



Grant Thornton

ALLIANCE INSURANCE (PSC)

DUBAI - UNITED ARAB EMIRATES

INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

MARCH 31, 2009

ALLIANCE INSURANCE (PSC)
Dubai - United Arab Emirates

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March 31, 2009

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REVIEW REPORT TO THE BOARD OF DIRECTORS OF ALLIANCE INSURANCE (PSC)

Introduction

We have reviewed the accompanying statement of financial position of Alliance Insurance (PSC) as at March 31, 2009 and the related statement of comprehensive income, statement of changes in equity and statement of cash flows for the three-months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of interim financial statements in accordance with International Accounting Standard No. 34. Our responsibility is to express a conclusion on interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standards on Review Engagement 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements 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.

Public Accountants

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REVIEW REPORT TO THE BOARD OF DIRECTORS OF ALLIANCE INSURANCE (PSC)

Public Accountants

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respect in accordance with International Accounting Standard No. 34.

Grant Thornton

Farouk Mohamed
Registration No. 54
Dubai
United Arab Emirates

Date: May 7, 2009

ALLIANCE INSURANCE (PSC)
Dubai - United Arab Emirates

Statement of financial position as at March 31, 2009 (Un-audited)

	(Un-audited)	(Audited)
	March 31, 2009 AED'000	December 31, 2008 AED'000
ASSETS		
Non-current assets		
Investment property	188,520	188,520
Investments held to maturity	5,725	5,725
Statutory deposit	10,000	10,000
Policyholders' loans	45,019	44,969
Property and equipment	3,220	3,307
Total non-current assets	<u>252,484</u>	<u>252,521</u>
Current assets		
Investments and deposits-held to maturity	483,485	463,304
Investments-available for sale	14,536	21,100
Insurance and other receivables	69,424	60,673
Reinsurance contract assets	34,956	36,375
Cash and bank	11,973	13,503
Total current assets	<u>614,374</u>	<u>594,955</u>
	<u>866,858</u>	<u>847,476</u>

SHAREHOLDERS' EQUITY & LIABILITIES

Shareholders' equity		
Share capital	75,000	75,000
Legal reserve	37,033	35,369
Regular reserve	27,445	25,781
General reserve	90,000	90,000
Fair value reserve for available for sale investments	(28,011)	(21,448)
Retained earnings	46,117	32,803
Total shareholders' equity	<u>247,584</u>	<u>237,505</u>
Current liabilities		
Insurance contract liabilities	69,346	72,091
Insurance and other payables	43,108	42,545
Due to other insurers and reinsurers	44,251	39,144
Total current liabilities	<u>156,705</u>	<u>153,780</u>
Employees' end-of-service benefits	3,996	3,899
Total liabilities	<u>160,701</u>	<u>157,679</u>
Total shareholders' equity and liabilities	<u>408,285</u>	<u>395,184</u>
Policyholders' funds	458,573	452,292
	<u>866,858</u>	<u>847,476</u>

Shelkh Ahmed Bin Saeed Al Maktoum
Chairman

Juma Saif Rasheed Bin Bakhtir
Vice Chairman

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

Notes on pages 6 to 9 form an integral part of these interim financial statements.

ALLIANCE INSURANCE (PSC)
Dubai - United Arab Emirates

Statement of comprehensive income
for the period ended March 31, 2009 (Un-audited)

	(Un-audited) Three months ended March 31, 2009 AED'000	(Un-audited) Three months ended March 31, 2008 AED'000	(Audited) Twelve months ended December 31, 2008 AED'000
Net underwriting income			
General	3,302	1,698	10,431
Interest income on deposits-General	1,438	1,172	4,603
Income from investment property (net)	1,291	1,308	5,425
Profit from investment activities	-	294	371
Other income	192	106	511
Income from general insurance business	6,223	4,578	21,341
Surplus transferred from long-term business (life) account	10,419	13,085	21,132
Net income for the period	16,642	17,663	42,473
Basic and diluted earnings per share	22.19	23.55	56.63
Other comprehensive income			
Unrealised loss on investments	(6,563)	-	(21,448)

Notes on pages 6 to 9 form an integral part of these interim financial statements.

ALLIANCE INSURANCE (PSC)
Dubai - United Arab Emirates
Statement of changes in equity
for the period ended March 31, 2009 (Un-audited)

	Share capital AED'000	Legal reserve AED'000	Regular reserve AED'000	General reserve AED'000	Fair value adjustment for available for sale investments AED'000	Retained earnings AED'000	Total AED'000
As at December 31, 2007 (Audited)	60,000	31,122	21,534	85,000	-	31,126	228,782
Transfer to legal reserve	-	1,766	-	-	-	(1,766)	-
Transfer to regular reserve	-	-	1,766	-	-	(1,766)	-
Transactions with owners	-	1,766	1,766	-	-	(3,533)	-
Net income for the period	-	-	-	-	-	17,663	17,663
As at March 31, 2008 (Un-audited)	60,000	32,888	23,300	85,000	-	45,257	246,445
Directors' remuneration	-	-	-	-	-	(302)	(302)
Dividend paid	-	-	-	-	-	(12,000)	(12,000)
Bonus share issue	15,000	-	-	-	-	(15,000)	-
Transfer to legal reserve	-	2,481	-	-	-	(2,481)	-
Transfer to regular reserve	-	-	2,481	-	-	(2,481)	-
Transfer to general reserve	-	-	-	5,000	-	(5,000)	-
Transactions with owners	15,000	2,481	2,481	5,000	-	(37,263)	(12,302)
Net income for the nine months period	-	-	-	-	-	24,810	24,810
<i>Other comprehensive income:</i>							
Unrealised loss on investments	-	-	-	-	(21,448)	-	(21,448)
Total comprehensive income for the period	-	-	-	-	(21,448)	24,810	3,362
As at December 31, 2008 (Audited)	75,000	35,369	25,781	90,000	(21,448)	32,803	237,505
Transfer to legal reserve	-	1,664	-	-	-	(1,664)	-
Transfer to regular reserve	-	-	1,664	-	-	(1,664)	-
Transactions with owners	-	1,664	1,664	-	-	(3,328)	-
Net profit for the period	-	-	-	-	-	16,642	16,642
<i>Other comprehensive income:</i>							
Unrealised loss on investments	-	-	-	-	(6,563)	-	(6,563)
Total comprehensive income for the period	-	-	-	-	(6,563)	16,642	10,079
As at March 31, 2009 (Un-audited)	75,000	37,033	27,445	90,000	(28,011)	46,117	247,584

Notes on pages 6 to 9 form an integral part of these interim financial statements.

ALLIANCE INSURANCE (PSC)
Dubai - United Arab Emirates

Statement of cash flows
for the period ended March 31, 2009 (Un-audited)

	3 months ended March 31, 2009 AED'000	3 months ended March 31, 2008 AED'000
Operating activities		
Net profit for the period	16,642	17,663
<i>Adjustments for:</i>		
Depreciation on property and equipment	101	124
Fair value adjustments to investments - through profit and loss	-	318
Profit on sale of property and equipment	-	(18)
Increase in life fund (long term business)	6,281	7,274
Net transfer to employees' end of service benefits	97	276
	23,121	25,637
Changes in working capital		
Insurance and other receivables	(8,751)	(21,386)
Reinsurance contract assets	1,419	7,589
Insurance and other payables	563	323
Due to other insurers and reinsurers	5,107	8,467
Insurance contract liabilities	(2,745)	(3,210)
	18,714	17,420
Net cash provided by operating activities	18,714	17,420
Investing activities		
Investments and deposits held to maturity	(20,181)	(11,565)
Policyholders' loans	(50)	(1,331)
Purchase of property and equipment	(13)	(107)
Proceeds from disposals of property and equipment	-	19
	(20,244)	(12,984)
Net cash used in investing activities	(20,244)	(12,984)
Net (decrease) / increase in cash and cash equivalents	(1,530)	4,436
Cash and cash equivalents at 1 January	13,503	11,619
Cash and cash equivalents at March 31	11,973	16,055

Notes on pages 6 to 9 form an integral part of these interim financial statements.

Alliance Insurance (PSC)
Notes to the interim financial statements (un-audited)
March 31, 2009

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 1, 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 Warba Centre, P.O. Box 5501, Dubai, UAE.

2. Significant accounting policies

The interim financial statements of the Company are prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting. The accounting policies used in the preparation of the interim financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2008.

3. Adoption of new and revised standards

The following new Standards and Interpretations have become mandatory and have been adopted by the Company:

IAS – 1 (Revised) Presentation of Financial Instruments (effective for accounting periods on or after January 1, 2009).

IAS – 23 (Revised) Borrowing Costs (effective for accounting period beginning on or after January 1, 2009). There is no impact of this standard on the interim financial statements.

IFRS – 2 (Revised) Share Based Payment (effective for accounting period beginning on or after January 1, 2009). There is no impact of this standard on the interim financial statements.

IFRS – 8 Operating Segments (effective for accounting periods beginning on or after January 1, 2009). There is no impact on the figures recognised in the interim financial statements however relevant disclosures are given in note 5.

Alliance Insurance (PSC)

3. Adoption of new and revised standards (continued)

IFRIC – 13

Customer Loyalty Programmes (effective for accounting periods beginning on or after July 1, 2008). There is no impact of this interpretation on the interim financial statements.

IFRIC – 15

Agreements for the construction of real estate (effective for accounting periods beginning on or after January 1, 2009). There is no impact of this interpretation on the interim financial statements.

IFRIC – 16

Hedges of a net investment in a foreign operation (effective for accounting periods beginning on or after October 1, 2008). There is no impact of this interpretation on the interim financial statements.

4. 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 March 31, 2009.

The Company's consulting actuaries during the period were M/s. Nauman Associates. In their report dated April 21, 2009, the Company's consulting actuaries assessed a surplus of AED 10,419,127 in the life assurance fund as at March 31, 2009 (December 31, 2008: AED 21,130,883).

5. Segment analysis

In identifying its operating segments, management generally follows the Company's lines of business. Each of these operating segment is managed separately as each of these business lines requires different resources as well as marketing approaches. The adoption of IFRS 8 has not affected the identified operating segments for the Company compared to the recent annual financial statements.

Under IFRS 8, reported segment profits are based on internal management reporting information that is regularly reviewed by the chief operating decision maker, and is reconciled to Company profit or loss on the following page. The measurement policies used by the Company for segment reporting under IFRS 8 are the same as those used in its financial statements.

The Company operates two main business segments: General Insurance and Life Insurance. The main source of revenue for these operating segments is from underwriting all classes of general insurance and life insurance policies.

Alliance Insurance (PSC)

5 Segment analysis (continued)

	(Un-audited) Three months ended March 31, 2009 AED'000			(Un-audited) Three months ended March 31, 2008 AED'000			(Audited) Twelve months ended December 31, 2008 AED'000		
	Life Business	General Business	Total	Life Business	General Business	Total	Life Business	General Business	Total
Net underwriting income	9,698	3,302	13,000	13,089	1,698	14,787	30,219	10,431	40,650
Interest income on deposits	4,900	1,438	6,338	4,752	1,172	5,924	17,483	4,603	22,086
Income / (loss) from investment property (net)	2,077	1,291	3,368	1,880	1,308	3,188	(364)	5,425	5,061
(Loss) / profit from investment activities	(88)	-	(88)	547	294	841	1,711	371	2,082
Other income	113	192	305	91	106	197	1,637	511	2,148
	16,700	6,223	22,923	20,359	4,578	24,937	50,686	21,341	72,027
Surplus transferred to policy holders' fund	6,281	-	6,281	7,274	-	7,274	29,554	-	29,554
Net surplus (Life) / net income (General)	10,419	6,223	16,642	13,085	4,578	17,663	21,132	21,341	42,473
Segment assets	592,747	274,111	866,858	556,018	250,984	807,002	581,025	266,451	847,476
Segment liabilities	75,083	85,618	160,701	57,817	72,729	130,546	77,213	80,466	157,679

Alliance Insurance (PSC)

6. Use of estimates

Estimates are made by management for assessing provision for outstanding claims, useful lives of property 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 reports requires a greater use of estimation methods than annual financial statements.

7. 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 11.651 million (December 31, 2008: AED 11.465 million).