

ALLIANCE INSURANCE (PSC)

DUBAI - UNITED ARAB EMIRATES

INTERIM CONDENSED FINANCIAL INFORMATION

SEPTEMBER 30, 2007 (UNAUDITED)

ALLIANCE INSURANCE (PSC)
Dubai - United Arab Emirates

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September 30, 2007

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**REVIEW REPORT OF INDEPENDENT AUDITORS
TO THE SHAREHOLDERS OF
ALLIANCE INSURANCE (PSC)**

Introduction

We have reviewed the accompanying condensed balance sheet of Alliance Insurance (PSC) as on September 30, 2007 and the related condensed statement of income, condensed statements of changes in shareholders' equity and condensed statement of cash flows for the nine-months period then ended. Management is responsible for the preparation and fair presentation of this interim condensed financial information in accordance with International Accounting Standards. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standards on Review Engagement 2410, "Review of Interim Condensed Financial Information Performed by the Independent Auditor of the Entity." A review of interim condensed 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 as 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 financial information is not prepared, in all material respect in accordance with International Financial Reporting Standards.



Farouk Mohamed
Registration No. 54
Dubai
United Arab Emirates
October 30, 2007

ALLIANCE INSURANCE (PSC)
Dubai - United Arab Emirates

Condensed balance sheet at September 30, 2007 (unaudited)

	(Unaudited) September 30, 2007 AED'000	(Unaudited) September 30, 2006 AED'000	(Audited) December 31, 2006 AED'000
Assets employed:			
Investment property	184,898	183,647	187,096
Investments held to maturity	6,092	6,092	6,092
Long term deposits	-	15,000	12,700
Statutory deposit	7,500	7,500	7,500
Policyholders' loans	45,052	42,503	42,644
Property, plant and equipment	3,489	3,319	3,610
	<u>247,031</u>	<u>258,061</u>	<u>259,642</u>
Current assets			
Investments at fair value through profit and loss	37,857	34,468	32,241
Trade and other receivables and due from insurers	51,643	43,810	51,417
Due from related parties	18	17	37
Outstanding claims recoverable from reinsurers	12,100	10,436	22,301
Cash in hand and at banks	390,206	312,830	333,418
	<u>491,824</u>	<u>401,561</u>	<u>439,414</u>
Total current assets			
	<u>738,855</u>	<u>659,622</u>	<u>699,056</u>
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	60,000	50,000	50,000
Legal reserve	30,019	25,393	25,990
Regular reserve	20,431	15,805	16,402
General reserve	70,000	64,000	70,000
Proposed dividend	-	-	20,000
Retained earnings	37,680	26,924	5,453
	<u>218,130</u>	<u>182,122</u>	<u>187,845</u>
Total Shareholders' equity			
Liabilities			
Technical provisions	44,664	45,738	53,450
Trade and other payables	31,796	27,872	37,565
Due to other insurers and reinsurers	32,687	27,107	32,711
	<u>109,147</u>	<u>100,717</u>	<u>123,726</u>
Total current liabilities			
Employees' end-of-service benefits	3,339	3,100	3,238
	<u>112,486</u>	<u>103,817</u>	<u>126,964</u>
Total liabilities			
	<u>330,616</u>	<u>285,939</u>	<u>314,809</u>
Total shareholders' equity and liabilities			
	<u>738,855</u>	<u>659,622</u>	<u>699,056</u>
Policyholders' funds			
	<u>408,239</u>	<u>373,683</u>	<u>384,247</u>
	<u>738,855</u>	<u>659,622</u>	<u>699,056</u>

Condensed interim financial information was approved on October 30, 2007 and signed by:

Sheikh Ahmed Bin Saeed Al Maktoum
Chairman

Juma Saif Rashid Bin Bakhit
Vice Chairman

Wisam Al Haimus
Member of Board
of Directors and
Chief Executive Officer

Notes 1 to 5 form an integral part of this interim condensed financial information.

ALLIANCE INSURANCE (PSC)

Dubai - United Arab Emirates

**Condensed income statement
for the period ended September 30, 2007 (unaudited)**

	Nine months ended September 30, 2007 AED'000	Nine months ended September 30, 2006 AED'000	Three months ended September 30, 2007 AED'000	Three months ended September 30, 2006 AED'000
Net underwriting profit				
General	7,098	8,487	1,221	449
Interest income on deposits-general	3,073	1,904	1,164	771
Income from investment property (net)	2,613	2,150	841	670
Profit/(loss) from investment activities	5,859	(14,906)	2,689	(147)
Other income	473	116	109	11
Gross income/(loss)	19,116	(2,249)	6,024	1,754
Provision for fluctuation in investment	-	2,334	-	-
Profit from general insurance business	19,116	85	6,024	1,754
Surplus transferred from long-term business (life) account	21,169	27,536	4,244	8,877
Net profit for the period	40,285	27,621	10,268	10,631
Basic and diluted earnings per share	AED 67.14	AED 46.04	AED 17.11	AED 17.72

Notes 1 to 5 form an integral part of this interim condensed financial information.

Dubai - United Arab Emirates
Condensed statement of changes in Shareholders' equity
for the period ended September 30, 2007 (unaudited)

	Share capital AED'000	Legal reserve AED'000	Regular reserve AED'000	General reserve AED'000	Proposed dividend AED'000	Retained earnings AED'000	Total AED'000
As at January 01, 2006 (audited)	50,000	22,631	13,043	64,000	10,000	4,827	164,501
Net profit for the period	-	-	-	-	-	27,621	27,621
Transfer to legal reserve	-	2,762	-	-	-	(2,762)	-
Transfer to regular reserve	-	-	2,762	-	-	(2,762)	-
Dividend paid	-	-	-	-	(10,000)	-	(10,000)
As at September 30, 2006 (unaudited)	50,000	25,393	15,805	64,000	-	26,924	182,122
Net profit for the period	-	-	-	-	-	5,966	5,966
Director's remuneration	-	-	-	-	-	(243)	(243)
Proposed bonus share	-	-	-	-	10,000	(10,000)	-
Proposed dividend	-	-	-	-	10,000	(10,000)	-
Transfer to general reserve	-	-	-	6,000	-	(6,000)	-
Transfer to legal reserve	-	597	-	-	-	(597)	-
Transfer to regular reserve	-	-	597	-	-	(597)	-
As at December 31, 2006 (audited)	50,000	25,990	16,402	70,000	20,000	5,453	187,845
Net profit for the period	-	-	-	-	-	40,285	40,285
Transfer to legal reserve	-	4,029	-	-	-	(4,029)	-
Transfer to regular reserve	-	-	4,029	-	-	(4,029)	-
Dividend paid	-	-	-	-	(10,000)	-	(10,000)
Bonus shares issued	10,000	-	-	-	(10,000)	-	-
As at September 30, 2007 (unaudited)	60,000	30,019	20,431	70,000	-	37,680	218,130

Notes 1 to 5 form an integral part of this interim condensed financial information.

ALLIANCE INSURANCE (PSC)
Dubai - United Arab Emirates
Condensed statement of cash flows
for the period ended September 30, 2007 (Unaudited)

	9 months ended September 30, 2007 AED' 000	9 months ended September 30, 2006 AED' 000
Operating activities		
Net profit for the period	40,285	27,621
<i>Adjustments for:</i>		
Depreciation on property and equipment	328	254
Fair value adjustments to investment property	2,198	2,198
Fair value adjustments to investments	(5,616)	14,905
Profit on sale of property and equipment	(27)	(37)
Increase in life fund (long term business)	23,992	14,767
Net transfer to employees' end-of-service benefits	101	122
Decrease in technical provisions	(8,786)	(31,511)
Increase in outstanding claims recoverable from reinsurers	10,201	34,144
	<u>62,676</u>	<u>62,463</u>
Operating profit before changes in working capital		
Changes in working capital		
Increase in trade and other receivables and due from insurers	(226)	(13,730)
Decrease in trade and other payables	(5,769)	(11,130)
(Decrease) / increase in amounts due to other insurers and reinsurers	(24)	8,433
Decrease in amounts due from related parties	19	68
	<u>56,676</u>	<u>46,104</u>
Net cash provided by operating activities		
Investing activities		
Purchase of investments	-	(1,005)
Net sales of investments	-	2,566
Net increase in loans to policy holders	(2,408)	(5,673)
Purchase of property and equipment	(207)	(177)
Proceeds from disposals of property and equipment	27	37
Long term deposits	12,700	3,207
	<u>10,112</u>	<u>(1,045)</u>
Net cash provided by / (used in) investing activities		
Financing activity		
Dividends paid	(10,000)	(10,000)
	<u>(10,000)</u>	<u>(10,000)</u>
Net cash used in financing activity		
Net increase in cash and cash equivalents	56,788	35,059
Cash and cash equivalents at January 01	333,418	277,771
Cash and cash equivalents at September 30	<u><u>390,206</u></u>	<u><u>312,830</u></u>

Notes 1 to 5 form an integral part of this interim condensed financial information.

Alliance Insurance (PSC)

Explanatory notes to the interim condensed financial information (unaudited)

September 30, 2007

1. Legal status and activities

Alliance Insurance (PSC) ("the Company") is a Public Shareholding Company ('PSC'), which was originally established in Dubai with limited liability on July 01, 1975 under the name of Credit and Commerce Insurance Company. The Company was subsequently incorporated in Dubai with limited liability on January 6, 1982 under an Emiri Decree. The Company became a PSC in January 1995, in accordance with the UAE Federal Commercial Companies Law No. (8) of 1984 (as amended).

The Company underwrites all classes of general insurance, life assurance and health insurance business in accordance with the provisions of the UAE Federal Law No. 9 of 1984 (as amended) relating to insurance companies and insurance agents.

The registered address of the Company is at Warba Centre, P.O. Box 5501, Dubai, UAE.

2. Significant accounting policies

The interim condensed financial information of the Company is prepared in accordance with International Accounting Standards (IAS) 34, Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed financial information are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2006.

3. Policyholders' funds

Policyholders' funds represent amounts set aside to meet the aggregate amount of the liabilities of the Company in relation to its long-term (life) business at September 30, 2007.

The Company's consulting actuaries during the period were M/s. Nauman Associates. In their report dated October 23, 2007, the Company's consulting actuaries assessed a surplus of AED 21.169 million in the life assurance fund at September 30, 2007 (31 December 2006: AED 29.030 million).

4. Use of estimates

Estimates are made by management for assessing provision for outstanding claims, useful lives of property, plant and equipment and other such items. While measurement in both annual and interim financial reports is based on reasonable estimates, the preparation of interim financial information requires a greater use of estimation methods than annual financial statements.

Alliance Insurance (PSC)

**Explanatory notes to the interim condensed financial information (unaudited)
30 September, 2007**

5. Contingent liabilities

The Company's bankers have issued in the normal course of business, letters of guarantee in favour of third parties amounting to AED 8,185,408 (December 31, 2006: AED 9,581,000).