

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

**REVIEW REPORT AND INTERIM
FINANCIAL INFORMATION
FOR THE PERIOD FROM JANUARY 1, 2010
TO SEPTEMBER 30, 2010**

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

**Review Report and Interim Financial Information
For the Period from January 1, 2010 to September 30, 2010**

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Ref: 08483CFS10-Sept

Report on Review of Interim Financial Information

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

Introduction

We have reviewed the accompanying 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 September 30, 2010 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine months period then ended and accompanying notes. Management is responsible for the preparation and presentation of this interim 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 financial information based on our review.

Scope of review

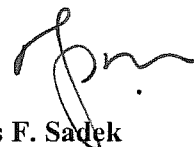
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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 financial information is not prepared, in all material respects, in accordance with International Accounting Standard No. 34.

Dubai
November 11, 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

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Condensed Consolidated Statement of Financial Position
As at September 30, 2010
(In Arab Emirates Dirhams)

	<u>Note</u>	September 30, 2010 (Un-audited)	December 31, 2009 (Audited)
ASSETS			
Non-current assets			
Property and equipment		6,099,647	4,998,969
Investment properties	4	224,507,965	210,840,052
Investment in associates	5	54,574,447	51,387,436
Held-to-maturity investments	6	7,953,898	7,953,898
Available-for-sale investments	6	89,779	109,380
Investment in subsidiary - discontinued operation	13	<u>19,773,109</u>	<u>23,290,575</u>
Total non-current assets		<u>312,998,845</u>	<u>298,580,310</u>
Current assets			
Reinsurance contract assets	7	162,041,998	188,707,871
Insurance and other receivables		224,637,355	222,711,402
Due from related parties	12	240,132,851	202,831,608
Held for trading investments	6	81,390,291	89,831,612
Bank balances and cash	8	<u>274,199,447</u>	<u>277,469,392</u>
Total current assets		<u>982,401,942</u>	<u>981,551,885</u>
Total Assets		<u><u>1,295,400,787</u></u>	<u><u>1,280,132,195</u></u>

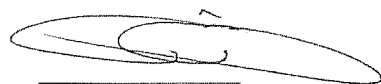
The accompanying notes form an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position (continued)
As at September 30, 2010
(In Arab Emirates Dirhams)

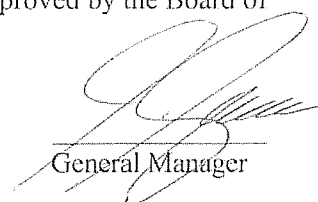
	<u>Note</u>	September 30, 2010 (Un-audited)	December 31, 2009 (Audited)
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	9	230,000,000	230,000,000
Statutory reserve		46,953,554	46,953,554
General reserve		200,000,000	200,000,000
Investments revaluation reserve		3,988	(73,440)
Retained earnings		<u>149,617,163</u>	<u>120,159,195</u>
Attributable to equity holders of the parent		626,574,705	597,039,309
Non-controlling interests		<u>5,122,825</u>	<u>4,933,028</u>
Total Equity		<u>631,697,530</u>	<u>601,972,337</u>
Non-current liabilities			
Due to related parties	12	12,482,009	11,767,715
Provision for employees' end of service indemnity		<u>10,535,364</u>	<u>9,451,420</u>
Total non-current liabilities		<u>23,017,373</u>	<u>21,219,135</u>
Current liabilities			
Insurance contract liabilities	7	284,166,478	346,338,267
Bank borrowings	10	203,624,572	136,929,407
Insurance and other payables		111,749,449	115,120,896
Advances from related parties	12	<u>41,145,385</u>	<u>58,552,153</u>
Total current liabilities		<u>640,685,884</u>	<u>656,940,723</u>
Total Liabilities		<u>663,703,257</u>	<u>678,159,858</u>
Total Equity and Liabilities		<u>1,295,400,787</u>	<u>1,280,132,195</u>

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

The condensed consolidated financial statements on pages 2 to 24 were approved by the Board of Directors and authorized for issue on November 11, 2010.



Director and CEO



General Manager

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

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Condensed Consolidated Statement of Income (Un-audited)
For the period from January 1, 2010 to September 30, 2010
(In Arab Emirates Dirhams)

	Nine-months period ended		Three-months period ended	
	September 30,		September 30,	
	2010	2009	2010	2009
Gross insurance premium revenue	326,763,369	361,726,606	80,244,839	89,422,406
Less: Insurance premium ceded to reinsurers	(157,724,745)	(144,900,325)	(38,564,721)	(30,105,373)
Net retained premium revenue	169,038,624	216,826,281	41,680,118	59,317,033
Net change in unearned premium	16,710,151	(7,120,152)	10,185,939	10,397,159
Net insurance premium revenue	185,748,775	209,706,129	51,866,057	69,714,192
Gross claims settled	(270,639,772)	(272,204,330)	(75,964,905)	(85,315,659)
Insurance claims recovered from reinsurers	75,289,477	88,432,100	16,999,305	14,622,798
Net claims settled	(195,350,295)	(183,772,230)	(58,965,600)	(70,692,861)
Net change in outstanding claims	18,795,764	(2,992,363)	1,971,712	(1,528,178)
Net claims incurred	(176,554,531)	(186,764,593)	(56,993,888)	(72,221,039)
Gross commission earned and documentation fees	62,392,782	62,688,721	15,682,315	18,009,930
Less: Commission expense incurred	(24,382,226)	(28,962,964)	(7,477,992)	(3,190,018)
Net commission and documentation fees earned	38,010,556	33,725,757	8,204,323	14,819,912
Underwriting profit	47,204,800	56,667,293	3,076,492	12,313,065
General and administrative expenses relating to underwriting activities	(24,632,575)	(21,586,334)	(6,967,764)	(9,142,677)
Net underwriting profit	22,572,225	35,080,959	(3,891,272)	3,170,388
Bargain purchase gain (Note 14)	1,511,805	-	-	-
Net investment revenue / (loss)	10,287,943	26,843,242	(874,202)	3,806,402
Gain on transfer of net assets of Subsidiary (Note 13)	15,599,271	-	15,599,271	-
Loss on sale of held for trading investments to a related party	-	(9,240,301)	-	(2,200,301)
(Loss)/gain on revaluation of held for trading investments	(11,223,814)	(13,316,926)	2,952,215	12,469,380
Share of profit from associates	3,187,011	-	3,852,830	-
Profit on sale of investment property [Note 12(b)]	-	39,207,454	-	-
Finance costs	(7,217,854)	(5,463,090)	(1,857,924)	(2,184,362)
Other income	699,107	1,701,611	4,081,095	3,622,286
Unallocated general and administrative expenses	(6,070,189)	(5,387,512)	(2,102,263)	(2,276,598)
Net profit for the period	29,345,505	69,425,437	17,759,750	16,407,195
Attributable to:				
Equity holders of the parent	29,457,968	69,640,085	17,903,351	16,621,843
Non-controlling interests	(112,463)	(214,648)	(143,601)	(214,648)
	29,345,505	69,425,437	17,759,750	16,407,195
Basic earnings per share (Note 11)	0.13	0.30	0.08	0.07

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

Condensed Consolidated Statement of Comprehensive Income (Un-audited)
For the period from January 1, 2010 to September 30, 2010
(In Arab Emirates Dirhams)

	Nine-months period ended		Three-months period ended	
	September 30,		September 30,	
	2010	2009	2010	2009
Net profit for the period	29,345,505	69,425,437	17,759,750	16,407,195
Other comprehensive income				
Board of Directors' remuneration paid	-	(900,000)	-	-
Impairment on AFS investments transferred to income statement	111,755	-	111,755	-
(Loss)/gain on revaluation of available-for-sale investments	(19,601)	260	(19,288)	260
Other comprehensive income/(loss)	92,154	(899,740)	92,467	260
Total comprehensive income for the period	29,437,659	68,525,697	17,852,217	16,407,455
Total comprehensive income attributable to:				
Equity holders of the parent	29,535,396	68,740,304	17,981,042	16,622,062
Non-controlling interests	(97,737)	(214,607)	(128,825)	(214,607)
	29,437,659	68,525,697	17,852,217	16,407,455

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

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

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**Condensed Consolidated Statement of Changes in Equity
For the period from January 1, 2010 to September 30, 2010
(In Arab Emirates Dirhams)**

	Share capital	Statutory reserve	General reserve	Investment revaluation reserve	Retained earnings	Attributable to equity holders of parent	Non-controlling interests	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 September 30, 2009	-	-	-	-	69,640,085	69,640,085	(214,648)	69,425,437
Other comprehensive income/ (loss)	-	-	-	219	(900,000)	(899,781)	41	(899,740)
Total comprehensive income for the period	-	-	-	219	68,740,085	68,740,304	(214,607)	68,525,697
Issue of bonus shares	30,000,000	-	-	-	(30,000,000)	-	-	-
Transfer to general reserve	-	-	50,000,000	-	(50,000,000)	-	-	-
Transfer out from reserve on disposal of available for sale investments	-	-	-	(110,000)	-	(110,000)	-	(110,000)
Non-controlling interest arising on the acquisition of a subsidiary	-	-	-	-	-	-	5,160,004	5,160,004
Balance at September 30, 2009 (un-audited)	230,000,000	43,813,683	200,000,000	219	162,660,403	636,474,305	4,945,397	641,419,702
Balance at December 31, 2009	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 from January 1, 2010 to September 30, 2010	-	-	-	-	29,457,968	29,457,968	(112,463)	29,345,505
Other comprehensive income	-	-	-	77,428	-	77,428	14,726	92,154
Total comprehensive income for the period	-	-	-	77,428	29,457,968	29,535,396	(97,737)	29,437,659
Purchase price allocation adjustment arising on the acquisition of a subsidiary	-	-	-	-	-	-	287,534	287,534
Balance at September 30, 2010 (un-audited)	230,000,000	46,953,554	200,000,000	3,988	149,617,163	626,574,705	5,122,825	631,697,530

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

Condensed Consolidated Statement of Cash Flows (Un-audited)
For the period from January 1, 2010 to September 30, 2010
(In Arab Emirates Dirhams)

	Nine-months period ended	
	September 30,	
	2010	2009
Cash flows from operating activities		
Net profit for the period	29,345,505	69,425,437
Adjustments for:		
Depreciation of property and equipment	1,445,682	532,839
Allowance for bad debts	2,000,000	2,000,000
Investment revenue	(10,287,943)	(26,843,242)
Loss on disposal of held for trading investments to a related party	-	9,240,301
Bargain purchase gain	(1,511,805)	-
Impairment of available for sale investments	111,755	-
Profit on disposal of investment property	-	(39,207,454)
Share of profit from associates	(3,187,011)	-
Loss on revaluation of held for trading investments	11,223,814	13,316,926
Decrease in reinsurance contract assets	26,665,873	6,953,957
(Decrease)/increase in insurance contract liabilities	(62,171,789)	3,158,562
Provision for employees' end of service indemnity	1,366,293	1,935,000
Finance costs	7,217,854	5,463,090
Gain on transfer of net assets of subsidiary	(15,599,271)	-
Operating cash flows before movements in working capital	(13,381,043)	45,975,416
(Increase)/ decrease in fixed deposits with banks	(3,030,134)	23,031,376
Decrease/(increase) in insurance and other receivables	15,190,784	(27,107,007)
(Increase)/decrease in due from/(to) related parties - net	(36,586,949)	3,495,074
Decrease in insurance and other payables and advances - net	(20,778,215)	(440,808)
Cash (used in)/from operations	(58,585,557)	44,954,051
Interest paid	(7,217,854)	(5,463,090)
Employees' end of service indemnity paid	(282,349)	(102,800)
Net cash (used in)/from operating activities	(66,085,760)	39,388,161
Cash flows from investing activities		
Proceeds from sale of investment property	-	63,644,074
Purchase of investment property	(11,868,574)	(70,063,353)
Proceeds from sale of investments in securities	-	112,527,760
Purchase of investments in securities	(2,782,493)	(66,299,838)
Net cash and cash equivalent acquired on acquisition of subsidiary	-	11,864,509
Purchase of investment in associates	-	(300,000)
Purchase of property and equipment	(2,546,360)	(859,891)
Interest received	7,700,055	9,025,312
Dividends received	2,587,888	4,080,170
Net cash (used in)/from investing activities	(6,909,484)	63,618,743
Cash flows from financing activities		
Directors' remuneration paid	-	(900,000)
Repayment of bank loan	-	(76,370,580)
Increase in bank borrowings	66,695,165	60,115,071
Net cash from/(used in) financing activities	66,695,165	(17,155,509)
Net (decrease)/increase in cash and cash equivalents	(6,300,079)	85,851,395
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 8)	17,144,427	88,592,705
<u>Non-cash transaction</u>		
Sale of investments held for trading to a related party (Note 12)	-	192,061,188

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

Notes to the Condensed Consolidated Financial Statements
For the period from January 1, 2010 to September 30, 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, Ras Al Khaimah and Al Ain in the U.A.E.

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%

2. Standards and Interpretations in issue not yet effective

At the date of authorisation of these condensed consolidated financial statements, the following new and revised Standards and Interpretations were in issue but not yet effective:

New Standards and amendments to Standards:	Effective for annual periods <u>beginning on or after</u>
• IAS 32 (revised) <i>Financial Instruments: Presentation</i> – Amendments relating to classification of Rights Issue	February 1, 2010
• IAS 24 <i>Related Party Disclosures</i> – Amendment on disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a Government	January 1, 2011
• Amendments to IFRS 1, IFRS 7, IAS 1, IAS 34 and IFRIC 13 resulting from May 2010 Annual Improvements to IFRSs	Majority effective for annual periods beginning on or after 1 January 2011

Notes to the Condensed Consolidated Financial Statements (continued)
For the period from January 1, 2010 to September 30, 2010

2. Standards and Interpretations in issue not yet effective (continued)

New Standards and amendments to Standards:	Effective for annual periods <u>beginning on or after</u>
IFRS 9 <i>Financial Instruments: Classification and Measurement</i> (intended as complete replacement for IAS 39 and IFRS 7)	January 1, 2013
New Interpretations and amendments to Interpretations:	
IFRIC 19: <i>Extinguishing Financial Liabilities with Equity Instruments</i>	July 1, 2010
Amendment to IFRIC 14: <i>IAS 19: The limit on a defined Benefit Asset, Minimum Funding Requirement and their interaction</i>	January 1, 2011

Management anticipates that these amendments will be adopted in the Group's consolidated financial statements for the initial period when they become effective. Management have not yet had an opportunity to consider the potential impact of the adoption of these amendments.

3. Significant accounting policies

Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) No. 34 *Interim Financial Reporting*.

These 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 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.

**Notes to the Condensed Consolidated Financial Statements (continued)
For the period from January 1, 2010 to September 30, 2010**

3. Significant accounting policies (continued)

Basis of preparation (continued)

These 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 nine-months period ended September 30, 2010 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2010.

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.

As required by the Securities and Commodities Authority ("SCA") notification dated 12 October 2008, accounting policies relating to investment securities and investment properties have been disclosed in the condensed financial statements.

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 condensed 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.

**Notes to the Condensed Consolidated Financial Statements (continued)
For the period from January 1, 2010 to September 30, 2010**

3. Significant accounting policies (continued)

Investments in securities (continued)

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.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in condensed consolidated statement of income. The net gain or loss recognised in condensed 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.

Notes to the Condensed Consolidated Financial Statements (continued)
For the period from January 1, 2010 to September 30, 2010

3. Significant accounting policies (continued)

Available for sale investments

Unlisted shares and listed shares held by the Group are classified as being available for sale (AFS) 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 condensed 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 reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognized in condensed consolidated statement of income, and other changes are recognized in condensed consolidated statement of changes in equity.

4. Investment properties

	September 30, 2010 (Un-audited) AED	December 31, 2009 (Audited) AED
Investment property under construction:		
At the beginning of the period/year	179,083,651	110,954,008
Additions during the period/year	11,868,574	92,566,263
Disposals during the period/year	-	(24,436,620)
Transferred to investment property	<u>(190,952,225)</u>	<u>-</u>
Cost, at the end of the period/year	<u>-</u>	<u>179,083,651</u>
Investment property:		
At the beginning of the period/year	65,993,812	59,799,771
Acquisition of subsidiary (Note 14)	-	6,194,041
PPA adjustment (Note 14)	1,799,339	-
Transfers from investment property under construction	<u>190,952,225</u>	<u>-</u>
Cost, at the end of the period/year	<u>258,745,376</u>	<u>65,993,812</u>
Total cost	258,745,376	245,077,463
Net accumulated revaluation loss on investment properties	<u>(34,237,411)</u>	<u>(34,237,411)</u>
	<u><u>224,507,965</u></u>	<u><u>210,840,052</u></u>

Notes to the Condensed Consolidated Financial Statements (continued)
For the period from January 1, 2010 to September 30, 2010

4. Investment properties (continued)

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 152.96 million as at September 30, 2010 (December 31, 2009: AED 152.96 million). 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 199.57 million as at September 30, 2010 (December 31, 2009: AED 199.57 million) for which the remaining share of AED 46.61 million 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 41.3 million as at September 30, 2010 (December 31, 2009: AED 41.3 million). 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 18.5 million as at June 30, 2010 (December 31, 2009: AED 18.5 million). The 30% ownership is held in the name of the Parent Company on trust and for the benefit of the Group.

5. Investments in associates

	September 30, 2010 (Un-audited) AED	December 31, 2009 (Audited) AED
Al-Sagr Cooperative Insurance Company		
Kingdom of Saudi Arabia (note a)	54,088,703	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>335,744</u>	<u>244,009</u>
	<u>54,574,447</u>	<u>51,387,436</u>

Notes to the Condensed Consolidated Financial Statements (continued)
For the period from January 1, 2010 to September 30, 2010

5. Investments in associates (continued)

- (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.

6. Investments in securities

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

	September 30, 2010 (Un-audited) AED	December 31, 2009 (Audited) AED
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	2,782,493	(233,790,313)
Resulting from acquisition of subsidiary (note 14)	-	647,103
Loss on revaluation of investments at fair value	(11,223,814)	(17,142,482)
Fair value, at the end of the period/year	81,390,291	89,831,612
b) Available-for-sale investments:		
Fair value, at the beginning of the period/year	109,380	625,000
Disposals during the period/year	-	(625,000)
Resulting from acquisition of Subsidiary (Note 14)	-	182,820
Loss on revaluation of investments at fair value	(19,601)	(73,440)
Fair value, at the end of the period/year	89,779	109,380

Notes to the Condensed Consolidated Financial Statements (continued)
For the period from January 1, 2010 to September 30, 2010

6. Investments in securities (continued)

	September 30, 2010	December 31, 2009
	(Un-audited)	(Audited)
	AED	AED
c) Held-to-maturity investments:		
Cost, at the beginning of the period/year	7,953,898	7,945,519
Net additions during the period/year	<u>-</u>	<u>8,379</u>
Cost, at the end of the period/year	<u>7,953,898</u>	<u>7,953,898</u>
Investments within U.A.E.	87,684,259	97,336,595
Outside U.A.E.	<u>1,749,709</u>	<u>558,295</u>
Total	<u>89,433,968</u>	<u>97,894,890</u>

7. Insurance contract liabilities and re-insurance contract assets

	September 30, 2010	December 31, 2009
	(Un-audited)	(Audited)
	AED	AED
Gross		
Insurance contract liabilities		
Claims reported unsettled	135,838,750	184,762,336
Claims incurred but not reported	7,831,100	7,831,100
Unearned premiums	<u>140,496,628</u>	<u>153,744,831</u>
Total insurance contract liabilities (gross)	<u>284,166,478</u>	<u>346,338,267</u>
Recoverable from reinsurers		
Claims reported unsettled	96,614,244	126,742,064
Unearned premiums	<u>65,427,754</u>	<u>61,965,807</u>
Total reinsurers' share of insurance liabilities	<u>162,041,998</u>	<u>188,707,871</u>
Net		
Claims reported unsettled	39,224,507	58,020,272
Claims incurred but not reported	7,831,100	7,831,100
Unearned premiums	<u>75,068,873</u>	<u>91,779,024</u>
	<u>122,124,480</u>	<u>157,630,396</u>

Notes to the Condensed Consolidated Financial Statements (continued)
For the period from January 1, 2010 to September 30, 2010

8. Bank balances and cash

	September 30, 2010 (Un-audited) AED	December 31, 2009 (Audited) AED
Cash on hand	3,295,620	139,495
Bank balances:		
Current accounts	2,577,331	10,392,769
Fixed deposits	<u>268,326,496</u>	<u>266,937,128</u>
	<u>274,199,447</u>	<u>277,469,392</u>

Fixed deposits with banks as at September 30, 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 176.3 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 condensed consolidated statement of financial position.

For cash flow purposes, the cash and cash equivalents is analyzed as follows:

	September 30, 2010 (Un-audited) AED	2009 (Un-audited) AED
Bank balances and cash	274,199,447	269,574,434
Long term and fixed deposits	<u>(257,055,020)</u>	<u>(180,981,729)</u>
	<u>17,144,427</u>	<u>88,592,705</u>

Notes to the Condensed Consolidated Financial Statements (continued)
For the period from January 1, 2010 to September 30, 2010

9. Share capital

	September 30, 2010 (Un-audited) AED	December 31, 2009 (Audited) AED
Issued and fully paid:		
230,000,000 ordinary shares of AED 1 each (2009: 230,000,000 shares of AED 1 each)	230,000,000	230,000,000
	=====	=====

10. Bank borrowings

	September 30, 2010 (Un-audited) AED	December 31, 2009 (Audited) AED
Bank overdraft	203,624,572	136,929,407
	=====	=====

The Group has bank facilities in the form of overdraft repayable upon demand and bearing interest ranging from 4.5% to 7.5% per annum (2009: 5.8% to 6.5% per annum). These facilities are secured by lien on fixed deposits amounting to AED 176.3 million. The bank overdraft limit provided under the facility is AED 248 million.

Notes to the Condensed Consolidated Financial Statements (continued)
For the period from January 1, 2010 to September 30, 2010

11. Basic earnings per share

	Nine -months period ended	
	September 30,	
	2010	2009
	(Un-audited)	(Un-audited)
Net profit for the period attributable to shareholders of the Company (AED)	29,345,505	69,425,437
Total number of shares as at September 30,	230,000,000	230,000,000
Weighted average number of shares	230,000,000	230,000,000
Basic earnings per share (AED)	0.13	0.30

Basic earnings per share are calculated by dividing the net profit for the period attributable to the equity holders of the parent by the number of weighted average of shares outstanding as of the condensed consolidated statement of financial position date.

12. Related party transactions

- a) At the reporting date, amounts due from/to related parties were included in the following accounts:

	September 30,	December 31,
	2010	2009
	(Un-audited)	(Audited)
	AED	AED
Included in insurance and other receivables		
Due from policy holders	2,372,570	2,242,714
Due from shareholders	8,957,588	2,465,221
Included in due from related parties		
Due from associates	225,132,851	202,831,608
Due from parent company	15,000,000	-
Included in due to related parties		
Due to shareholders	12,482,009	11,767,715
Included in insurance and other payables		
Gross outstanding claims	200,203	20,108
Others		
Investments in jointly controlled assets	178,522,360	178,522,360
Held to maturity investments	3,453,898	3,453,898
Advances received	41,145,385	58,552,153

Notes to the Condensed Consolidated Financial Statements (continued)
For the period from January 1, 2010 to September 30, 2010

12. Related party transactions (continued)

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.

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

	Nine-months period ended		Three-months period ended	
	September 30,		September 30,	
	2010	2009	2010	2009
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	AED	AED	AED	AED
Gross premium	11,898,323	13,693,352	1,088,247	946,448
Gross claims paid	609,690	20,711,973	71,000	5,408,175
Sale of investment property				
[Note 12(b)]	-	63,644,074	-	63,644,074
Interest income from GGICO	-	2,763,492	-	531,805
Sale of held for trading investments				
[Note 12(c)]	-	192,061,188	-	46,141,188

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

- b) In 2009, the Group sold the investment property at the Dubai Silicon Oasis to the parent Company for a total amount of AED 63.6 million. The investment property had a net book value of AED 24.4 million resulting in a profit on disposal of AED 39.2 million. This was settled against the advance of AED 22.3 million from the Parent Company as of December 31, 2008 and the balance of AED 41.4 million 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 were 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 September 30, 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.

Notes to the Condensed Consolidated Financial Statements (continued)
For the period from January 1, 2010 to September 30, 2010

12. Related party transactions (continued)

Compensation of key management personnel

	Nine-months period ended September 30,		Three-months period ended September 30,	
	2010	2009	2010	2009
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
	AED	AED	AED	AED
Salaries and benefits	<u>3,911,360</u>	<u>6,353,323</u>	<u>339,232</u>	<u>1,294,899</u>

13. Investments in subsidiary - discontinued operations

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

During 2004, the shareholders of the Company had submitted an application for the insurance license with the Saudi Arabian Monetary Agency (“SAMA”) under a new company, namely “Al Sagr Co-operative Insurance Company”, (the “associate”) 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 associate started its insurance operations on January 1, 2009. The associate’s General Assembly approved on February 1, 2009 for the associate to enter into agreement to acquire the insurance portfolio and the net assets of the subsidiary with effect from January 1, 2009 at a goodwill of AED 38 million as determined by SAMA.

SAMA in their letters dated April 26, 2010 and June 1, 2010 valued the total assets of the subsidiary at AED 130 million, out of which AED 90 million worth of assets and AED 90 million worth of liabilities (net assets AED Nil) will be transferred to the associate and the remaining AED 40 million to be retained by the subsidiary, out of which Group’s share is equivalent to AED 19 million is classified under investment in subsidiary – discontinued operation.

The net assets is transferred to the associate along with the insurance portfolio, at a consideration of AED 38 million and resulted a net gain of AED 38 million out of which the Group’s net gain from the whole transaction amounted to AED 15 million.

**Notes to the Condensed Consolidated Financial Statements (continued)
For the period from January 1, 2010 to September 30, 2010**

14. Acquisition of 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 21.9 million), 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 (JOD) 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 JOD 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>Fair value</u> AED	<u>Carrying value</u> AED
Net assets acquired:		
Property and equipment	316,061	316,061
Investment property under construction	7,993,380	6,194,041
Available-for-sale investments	182,820	182,820
Reinsurance contract assets	10,271,102	10,271,102
Insurance and other receivables	7,356,624	7,356,624
Investments held for trading	647,103	647,103
Bank balances and cash	33,792,709	33,792,709
Insurance contract liabilities	(24,551,189)	(24,551,189)
Insurance and other payables	(7,121,067)	(7,121,067)
	28,887,543	27,088,204
Less: Non-controlling interests	(5,447,538)	(5,160,004)
Gain on bargain purchase	(1,511,805)	-
Total consideration	<u>21,928,200</u>	<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 Condensed Consolidated Financial Statements (continued)
For the period from January 1, 2010 to September 30, 2010**

14. Acquisition of subsidiary (continued)

During the period ended September 30, 2010, the Purchase Price Allocation (PPA) exercise was finalized. As per PPA, value of investment properties was increased by AED 1.8 million with a corresponding increase in non-controlling interests by AED 0.3 million and remaining amount of AED 1.5 million is recognized in the statement of income as bargain purchase gain on acquisition.

15. Contingent liabilities

	September 30, 2010 (Un-audited) AED	December 31, 2009 (Audited) AED
Letters of guarantee	15,926,446	19,462,200
Capital commitments	46,610,000	46,610,000

16. Seasonality of results

No income of seasonal nature was recorded in the condensed consolidated statement of income for the nine month period ended September 30, 2010 and 2009.

17. Segment information

For operating purposes, the Company is organised into two main business segments:

Underwriting of general insurance business – incorporating all classes of general insurance viz; fire, marine, motor, general accident and miscellaneous.

Investments - incorporating investments in U.A.E. marketable equity securities, term deposits with banks, investment properties, managed portfolios and other securities.

Notes to the Condensed Consolidated Financial Statements (continued)
For the period from January 1, 2010 to September 30, 2010

17. Segment information (continued)

Primary segment information- business segment

The following is an analysis of the Group's revenue and results by operating segment:

	September 30, (unaudited)				
	Underwriting		Investments		Total
	2010 AED	2009 AED	2010 AED	2009 AED	2010 AED
Segment revenue	326,763,369	361,726,606	19,362,216	43,493,469	346,125,585
Segment result	22,572,225	35,080,959	12,144,362	38,030,379	34,716,587
Unallocated expenses					(5,371,082)
Net profit for the period					29,345,505
					69,425,437

The following is an analysis of the Group's assets and liabilities by operating segment:

	Underwriting		Investments		Total	
	September 30, 2010 (unaudited) AED	December 31, 2009 (audited) AED	September 30, 2010 (unaudited) AED	December 31, 2009 (audited) AED	September 30, 2010 (unaudited) AED	December 31, 2009 (audited) AED
Segment assets	7,900,472,651	891,720,273	394,389,136	388,411,922	1,295,400,787	1,280,132,195
Segment liabilities	663,703,257	678,159,858	-	-	663,703,257	678,159,858

Notes to the Condensed Consolidated Financial Statements (continued)
For the period from January 1, 2010 to September 30, 2010

17. Segment information (continued)

There are no transactions between the business segments.

Secondary segment information - revenue from underwriting departments

The following is an analysis of the Group's revenues classified by major underwriting departments.

	Nine-months period ended September 30,	
	2010	2009
	AED	AED
Accidents and liabilities	217,193,460	260,821,230
Fire and general accidents	20,454,784	17,196,682
Marine and aviation	89,115,125	83,708,694
	326,763,369	361,726,606