



Grant Thornton

ALLIANCE INSURANCE (PSC)

DUBAI - UNITED ARAB EMIRATES

INTERIM CONDENSED FINANCIAL INFORMATION (UN-AUDITED)

SEPTEMBER 30, 2009

ALLIANCE INSURANCE (PSC)
Dubai - United Arab Emirates

Index to interim condensed financial information (un-audited)
for the period ended September 30, 2009

	Page
Review report to the shareholders	1
Interim condensed statement of financial position	2
Interim condensed statement of comprehensive income	3
Interim condensed statement of changes in equity	4
Interim condensed statement of cash flows	5
Notes to the interim condensed financial information	6 – 9

**REVIEW REPORT TO THE SHAREHOLDERS OF
ALLIANCE INSUARANCE (PSC)**

Public Accountants

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Introduction

We have reviewed the accompanying interim condensed statement of financial position of Alliance Insurance (PSC) as at September 30, 2009 and the related interim condensed statement of comprehensive income, interim condensed statement of changes in equity and interim condensed statement of cash flows for the nine-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 condensed financial information in accordance with International Accounting Standard No. 34. Our responsibility is to express a conclusion on the 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 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 Accounting Standard No. 34.



Grant Thornton

Farouk Mohamed

Registration No. 54

Dubai

United Arab Emirates

Date: October 21, 2009

ALLIANCE INSURANCE (PSC)
Dubai - United Arab Emirates

Interim condensed statement of financial position as at September 30, 2009 (Un-audited)

	(Un-audited) September 30, 2009	(Audited) December 31, 2008
	AED'000	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	44,345	44,969
Property and equipment	3,282	3,307
Total non-current assets	<u>251,872</u>	<u>252,521</u>
Current assets		
Investments and deposits-held to maturity	497,811	463,304
Investments-available for sale	22,402	21,100
Insurance and other receivables	71,659	60,673
Reinsurance contract assets	36,536	36,375
Cash and bank	10,767	13,503
Total current assets	<u>639,175</u>	<u>594,955</u>
	<u><u>891,047</u></u>	<u><u>847,476</u></u>
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	75,000	75,000
Legal reserve	38,575	35,369
Regular reserve	28,987	25,781
General reserve	90,000	90,000
Fair value reserve for available for sale investments	(20,146)	(21,448)
Retained earnings	47,203	32,803
Total shareholders' equity	<u>259,619</u>	<u>237,505</u>
Current liabilities		
Insurance contract liabilities	71,014	72,091
Insurance and other payables	41,071	42,545
Due to other insurers and reinsurers	42,902	39,144
Total current liabilities	<u>154,987</u>	<u>153,780</u>
Employees' end-of-service benefits	4,121	3,899
Total liabilities	<u>159,108</u>	<u>157,679</u>
Total shareholders' equity and liabilities	<u>418,727</u>	<u>395,184</u>
Policyholders' funds	472,320	452,292
	<u><u>891,047</u></u>	<u><u>847,476</u></u>

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 on pages 6 to 9 form an integral part of this interim condensed financial information.

ALLIANCE INSURANCE (PSC)

Dubai - United Arab Emirates

**Interim condensed statement of comprehensive income
for the period ended September 30, 2009 (Un-audited)**

	(Un-audited) Nine months ended September 30, 2009 AED'000	(Un-audited) Nine months ended September 30, 2008 AED'000	(Un-audited) Three months ended September 30, 2009 AED'000	(Un-audited) Three months ended September 30, 2008 AED'000
Net underwriting income				
General	6,219	8,140	(316)	1,766
Interest income on deposits-General	5,258	3,407	2,026	1,114
Income from investment property (net)	3,774	3,507	1,180	1,043
Profit / (loss) from investment activities	326	(2,709)	-	(2,449)
Other income	524	385	131	153
Income from general insurance business	<u>16,101</u>	<u>12,730</u>	<u>3,021</u>	<u>1,627</u>
Surplus / (deficit) transferred from long-term business (life) account	15,961	12,692	5,275	(3,414)
Net income / (loss) for the period	<u>32,062</u>	<u>25,422</u>	<u>8,296</u>	<u>(1,787)</u>
Basic and diluted earnings per share	<u>42.75</u>	<u>33.90</u>	<u>11.06</u>	<u>(2.38)</u>
Other comprehensive income				
Unrealised gain on investments	<u>1,302</u>	<u>-</u>	<u>1,688</u>	<u>-</u>

Notes on pages 6 to 9 form an integral part of this interim condensed financial information.

ALLIANCE INSURANCE (PSC)

Dubai - United Arab Emirates

**Interim condensed statement of changes in equity
for the period ended September 30, 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	-	2,542	-	-	-	(2,542)	-
Transfer to regular reserve	-	-	2,542	-	-	(2,542)	-
Dividend paid	-	-	-	-	-	(12,000)	(12,000)
Bonus shares issued	15,000	-	-	-	-	(15,000)	-
Transactions with owners	15,000	2,542	2,542	-	-	(32,084)	(12,000)
Net income for the period	-	-	-	-	-	25,422	25,422
As at September 30, 2008 (Un-audited)	75,000	33,664	24,076	85,000	-	24,464	242,204
Directors' remuneration	-	-	-	-	-	(302)	(302)
Transfer to legal reserve	-	1,705	-	-	-	(1,705)	-
Transfer to regular reserve	-	-	1,705	-	-	(1,705)	-
Transfer to general reserve	-	-	-	5,000	-	(5,000)	-
Transactions with owners	-	1,705	1,705	5,000	-	(8,712)	(302)
Net income for the nine months period	-	-	-	-	-	17,051	17,051
<i>Other comprehensive income:</i>							
Unrealised loss on investments	-	-	-	-	(21,448)	-	(21,448)
Total comprehensive income for the period	-	-	-	-	(21,448)	17,051	(4,397)
As at December 31, 2008 (Audited)	75,000	35,369	25,781	90,000	(21,448)	32,803	237,505
Transfer to legal reserve	-	3,206	-	-	-	(3,206)	-
Transfer to regular reserve	-	-	3,206	-	-	(3,206)	-
Dividend paid	-	-	-	-	-	(11,250)	(11,250)
Transactions with owners	-	3,206	3,206	-	-	(17,662)	(11,250)
Net profit for the period	-	-	-	-	-	32,062	32,062
<i>Other comprehensive income:</i>							
Unrealised gain on investments	-	-	-	-	1,302	-	1,302
Total comprehensive income for the period	-	-	-	-	1,302	32,062	33,364
As at September 30, 2009 (Un-audited)	75,000	38,575	28,987	90,000	(20,146)	47,203	259,619

Notes on pages 6 to 9 form an integral part of this interim condensed financial information.

ALLIANCE INSURANCE (PSC)

Dubai - United Arab Emirates

**Interim condensed statement of cash flows
for the period ended September 30, 2009 (Un-audited)**

	Nine months ended September 30, 2009 AED'000	Nine months ended September 30, 2008 AED'000
Operating activities		
Net profit for the period	32,062	25,422
<i>Adjustments for:</i>		
Depreciation on property and equipment	321	365
Fair value adjustments to investments - through profit and loss	-	8,958
Profit on sale of property and equipment	(72)	(19)
Increase in life fund (long term business)	20,028	27,843
Net transfer to employees' end of service benefits	222	381
	<u>52,561</u>	<u>62,950</u>
Changes in working capital		
Insurance and other receivables	(10,986)	(30,587)
Reinsurance contract assets	(161)	(11,381)
Insurance and other payables	(1,474)	(6,495)
Due to other insurers and reinsurers	3,758	14,163
Insurance contract liabilities	(1,077)	17,109
	<u>42,621</u>	<u>45,759</u>
Investing activities		
Investments and deposits held to maturity	(34,507)	(29,112)
Policyholders' loans	624	(30)
Purchase of property and equipment	(309)	(253)
Proceeds from disposals of property and equipment	85	20
Increase in statutory deposit	-	(2,500)
	<u>(34,107)</u>	<u>(31,875)</u>
Financing activities		
Dividend paid	(11,250)	(12,000)
	<u>(11,250)</u>	<u>(12,000)</u>
Net (decrease) / increase in cash and cash equivalents	<u>(2,736)</u>	<u>1,884</u>
Cash and cash equivalents at 1 January	13,503	11,619
Cash and cash equivalents at September 30	<u><u>10,767</u></u>	<u><u>13,503</u></u>

Notes on pages 6 to 9 form an integral part of this interim condensed financial information.

Alliance Insurance (PSC)

Notes to the interim condensed financial information (un-audited)

September 30, 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 condensed financial information of the Company is prepared in accordance with International Accounting Standard (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, 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 periods beginning on or after January 1, 2009). There is no impact of this standard on the interim condensed financial information.
IFRS – 2 (Revised)	Share Based Payment (effective for accounting periods beginning on or after January 1, 2009). There is no impact of this standard on the interim condensed financial information.
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 condensed financial information. 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 condensed financial information.
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 condensed financial information.
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 condensed financial information.

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 as at September 30, 2009.

The Company's consulting actuaries during the period were M/s. Nauman Associates. In their report dated October 14, 2009, they assessed a surplus of AED 15,960,584 in the life assurance fund as at September 30, 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 segments 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 the 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 underwriting all classes of general insurance and life insurance policies.

Alliance Insurance (PSC)

5 Segment analysis (continued)

	(Un-audited) Nine months ended September 30, 2009 AED'000			(Un-audited) Nine months ended September 30, 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	11,297	6,219	17,516	27,355	8,140	35,495	30,219	10,431	40,650
Interest income on deposits	17,034	5,258	22,292	13,168	3,407	16,575	17,483	4,603	22,086
Income / (loss) from investment property (net)	6,120	3,774	9,894	5,456	3,507	8,963	(364)	5,425	5,061
Profit/ (loss) from investment activities	1,205	326	1,531	(5,756)	(2,709)	(8,465)	1,711	371	2,082
Other income	333	524	857	313	385	698	1,637	511	2,148
	35,989	16,101	52,090	40,536	12,730	53,266	50,686	21,341	72,027
Surplus transferred to policy holders' fund	(20,028)	-	(20,028)	(27,844)	-	(27,844)	(29,554)	-	(29,554)
Net surplus (Life) / net income (General)	15,961	16,101	32,062	12,692	12,730	25,422	21,132	21,341	42,473
Segment assets	590,159	300,888	891,047	572,125	270,507	842,632	581,025	266,451	847,476
Segment liabilities	536,225	95,203	631,428	519,987	80,441	600,428	529,505	80,466	609,971

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 11.437 million (December 31, 2008: AED 11.465 million).