviation	**28,111,969**	21,053,159
Life, Medical and Personal Assurance	**60,516,750**	36,701,544
Energy	**16,918,132**	12,585,450
	261,392,524	224,955,737

22 Seasonality of results

No income of seasonal nature was recorded in the statement of income for the nine-month period ended 30 September 2010 and 2009.

23 Contingent liabilities

	30 September 2010 (unaudited) AED	31 December 2009 (audited) AED
Bank guarantees	**13,692,735**	7,673,504

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

24 Comparative figures

The comparative figures for the year ended 31 December 2009 in the condensed statement of financial position have been reclassified for AED 17,484,910 representing reclassification of investments at FVTPL from non-current to current assets.

25 Approval of interim condensed financial statements

The interim condensed financial statements were approved and authorised for issue by Management on 30 October 2010.