

شركة الصقر
الوطنية للتأمين
Al Sagr National Insurance Co.

شركة مساهمة عامة خاضعة لأحكام القانون الاتحادي رقم (٩) لسنة ١٩٨٤ ومقيدة في سجل شركات التأمين تحت رقم (١٦) وسجل الشركات التجارية تحت رقم (٥٥٨٨) مركزها الرئيسي دبي - رأس المال المدفوع بالكامل ١٠٠ مليون درهم

المركز الرئيسي: دبي شارع القههود بناية الهلال هاتف: ٢٨٢٧٨٨٠ فاكس: ٢٨٢١٨٧٣ تليكس: ٤٧٢١٣ اسنك اي ام ص.ب ١٤٦١٤ دبي الامارات العربية المتحدة
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CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 2006

(In Arab Emirates Dirhams)

	Note	September 30, 2006	December 31, 2005
ASSETS			
Non-current assets			
Property and equipment	1	787,788	806,600
Investment property	2	70,090,586	64,105,942
Investment in an Associate	3	8,886,967	5,553,333
Held to maturity investments	4	13,384,816	9,800,000
Total non-current assets		93,150,157	80,265,875
Current assets			
Reinsurance contract assets	5	180,126,513	81,585,822
Insurance and other receivables	6	155,583,599	84,761,510
Investments held for trading	7	265,149,314	297,417,990
Shares Available for Sale		3,799,940	-
Bank balances and cash	8	79,672,440	78,304,565
Total current assets		684,331,806	542,069,887
Total Assets		777,481,963	622,335,762

Agreed with books & records
(without audit)

سابا وشركاهم
SABA & CO.
Contd..

Al-Sagr National Insurance Company
(Public Shareholding Company)
Dubai - United Arab Emirates

Consolidated Balance Sheet (Continued)
At September 30, 2006
(In Arab Emirates Dirhams)

	Note	September 30, 2006	December 31, 2005
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		100,000,000	50,000,000
Statutory reserve		25,000,000	25,000,000
General reserve		100,000,000	66,000,000
Retained earnings		125,302,746	192,441,399
Cumulative Changes in Fair Value of Investments		<u>(2,225,895)</u>	
Equity attributable to equity holders of the parent		348,076,851	333,441,399
Minority Interest		<u>12,764,674</u>	<u>16,466,899</u>
Total Equity		<u>360,841,525</u>	<u>349,908,298</u>
Non-current liabilities			
Provision for employees' end of service indemnity		<u>4,859,827</u>	<u>4,273,623</u>
Current liabilities			
Insurance contract liabilities	5	296,535,367	136,629,897
Insurance and other payables	9	66,632,476	72,018,469
Bank overdrafts		<u>48,612,768</u>	<u>59,505,475</u>
Total current liabilities		<u>411,780,611</u>	<u>268,153,841</u>
Total Liabilities		<u>416,640,438</u>	<u>272,427,464</u>
Total Equity and Liabilities		<u>777,481,963</u>	<u>622,335,762</u>

For Al Sagr National Insurance Co.

Agreed with books & records
 (without audit)
 سبأ وشركاهم
 For Auditors
 SABA & CO.
 شركة المحاسبة
 الوطنية للتأمين
 Al Sagr National Insurance Co.

Consolidated Statement of Income
For the 9 months period ended September 30, 2006
(In Arab Emirates Dirhams)

	Note	Period Ended 30 Sept. 2006	Year Ended 31 Dec 2005
Insurance premium revenue	10	171,654,290	178,355,889
Insurance premium ceded to reinsurers	10	(92,696,120)	(100,451,186)
Net insurance premium revenue		78,958,170	77,904,703
Gross claims incurred	5	(188,723,779)	(126,240,138)
Insurance claims recovered from reinsurers	5	124,775,399	67,202,813
Net claims incurred		(63,948,380)	(59,037,325)
Gross commission earned and documentation fees		34,195,592	29,603,325
Less: commission incurred		(15,060,145)	(11,470,754)
Net commission and documentation fees earned		19,135,447	18,132,571
Underwriting profit		34,145,237	36,999,949
General and administrative expenses		(13,890,986)	(16,147,038)
Net underwriting profit		20,254,251	20,852,911
Investment revenues	11	655,157	169,132,626
Other Expenses		(20,353)	(18,983,402)
Finance Cost		(4,187,532)	(3,374,997)
Net Profit before Minority Interest		16,701,523	167,627,138
Minority Interest		909,824	(5,284,779)
Profit for the period / year		17,611,347	162,342,359

Agreed with books & records
C. W. M. O. (auditor)
For Auditors
SABA & CO.

For Al Sagr National Insurance Co.

Al Sagr National Insurance Company
(Public Shareholding Company)
U.A.E. Branches
Dubai - United Arab Emirates

Statement of Cash Flows
For the period ended September 30, 2006
(In Arab Emirates Dirhams)

	9 Months ended Sept. 2006	Year Ended Dec. 2005
Operating activities		
Profit for the year	16,701,523	167,627,138
Adjustments for:		
Impairment of Goodwill		2,548,000
Depreciation of property and equipment	366,285	476,135
Allowance for doubtful debts		750,000
Allowance for financial assets		17,500,000
Investment Revenues	(32,897,549)	(53,496,601)
Interest received	(3,211,210)	(2,908,241)
(Increase)/decrease in reinsurance contract assets	(98,540,691)	(35,015,881)
Increase/(decrease) in insurance contract liabilities	159,905,470	33,783,043
Fair value adjustments-securities	67,863,380	(112,933,585)
Fair value adjustments-Investment in properties	(32,408,778)	(2,702,440)
Provision for employees' end of service indemnity	621,595	774,782
Finance costs	4,187,532	3,374,997
Operating cash flows before movements in working capital	82,587,557	19,777,347
Increase in fixed deposits with banks	(1,596,186)	(5,616,278)
Decrease/(increase) in insurance and other receivables	(70,822,089)	716,672
Increase/(decrease) in insurance and other payables	(5,385,993)	18,120,132
Cash generated from/(used in) operations	4,783,289	32,997,873
Directors' remuneration paid	(750,000)	(750,000)
Interest paid	(4,187,532)	(3,374,997)
Employees' end of service indemnity paid	(35,391)	(129,263)
Net cash from/(used in) operating activities	(189,634)	28,743,613
Investing activities		
Proceeds from sale of investments property	72,687,442	36,536,655
Purchase of investment property	(10,488,499)	(23,722,388)
Proceeds from sale of investments in securities	49,266,146	135,988,209
Purchase of investments in securities	(100,420,190)	(182,911,402)
Purchase of investments in associate	(3,333,634)	(1,829,333)
Purchase of property and equipment	(347,473)	(205,743)
Interest received	3,211,210	2,908,241
Dividends received	2,605,930	536,959
Rent received net of expenses	465,500	697,056
Net cash (used in)/from investing activities	13,646,432	(32,001,746)
Financing activities		
Dividends paid		(12,500,000)
Increase in bank overdrafts	(10,892,707)	13,767,100
Decrease in Minority Interest.	(2,792,402)	
Net cash from financing activities	(13,685,109)	1,267,100
Net decrease in cash and cash equivalents	(228,311)	(1,991,035)
Cash and cash equivalents at the beginning of the year	4,664,975	6,656,010
Cash and cash equivalents at the end of the Period / year	4,436,664	4,664,975

Al Sagr National Insurance Company
(Public Shareholding Company)
Dubai - United Arab Emirates

Consolidated Statement of Changes in Equity
For 9 months ended on 30th September 2006

	Cumulative Changes in Fair Value of Invst.	Share Capital	Statutory Reserve	General Reserve	Retained Earnings	Attributable to equity holders of parent	Minority Interest	Total
Balance at December 31, 2004		50,000,000	20,232,850	66,000,000	48,116,190	184,349,040	11,182,120	195,531,160
Recognised profit for the year					162,342,359	162,342,359	5,284,779	167,627,138
Dividends					(12,500,000)	(12,500,000)	(2,792,401)	(15,292,401)
Board of Directors' remuneration					(750,000)	(750,000)		(750,000)
Transfer to Statutory reserve			4,767,150		(4,767,150)			
Balance at December 31, 2005		50,000,000	25,000,000	66,000,000	192,441,399	333,441,399	13,674,498	347,115,897
Board of Directors' remuneration					(750,000)	(750,000)		(750,000)
Transfer to General reserve		50,000,000		34,000,000	(84,000,000)			
Recognised profit for the period ending 30.09.2006					17,611,347	17,611,347	(909,824)	16,701,523
Changes in Fair Value of Securities	(2,225,895)					(2,225,895)		(2,225,895)
Balance at September 30, 2006	(2,225,895)	100,000,000	25,000,000	100,000,000	125,302,746	348,076,851	12,764,674	360,841,525

1) FIXED ASSETS - PROPERTY AND EQUIPMENTS

	Office Improvements DH	Furniture & Equipments DH	Motor Vehicles DH	Total DH
Cost				
At December 31, 2004	1,097,328	2,030,852	260,300	3,388,480
Additions	0	205,743	0	205,743
Disposals	(44,470)	(257,695)	0	(302,165)
At December 31, 2005	1,052,858	1,978,900	260,300	3,292,058
Additions	0	347,473	0	347,473
At Sept 30, 2006	1,052,858	2,326,373	260,300	3,639,531
Accumulated depreciation				
At December 31, 2004	685,478	1,494,535	131,475	2,311,488
Charge for the year	203,176	207,884	65,075	476,135
Elimination on disposals	(44,470)	(257,695)	0	(302,165)
At December 31, 2005	844,184	1,444,724	196,550	2,485,458
Charges for the period	161,938	155,597	48,750	366,285
At Sept 30, 2006	1,006,122	1,600,321	245,300	2,851,743
Carrying amount				
At Sept 30, 2006	46,736	726,052	15,000	787,788
At Dec. 31, 2005	208,674	534,176	63,750	806,600

2) INVESTMENT IN PROPERTY

	Building DH	Land DH	Total DH
Fair value at 31.12.04	34,719,465	30,794,099	65,513,564
Additions during the year	23,586,955	135,433	23,722,388
Increase in fair value during the year	2,702,440	0	2,702,440
Disposals during the year	(5,600,000)	(22,232,451)	(27,832,451)
Fair value at 31.12.05	55,408,860	8,697,081	64,105,941
Transfer	3,488,548	(3,488,548)	0
Additions during the period	10,488,498	0	10,488,498
Disposals during the period	(36,912,633)	0	(36,912,633)
Increase in Fair value	23,412,312	8,996,467	32,408,779
Book value at 30. 09. 06	55,885,585	14,205,000	70,090,585

3) INVESTMENT IN SECURITIES - ASSOCIATE COMPANY

	<u>Sept 2006</u>	<u>Dec. 2005</u>
Opening Balance	5,553,333	5,553,333
Additions	3,333,634	
	<u>8,886,967</u>	<u>5,553,333</u>

4) INVESTMENT IN SECURITIES - HELD TO MATURITY

	<u>Sept 2006</u>	<u>Dec. 2005</u>
Balance as at 01.01.2006	9,800,000.00	9,800,000
Additions during the Period	6,769,816.00	
Disposals during the Period	(3,185,000.00)	
	<u>13,384,816.00</u>	<u>9,800,000</u>

5) INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

	<u>As at 30 Sept 2006</u>			<u>As at 31 December 2005</u>		
	<u>Gross AED</u>	<u>Re.Ins. AED</u>	<u>Net AED</u>	<u>Gross AED</u>	<u>Re.Ins. AED</u>	<u>Net AED</u>
Un earned Premium	131,121,235	(46,006,391)	85,114,844	74,932,249	(37,380,240)	37,552,009
Outstanding Claims	163,164,132	(134,120,122)	29,044,010	58,697,648	(44,205,582)	14,492,066
Claims Incurred but not reported	2,250,000	0	2,250,000	3,000,000		3,000,000
	<u>296,535,367</u>	<u>(180,126,513)</u>	<u>116,408,854</u>	<u>136,629,897</u>	<u>(81,585,822)</u>	<u>55,044,075</u>

Movement in the insurance contract liabilities and reinsurance contract assets as on 30.09.2006

	<u>As at 30 Sept 2006</u>			<u>As at 31 December 2005</u>		
	<u>Gross AED</u>	<u>Re.Ins. AED</u>	<u>Net AED</u>	<u>Gross AED</u>	<u>Re.Ins. AED</u>	<u>Net AED</u>
Claims						
Notified claims	58,697,648	(44,205,582)	14,492,066	45,165,754	(34,856,240)	10,309,514
Claims Incurred but not reported	3,000,000	0	3,000,000	3,500,000		3,500,000
	<u>61,697,648</u>	<u>(44,205,582)</u>	<u>17,492,066</u>	<u>48,665,754</u>	<u>(34,856,240)</u>	<u>13,809,514</u>
Total at the beg. of the year	61,697,648	(44,205,582)	17,492,066	48,665,754	(34,856,240)	13,809,514
Claims settled in the period Period/Year	(85,007,295)	34,860,858	(50,146,437)	(113,208,244)	57,853,471	(55,354,773)
Increase in liabilities	188,723,779	(124,775,398)	63,948,381	126,240,138	(67,202,813)	59,037,325
	<u>165,414,132</u>	<u>(134,120,122)</u>	<u>31,294,010</u>	<u>61,697,648</u>	<u>(44,205,582)</u>	<u>17,492,066</u>
Total at the end of the Period/year	165,414,132	(134,120,122)	31,294,010	61,697,648	(44,205,582)	17,492,066
	<u>163,164,132</u>	<u>(134,120,122)</u>	<u>29,044,010</u>	<u>58,697,648</u>	<u>(44,205,582)</u>	<u>14,492,066</u>
Notified claims	163,164,132	(134,120,122)	29,044,010	58,697,648	(44,205,582)	14,492,066
Claims Incurred but not reported	2,250,000	0	2,250,000	3,000,000		3,000,000
Total at the end 30.09.2006	<u>165,414,132</u>	<u>(134,120,122)</u>	<u>31,294,010</u>	<u>61,697,648</u>	<u>(44,205,582)</u>	<u>17,492,066</u>

6) **INSURANCE CUSTOMERS RECEIVABLE**

	<u>Sept 2006</u>	<u>Dec. 2005</u>
Premiums under collection	85,910,755	55,653,813
Notes receivable	5,702,755	0
Less: Prov. For doubtful accounts	(2,146,695)	(2,156,550)
	<u>89,466,815</u>	<u>53,497,263</u>
OTHER RECEIVABLES		
Accrued interest	2,110,775	1,309,842
Prepaid expenses and recoverable deposits	1,890,895	815,951
Due from employees	682,684	451,265
Other	8,915,243	9,099,139
	<u>13,599,597</u>	<u>11,676,197</u>
Insurance Companies Receivables	<u>52,517,187</u>	<u>19,588,050</u>
TOTAL RECEIVABLES	<u>155,583,599</u>	<u>84,761,510</u>

7) **INVESTMENT IN SECURITIES - HELD FOR TRADING**

	<u>Sept 2006</u>	<u>Dec. 2005</u>
Fair value at 01.01.06	297,417,990	90,827,452
Additions during the period	87,624,538	93,656,953
Disposals during the period	(52,029,836)	
(Decrease) / Increase in fair value	(67,863,378)	112,933,585
Fair value at 30 Sept 2006	<u>265,149,314</u>	<u>297,417,990</u>

8) **BANK BALANCES AND CASH:**

	<u>Sept 2006</u>	<u>Dec. 2005</u>
Cash	47,300	47,300
Current Accounts	4,389,364	4,617,675
Fixed Deposits	75,235,776	73,639,590
	<u>79,672,440</u>	<u>78,304,565</u>

9) ACCOUNTS PAYABLE AND OTHERS

	<u>Sept 2006</u>	<u>Dec. 2005</u>
Insurance clients payable	11,460,668	6,861,080
Notes payable	767,311	1,379,001
Accrued expenses & provisions	1,949,468	6,040,427
Other	8,454,202	27,027,738
	<u>22,631,649</u>	<u>41,308,246</u>
Insurance Companies Payable	44,000,827	30,710,223
TOTAL PAYABLES	<u><u>66,632,476</u></u>	<u><u>72,018,469</u></u>

10) NET INSURANCE PREMIUM REVENUE

	<u>Sept 2006</u>	<u>Dec. 2005</u>
Gross premium written		
Gross premium written	228,015,633	199,107,038
Change in unearned premium	(56,361,343)	(20,751,149)
	<u>171,654,290</u>	<u>178,355,889</u>
Reinsurance premium ceded		
Reinsurance premium ceded	(101,494,627)	(108,617,725)
Change in unearned premium	8,798,507	8,166,539
	<u>(92,696,120)</u>	<u>(100,451,186)</u>
Net insurance premium revenues	<u><u>78,958,170</u></u>	<u><u>77,904,703</u></u>

11) INVESTMENT INCOME

	<u>Sept 2006</u>	<u>Dec. 2005</u>
Net Income from investment in securities	(3,342,760)	157,028,926
Net Income from Investment in property	36,240,309	9,401,260
Effect of changes in fair value of Property Investment	32,408,778	2,702,440
Effect of changes in fair value of Trading Investment	(67,863,380)	
Interest Received	3,212,210	
	<u>655,157</u>	<u>169,132,626</u>