AL DHAFRA INSURANCE COMPANY P.S.C.

Review report and interim financial information for the period ended 30 September 2011

AL DHAFRA INSURANCE COMPANY P.S.C.

Review report and interim financial information for the period ended 30 September 2011

Report of the Board of Directors
for the period ended 30 September 2011

The Board of Directors takes great pleasure in presenting the unaudited results for the third quarter of 2011.

As noted below, net underwriting income increased by 4.03% and profit has decreased by 10.46% as compared to the same period of last year.

Particulars	9 months ended 30 September 2011 (unaudited) AED	2010 (unaudited) AED	Variance %
Condensed income statement			
Gross written premium	**244,388,083**	235,151,397	3.93
Net underwriting income	**58,223,738**	55,967,720	4.03
Administrative and other operating expenses	**19,386,363**	18,511,269	4.73
Net investment income	**5,716,381**	12,304,265	(53.54)
Profit for the period	**44,553,756**	49,760,716	(10.46)
Basic and diluted earnings per share (AED)	**0.50**	0.55	

	September 2011 (unaudited) AED	December 2010 (audited) AED	Variance %
Condensed statement of financial position			
Shareholders' equity	**300,295,849**	301,999,870	(0.56)
Total assets	**733,962,630**	778,531,355	(5.72)

We are confident that the year 2011 will be another strong year for the Company as far as the technical results are concerned.

Chairman

Deloitte.

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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 2011 and the related condensed statements of income, comprehensive income, changes in equity and cash flows for the nine-month period then ended. Management of the Company is responsible for the preparation and presentation of this interim 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 (M.E.)

SSindaha

Saba Y. Sindaha
Registration Number 410
25 October 2011

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Condensed statement of financial position
as at 30 September 2011

	Notes	30 September 2011 (unaudited) AED	31 December 2010 (audited) AED
ASSETS			
Non-current assets			
Property and equipment	4	3,237,079	3,050,815
Investment properties	5	81,000,000	81,000,000
Intangible assets	6	2,483,092	982,925
Investments designated at fair value through other comprehensive income (FVTOCI)	7	70,950,848	65,726,546
Investments at amortised cost	7	9,914,400	9,914,400
Statutory deposit	8	10,000,000	10,000,000
Total non-current assets		177,585,419	170,674,686
Current assets			
Investments designated at fair value through profit or loss (FVTPL)	7	49,994,147	16,553,179
Investments at amortised cost	7	13,610,000	17,610,000
Reinsurance contract assets	9	170,925,948	205,476,042
Trade and other receivables	11	95,035,891	91,538,866
Prepayments		2,040,527	1,671,911
Bank balances and cash	12	224,770,698	275,006,671
Total current assets		556,377,211	607,856,669
Total assets		733,962,630	778,531,355
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	13	90,000,000	75,000,000
Legal reserve	14	37,500,000	37,500,000
General reserve	15	145,000,000	145,000,000
Investment revaluation reserve		(100,675,675)	(94,337,786)
Retained earnings		128,471,524	138,837,656
Total shareholders' equity		300,295,849	301,999,870
Non-current liability			
End of service benefit		5,151,685	5,139,415
Current liabilities			
Insurance contract liabilities	9	301,849,355	328,880,515
Trade and other payables	16	126,665,741	142,511,555
Total current liabilities		428,515,096	471,392,070
Total liabilities		433,666,781	476,531,485
Total equity and liabilities		733,962,630	778,531,355

DHAFRA INSURANCE CO. P.S.C. FAD 1

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 2011

	Notes	3 months ended 30 September		9 months ended 30 September	
		2011	2010	2011	2010
		AED	AED	AED	AED
Gross written premium		68,235,696	65,390,372	244,388,083	235,151,397
Change in unearned premium provision		(721,925)	(1,846,346)	(3,140,766)	(13,850,535)
Premium income earned		67,513,771	63,544,026	241,247,317	221,300,862
Reinsurance premium ceded		(37,915,980)	(37,825,213)	(124,685,721)	(130,627,062)
Change in unearned premium provision		(83,811)	1,043,809	(2,933,382)	5,155,571
Reinsurance ceded		(37,999,791)	(36,781,404)	(127,619,103)	(125,471,491)
Net premium earned		29,513,980	26,762,622	113,628,214	95,829,371
Net claims incurred		(21,319,791)	(18,773,892)	(64,511,524)	(54,139,139)
Gross commission earned		5,309,693	8,279,066	19,945,217	26,241,127
Less: commission incurred		(2,860,879)	(3,886,356)	(10,838,169)	(11,963,639)
Net commission earned		2,448,814	4,392,710	9,107,048	14,277,488
Net underwriting income		10,643,003	12,381,440	58,223,738	55,967,720
Administrative expenses		(5,079,687)	(3,711,772)	(14,911,144)	(14,369,694)
Other operating expenses		(1,408,277)	(2,472,135)	(4,475,219)	(4,141,575)
Net investment and other income	17	(496,187)	5,404,644	5,716,381	12,304,265
Profit for the period	18	3,658,852	11,602,177	44,553,756	49,760,716
Basic and diluted earnings per ordinary share	19	0.04	0.13	0.50	0.55

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

Condensed statement of comprehensive income (unaudited)
for the period ended 30 September 2011

	3 months ended 30 September		9 months ended 30 September	
	2011	2010	2011	2010
	AED	AED	AED	AED
Profit for the period	**3,658,852**	11,602,177	**44,553,756**	49,760,716
Other comprehensive income:				
Loss on disposal of investments at FVTOCI	**(1,350,000)**	-	**(519,888)**	-
(Decrease)/increase in fair value of investments at FVTOCI (note 7)	**(3,252,333)**	11,319,612	**(4,987,889)**	(2,094,852)
Directors' remuneration (note 10)	**(750,000)**	(500,000)	**(3,250,000)**	(1,500,000)
Total other comprehensive (loss)/income for the period	**(5,352,333)**	10,819,612	**(8,757,777)**	(3,594,852)
Total comprehensive (loss)/income for the period	**(1,693,481)**	22,421,789	**35,795,979**	46,165,864

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

Condensed statement of changes in equity for the period ended 30 September 2011

	Share capital AED	Legal reserve AED	General reserve AED	Investment revaluation reserve AED	Retained earnings AED	Total AED
Balance at 1 January 2010 (audited)	75,000,000	37,500,000	145,000,000	(95,808,891)	124,868,881	286,559,990
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
Balance at 1 January 2011 (audited)	75,000,000	37,500,000	145,000,000	(94,337,786)	138,837,656	301,999,870
Profit for the period	-	-	-	-	44,553,756	44,553,756
Other comprehensive loss	-	-	-	(4,987,889)	(3,769,888)	(8,757,777)
Total comprehensive (loss)/income for the period	-	-	-	(4,987,889)	40,783,868	35,795,979
Bonus shares issued (note 13)	15,000,000	-	-	-	(15,000,000)	-
Dividends	-	-	-	-	(37,500,000)	(37,500,000)
Transfer to retained earnings on disposal of investments at FVTOCI	-	-	-	(1,350,000)	1,350,000	-
Balance at 30 September 2011 (unaudited)	**90,000,000**	**37,500,000**	**145,000,000**	**(100,675,675)**	**128,471,524**	**300,295,849**

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

Condensed statement of cash flows (unaudited)
for the period ended 30 September 2011

	Notes	9 months ended 30 September 2011 AED	2010 AED
Operating activities			
Profit for the period		44,553,756	49,760,716
Adjustments for:			
Depreciation of property and equipment		668,532	666,786
Amortisation of intangible assets		605,536	251,214
Decrease/(increase) in reinsurance contract assets		34,550,095	(30,958,806)
(Decrease)/increase in insurance contract liabilities		(27,031,160)	43,331,094
Investment income		(5,103,419)	(11,487,047)
Loss/(gain) on disposal of property and equipment	17	14,641	(31,117)
Net transfer to provision for end of service benefit		12,270	350,902
Operating cash flows before movements in working capital		48,270,251	51,883,742
Increase in trade and other receivables		(5,832,299)	(16,093,687)
Increase in prepayments		(368,616)	(470,567)
Decrease/(increase) in trade and other payables		(16,095,814)	6,055,351
Net cash from operating activities		25,973,522	41,374,839
Investing activities			
Movement in bank deposits with original maturities of greater than three months		38,953,728	(15,708,226)
Interest received		9,353,654	8,063,541
Dividends received	17	1,938,268	1,239,512
Net rental income on investment properties	17	2,638,154	2,483,334
Proceeds from disposal/redemption of:			
Investments at FVTOCI		1,860,160	-
Investments at amortised cost		-	4,500,000
Property and equipment		8,600	31,920
Payment of investment expenses	17	(117,283)	(135,619)
Directors remuneration paid		(3,000,000)	-
Purchase of:			
Property and equipment		(878,037)	(764,477)
Intangible assets		(2,105,703)	(311,795)
Investments at FVTOCI		(12,592,239)	(62,500)
Investments at FVTPL		(35,815,069)	-
Net cash from/(used in) investing activities		244,233	(664,310)
Financing activities			
Dividends paid		(37,500,000)	(37,500,000)
(Decrease)/increase in cash and cash equivalents		(11,282,245)	3,210,529
Cash and cash equivalents at the beginning of the period		42,663,305	179,404,620
Cash and cash equivalents at the end of period	12	31,381,060	182,615,149

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

Notes to the condensed financial statements for the period ended 30 September 2011

1 General information

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 New and revised International Financial Reporting Standards (IFRSs) in issue but not yet effective and not early adopted

At the date of authorisation of these condensed financial statements, the following new and revised IFRSs have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 1 *Presentation of Financial Statements:* relating to grouping items recognised in other comprehensive income	1 July 2012
Amendments to IAS 12: *Income Taxes* relating to Deferred Tax: Recovery of Underlying Assets	1 January 2012
IAS 19 *Employees Benefits* (revised 2011)	1 January 2013
IAS 27 *Separate Financial Statements* (revised in 2011)	1 January 2013
IAS 28 *Investments in Associates and Joint Ventures* (revised in 2011)	1 January 2013
IFRS 10 *Consolidated Financial Statements*	1 January 2013
IFRS 11 *Joint Arrangements*	1 January 2013
IFRS 12 *Disclosure of Interests in Other Entities*	1 January 2013
IFRS 13 *Fair Value Measurement*	1 January 2013

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 2011 (continued)

3 Summary of significant accounting policies

3.1 Basis of preparation

The condensed financial statements is 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 has 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 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 2010.

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 annual financial statements have been disclosed in paragraph 3.2 to 3.3 below.

3.2 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.

3.3 Investment in securities

3.3.1 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 3.3.2 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 Summary of significant accounting policies (continued)

3.3 Investment in securities (continued)

3.3.1 Investments at amortised cost (continued)

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.3.2 Investments at FVTPL

Debt instrument financial assets that do not meet the amortised cost criteria described in note 3.3.1, 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 a 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 3.3.3 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 and other income' line item in the profit and loss. Fair value is determined with reference to quoted prices.

3.3.3 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.

3 Summary of significant accounting policies (continued)

3.3 Investment in securities (continued)

3.3.3 Financial assets at FVTOCI (continued)

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 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 recognised in profit or loss and are included in the 'net investment and other income' line item in the profit and loss.

4 Property and equipment

Included in property and equipment at 30 September 2011 is capital work in progress amounting to AED 1,953,312 representing the costs incurred for upgrading of existing IT infrastructure and 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.

5 Investment properties

	Land AED	Abu Dhabi building AED	Al Ain building AED	Total AED
Fair values as at 1 January 2010 and 30 September 2011 (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 2010 amounted to AED 40,600,000 and AED 16,000,000, respectively.

5 Investment properties (continued)

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 utilizing 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.

7 Investments

	30 September 2011 (unaudited) AED	31 December 2010 (audited) AED
Investments at FVTOCI		
Quoted UAE equity securities	**70,950,848**	65,726,546
Investments at FVTPL		
Investment funds	**49,994,147**	16,553,179
Investments at amortised cost		
Investment funds	**13,610,000**	17,610,000
Bonds	**9,914,400**	9,914,400
	23,524,400	27,524,400
Current	**13,610,000**	17,610,000
Non-current	**9,914,400**	9,914,400
	23,524,400	27,524,400

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

Included in the investment funds at amortised cost, is an investment of US$ 5 million in Arabian Real Estate Fund, which management determined to be impaired by AED 4,750,000 as at 30 September 2011.

Notes to the condensed financial statements
for the period ended 30 September 2011 (continued)

7 Investments (continued)

The movement in the investments is as follows:

	30 September 2011 (unaudited) AED	31 December 2010 (audited) AED
Investments at FVTOCI		
Fair value at 1 January	65,726,546	64,192,941
Purchases during the period/year	12,592,239	62,500
Net (decrease)/increase in fair value	(4,987,889)	1,471,105
Disposals during the period/year	(2,380,048)	-
Fair value	70,950,848	65,726,546
Investments at FVTPL		
Fair value at 1 January	16,553,179	17,484,910
Purchases during the period/year	35,815,069	-
Decrease in fair value to profit and loss	(2,374,101)	(931,731)
Fair value	49,994,147	16,553,179
Investments at amortised cost		
Amortised cost at 1 January	27,524,400	47,561,400
Proceeds from maturity	-	(19,287,000)
Provision for impairment	(4,000,000)	(750,000)
Amortised cost	23,524,400	27,524,400

The geographical distribution of investments is as follows:

	AED	AED
Within UAE	144,469,395	109,804,125

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 2010: AED 10,000,000) which cannot be utilised without the consent of the U.A.E. Insurance Authority.

Notes to the condensed financial statements
for the period ended 30 September 2011 (continued)

9 Insurance contract liabilities and reinsurance contract assets

	30 September 2011 (unaudited) AED	31 December 2010 (audited) AED
Insurance liabilities		
Reported claims	177,120,025	204,380,146
Claims incurred but not reported	6,109,630	9,021,434
Unearned premiums	118,619,700	115,478,935
	301,849,355	328,880,515
Recoverable from reinsurers		
Reported claims	113,476,554	142,180,269
Claims incurred but not reported	1,987,038	4,900,035
Unearned premiums	55,462,356	58,395,738
	170,925,948	205,476,042
Insurance liabilities – Net		
Reported claims	63,643,471	62,199,877
Claims incurred but not reported	4,122,592	4,121,399
Unearned premiums	63,157,344	57,083,197
	130,923,407	123,404,473

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	
	2011 (unaudited) AED	2010 (unaudited) AED	2011 (unaudited) AED	2010 (unaudited) AED
Premiums written	2,978,630	5,214,270	10,018,695	13,429,548
Claims paid	7,781	605,451	3,623,129	1,976,180
Directors' remuneration	750,000	500,000	3,250,000	1,500,000
Key management remuneration	1,494,479	1,431,390	4,470,998	4,187,550

Notes to the condensed financial statements
for the period ended 30 September 2011 (continued)

10 Related parties (continued)

The remuneration of the Directors is subject to approval by the shareholders and as per the limits set by the Commercial Companies Law No. 8 of 1984 as amended.

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 2011 (unaudited) AED	31 December 2010 (audited) AED
Due from external policyholders	64,060,435	57,890,960
Due from related party policyholders	14,877,053	17,800,824
Less: allowance for doubtful debts	(6,291,017)	(6,291,017)
Net due from policyholders	72,646,471	69,400,767
Due from insurance companies	11,358,584	12,887,526
Due from reinsurance companies	4,601,909	5,842,970
Interest receivable	5,058,255	2,722,982
Other receivables	1,370,672	684,621
	95,035,891	91,538,866

12 Cash and cash equivalents

	30 September 2011 (unaudited) AED	31 December 2010 (audited) AED
Cash on hand	19,250	24,250
Call accounts	16,361,810	13,276,622
Term deposits	208,389,638	216,240,680
Bank balances and cash	224,770,698	229,541,552
Less: deposits with original maturities of greater than three months	(193,389,638)	(216,240,680)
	31,381,060	13,300,872

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 2011 (continued)

13 Share capital

	30 September 2011 (unaudited) AED	31 December 2010 (audited) AED
Authorised:		
90,000,000 ordinary shares of AED 1 each	**90,000,000**	75,000,000
Issued and fully paid:		
90,000,000 ordinary shares of AED 1 each	**90,000,000**	75,000,000

At the Annual General Meeting held on 15 March 2011, the Shareholders approved a cash dividend of AED 37.5 million and a bonus share dividend in respect of 2010 of AED 15 million.

The Company has completed the registration formalities with the concerned authorities in relation to the capital increase.

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. Transfer for the current period will be made at the end of the financial year.

15 General reserve

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

16 Trade and other payables

	30 September 2011 (unaudited) AED	31 December 2010 (audited) AED
Due to policy holders	**13,127,475**	12,310,482
Due to insurance companies	**27,771,601**	25,520,164
Due to reinsurance companies	**34,148,856**	44,554,174
Premium reserve withheld	**20,591,137**	22,131,742
Commissions payable	**17,500,000**	17,500,000
Deferred income	**1,591,588**	8,102,431
Directors' remuneration payable (note 10)	**2,250,000**	2,000,000
Other payables	**9,685,084**	10,392,562
	126,665,741	142,511,555

Notes to the condensed financial statements
for the period ended 30 September 2011 (continued)

17 Net investment and other income

	3 months ended 30 September		9 months ended 30 September	
	2011	2010	**2011**	2010
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
	AED	AED	**AED**	AED
Net rental income on:				
Gross rental income	**1,061,576**	979,947	**3,044,902**	2,893,836
Less: building expenses	**(75,334)**	(143,656)	**(406,748)**	(410,502)
Net rental income	**986,242**	836,291	**2,638,154**	2,483,334
Net interest income on:				
Bank deposit	**2,266,158**	2,349,988	**6,487,174**	6,896,587
Investments at amortised cost	**-**	481,839	**531,207**	1,845,724
Net interest income	**2,266,158**	2,831,827	**7,018,381**	8,742,311
Net dividend income on investments at FVTOCI	**273,500**	148,500	**1,938,268**	1,239,512
(Decrease)/increase in fair value of investments at FVTPL (note 7)	**(2,073,713)**	1,544,469	**(2,374,101)**	(842,491)
Impairment of investments at amortised cost (note 7)	**(2,000,000)**	-	**(4,000,000)**	-
Investment expenses	**(14,625)**	(30,997)	**(117,283)**	(135,619)
(Loss)/gain on disposal of property and equipment	**(1,074)**	-	**(14,641)**	31,117
Other income	**67,325**	74,554	**627,603**	786,101
	(496,187)	5,404,644	**5,716,381**	12,304,265

18 Profit for the period

Profit for the period is stated after charging:

	3 months ended 30 September		9 months ended 30 September	
	2011 (unaudited) AED	2010 (unaudited) AED	**2011 (unaudited) AED**	2010 (unaudited) AED
Staff costs	**4,372,890**	4,248,699	**13,192,820**	12,429,465
Depreciation of property and equipment	**222,815**	233,615	**668,532**	666,786
Amortisation of intangible assets	**357,350**	134,393	**605,536**	251,214
Foreign exchange loss/(gain)	**2,993**	(742)	**5,598**	12,403

19 Earnings per ordinary share

Earnings per ordinary share are calculated by dividing the 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	
	2011 (unaudited) AED	2010 (unaudited) AED	**2011 (unaudited) AED**	2010 (unaudited) AED
Profit for the period (AED)	**3,658,852**	11,602,177	**44,553,756**	49,760,716
Ordinary shares in issue throughout the period	**90,000,000**	90,000,000	**90,000,000**	90,000,000
Basic and diluted earnings per share (AED)	**0.04**	0.13	**0.50**	0.55

The earnings per share for the period ended 30 September 2010 were adjusted for the bonus shares issued during 2011. As of 30 September 2011, 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, 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.

Information regarding the Company's reportable segments is presented below:

Notes to the condensed financial statements
for the period ended 30 September 2011 (continued)

20 Segment information (continued)

Primary segment information

	9 months ended 30 September 2011 (unaudited)			9 months ended 30 September 2010 (unaudited)		
	Underwriting AED	**Investments AED**	**Total AED**	Underwriting AED	Investments AED	Total AED
Direct revenues	**264,333,300**	**12,166,660**	**276,499,960**	261,392,524	13,103,962	274,496,486
Direct costs	**(206,109,562)**	**(689,140)**	**(206,798,702)**	(205,424,804)	(774,424)	(206,199,228)
Administrative expenses	**(14,911,144)**	-	**(14,911,144)**	(14,369,694)	-	(14,369,694)
Depreciation expense	**(668,532)**	-	**(668,532)**	(666,786)	-	(666,786)
Amortisation expense	**(605,536)**	-	**(605,536)**	(251,214)	-	(251,214)
Other expenses	**(3,201,151)**	-	**(3,201,151)**	(3,223,575)	-	(3,223,575)
Non-cash investment losses	-	**(6,374,100)**	**(6,374,100)**		(842,491)	(842,491)
Segment profit	**38,837,375**	**5,103,420**	**43,940,795**	37,456,451	11,487,047	48,943,498
Other income	-	-	**612,961**	-	-	817,218
Profit for the period	**38,837,375**	**5,103,420**	**44,553,756**	37,456,451	11,487,047	49,760,716

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 2011 and 2010.

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 2011 (continued)

20 Segment information (continued)

Primary segment information (continued)

	As at 30 September 2011 (unaudited)			As at 31 December 2010 (audited)		
	Underwriting AED	**Investments AED**	**Total AED**	Underwriting AED	Investments AED	Total AED
Segment assets	273,722,537	443,859,033	717,581,570	302,720,559	452,363,964	755,084,523
Unallocated assets	-	-	16,381,060	-		23,446,832
Total assets	273,722,537	443,859,033	733,962,630	302,720,559	452,363,964	778,531,355
Segment liabilities	424,044,745	1,593,589	425,638,334	459,062,526	10,058,747	469,121,273
Unallocated liabilities	-	-	8,028,447	-		7,410,212
Total liabilities	424,044,745	1,593,589	433,666,781	459,062,526	10,058,747	476,531,485
Capital expenditure	2,983,740	-	2,983,740	2,490,622	-	2,490,622

21 Seasonality of results

No income of seasonal nature was recorded in the statement of income for the nine-month period ended 30 September 2011 and 2010.

22 Contingent liabilities

	30 September 2011 (unaudited) AED	31 December 2010 (audited) AED
Bank guarantees	**14,222,233**	16,177,822

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

23 Approval of interim condensed financial statements

The interim condensed financial statements were approved and authorised for issue by the Board of Directors on 25 October 2011.