

National General Insurance Co. (P.S.C.)

Condensed interim financial statements

As at 31 March 2008

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<i>Contents</i>	<i>Page</i>
Independent Auditors' Review Report	1
Condensed interim balance sheet	2
Condensed interim statement of income	3
Condensed interim statement of underwriting results	4
Condensed interim statement of cash flows	5
Condensed interim statement of changes in shareholders' equity	6
Notes	7-10



P O Box 3800
Level 32, Emirates Towers
Sheikh Zayed Road
Dubai
United Arab Emirates

Telephone +971 (4) 403 0300
Fax +971 (4) 330 1515
Website www.ae-kpmg.com

The Shareholders
National General Insurance Co. (P.S.C.)

Independent Auditors' Review Report on Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of National General Insurance Co. (P.S.C.) ("the Company") as at 31 March 2008, and the related condensed interim statement of income, statement of changes in shareholders' equity and statement of cash flows for the three-month period then ended (the condensed interim financial information). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed 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 on 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 condensed interim financial information as at 31 March 2008 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

23 APR 2008

Vijendranath Malhotra
Registration No: 48 B

National General Insurance Co. (P.S.C.)

Condensed interim balance sheet

at 31 March 2008

	Note	(Un-audited) 31 March 2008 AED	(Audited) 31 December 2007 AED
ASSETS			
Property and equipment		1,682,154	1,757,255
Investment properties		60,000,000	86,000,000
Investments held-to-maturity		-	3,656,295
Investments available-for-sale		80,742,336	60,105,900
Investments fair valued through profit and loss	6	119,600,589	105,310,245
Trade receivables		101,999,582	84,279,478
Due from a related party		8,408,791	9,533,297
Other receivables		60,087,654	43,468,836
Reinsurer's share of outstanding claims		84,396,575	80,904,272
Cash in hand and at bank		84,437,141	147,002,929
TOTAL ASSETS		601,354,822	622,018,507
LIABILITIES			
Accounts payable and accruals		101,982,751	103,648,611
Unearned premium reserve		78,099,360	72,548,289
Outstanding claims reserve		114,295,779	108,553,924
Life Assurance fund		23,964,672	21,378,807
TOTAL LIABILITIES		318,342,562	306,129,631
NET ASSETS EMPLOYED		283,012,260	315,888,876
FINANCED BY:			
SHAREHOLDERS' EQUITY			
Share capital		121,716,000	121,716,000
Legal reserve		29,272,467	29,272,467
General reserve		28,656,481	28,656,481
Fair value reserve for investments available-for-sale		2,270,223	-
Retained earnings		101,097,089	136,243,928
		283,012,260	315,888,876

These condensed interim financial statements were approved on 23 APR 2008



Khalid Jassim Mohd Bin Kalban
Chairman



Dr. Abdul Zahra A. Ali
General Manager

The notes on pages 7 to 10 form an integral part of these condensed interim financial statements.

The Independent Auditors' Review Report is set out on page 1.

National General Insurance Co. (P.S.C.)

Condensed interim statement of income for the three-month period ended 31 March 2008

	(Un-audited) Three-month period ended 31 March 2008 AED	(Un-audited) Three-month period ended 31 March 2007 AED
Fire	390,895	473,433
Marine	510,276	528,365
Accident and liabilities	9,252,912	6,335,598
Group and individual life	6,798,588	1,989,564
	-----	-----
Total underwriting profit	16,952,671	9,326,960
Interest and other income	1,370,826	1,529,973
Investment income	-	1,108,995
Unrealised losses on investments fair valued through profit and loss	(9,985,144)	(4,280,432)
Profit from sale of investment properties	5,749,653	-
Rental income from investment properties (net)	230,886	325,374
	-----	-----
General and administrative expenses	14,318,892 (779,331)	8,010,870 (460,977)
	-----	-----
Net profit for the period	13,539,561	7,549,893
	=====	=====

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National General Insurance Co. (P.S.C.)
Condensed interim statement of underwriting results (Un-audited)
for the three-month period ended 31 March 2008

	Fire AED	Marine AED	Accident and liabilities AED	Group and individual life AED	Total 2008 AED	Total 2007 AED
Premium written	3,546,569	1,784,132	65,444,374	17,752,971	88,528,046	73,360,867
Less: Reinsurance share	(3,348,300)	(1,475,391)	(16,217,736)	(10,057,983)	(31,099,410)	(28,310,157)
Net premium	198,269	308,741	49,226,638	7,694,988	57,428,636	45,050,710
Add: Unearned premium reserve at start of period	217,809	277,483	68,928,865	3,124,132	72,548,289	48,508,227
Less: Unearned premium reserve at close of period	(202,956)	(450,314)	(73,194,986)	(4,251,102)	(78,099,358)	(60,265,982)
Net premiums earned	213,122	135,910	44,960,517	6,568,018	51,877,567	33,292,955
Commission earned	840,645	553,377	2,620,282	6,957,833	10,972,137	6,263,917
Total underwriting revenue	1,053,767	689,287	47,580,799	13,525,851	62,849,704	39,556,872
Claims paid	(1,206,852)	(350,446)	(30,828,350)	(3,969,506)	(36,355,154)	(27,958,477)
Less: Reinsurance share	1,126,117	300,119	3,828,020	2,918,900	8,173,156	9,661,059
Net claims paid	(80,735)	(50,327)	(27,000,330)	(1,050,606)	(28,181,998)	(18,297,418)
Add: Net outstanding claims at start of the period	555,501	707,292	25,804,892	581,966	27,649,651	19,956,294
Less: Net outstanding claims at close of period	(641,834)	(605,221)	(27,946,477)	(705,671)	(29,899,203)	(21,062,010)
Net claims incurred	(167,068)	51,744	(29,141,915)	(1,174,311)	(30,431,550)	(19,403,135)
Commission paid	(256,656)	(110,449)	(3,689,598)	(1,327,529)	(5,384,232)	(3,913,973)
	(423,724)	(58,705)	(32,831,513)	(2,501,840)	(35,815,782)	(23,317,108)
Add: Life fund at start of the period	-	-	-	21,378,807	21,378,807	11,836,591
Less: Life fund at close of period	-	-	-	(23,964,672)	(23,964,672)	(13,268,689)
Net life fund	-	-	-	(2,585,865)	(2,585,865)	(1,432,098)
Total underwriting expenses	(423,724)	(58,705)	(32,831,513)	(5,087,705)	(38,401,647)	(24,749,206)
Underwriting surplus	630,043	630,582	14,749,288	8,438,146	24,448,059	14,807,666
Administrative expenses	(239,148)	(120,306)	(5,493,376)	(1,639,558)	(7,495,388)	(5,480,706)
Underwriting profit	390,895	510,276	9,252,912	6,798,588	16,952,671	9,326,960

The notes on pages 7 to 10 form an integral part of these condensed interim financial statements.
The Independent Auditors' Review Report is set out on page 1.

National General Insurance Co. (P.S.C.)

Condensed interim statement of cash flows

for the three-month period ended 31 March 2008

	(Un-audited) For the three-month period ended 31 March 2008	(Un-audited) For the three-month period ended 31 March 2007
	AED	AED
Operating activities		
Net profit for the period	13,539,561	7,549,893
<i>Adjustment for:</i>		
Depreciation	204,781	212,875
Profit on sale of investment properties	(5,749,653)	-
Unrealised losses on investments fair valued through profit and loss	9,985,144	4,280,432
Increase in unearned premium reserve and life fund	8,136,936	13,189,853
	<u>26,116,769</u>	<u>25,233,053</u>
Change in trade and related party receivables	(16,595,598)	(5,417,184)
Change in other receivables	(16,618,818)	(2,954,601)
Change in accounts payable and accruals	(1,665,860)	(7,504,816)
Change in net outstanding claims	2,249,552	1,105,717
<i>Net cash flows from operating activities</i>	<u>(6,513,955)</u>	<u>10,462,169</u>
Financing activities		
Dividends paid	(48,686,400)	-
<i>Net cash flows from financing activities</i>	<u>(48,686,400)</u>	<u>-</u>
Investing activities		
Redemption of investment held-to-maturity	3,656,295	-
Purchase of investments fair valued through profit and loss	(24,275,488)	(1,044,927)
Purchase of property and equipment	(129,680)	(31,168)
Proceeds from sale of investment properties	31,749,653	-
Purchase of investments available-for-sale	(18,366,213)	-
<i>Net cash flows from investing activities</i>	<u>(7,365,433)</u>	<u>(1,076,095)</u>
Net (decrease)/ increase in cash and cash equivalents	(62,565,788)	9,386,076
Cash and cash equivalents at the beginning of the period	147,002,929	58,513,923
Cash and cash equivalents at the end of the period	<u>84,437,141</u>	<u>67,899,999</u>
These comprise the following:		
Cash in hand	1,753,904	1,641,404
Cash at bank	32,830,884	66,258,595
Fixed deposits	49,852,353	-
	<u>84,437,141</u>	<u>67,899,999</u>

The notes on pages 7 to 10 form an integral part of these condensed interim financial statements.

The Independent Auditors' Review Report is set out on page 1.

National General Insurance Co. (P.S.C.)

Condensed interim statement of changes in shareholders' equity (Un-audited) for the three-month period ended 31 March 2008

	Share capital AED	Legal reserve AED	General reserve AED	Fair value reserve AED	Retained Earnings AED	Total AED
As at 1 January 2007	101,430,000	18,361,456	17,745,470	(649,372)	72,741,841	209,629,395
Net profit for the period	-	-	-	-	7,549,893	7,549,893
Dividends paid	-	-	-	-	-	-
Issue of bonus shares	20,286,000	-	-	-	(20,286,000)	-
Fair value reserve for investments available-for-sale	-	-	-	(297,411)	-	(297,411)
As at 31 March 2007	121,716,000	18,361,456	17,745,470	(946,783)	60,005,734	216,881,877
As at 1 January 2008	121,716,000	29,272,467	28,656,481	-	136,243,928	315,888,876
Net profit for the period	-	-	-	-	13,539,561	13,539,561
Dividends paid	-	-	-	-	(48,686,400)	(48,686,400)
Fair value reserve for investments available-for-sale	-	-	-	2,270,223	-	2,270,223
As at 31 March 2008	121,716,000	29,272,467	28,656,481	2,270,223	101,097,089	283,012,260

The notes on pages 7 to 10 form an integral part of these condensed interim financial statements.

The Independent Auditors' Review Report is set out on page 1.

National General Insurance Co. (P.S.C.)

Notes *(forming part of the financial statements)*

1. Legal status and principal activities

National General Insurance Co. (P.S.C) ("the Company") is a Public Shareholding Company registered under UAE Federal Law No. (8) of 1984 as amended, in the Emirate of Dubai with effect from 12 September 2001.

The Company was originally incorporated as a Private Limited Liability Company, registered under UAE Federal Law No. (8) of 1984, as amended, in the Emirate of Dubai.

The Company underwrites all classes of life and general insurance business in accordance with the provisions of the UAE Federal Law no. 9 of 1984 relating to insurance companies and insurance agents.

The registered office of the Company is at the Green Tower, P.O. Box 154, Dubai, UAE.

2. Statement of compliance

These condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standard ("IFRS"), IAS 34 Interim Financial Reporting. They do not include all of the information required for the full annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2007.

3. Significant accounting policies

The accounting policies and methods of computation have been consistently applied by the Company in the preparation of these condensed interim financial statements as compared to the most recent annual financial statements.

These condensed interim financial statements have been prepared in United Arab Emirates Dirham (AED).

4. Estimates

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2007.

National General Insurance Co. (P.S.C.)

Notes (continued)

5. Related party transactions

The Company, in the normal course of business, collects premiums, settles claims and enters into transactions with other business enterprises that fall within the definition of a related party as defined by International Accounting Standard 24. The Company's management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties. The following are the details of transactions with related parties:

	(Un-audited) For the three-month period ended 31 March 2008 AED	(Un-audited) For the three-month period ended 31 March 2007 AED
Premiums written on behalf of shareholders' companies	11,550,336	7,258,171
Claims paid to shareholders' companies	5,356,445	14,977
Management expenses (net)	45,000	43,500
Directors' and key management compensation (remuneration including benefits)	657,098	636,572
Interest income	944,196	631,847
Interest expense	35,810	1,843

6. Investments fair valued through profit and loss

As at 31 March 2008, shares amounting to AED 5.0 million are held in the name of a Director for the beneficial interest of the Company.

National General Insurance Co. (P.S.C.)

Notes (continued)

7. Contingent liabilities and commitments

Leases as a lessee

Non cancelable operating lease rentals are payable as follows:

	(Un-audited) 31 March 2008 AED	(Audited) 31 December 2007 AED
Less than one year	1,013,083	501,996

The Company leases office premises under operating lease. The leases typically run for a period of one year, with an option to renew the lease after that date. Lease rentals are usually increased/decreased annually to reflect the market rentals.

Leases as a lessor

The Company leases out its investment properties under operating leases.

Non-cancelable operating leases rentals receivable are as follows:

	(Un-audited) 31 March 2008 AED	(Audited) 31 December 2007 AED
Less than one year	-	751,161

Capital commitments

The Company did not have any capital commitments as at 31 March 2008 (2007: Nil).

Guarantees

	(Un-audited) 31 March 2008 AED	(Audited) 31 December 2007 AED
Letters of guarantees	7,630,000	7,745,000

Fixed deposits amounting to AED 10 million (2007: AED 10 million) are under lien as collateral in respect of above guarantees.

National General Insurance Co. (P.S.C.)

Notes *(continued)*

7. **Contingent liabilities and commitments** *(continued)*

Guarantees includes an amount of AED 7.5 million *(2007: AED 7.5 million)* favouring the Ministry of Economy.

The Company, in common with other insurance companies, is involved as defendant in a number of legal cases in respect of its underwriting activities. A provision is made in respect of each individual case where it is probable that the outcome would result in a loss to the Company in terms of an outflow of economic resources and a reliable estimate of the amount of outflow can be made.

8. **Segment information**

By Business

Segmental information with respect to business segment has been disclosed on page 4 "Condensed interim statement of underwriting results" to these condensed interim financial statements.

By Geographical

The Company does not have any geographical segment as Company is carrying out all of its operations within the UAE.

Segmental information with respect to assets and liabilities has not been presented in these condensed interim financial statements due to non-availability of such information.