



Grant Thornton

ALLIANCE INSURANCE (PSC)

DUBAI - UNITED ARAB EMIRATES

INTERIM CONDENSED FINANCIAL INFORMATION (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2010

ALLIANCE INSURANCE (PSC)
Dubai - United Arab Emirates

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for the period ended September 30, 2010

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**REVIEW REPORT TO THE SHAREHOLDERS OF
ALLIANCE INSURANCE (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, 2010 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

October 26, 2010

ALLIANCE INSURANCE (PSC)
Dubai - United Arab Emirates

Interim condensed statement of financial position
as at September 30, 2010 (Un-audited)

	(Un-audited) September 30, 2010 AED	(Audited) December 31, 2009 AED
ASSETS		
Non-current assets		
Investment property	185,519,600	185,519,600
Statutory deposit	10,000,000	10,000,000
Policyholders' loans	45,739,506	43,178,827
Property and equipment	3,004,582	3,160,692
Total non-current assets	<u>244,263,688</u>	<u>241,859,119</u>
Current assets		
Held-to-maturity investments and deposits	561,024,411	527,016,347
Available-for-sale investments	22,665,388	21,938,345
Insurance and other receivables	76,247,376	73,062,965
Reinsurance contract assets	31,248,871	32,902,687
Cash and cash equivalents	11,047,322	12,752,921
Total current assets	<u>702,233,368</u>	<u>667,673,265</u>
Total assets	<u><u>946,497,056</u></u>	<u><u>909,532,384</u></u>
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	100,000,000	75,000,000
Legal reserve	43,272,660	39,569,394
Regular reserve	33,683,460	29,980,194
General reserve	100,000,000	100,000,000
Fair value reserve for available-for-sale investments	(19,881,954)	(20,608,996)
Retained earnings	37,930,432	44,554,307
Total shareholders' equity	<u>295,004,598</u>	<u>268,494,899</u>
Current liabilities		
Insurance contract liabilities	59,281,830	64,112,273
Insurance and other payables	40,118,034	47,627,166
Due to other insurers and reinsurers	43,205,349	44,807,640
Total current liabilities	<u>142,605,213</u>	<u>156,547,079</u>
Employees' end of service benefits	4,514,881	4,106,248
Policyholders' fund	504,372,364	480,384,158
Total liabilities	<u>651,492,458</u>	<u>641,037,485</u>
Total shareholders' equity and liabilities	<u><u>946,497,056</u></u>	<u><u>909,532,384</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, 2010 (Un-audited)

	(Un-audited) Nine months ended September 30, 2010 AED	(Un-audited) Nine months ended September 30, 2009 AED	(Un-audited) Three months ended September 30, 2010 AED	(Un-audited) Three months ended September 30, 2009 AED
Net underwriting income				
General	8,383,810	6,218,787	788,967	(315,971)
Interest income on deposits - general	6,339,134	5,257,785	2,168,783	2,025,851
Income from investment property (net)	3,627,078	3,773,935	986,785	1,179,574
Profit from investment activities	647,128	326,121	-	221
Other income	524,428	523,781	166,784	130,299
Income from general insurance business	19,521,578	16,100,409	4,111,319	3,019,974
Surplus transferred from long-term business (life) account	17,511,079	15,960,583	3,131,991	5,274,314
Net income for the period	37,032,657	32,060,992	7,243,310	8,294,288
Basic and diluted earnings per share	37.03	42.75	7.24	11.06
Other comprehensive income				
Unrealised gain on available-for-sale investments	727,042	1,301,725	3,022,803	1,688,302

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, 2010 (Un-audited)

	Share capital AED	Legal reserve AED	Regular reserve AED	General reserve AED	Fair value adjustment for available for sale investments AED	Retained earnings AED	Total AED
As at December 31, 2008 (Audited)	75,000,000	35,369,394	25,780,194	90,000,000	(21,447,648)	32,801,604	237,503,544
Transfer to legal reserve	-	3,206,099	-	-	-	(3,206,099)	-
Transfer to regular reserve	-	-	3,206,099	-	-	(3,206,099)	-
Dividends paid	-	-	-	-	-	(11,250,000)	(11,250,000)
Transactions with owners	-	3,206,099	3,206,099	-	-	(17,662,198)	(11,250,000)
Net income for the period	-	-	-	-	-	32,060,992	32,060,992
<i>Other comprehensive income:</i>							
Unrealised gain on available-for-sale investments	-	-	-	-	1,301,725	-	1,301,725
Total comprehensive income for the period	-	-	-	-	1,301,725	32,060,992	33,362,717
As at September 30, 2009 (Un-audited)	75,000,000	38,575,493	28,986,293	90,000,000	(20,145,923)	47,200,398	259,616,261
Transfer to legal reserve	-	993,901	-	-	-	(993,901)	-
Transfer to regular reserve	-	-	993,901	-	-	(993,901)	-
Transfer to general reserve	-	-	-	10,000,000	-	(10,000,000)	-
Directors' remuneration	-	-	-	-	-	(597,000)	(597,000)
Transactions with owners	-	993,901	993,901	10,000,000	-	(12,584,802)	(597,000)
Net income for the period	-	-	-	-	-	9,938,711	9,938,711
<i>Other comprehensive income:</i>							
Unrealised loss on available-for-sale investments	-	-	-	-	(463,073)	-	(463,073)
Total comprehensive income for the period	-	-	-	-	(463,073)	9,938,711	9,475,638
As at December 31, 2009 (Audited)	75,000,000	39,569,394	29,980,194	100,000,000	(20,608,996)	44,554,307	268,494,899
Issuance of bonus shares	25,000,000	-	-	-	-	(25,000,000)	-
Transfer to legal reserve	-	3,703,266	-	-	-	(3,703,266)	-
Transfer to regular reserve	-	-	3,703,266	-	-	(3,703,266)	-
Dividends paid	-	-	-	-	-	(11,250,000)	(11,250,000)
Transactions with owners	25,000,000	3,703,266	3,703,266	-	-	(43,656,532)	(11,250,000)
Net profit for the period	-	-	-	-	-	37,032,657	37,032,657
<i>Other comprehensive income:</i>							
Unrealised gain on available-for-sale investments	-	-	-	-	727,042	-	727,042
Total comprehensive income for the period	-	-	-	-	727,042	37,032,657	37,759,699
As at September 30, 2010 (Un-audited)	100,000,000	43,272,660	33,683,460	100,000,000	(19,881,954)	37,930,432	295,004,598

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, 2010 (Un-audited)

	(Un-audited) Nine months ended September 30, 2010 AED	(Un-audited) Nine months ended September 30, 2009 AED
Operating activities		
Net income for the period	37,032,657	32,060,992
<i>Adjustments for:</i>		
Depreciation on property and equipment	238,445	321,481
Increase in life fund (long term business)	23,988,206	20,027,957
Fair value adjustments to investments through profit and loss	-	(72,413)
Net transfer to employees' end of service benefits	408,633	222,461
	<u>61,667,941</u>	<u>52,560,478</u>
Changes in working capital		
Insurance and other receivables	(3,184,411)	(10,986,123)
Reinsurance contract assets	1,653,816	(160,885)
Insurance and other payables	(7,509,133)	(1,473,639)
Due to other insurers and reinsurers	(1,602,291)	3,758,493
Insurance contract liabilities	(4,830,443)	(1,077,425)
	<u>46,195,479</u>	<u>42,620,899</u>
Investing activities		
Held-to-maturity investments and deposits	(34,008,064)	(34,507,441)
Policyholders' loans	(2,560,679)	624,933
Purchase of fixed assets	(82,335)	(223,707)
	<u>(36,651,078)</u>	<u>(34,106,215)</u>
Financing activities		
Dividends paid	(11,250,000)	(11,250,000)
	<u>(11,250,000)</u>	<u>(11,250,000)</u>
Decrease in cash and cash equivalents	(1,705,599)	(2,735,316)
Cash and cash equivalents at January 1	12,752,921	13,502,661
	<u>11,047,322</u>	<u>10,767,345</u>
Cash and cash equivalents at September 30		

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, 2010

1. Legal status and activities

Alliance Insurance (PSC) ("the Company") is a Public Shareholding Company ("PSC"), which was originally established in Dubai on July 1, 1975 as a limited liability company under the name of Credit and Commerce Insurance Company. The Company was subsequently incorporated in Dubai on January 6, 1982 as a limited liability company 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, life and health insurance business in accordance with the provisions of the UAE Federal Law No. 6 of 2007 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, 2009.

3. Adoption of new and revised standards

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

1. IFRS 3 (Revised) – Business Combinations
2. IAS 27 (Amended) – Consolidated and Separate Financial Statements
3. IAS 39 (Amended) – Financial instruments: Recognition and Measurement
4. IFRIC 17 – Distribution of Non-cash assets to Owners
5. IFRIC 18 – Transfers of Assets from Customers

The adoption of these standards and interpretations has not led to any changes in the Company's accounting policies except certain changes in disclosures and terminologies.

Alliance Insurance (PSC)

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, 2010.

The Company's consulting actuaries during the period were M/s. Nauman Associates. In their report dated October 15, 2010, they assessed a surplus of AED 17.511 million in the life insurance fund as at September 30, 2010 (December 31, 2009: AED 20.085 million).

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.

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5 Segment analysis (continued)

	(Un-audited) Six months ended September 30, 2010 AED			(Un-audited) Six months ended September 30, 2009 AED			(Audited) Twelve months ended December 31, 2009 AED		
	Life Business	General Business	Total	Life Business	General Business	Total	Life Business	General Business	Total
Net underwriting income	13,267,147	8,383,810	21,650,957	11,296,989	6,218,787	17,515,776	14,883,803	9,519,576	24,403,379
Interest income on deposits	6,424,219	6,339,134	12,763,353	17,033,681	5,257,785	22,291,466	23,726,331	7,464,491	31,190,822
Income from investment property (net)	1,944,483	3,627,078	5,571,561	6,119,689	3,773,935	9,893,624	6,031,366	3,932,800	9,964,166
Profit from investment activities	18,978,421	647,128	19,625,549	1,205,100	326,121	1,531,221	1,549,474	326,267	1,875,741
Other income	885,015	524,428	1,409,443	333,081	523,781	856,862	1,986,109	671,260	2,657,369
	41,499,285	19,521,578	61,020,863	35,988,540	16,100,409	52,088,949	48,177,083	21,914,394	70,091,477
Surplus transferred to policy holders' fund	(23,988,206)	-	(23,988,206)	(20,027,957)	-	(20,027,957)	(28,091,774)	-	(28,091,774)
Net surplus (Life) / net income (General)	<u>17,511,079</u>	<u>19,521,578</u>	<u>37,032,657</u>	<u>15,960,583</u>	<u>16,100,409</u>	<u>32,060,992</u>	<u>20,085,309</u>	<u>21,914,394</u>	<u>41,999,703</u>
Segment assets	<u>627,463,650</u>	<u>319,033,406</u>	<u>946,497,056</u>	<u>590,159,130</u>	<u>300,886,380</u>	<u>891,045,509</u>	<u>600,690,560</u>	<u>308,841,824</u>	<u>909,532,384</u>
Segment liabilities	<u>566,280,307</u>	<u>85,212,151</u>	<u>651,492,458</u>	<u>536,225,118</u>	<u>95,204,129</u>	<u>631,429,247</u>	<u>543,629,835</u>	<u>97,407,650</u>	<u>641,037,485</u>

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 11.192 million (December 31, 2009: AED 12.076 million).