

**AL-SAGR NATIONAL INSURANCE COMPANY
(PUBLIC SHAREHOLDING COMPANY)
AND ITS SUBSIDIARY
DUBAI - UNITED ARAB EMIRATES**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION AND REVIEW REPORT
FOR THE PERIOD FROM JANUARY 1, 2010
TO MARCH 31, 2010**

**Al-Sagr National Insurance Company
(Public Shareholding Company) and its Subsidiary
Dubai - United Arab Emirates**

**Interim Condensed Consolidated Financial Information and Review Report
For the Period from January 1, 2010 to March 31, 2010**

Table of Contents

	<u>Page</u>
Report on Review of Interim Condensed Consolidated Financial Information	1
Interim Condensed Consolidated Statement of Financial Position	2 & 3
Interim Condensed Consolidated Statement of Income	4
Interim Condensed Consolidated Statement of Comprehensive Income	5
Interim Condensed Consolidated Statement of Changes in Equity	6
Interim Condensed Consolidated Statement of Cash Flows	7
Notes to the Interim Condensed Consolidated Financial Statements	8 - 22

Ref: 08483CFS10-March

Report on Review of Interim Condensed Consolidated Financial Information

The Board of Directors
Al-Sagr National Insurance Company
(Public Shareholding Company)
Dubai- United Arab Emirates

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Al-Sagr National Insurance Company (a Public Shareholding Company) - Dubai, United Arab Emirates (the "Company")** and its subsidiary (collectively **"the Group"**) as at March 31, 2010 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard No. 34 - Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim 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 of Auditing and consequently does not enable us to obtain assurance 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

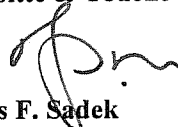
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard No. 34.

Emphasis of matter

We draw attention to Note 13 to the interim condensed consolidated financial information. The Group's subsidiary, Al Sagr Saudi Insurance Company, discontinued its operations with effect from December 28, 2008 as instructed by the Saudi Arabian Monetary Agency ("SAMA"). The assets and liabilities of the subsidiary will be transferred to a newly formed company, Al Sagr Co-operative Insurance Company, in which the Group holds 26% ownership, upon completion of the valuation procedures required by SAMA.

Dubai
May 13, 2010

Deloitte & Touche (M.E.)



Anis F. Sadek
Partner
(Registration No. 521)

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

2

Interim Condensed Consolidated Statement of Financial Position
As at March 31, 2010
(In Arab Emirates Dirhams)

	<u>Note</u>	<u>March 31,</u> <u>2010</u> <u>(Un-audited)</u>	<u>December 31,</u> <u>2009</u> <u>(Audited)</u>
ASSETS			
Non-current assets			
Property and equipment		5,614,186	4,998,969
Investment properties	3	220,256,183	210,840,052
Investment in associates	4	50,984,450	51,387,436
Investment in subsidiary	13	23,290,575	23,290,575
Held-to-maturity investments	5	7,953,898	7,953,898
Available-for-sale investments	5	<u>111,739</u>	<u>109,380</u>
Total non-current assets		<u>308,211,031</u>	<u>298,580,310</u>
Current assets			
Reinsurance contract assets	6	200,112,404	188,707,871
Insurance and other receivables		262,218,407	222,711,402
Due from related parties	11	208,168,655	202,831,608
Held for trading investments	5	85,333,922	89,831,612
Bank balances and cash	7	<u>272,420,117</u>	<u>277,469,392</u>
Total current assets		<u>1,028,253,505</u>	<u>981,551,885</u>
Total Assets		<u>1,336,464,536</u>	<u>1,280,132,195</u>

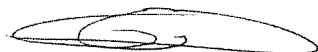
The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Financial Position (continued)
As at March 31, 2010
(In Arab Emirates Dirhams)

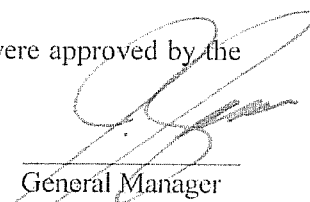
	<u>Note</u>	<u>March 31,</u> <u>2010</u> <u>(Un-audited)</u>	<u>December 31,</u> <u>2009</u> <u>(Audited)</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	8	230,000,000	230,000,000
Statutory reserve		46,953,554	46,953,554
General reserve		200,000,000	200,000,000
Investments revaluation reserve		(71,458)	(73,440)
Retained earnings		<u>134,504,303</u>	<u>120,159,195</u>
Equity attributable to equity holders of the parent		611,386,399	597,039,309
Non-controlling interests		<u>4,837,021</u>	<u>4,933,028</u>
Total Equity		<u>616,223,420</u>	<u>601,972,337</u>
Non-current liabilities			
Due to related parties	11	11,767,715	11,767,715
Provision for employees' end of service indemnity		<u>9,872,153</u>	<u>9,451,420</u>
Total non-current liabilities		<u>21,639,868</u>	<u>21,219,135</u>
Current liabilities			
Insurance contract liabilities	6	337,838,552	346,338,267
Bank borrowings	9	189,860,399	136,929,407
Insurance and other payables		130,821,870	115,120,896
Advances from related parties	11	<u>40,080,427</u>	<u>58,552,153</u>
Total current liabilities		<u>698,601,248</u>	<u>656,940,723</u>
Total Liabilities		<u>720,241,116</u>	<u>678,159,858</u>
Total Equity and Liabilities		<u>1,336,464,536</u>	<u>1,280,132,195</u>

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

The interim condensed consolidated financial statements on pages 2 to 22 were approved by the Board of Directors and authorized for issue on May 13, 2010.



Director and CEO



General Manager

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

4

Interim Condensed Consolidated Statement of Income (Un-audited)
For the period from January 1, 2010 to March 31, 2010
(In Arab Emirates Dirhams)

	Three-months period ended	
	March 31,	
	2010	2009
Gross insurance premium revenue	139,741,185	158,397,620
Less: Insurance premium ceded to reinsurers	(75,228,953)	(74,791,500)
Net premium revenue	64,512,232	83,606,120
Net change in unearned premium	<u>1,741,255</u>	(14,487,207)
Net insurance premium revenue	<u>66,253,487</u>	<u>69,118,913</u>
Gross claims settled	(110,213,839)	(96,483,732)
Insurance claims recovered from reinsurers	<u>38,127,915</u>	<u>42,633,702</u>
Net claims settled	(72,085,924)	(53,850,030)
Net change in outstanding claims	<u>18,162,992</u>	<u>1,331,576</u>
Net claims incurred	(53,922,932)	(52,518,454)
Gross commission earned and documentation fees	24,439,455	27,095,359
Less: Commission incurred	(9,929,000)	(14,356,776)
Net commission and documentation fees earned	<u>14,510,455</u>	<u>12,738,583</u>
Underwriting profit	26,841,010	29,339,042
General and administrative expenses relating to underwriting activities	(7,548,542)	(5,409,360)
Net underwriting profit	19,292,468	23,929,682
Investment revenue-net	1,490,796	9,030,988
Loss on revaluation of held for trading investments	(4,812,146)	(32,857,497)
Gain on disposal of investment property	-	39,207,454
Other income	2,865,049	-
Finance costs	(2,204,631)	(3,137,267)
Net share of loss from associate	(402,986)	-
Unallocated general and administration expenses	(1,979,826)	(2,644,217)
Net profit for the period	<u>14,248,724</u>	<u>33,529,143</u>
Attributable to:		
Equity holders of the parent	14,345,108	33,529,143
Non-controlling interests	(96,384)	-
	<u>14,248,724</u>	<u>33,529,143</u>
Basic earnings per share (Note 10)	<u>0.06</u>	<u>0.15</u>

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

**Interim Condensed Consolidated Statement of Comprehensive
Income (Un-audited)**
For the period from January 1, 2010 to March 31, 2010
(In Arab Emirates Dirhams)

	Three-months period ended March 31,	
	2010	2009
Net profit for the period	14,248,724	33,529,143
Other comprehensive income		
Board of Directors' remuneration paid	-	(900,000)
Gain/(loss) on revaluation of available-for-sale investments	<u>2,359</u>	<u>(10,000)</u>
Total comprehensive income for the period	<u>14,251,083</u>	<u>32,619,143</u>
Total comprehensive income attributable to:		
Equity holders of the parent	14,347,090	32,619,143
Non-controlling interests	<u>(96,007)</u>	<u>-</u>
	<u>14,251,083</u>	<u>32,619,143</u>

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

**Al-Sagr National Insurance Company
(Public Shareholding Company) and its Subsidiary
Dubai - United Arab Emirates**

6

**Interim Condensed Consolidated Statement of Changes in Equity
For the period from January 1, 2010 to March 31, 2010
(In Arab Emirates Dirhams)**

	Share capital	Statutory reserve	General reserve	Investment revaluation reserve	Retained earnings	Attributable to equity holders of parent	Non-controlling interest	Total
Balance at December 31, 2008 (audited)	200,000,000	43,813,683	150,000,000	110,000	173,920,318	567,844,001	-	567,844,001
Net profit for the period from								
January 1, 2009 to March 31, 2009	-	-	-	-	33,529,143	33,529,143	-	33,529,143
Other comprehensive loss	-	-	-	(10,000)	(900,000)	(910,000)	-	(910,000)
Total comprehensive income for the period								
Issue of bonus shares	30,000,000	-	-	(10,000)	32,629,143	32,619,143	-	32,619,143
Transfer to general reserve	-	-	50,000,000	-	(30,000,000)	-	-	-
	-	-	-	-	(50,000,000)	-	-	-
Balance at March 31, 2009 (un-audited)	230,000,000	43,813,683	200,000,000	100,000	126,549,461	600,463,144	-	600,463,144
Balance at December 31, 2009 (audited)	230,000,000	46,953,554	200,000,000	(73,440)	120,159,195	597,039,309	4,933,028	601,972,337
Net profit for the period								
January 1, 2010 to March 31, 2010	-	-	-	-	14,345,108	14,345,108	(96,384)	14,248,724
Other comprehensive income	-	-	-	1,982	-	1,982	377	2,359
Total comprehensive income for the period								
	-	-	-	1,982	14,345,108	14,347,090	(96,007)	14,251,083
Balance at March 31, 2010 (un-audited)	230,000,000	46,953,554	200,000,000	(71,458)	134,504,303	611,386,399	4,837,021	616,223,420

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

**Al-Sagr National Insurance Company
(Public Shareholding Company) and its Subsidiary
Dubai - United Arab Emirates**

**Interim Condensed Consolidated Statement of Cash Flows (Un-audited)
For the period from January 1, 2010 to March 31, 2010
(In Arab Emirates Dirhams)**

	Three-months period ended March 31,	
	2010	2009
Cash flows from operating activities		
Net profit for the period	14,248,724	33,529,143
Adjustments for:		
Depreciation of property and equipment	271,584	160,655
Investment revenue	(1,490,796)	(9,030,988)
Gain on disposal of investment property	-	(39,207,454)
Increase in reinsurance contract assets	(11,404,533)	(26,073,597)
(Decrease)/increase in insurance contract liabilities	(8,499,718)	39,229,229
Loss on revaluation of held for trading investments	4,812,146	32,857,497
Provision for employees' end of service indemnity	455,431	645,000
Share of loss from associate	402,986	-
Finance costs	2,204,631	3,137,267
Operating cash flows before movements in working capital	1,000,455	35,246,752
Increase in fixed deposits with banks	(12,999,181)	(18,294,261)
Increase in insurance and other receivables	(39,506,999)	(61,679,009)
(Increase)/decrease in due from related parties	(5,337,047)	3,016,297
(Decrease)/increase in advances from related parties	(18,471,726)	16,626,000
Increase in insurance and other payables	15,700,977	500,438
Cash used in operations	(59,613,521)	(24,583,783)
Interest paid	(2,204,631)	(3,137,267)
Employees' end of service indemnity paid	(34,698)	(12,854)
Net cash used in operating activities	(61,852,850)	(27,733,904)
Cash flows from investing activities		
Additions to investment property	(9,416,131)	(8,398,353)
Proceeds from sale of investments in securities	1,490,787	18,510,949
Purchase of investments in securities	(314,456)	(4,115,426)
Purchase of property and equipment	(886,801)	(365,716)
Dividends received	-	1,361,090
Net cash (used in)/from investing activities	(9,126,601)	6,992,544
Cash flows from financing activities		
Directors' remuneration paid	-	(900,000)
Increase in bank overdrafts	52,930,992	20,362,865
Net cash from financing activities	52,930,992	19,462,865
Net decrease in cash and cash equivalents	(18,048,459)	(1,278,495)
Cash and cash equivalents, at the beginning of the period	23,444,506	2,741,310
Cash and cash equivalents, at the end of the period (Note 12)	5,396,047	1,462,815
<u>Non-cash transactions</u>		
Sale of investment property under construction to the Parent Company	-	63,644,074

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

**Al-Sagr National Insurance Company
(Public Shareholding Company) and its Subsidiary
Dubai - United Arab Emirates**

8

**Notes to the Interim Condensed Consolidated Financial Statements
For the Period January 1, 2010 to March 31, 2010**

1. General information

Al-Sagr National Insurance Company, Dubai (the “Company”) was incorporated on December 25, 1979 as a public shareholding company by an Emiri Decree from His Highness, The Ruler of Dubai, and is registered with the Ministry of Economy of the United Arab Emirates under registration No. (16). The Company’s address in Dubai is P.O. Box 14614, Dubai, U.A.E. The Company is a subsidiary of Gulf General Investment Company (the “Parent Company”), a public company incorporated in U.A.E.

The principal activity of the Company is the writing of insurance of all types. The Company operates through its Head Office in Dubai and its branches in Dubai, Sharjah, Abu Dhabi, Ajman, Rasulkhema and Al Ain in the U.A.E.

The Company also operated in Kingdom of Saudi Arabia under the name of Al-Sagr Saudi Insurance Company (a Bahraini shareholding closed exempt company) and in which the Company owned 50% of its capital. This subsidiary discontinued operations in Kingdom of Saudi Arabia effective from December 28, 2008 (Note 13).

Under the new Co-operative insurance regulations promulgated in the Kingdom of Saudi Arabia by a Royal decree number M/32 dated 2/6/1424 (July 31, 2003), insurance activities shall be undertaken through registered companies operating in a co-operative manner. No insurance or re-insurance company may be incorporated in the Kingdom without a license issued by Royal Decree provided that it will be operating as a public joint stock company and having a minimum paid up capital of SR 100 million. Accordingly, the Company was required to obtain a license to practice its insurance activities in the Kingdom of Saudi Arabia.

During 2004, the shareholders of the Company had submitted an application for the insurance license with SAMA under a new company, namely “Al Sagr Co-operative Insurance Company”, in which the Company holds 26% ownership. This company obtained its license from the regulatory authorities in the Kingdom of Saudi Arabia during 2007 and has been registered under commercial registration number 1010243765 dated Muharram 26, 1429 (February 4, 2008).

The consolidated financial statements incorporate the financial statements of Al Sagr National Insurance Company PSC (the “Company”) and its subsidiary (together the “Group”). Details of the subsidiary are as follows:

<u>Company name</u>	<u>Activity</u>	<u>Country of Incorporation</u> %	<u>Ownership held</u> %
Jordan Emirates Insurance Company PSC	Underwriting of insurance of all types	Jordan	84.02%

The above subsidiary was acquired on June 30, 2009 (See Note 14). Therefore, comparative figures for the period ended March 2009 do not include the results of the Subsidiary.

**Notes to the Interim Condensed Consolidated Financial Statements (continued)
For the Period January 1, 2010 to March 31, 2010**

2. Significant accounting policies

Basis of preparation

These Interim Condensed Consolidated Financial Statements have been prepared in accordance with International Accounting Standard (IAS) No. 34 *Interim Financial Reporting*.

Significant accounting policies

The Interim Condensed Consolidated Financial Statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and certain non current assets which are stated at their fair value.

The accounting policies adopted, methods of computation, critical accounting judgments and key sources of estimation uncertainty are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2009.

These Interim Condensed Consolidated Financial Statements do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group's audited consolidated financial statements as at and for the year ended December 31, 2009. In addition, results for the three-months period ended March 31, 2010 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2010.

These Interim Condensed Consolidated Financial Statements are presented in United Arab Emirates Dirhams (AED) since that is the currency of the country in which the Company is domiciled.

The Group's insurance and financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements as at and for the year ended December 31, 2009.

All significant inter group company balances, income and expenses are eliminated on consolidation.

**Notes to the Interim Condensed Consolidated Financial Statements (continued)
For the Period January 1, 2010 to March 31, 2010**

2. Significant accounting policies (continued)

Investment properties

Investment properties, which are property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in consolidated statement of income in the period in which they arise

Investments in securities

Investments of the Group are recognized and derecognized on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets at FVTPL

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

**Notes to the Interim Condensed Consolidated Financial Statements (continued)
For the Period January 1, 2010 to March 31, 2010**

2. Significant accounting policies (continued)

Investments in securities - continued

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in consolidated statement of income. The net gain or loss recognised in consolidated statement of income incorporates any dividend or interest earned on the financial asset.

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognized on an effective yield basis.

Available for sale investments

Unlisted shares and listed shares held by the Group traded in an active market are classified as being available for sale and are stated at fair value. Gains and losses arising from the changes in the fair value are recognized directly in the equity in the investments revaluation reserve with the exception of impairment losses. Where the investment is disposed off or is determined to be impaired, the cumulative gain or loss previously recognized in the investments revaluation reserve is included in consolidated statement of income.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the statement of financial position date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognized in consolidated statement of income, and other changes are recognized in consolidated statement of changes in equity.

Notes to the Interim Condensed Consolidated Financial Statements (continued)
For the Period January 1, 2010 to March 31, 2010

3. Investment properties

	March 31, 2010 (Un-audited) AED	December 31, 2009 (Audited) AED
Investment property under construction:		
At the beginning of the year	179,083,651	110,954,008
Additions during the year	9,416,131	92,566,263
Disposals during the year	-	(24,436,620)
Cost, at the end of the year	<u>188,499,782</u>	<u>179,083,651</u>
Investment property:		
At the beginning of the year	65,993,812	59,799,771
Acquisition of subsidiary (note 14)	-	6,194,041
Cost, at the end of the year	<u>65,993,812</u>	<u>65,993,812</u>
Total cost	254,493,594	245,077,463
Net loss on revaluation of investment properties	(34,237,411)	(34,237,411)
	<u>220,256,183</u>	<u>210,840,052</u>

The Group has certain assets which are jointly controlled with Gulf General Investment Company (the Parent Company) on 3 projects whose details are as follows:

- (i) A 10% ownership share in Meydan Tower, a property located in Dubai. The Group has contributed AED 152,960,000 as at March 31, 2010 (December 31, 2009: AED 152,960,000). The 10% ownership is held in the name of the Parent Company on trust and for the benefit of the Group and amounted to AED 199,570,000 as at March 31, 2010 (December 31, 2009: AED 199,570,000) for which the remaining share of AED 46,610,000 is a commitment to the Parent Company.
- (ii) A 50% ownership share in the purchase of a plot of land in Al Barsha. The Group has fully contributed for its 50% ownership amounting to AED 41,277,411 as at March 31, 2010 (December 31, 2009: AED 41,277,411). The land is registered in the name of the Group.
- (iii) A 30% ownership share in the purchase of 4 plots of land at Emirates Industrial City. The Group has fully contributed for its 30% ownership amounting to AED 18,522,360 as at March 31, 2010 (December 31, 2009: AED 18,522,360). The 30% ownership is held in the name of the Parent Company on trust and for the benefit of the Group.

Notes to the Interim Condensed Consolidated Financial Statements (continued)
For the Period January 1, 2010 to March 31, 2010

4. Investments in associates

	March 31, 2010 (Un-audited) AED	December 31, 2009 (Audited) AED
Al-Sagr Cooperative Insurance Company, Kingdom of Saudi Arabia (note a)	50,590,441	50,993,427
Sogour Al Khaleej General Trading L.L.C. (note b)	150,000	150,000
Green Air Technology L.L.C. (note c)	<u>244,009</u>	<u>244,009</u>
	<u>50,984,450</u>	<u>51,387,436</u>

- (a) The Group holds 26% ownership in Al-Sagr Cooperative Insurance Company (the “associate”), a company incorporated in Kingdom of Saudi Arabia. The main activity of the Company is the writing of insurance of all types.
- (b) The Group holds 50% ownership in Sogour Al Khaleej General Trading L.L.C. (the “associate”), a limited liability company incorporated in Dubai, United Arab Emirates. The main activity of the associate is general trading. The remaining 50% ownership is owned by the Parent Company.
- (c) The Group holds 50% ownership in Green Air Technology L.L.C. (the “associate”), a limited liability company incorporated in Dubai, United Arab Emirates. The remaining 50% ownership is owned equally by the Parent Company and the CEO of the Company. The 50% share of the Company is registered in the name of GGICO on behalf and for the benefits of the Company.

Although, the Group holds 50% in 2 associates, these are controlled by the Parent Company. The Group does not participate in the financial and operating policy decisions of these associates. Consequently, these companies are not treated as subsidiaries.

Notes to the Interim Condensed Consolidated Financial Statements (continued)
For the Period from January 1, 2010 to March 31, 2010

5. Investments in securities

Following are the movement of investments in securities during the period/year:

	March 31, 2010 (Un-audited)	December 31, 2009 (Audited)
a) Held-for-trading Investments:		
Fair value, at the beginning of the period/year	89,831,612	340,117,304
Net additions/(disposals) during the period/year	314,456	(233,790,313)
Resulting from acquisition of subsidiary (note 14)	-	647,103
Loss on revaluation of investments at fair value	(4,812,146)	(17,142,482)
Fair value, at the end of the period/year	85,333,922	89,831,612
b) Available-for-sale investments:		
Fair value, at the beginning of the period/year	109,380	625,000
Disposals during the year (note 14)	-	(625,000)
Resulting from acquisition of subsidiary	-	182,820
Gain on revaluation of investments at fair value	2,359	(73,440)
Fair value, at the end of the period/year	111,739	109,380
c) Held-to-maturity investments:		
Cost, at the beginning of the period/year	7,953,898	7,945,519
Net additions during the year	-	8,379
Cost, at the end of the period/year	7,953,898	7,953,898
Investments within U.A.E.	91,921,587	97,336,595
Outside U.A.E.	1,477,972	558,295
Total	93,399,559	97,894,890

Notes to the Interim Condensed Consolidated Financial Statements (continued)
For the Period from January 1, 2010 to March 31, 2010

6. Insurance contract liabilities and re-insurance contract assets

	March 31, 2010	December 31,
	(Un-audited)	2009
	AED	(Audited) AED
Gross		
Insurance contract liabilities		
Claims reported unsettled	159,752,292	184,762,336
Claims incurred but not reported	7,831,100	7,831,100
Unearned premiums	<u>170,255,160</u>	<u>153,744,831</u>
Total insurance contract liabilities (gross)	<u>337,838,552</u>	<u>346,338,267</u>
Recoverable from reinsurers		
Claims reported unsettled	119,895,014	126,742,064
Unearned premiums	<u>80,217,390</u>	<u>61,965,807</u>
Total reinsurers' share of insurance liabilities	<u>200,112,404</u>	<u>188,707,871</u>
Net		
Claims reported unsettled	39,857,278	58,020,272
Claims incurred but not reported	7,831,100	7,831,100
Unearned premiums	<u>90,037,770</u>	<u>91,779,024</u>
	<u><u>137,726,148</u></u>	<u><u>157,630,396</u></u>

Notes to the Interim Condensed Consolidated Financial Statements (continued)
For the Period January 1, 2010 to March 31, 2010

7. Bank balances and cash

	March 31, 2010	December 31,
	(Un-audited)	2009
	AED	(Audited) AED
Cash on hand	35,500	139,495
Bank balances:		
Current accounts	5,360,547	10,392,769
Fixed deposits	<u>267,024,070</u>	<u>266,937,128</u>
	<u>272,420,117</u>	<u>277,469,392</u>

Fixed deposits with banks as at March 31, 2010 include AED 10 million (December 31, 2009: AED 10 million) deposited in the name of the Group to the order of the Minister of Economy of the United Arab Emirates as required by the Federal Law Number (6) of 2007 concerning Insurance Authority.

Fixed deposits amounting to AED 142.5 million (December 31, 2009: AED 131 million) are under lien in respect of bank credit facilities granted to the Group.

All fixed deposits with banks mature within different periods not exceeding one year from the date of interim condensed consolidated statement of financial position.

8. Share capital

	March 31, 2010	December 31,
	(Un-audited)	2009
	AED	(Audited) AED
Issued and fully paid:		
230,000,000 ordinary shares of AED 1 each (2009: 230,000,000 shares of AED 1 each)	<u>230,000,000</u>	<u>230,000,000</u>

Notes to the Interim Condensed Consolidated Financial Statements (continued)
For the Period January 1, 2010 to March 31, 2010

9. Bank borrowings

	March 31, 2010	December 31, 2009
	(Un-audited)	(Audited)
	AED	AED
<i>Secured – at amortized cost</i>		
Bank overdraft	189,860,399	136,929,407

The Group has bank facilities in the form of overdraft repayable upon demand and bearing interest ranging from 5.5% to 6.5% per annum (2009: 5.8% to 6.5% per annum). These facilities are secured by lien on fixed deposits amounting to AED 142.5 million. The bank overdraft limit provided under the facility is AED 180 million.

10. Basic earnings per share

	March 31, 2010	March 31, 2009
	(Un-audited)	(Un-audited)
Net profit for the period	AED 14,248,724	AED 33,529,143
Number of shares	230,000,000	230,000,000
Weighted average number of shares	230,000,000	230,000,000
Earnings per share	AED 0.06	AED 0.15

Basic earnings per share are calculated by dividing the net profit for the period by the number of weighted average of shares outstanding as of the interim condensed consolidated statement of financial position.

Notes to the Interim Condensed Consolidated Financial Statements (continued)
For the Period January 1, 2010 to March 31, 2010

11. Related party transactions

- a) At the balance sheet date, amounts due from/to related parties are included in the following accounts:

	March 31, 2010	December 31, 2009
	(Un-audited)	(Audited)
	AED	AED
Due from policy holders	2,370,674	2,242,714
Due from shareholders	14,059,969	2,465,221
Due to shareholders	11,767,715	11,767,715
Due from associates	208,168,655	202,831,608
Gross outstanding claims	1,286,471	20,108
Investments in jointly controlled assets	178,522,360	178,522,360
Held to maturity investments	3,453,898	3,453,898
Advances received	40,080,427	58,552,153

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognized in the year for bad or doubtful debts in respect of the amounts owed by related parties.

Due to shareholders represents the portion of the amount paid by the shareholders on behalf of the Group against the investment in one of its associate- Al Sagr Company for Co-Operative Insurance, Kingdom of Saudi Arabia.

During the period, the Group entered into the following transactions with related parties:

	Three-months period ended March 31,	
	2010	2009
	(Un-audited)	(Un-audited)
	AED	AED
Gross premium	9,393,612	9,581,351
Claims paid	576,630	15,165,050
Sale of investment property to the Parent Company (see below)	-	63,644,074
Interest income from the Parent Company	-	2,231,687

Premiums are charged to related parties at rates agreed with the management.

Value for the sale of investment property and investment in joint venture are determined and approved by the board of directors.

**Notes to the Interim Condensed Consolidated Financial Statements (continued)
For the Period January 1, 2010 to March 31, 2010**

11. Related party transactions (continued)

- b) In 2009, the Group sold the investment property at the Dubai Silicon Oasis to the parent Company for a total amount of AED 63,644,074. The investment property had a net book value of AED 24,436,620 resulting in a profit on disposal of AED 39,207,454. This was settled against the advance of AED 22,275,427 from the Parent Company as of December 31, 2008 and the balance of AED 41,368,647 was considered as additional investment of the Group towards the investments in the joint venture with the Parent Company in the Meydan Tower.
- c) In 2009, the Group sold 42 million shares of Union Insurance Company which was classified under investment held for trading to Sogour Al Khaleej General Trading LLC, one of the Group's associates for an agreed amount of AED 192 million. The amount is not yet received as of March 31, 2010 and classified under amount due from related parties.
- d) The advance amounting to AED 40 million from SAGR Al Bayda'a Trading Agencies Co. Limited represents funds received on behalf of the Group's discontinued subsidiary, Al SAGR Saudi Insurance Company, against the Group's share from the liquidation settlement proceeds of the said subsidiary. Presently, this advance has been kept unutilized until the final winding up procedures which will be completed by SAMA.

Compensation of key management personnel

	Three-months period ended March 31,	
	2010	2009
	(Un-audited)	(Un-audited)
	AED	AED
Salaries and benefits	1,702,000	2,529,212
End of service benefits	455,431	632,146
	=====	=====

12. Cash and cash equivalents

	March 31,	
	2010	2009
	(Un-audited)	(Un-audited)
	AED	AED
Bank balances and cash	272,420,117	223,770,181
Long term and fixed deposits	(267,024,070)	(222,307,366)
	=====	=====
	5,396,047	1,462,815

**Notes to the Interim Condensed Consolidated Financial Statements (continued)
For the Period January 1, 2010 to March 31, 2010**

13. Investments in subsidiary - discontinued operations

Discontinued operations of the Al Sagr Saudi Insurance Company

	March 31, 2010 (Un-audited) AED	December 31, 2009 (Audited) AED
Balance at beginning of the period/year	<u>23,290,575</u>	<u>23,290,575</u>
Balance at the end of the period/year	<u>23,290,575</u>	<u>23,290,575</u>

The operations of the Group's subsidiary, Al Sagr Saudi Insurance Company, were discontinued with effect from December 28, 2008. The assets and liabilities of the Al Sagr Saudi Insurance Company will be transferred to the newly formed company, Al-Sagr Co-operative Insurance Company (referred as "Al Sagr Co-operative") in which the Group holds 26% ownership upon completion of the valuation procedures instructed by the Saudi Arabian Monetary Agency.

Al Sagr Co-operative started its insurance operations on January 1, 2009 and is in the process of transferring the insurance portfolio and the net assets of Al Sagr Saudi Insurance Company to Al Sagr Co-operative with effect from January 1, 2009. As the process to transfer the insurance portfolio and the net assets has not been completed yet, the management did not prepare the statement of financial position for insurance operations as of March 31, 2010, statement of insurance operations and statement of insurance cash flow for the period then ended, pending the approval from respective regulatory parties. Accordingly, the Group's share of profit / loss from insurance operation of Al Sagr Co-operative, which management considers to be immaterial, is not included within the Group's Interim Condensed Consolidated Financial Statements.

**Notes to the Interim Condensed Consolidated Financial Statements (continued)
For the Period January 1, 2010 to March 31, 2010**

14. Acquisition of a subsidiary

On June 30, 2009, the Company entered as a strategic partner and acquired 84% of the share capital of Jordan Emirates Insurance Company PSC, for an amount of 4.2 million Jordanian Dinar (equivalent to AED 21,928,200), whereby 29% of the aggregate shareholding of the Company is registered in the name of a third party on behalf and for the benefit of the Group. Jordan Emirates Insurance Company PSC is a publicly listed company. The principal activity of Jordan Emirates Insurance Company PSC is the writing of insurance of all types operating through its Head Office in Jordan. The functional currency is Jordanian Dinar and, for the purpose of consolidation, the assets and liabilities have been translated at the period end rate of U.A.E Dirhams being equivalent to Jordanian Dinar 0.192. The functional currency of the subsidiary is Jordanian Dinar (JOD) which is also pegged to the United States Dollar (USD). Thus, there were no exchange differences arising from the consolidation of the subsidiary. This transaction has been accounted for by the purchase method of accounting in accordance with IFRS 3: *Business Combinations*.

The net assets acquired in the transaction are as follows:

	<u>AED</u>
Net assets acquired at book value:	
Property and equipment	316,061
Investment property	6,194,041
Available-for-sale investments	182,820
Reinsurance contract assets	10,271,102
Insurance and other receivables	7,356,625
Investments held for trading	647,103
Bank balances and cash	33,792,709
Insurance contract liabilities	(24,551,190)
Insurance and other payables	(7,121,067)
	27,088,204
Less: Non-controlling interests	(5,160,004)
Total consideration, satisfied by cash	<u>21,928,200</u>
Net cash inflow arising on acquisition:	
Cash consideration paid	(21,928,200)
Cash and cash equivalents acquired	<u>33,792,709</u>
	<u>11,864,509</u>

**Notes to the Interim Condensed Consolidated Financial Statements (continued)
For the Period January 1, 2010 to March 31, 2010**

14. Acquisition of a subsidiary (continued)

The assessment of the fair value of the identifiable assets acquired and liabilities assumed by the Group on the above acquisition, as required under IFRS 3: *Business Combinations* was incomplete at the date of these Interim Condensed Consolidated Financial Statements and any fair value adjustments required will be made on completion of the assessment in due course as permitted under IFRS 3.

The Group's Interim Condensed Consolidated Financial Statements for the period ended March 31, 2010, include total assets of AED 59.6 million (2009: AED 60 million), total liabilities of AED 34.4 million (2009: AED 34 million) and net loss of AED 258,033 (March 31, 2009: AED Nil) as a result of the consolidation of the subsidiary, Jordan Emirates Insurance Company PJSC.

15. Contingent liabilities

	March 31, 2010 (Un-audited) AED	December 31, 2009 (Audited) AED
Letters of guarantees	19,462,200	19,462,200
Capital commitments	46,610,000	46,610,000

16. Comparative amounts

The figures in the interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows are not comparable as these do not include the results of operations of the subsidiary acquired in 2009 (Note 14).

17. Seasonality of results

No income of seasonal nature was recorded in the consolidated statement of income for the three months period ended 31 March 2010 and 2009.