

**Dubai Insurance Company
(Public Shareholding Company)**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 SEPTEMBER 2012 (UNAUDITED)

REPORT ON REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF DUBAI INSURANCE COMPANY (PSC)

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Dubai Insurance Company (PSC) as at 30 September 2012, comprising the interim consolidated statement of financial position as at 30 September 2012 and the related interim consolidated statements of income and comprehensive income for the three-month and nine-month periods then ended, and the related interim consolidated statements of changes in equity and cash flows for the nine-month period then ended and explanatory information. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard, IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.



Signed by
Ashraf Abu-Sharkh
Partner
Registration number: 690

4 November 2012

Dubai, United Arab Emirates

Dubai Insurance Company (PSC)

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the period ended 30 September 2012 (Unaudited)

		<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>Note</i>	<i>2012 AED '000</i>	<i>2011 AED '000</i>	<i>2012 AED '000</i>	<i>2011 AED '000</i>
UNDERWRITING INCOME					
Gross premium		61,021	73,968	260,754	218,058
Movement in provision for unearned premium		42	(14,933)	(23,979)	(32,560)
Insurance premium revenue		61,063	59,035	236,775	185,498
Reinsurance share of premium		38,562	57,236	200,116	150,901
Movement in provision for reinsurance share of unearned premium		(946)	(18,407)	(22,491)	(31,302)
		37,616	38,829	177,625	119,599
Net insurance premium revenue		23,447	20,206	59,150	65,899
Reinsurance commission income		2,544	3,140	11,631	19,346
Other income (expense)		852	1,868	2,529	1,400
Total underwriting income		26,843	25,214	73,310	86,645
UNDERWRITING EXPENSES					
Claims incurred		23,953	26,871	91,236	105,841
Reinsurers' share of claims incurred		(20,135)	(16,779)	(66,676)	(62,087)
Net claims incurred		3,818	10,092	24,560	43,754
Commission expenses		14,226	5,274	21,041	16,583
Excess of loss reinsurance premium		250	253	749	788
General and administrative expenses relating to underwriting activities		2,702	2,793	8,294	8,097
Total underwriting expenses		20,996	18,412	54,644	69,222
NET UNDERWRITING INCOME		5,847	6,802	18,666	17,423
INVESTMENT INCOME					
Realised gain (loss) on disposal of investment		53	(22)	21	(22)
Fair value gain (loss) on financial assets at fair value through profit or loss		45	89	473	(465)
Other investment income		848	1,045	11,526	10,625
Other investment costs		(57)	(55)	(215)	(55)
		889	1,057	11,805	10,083
OTHER INCOME AND EXPENSES					
General and administrative expenses not allocated		(940)	(920)	(3,385)	(3,143)
Other income (expenses)		(38)	(106)	98	479
		(978)	(1,026)	(3,287)	(2,664)
PROFIT FOR THE PERIOD		5,758	6,833	27,184	24,842
Basic and diluted earnings per share (AED)	3	0.058	0.068	0.272	0.248

The attached explanatory notes 1 to 14 form part of these interim condensed consolidated financial statements.

Dubai Insurance Company (PSC)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2012 (Unaudited)

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2012 AED '000</i>	<i>2011 AED '000</i>	<i>2012 AED '000</i>	<i>2011 AED '000</i>
Profit for the period	5,758	6,833	27,184	24,842
OTHER COMPREHENSIVE INCOME				
Net unrealized (loss) gain on financial assets at fair value through other comprehensive income	8,393	(6,590)	11,832	787
Other comprehensive income for the period	8,393	(6,590)	11,832	787
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	14,151	243	39,016	25,629

The attached explanatory notes 1 to 14 form part of these interim condensed consolidated financial statements.

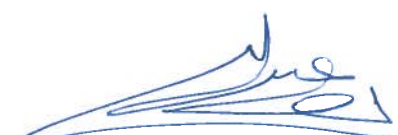
Dubai Insurance Company (PSC)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2012 (Unaudited)

		30 September 2012	<i>Audited</i> 31 December 2011
	<i>Notes</i>	<i>AED '000</i>	<i>AED '000</i>
ASSETS			
Property and equipment	4	44,013	44,112
Investment properties	5	1,670	1,670
Financial instruments	6	234,063	215,862
Reinsurance assets		133,343	107,851
Insurance receivables		111,694	119,231
Prepayments and other receivables		5,659	5,162
Statutory deposits		10,000	10,000
Cash and cash equivalents	7	30,042	31,584
TOTAL ASSETS		570,484	535,472
EQUITY AND LIABILITIES			
Equity			
Share capital	8	100,000	100,000
Statutory reserve	9	50,000	50,000
General reserve	9	3,500	3,500
Retained earnings		108,205	83,021
Cumulative changes in fair value of investments	9	21,733	9,901
Proposed dividends – cash	10	-	18,000
Total equity		283,438	264,422
Liabilities			
Bank loan	11	18,422	18,479
Employees' end of service benefits		1,796	1,547
Insurance contract liabilities		178,020	148,614
Amounts held under reinsurance treaties		12,263	10,330
Reinsurance balances payable		56,327	64,056
Insurance and other payables		20,218	28,024
Total liabilities		287,046	271,050
TOTAL EQUITY AND LIABILITIES		570,484	535,472

The interim condensed consolidated financial statements were authorised for issue in accordance with a resolution of the directors on 4 November 2012.


Buti Obaid Al Mulla
Chairman


Abdellatif Abuqurah
Chief Executive Officer

The attached explanatory notes 1 to 14 form part of these interim condensed consolidated financial statements.

Dubai Insurance Company (PSC)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 September 2012 (Unaudited)

		<i>Nine month period ended 30 September</i>	
	<i>Note</i>	<i>2012 AED '000</i>	<i>2011 AED '000</i>
OPERATING ACTIVITIES			
Profit for the period		27,184	24,842
Adjustments for:			
Depreciation on property and equipment		486	648
Depreciation on investment properties		-	16
Provision for employees' end of service benefits		300	242
		<u>27,970</u>	<u>25,748</u>
Changes in operating assets and liabilities:			
Reinsurance assets		(25,492)	(35,722)
Insurance receivables		7,537	(30,476)
Prepayments and other receivables		(497)	(541)
Insurance contract liabilities		29,406	42,093
Amounts held under reinsurance treaties		1,933	112
Reinsurance balances payable		(7,729)	22,129
Insurance and other payables		(7,805)	(7,015)
		<u>25,323</u>	<u>16,328</u>
Cash generated from operations		(52)	(142)
Employees' end of service paid			
		<u>25,271</u>	<u>16,186</u>
Net cash generated from operating activities			
INVESTING ACTIVITIES			
Investments held at amortised cost		492	(39,348)
Financial assets at fair value through profit or loss		(6,861)	20,093
Purchase of property and equipment		(387)	(418)
		<u>(6,756)</u>	<u>(19,673)</u>
Net cash used in investing activities			
FINANCING ACTIVITIES			
Dividends paid		(20,000)	(25,000)
Bank loan		(57)	18,420
		<u>(20,057)</u>	<u>(6,580)</u>
Net cash used in financing activities			
DECREASE IN CASH AND CASH EQUIVALENTS		(1,542)	(10,067)
Cash and cash equivalents at 1 January		31,584	26,598
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	7	30,042	16,531

The attached explanatory notes 1 to 14 form part of these interim condensed consolidated financial statements.

Dubai Insurance Company (PSC)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2012 (Unaudited)

	Share capital AED '000	Statutory reserve AED '000	General reserve AED '000	Retained earnings AED '000	Proposed dividend AED '000	Cumulative changes in fair value of investments AED '000	Total AED '000
Balance at 1 January 2012	100,000	50,000	3,500	83,021	18,000	9,901	264,422
Profit for the period	-	-	-	27,184	-	-	27,184
Other comprehensive income	-	-	-	-	-	11,832	11,832
Total comprehensive income for the period	-	-	-	27,184	-	11,832	39,016
Cash dividend paid (Note 11)	-	-	-	(2,000)	(18,000)	-	(20,000)
Balance at 30 September 2012	100,000	50,000	3,500	108,205	-	21,733	283,438
Balance at 1 January 2011	100,000	49,296	3,500	77,710	25,000	22,308	277,814
Profit for the period	-	-	-	24,842	-	-	24,842
Other comprehensive income	-	-	-	-	-	787	787
Total comprehensive income for the period	-	-	-	24,842	-	787	25,629
Cash dividend paid (Note 11)	-	-	-	-	(25,000)	-	(25,000)
Balance at 30 September 2011	100,000	49,296	3,500	102,552	-	23,095	278,443

The attached explanatory notes 1 to 14 form part of these interim condensed consolidated financial statements.

Dubai Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2012 (Unaudited)

1 CORPORATE INFORMATION

Dubai Insurance Company (PSC) (the "Company") is a public shareholding Company registered under the Federal Law No. 8 of 1984 (as amended) and the UAE Federal Law No. (6) of 2007 relating to commercial companies in the UAE. The Company mainly issues short term insurance contracts in connection with motor, marine, fire, engineering, general accident and medical risks (collectively known as general insurance) and group life and individual life risk (collectively referred to as life assurance). The Company also invests its funds in investment securities and properties. The registered address of the Company is P.O. Box 3027, Dubai, United Arab Emirates. The Company operates in United Arab Emirates and most of the insurance policies are issued in the United Arab Emirates. The shares of the Company are listed on the Dubai Financial Market.

During the previous year, the Company established a new subsidiary for investment purposes. These interim consolidated financial statements incorporate the financial statements of the Company and its subsidiary (collectively referred to as the "Group").

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting ("IAS 34").

Interim reporting

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2011 except for the adoption of the new and amended IFRS and IFRIC interpretations which became effective as of 1 January 2012. The adoption of these standards and interpretations did not have an impact on the financial position or performance of the Group during the period.

These condensed consolidated financial statements do not include all disclosure and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2011. In addition, results for the nine months ended 30 September 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012.

2.2 BASIS OF CONSOLIDATION

The Group comprises of the Company and the under-mentioned subsidiary company.

<u>Subsidiary</u>	<u>Principal activity</u>	<u>Country of incorporation</u>	<u>Ownership</u>
Vattaun Limited	Investment	British Virgin Island	100%

Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Group and its subsidiary as at 30 September 2012.

Subsidiary companies are those companies in which the Company, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has the power to exercise control over their operations. The subsidiary is fully consolidated from the date of formation, being the date on which the Group obtained control and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiary are prepared for the same reporting year as the parent company, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profit and losses resulting from intra-group transactions, are eliminated in full.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 BASIS OF CONSOLIDATION (continued)

Basis of consolidation (continued)

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Group relating to Investments and Cash and cash equivalents, which are consistent with the policies adopted during the previous year, are reproduced below:

Investment properties

The Group has elected to adopt the cost model for investment properties. Accordingly, investment properties are carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

Building	25 years
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No depreciation is charged on freehold land.

Fair value of financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date. If quoted market prices are not available, reference can also be made to broker or dealer price quotations.

The fair values of floating rate and overnight deposits with credit institutions are their carrying values. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date.

Financial assets

At initial recognition, all financial assets are measured at fair value.

Equity investments

For subsequent measurements, all financial assets that are equity investments are measured at fair value either through Other Comprehensive Income (OCI) or through profit or loss. This is an irrevocable choice that the Group has made on early adoption of IFRS 9 or will make on subsequent acquisition of equity investments unless the equity investments are held for trading, in which case, they must be measured at fair value through profit or loss.

Gain or loss on disposal of equity investments at fair value through Other Comprehensive Income (OCI) are not recycled.

Dividend income for all equity investments at fair value through Other Comprehensive Income (OCI) are recorded through profit or loss.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Debt instruments

Debt instruments are also measured at fair value through profit or loss unless they are classified at amortised cost. They are classified at amortised cost only if:

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

Derecognition of financial instruments

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement
- The Group has transferred its rights to receive cash flows from the asset and either:
 - has transferred substantially all the risks and rewards of the asset, or
 - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment and uncollectibility of financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the consolidated statement of income. Impairment is determined as follows:

- (a) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
- (b) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Impairment of non-financial assets (excluding goodwill)

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using discount rates that reflect current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)**2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less in the statement of financial position.

3 BASIC AND DILUTED EARNINGS PER SHARE

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

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
Profit for the period (AED '000)	<u>5,758</u>	<u>6,833</u>	<u>27,184</u>	<u>24,842</u>
Weighted average number of shares outstanding during the period ('000)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Earnings per share (AED)	<u>0.058</u>	<u>0.068</u>	<u>0.272</u>	<u>0.248</u>

No figures for diluted earnings has been presented because the Group has not issued any instruments which would have an impact on earnings per share when exercised.

4 PROPERTY AND EQUIPMENT

Included in property and equipment is a land situated in the Emirate of Dubai, United Arab Emirates with a carrying value of AED 43,307 thousand. The Group's Board of Directors has resolved to construct the Group's head office on the land in the foreseeable future. The Group's management is in the process of formalising the transfer of legal title in respect of the land.

5 INVESTMENT PROPERTIES

Investment properties represent the Group's investments in freehold land and building situated in the Emirate of Dubai, United Arab Emirates.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2012 (Unaudited)

6 FINANCIAL INSTRUMENTS

	<i>Carrying value</i>		<i>Fair value</i>	
	<i>30 September 2012 AED'000 (Unaudited)</i>	<i>31 December 2011 AED'000 (Audited)</i>	<i>30 September 2012 AED'000 (Unaudited)</i>	<i>31 December 2011 AED'000 (Audited)</i>
Financial instruments				
At fair value through profit or loss (Note 6.1)	47,041	40,180	47,041	40,180
At fair values through other comprehensive income (Note 6.2)	148,075	136,243	148,075	136,243
Debt instrument at amortised cost (Note 6.3)	38,947	39,439	40,065	39,397
	234,063	215,862	235,181	215,820

6.1 FINANCIAL ASSETS AT FAIR VALUES THROUGH PROFIT OR LOSS

	<i>30 September 2012 AED'000</i>	<i>31 December 2011 AED'000 (Audited)</i>
a) <i>Shares - quoted</i>	3,979	3,506
b) <i>Designated upon initial recognition</i>		
Bank deposits with maturity over three months (unquoted)	43,062	36,674
	47,041	40,180

The entire shares and bank deposits are within United Arab Emirates.

6.2 FINANCIAL ASSETS AT FAIR VALUES THROUGH OTHER COMPREHENSIVE INCOME (OCI)

	<i>30 September 2012 AED'000</i>	<i>31 December 2011 AED'000 (Audited)</i>
Shares – quoted (within UAE)	137,875	126,043
Shares – unquoted (within UAE)	10,200	10,200
	148,075	136,243

6.3 DEBT INSTRUMENT AT AMORTISED COST

	<i>30 September 2012 AED'000</i>	<i>31 December 2011 AED'000 (Audited)</i>
<i>Amortised cost</i>		
Debt securities (within UAE)	3,675	3,675
Debt securities (outside UAE)	35,272	35,764
	38,947	39,439

6 FINANCIAL INSTRUMENTS (continued)**6.3 DEBT INSTRUMENTS AT AMORTISED COST (continued)**

Debt securities amounting to AED 35,272 thousand (2011: AED 35,764 thousand) are pledged against bank loan (Note 11). The investments carry interest at an effective rate of 2.5% per annum. The maturity profile of these debt instruments is shown below:

<i>30 September 2012</i>		
	<i>Less than 5 years AED'000</i>	<i>More than 5 years AED'000</i>
		<i>Total AED'000</i>
Debt securities (within UAE)	3,675	-
Debt securities (outside UAE)	17,370	17,902
	<u>21,045</u>	<u>17,902</u>
		<u>38,947</u>

<i>31 December 2011 (Audited)</i>		
	<i>Less than 5 years AED'000</i>	<i>More than 5 years AED'000</i>
		<i>Total AED'000</i>
Debt securities (within UAE)	3,675	-
Debt securities (outside UAE)	16,409	19,355
	<u>20,084</u>	<u>19,355</u>
		<u>39,439</u>

7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	<i>30 September 2012 AED '000</i>	<i>30 September 2011 AED '000</i>
Bank balances and cash	<u>30,042</u>	<u>16,531</u>

The entire bank balance are within United Arab Emirates.

8 SHARE CAPITAL

	<i>30 September 2012 AED '000</i>	<i>31 December 2011 AED '000</i>
Issued and fully paid 100,000,000 shares of AED 1 each (2011: – 100,000,000 shares of AED 1 each)	<u>100,000</u>	<u>100,000</u>

9 RESERVES**NATURE AND PURPOSE OF RESERVES**

- STATUTORY RESERVE**

In accordance with the UAE Commercial Companies Law and the Group's Article of Association, the Group has resolved not to increase the statutory reserve above an amount equal to 50% of its paid up share capital. Accordingly, no transfers have been made during the nine months period to 30 September 2012, as this will be based on the results for the year. The reserve is not available for distribution except in the circumstances stipulated by the law.

- GENERAL RESERVE**

Transfers to the general reserve are made on the recommendation of the Board of Directors. This reserve may be used for such purposes as deemed appropriate by the Board of Directors.

- CUMULATIVE CHANGES IN FAIR VALUE OF INVESTMENTS**

This reserve records fair value changes on financial instrument held at fair value through other comprehensive income.

10 PROPOSED DIVIDENDS

	<i>30 September 2012 AED'000</i>	<i>31 December 2011 AED'000 (Audited)</i>
Proposed for approval at Annual General Meeting: (2011: Cash dividend of AED 0.18 per share)	-	18,000
	-	18,000
Declared and paid:		
Cash dividend for 2011 of AED 0.20 per share	20,000	-
Cash dividend for 2010 of AED 0.25 per share	-	25,000
	20,000	25,000

11 BANK LOAN

The Group entered into a credit facility agreement with an international bank for USD 5 million (equivalent AED 18,422 thousand). The loan facility is secured against investments in debt instruments held at amortised cost amounting to AED 35,272 thousand (31 December 2011: AED 35,764 thousand) (Note 6.3) used for the Group's investment operation. The loan carries interest at 3 months LIBOR plus 0.85% per annum and the tenure of the loan is directly linked to the maturity period of the debt instruments which are financed by the loan. The debt instruments have maturity periods of 2 to 10 years.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2012 (Unaudited)

12 SEGMENTAL INFORMATION

Primary segment information

For management purposes, the Group is organised into business units based on its products and services and has three reportable operating segments as follows:

- The general insurance segment, comprises motor, marine, fire, engineering, general accident and medical.
- The life assurance segment, includes individual and group life insurance.
- Investment comprises investment and cash management for the Group's own account.

Transactions between operating segments are conducted at estimated market rates on an arm's length basis. Operating segment information is presented below:

	<i>Three months ended 30 September</i>					
	<i>General insurance</i>		<i>Life assurance</i>		<i>Total</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
UNDERWRITING INCOME						
Insurance premium revenue	53,756	50,355	7,307	8,679	61,063	59,035
Reinsurers' share of premium	(31,939)	(32,034)	(5,677)	(6,795)	(37,616)	(38,829)
Net insurance premium revenue	21,817	18,321	1,630	1,884	23,447	20,206
Reinsurance commission income	2,522	3,016	22	123	2,544	3,140
Other income	583	1,784	269	84	852	1,868
	24,922	23,121	1,921	2,091	26,843	25,214
UNDERWRITING EXPENSES						
Claims incurred	23,214	23,617	739	3,255	23,953	26,871
Reinsurers' share of claims incurred	(19,470)	(13,681)	(665)	(3,098)	(20,135)	(16,779)
Net claims incurred	3,744	9,936	74	157	3,818	10,092
Commission expenses	13,279	4,683	947	591	14,226	5,274
Excess of loss premium	250	253	-	-	250	253
General and administration expenses relating to underwriting activities	2,363	2,494	339	299	2,702	2,793
	19,636	17,366	1,360	1,047	20,996	18,412
NET UNDERWRITING INCOME	5,286	5,755	561	1,044	5,847	6,802
TOTAL INVESTMENT INCOME					889	1,057
Unallocated other expenses					(978)	(1,026)
PROFIT FOR THE PERIOD					5,758	6,833

Dubai Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2012 (Unaudited)

12 SEGMENTAL INFORMATION (continued)

	<i>Nine months ended 30 September</i>					
	<i>General insurance</i>		<i>Life assurance</i>		<i>Total</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
UNDERWRITING INCOME						
Insurance premium revenue	216,675	155,749	20,100	29,749	236,775	185,498
Reinsurers' share of premium	(160,851)	(93,069)	(16,774)	(26,530)	(177,625)	(119,599)
Net insurance premium revenue	55,824	62,680	3,326	3,219	59,150	65,899
Commission income	10,500	12,279	1,131	7,066	11,631	19,345
Other income	2,228	1,015	301	386	2,529	1,401
	68,552	75,974	4,758	10,671	73,310	86,645
UNDERWRITING EXPENSES						
Claims incurred	88,695	100,995	2,541	4,846	91,236	105,841
Reinsurers' share of claims incurred	(64,347)	(57,567)	(2,329)	(4,520)	(66,676)	(62,087)
Net claims incurred	24,348	43,428	212	326	24,560	43,754
Commission expenses	19,449	12,535	1,592	4,048	21,041	16,583
Excess of loss reinsurance premium	749	788	-	-	749	788
General and administration expenses relating to underwriting activities	7,605	6,740	689	1,357	8,294	8,097
	52,151	63,491	2,493	5,731	54,644	69,222
NET UNDERWRITING INCOME	16,401	12,483	2,265	4,940	18,666	17,423
TOTAL INVESTMENT INCOME					11,805	10,083
Unallocated other expenses					(3,287)	(2,664)
PROFIT FOR THE YEAR					27,184	24,842

For operational and management reporting purposes, the Group is organised as one geographical segment.

13 SEASONALITY OF RESULTS

Dividend income of AED nil and AED 8,726 thousand for three month and nine month periods ended 30 September 2012, respectively, and AED nil and AED 7,843 for three month and nine month periods ended 30 September 2011, respectively, is of seasonal nature.

14 CONTINGENCIES

Guarantees

At 30 September 2012, the Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to AED 10,189 thousand (31 December 2011: AED 10,186 thousand).

Legal claims

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