Grant Thornton

ALLIANCE INSURANCE (PSC)

DUBAI - UNITED ARAB EMIRATES

INTERIM CONDENSED FINANCIAL INFORMATION (UN-AUDITED)

MARCH 31, 2010

ALLIANCE INSURANCE (PSC)
Dubai - United Arab Emirates

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REVIEW REPORT TO THE SHAREHOLDERS OF ALLIANCE INSUARNCE (PSC)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Alliance Insurance (PSC) as at March 31, 2010 and the related interim condensed statement of comprehensive income, interim condensed statement of changes in equity and interim condensed statement of cash flows for the three-months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of interim condensed financial information in accordance with International Accounting Standard No. 34. Our responsibility is to express a conclusion on the interim condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standards on Review Engagement 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance as that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Grant Thornton

Grant Thornton

Farouk Mohamed
Registration No. 54
Dubai
United Arab Emirates
Date: May 3, 2010

ALLIANCE INSURANCE (PSC)
Dubai - United Arab Emirates

Interim condensed statement of financial position as at March 31, 2010 (Un-audited)

	(Un-audited) March 31, 2010	(Audited) December 31, 2009
ASSETS	**AED**	**AED**
Non-current assets		
Investment property	185,519,600	185,519,600
Statutory deposit	10,000,000	10,000,000
Policyholders' loans	43,775,366	43,178,827
Property and equipment	3,155,136	3,160,692
Total non-current assets	242,450,102	241,859,119
Current assets		
Investments and deposits-held to maturity	543,580,430	527,016,347
Investments-available for sale	22,568,872	21,938,345
Insurance and other receivables	80,495,094	73,062,965
Reinsurance contract assets	33,084,860	32,902,687
Cash and bank	13,351,173	12,752,921
Total current assets	693,080,429	667,673,265
Total assets	935,530,531	909,532,384
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	75,000,000	75,000,000
Legal reserve	41,320,654	39,569,394
Regular reserve	31,731,454	29,980,194
General reserve	100,000,000	100,000,000
Fair value reserve for available for sale investments	(19,978,469)	(20,608,996)
Retained earnings	58,564,389	44,554,307
Total shareholders' equity	286,638,028	268,494,899
Current liabilities		
Insurance contract liabilities	65,896,007	64,112,273
Insurance and other payables	47,543,942	47,627,166
Due to other insurers and reinsurers	41,303,689	44,807,640
Total current liabilities	154,743,638	156,547,079
Employees' end-of-service benefits	4,196,541	4,106,248
Policy holders' fund	489,952,324	480,384,158
Total liabilities	648,892,503	641,037,485
Total shareholders' equity and liabilities	935,530,531	909,532,384

Sheikh Ahmed Bin Saeed Al Maktoum	**Juma Saif Rashid Bin Bakhit**	**Wisam Al Haimus**
Chairman	**Vice Chairman**	**Member of Board of Directors and Chief Executive Officer**

Notes on pages 6 to 9 form an integral part of this interim condensed financial information.

0 3 May 2010

ALLIANCE INSURANCE (PSC)
Dubai - United Arab Emirates

Interim condensed statement of comprehensive income
for the period ended March 31, 2010 (Un-audited)

	(Un-audited) Three months ended March 31, 2010 AED	(Un-audited) Three months ended March 31, 2009 AED
Net underwriting income		
General	3,057,999	3,301,868
Interest income on deposits-General	2,072,221	1,438,237
Income from investment property (net)	1,344,311	1,291,029
Profit / (loss) from investment activities	439,052	-
Other income	194,179	191,785
Income from general insurance business	7,107,762	6,222,919
Surplus / (deficit) transferred from long-term business (life) account	10,404,840	10,419,128
Net income / (loss) for the period	17,512,602	16,642,047
Basic and diluted earnings per share	23.35	22.19
Other comprehensive income		
Unrealised gain/(loss) on investments	630,527	(6,563,579)

Notes on pages 6 to 9 form an integral part of this interim condensed financial information.

Interim condensed statement of changes in equity
for the period ended March 31, 2010 (Un-audited)

	Share capital AED	Legal reserve AED	Regular reserve AED	General reserve AED	Fair value adjustment for available for sale investments AED	Retained earnings AED	Total AED
As at December 31, 2008 (Audited)	75,000,000	35,369,394	25,780,194	90,000,000	(21,447,648)	32,801,604	237,503,544
Transfer to legal reserve	-	1,664,205	-	-	-	(1,664,205)	-
Transfer to regular reserve	-	-	1,664,205	-	-	(1,664,205)	-
Transactions with owners	-	1,664,205	1,664,205	-	-	(3,328,410)	-
Net income for the period	-	-	-	-	-	16,642,047	16,642,047
Other comprehensive income:							
Unrealised loss on investments	-	-	-	-	(6,563,579)	-	(6,563,579)
Total comprehensive income for the period	-	-	-	-	(6,563,579)	16,642,047	10,078,468
As at March 31, 2009 (Un-audited)	75,000,000	37,033,599	27,444,399	90,000,000	(28,011,227)	46,115,241	247,582,012
Transfer to legal reserve	-	2,535,795	-	-	-	(2,535,795)	-
Transfer to regular reserve	-	-	2,535,795	-	-	(2,535,795)	-
Transfer to general reserve	-	-	-	10,000,000	-	(10,000,000)	-
Directors' remuneration	-	-	-	-	-	(597,000)	(597,000)
Dividend paid						(11,250,000)	(11,250,000)
Transactions with owners	-	2,535,795	2,535,795	10,000,000	-	(26,918,590)	(11,847,000)
Net income for the nine months period	-	-	-	-	-	25,357,656	25,357,656
Other comprehensive income:							
Unrealised gain on investments	-	-	-	-	7,402,231	-	7,402,231
Total comprehensive income for the period	-	-	-	-	7,402,231	25,357,656	32,759,887
As at December 31, 2009 (Audited)	75,000,000	39,569,394	29,980,194	100,000,000	(20,608,996)	44,554,307	268,494,899
Transfer to legal reserve	-	1,751,260	-	-	-	(1,751,260)	-
Transfer to regular reserve	-	-	1,751,260	-	-	(1,751,260)	-
Dividend paid	-	-	-	-	-	-	-
Transactions with owners	-	1,751,260	1,751,260	-	-	(3,502,520)	-
Net profit for the period	-	-	-	-	-	17,512,602	17,512,602
Other comprehensive income:							
Unrealised gain on investments	-	-	-	-	630,527	-	630,527
Total comprehensive income for the period	-	-	-	-	630,527	17,512,602	18,143,129
As at March 31, 2010 (Un-audited)	75,000,000	41,320,654	31,731,454	100,000,000	(19,978,469)	58,564,389	286,638,028

Notes on pages 6 to 9 form an integral part of this interim condensed financial information.

ALLIANCE INSURANCE (PSC)
Dubai - United Arab Emirates

Interim condensed statement of cash flows
for the period ended March 31, 2010 (Un-audited)

	(Un-audited) Three months ended March 31, 2010 AED	(Un-audited) Three months ended March 31, 2009 AED
Operating activities		
Net profit for the period	17,512,602	16,642,047
Adjustments for:		
Depreciation on property and equipment	93,056	100,084
Profit on sale of property and equipment	(15,999)	-
Increase in life fund (long term business)	9,568,166	6,280,603
Net transfer to employees' end of service benefits	90,293	97,038
	27,248,118	23,119,772
Changes in working capital		
Insurance and other receivables	(7,432,129)	(8,750,912)
Reinsurance contract assets	(182,173)	1,419,767
Insurance and other payables	(83,224)	563,112
Due to other insurers and reinsurers	(3,503,951)	5,107,121
Insurance contract liabilities	1,783,734	(2,744,891)
Net cash provided by operating activities	17,830,375	18,713,970
Investing activities		
Investments and deposits held to maturity	(16,564,083)	(20,181,150)
Policyholders' loans	(596,539)	(49,836)
Purchase of property and equipment	(87,500)	(12,900)
Proceeds from disposals of property and equipment	15,999	-
Net cash used in investing activities	(17,232,123)	(20,243,886)
Net increase / (decrease) in cash and cash equivalents	598,252	(1,529,916)
Cash and cash equivalents at 1 January	12,752,921	13,502,661
Cash and cash equivalents at March 31	13,351,173	11,972,745

Notes on pages 6 to 9 form an integral part of this interim condensed financial information.

1. Legal status and activities

Alliance Insurance (PSC) ("the Company") is a Public Shareholding Company ('PSC'), which was originally established in Dubai with limited liability on July 1, 1975 under the name of Credit and Commerce Insurance Company. The Company was subsequently incorporated in Dubai with limited liability on January 6, 1982 under an Emiri Decree. The Company became a PSC in January 1995, in accordance with the UAE Federal Commercial Companies Law No. (8) of 1984 (as amended).

The Company underwrites all classes of general insurance, life assurance and health insurance business in accordance with the provisions of the UAE Federal Law No. 6 of 2007 relating to insurance companies and insurance agents.

The registered address of the Company is Warba Centre, P.O. Box 5501, Dubai, UAE.

2. Significant accounting policies

The interim condensed financial information of the Company is prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting. The accounting policies used in the preparation of the interim condensed financial information are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2009.

3. Adoption of new and revised standards

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

1. IFRS 2 - Amendment - Share-based Payment: Vesting Conditions and Cancellations
2. IFRS 8 - Operating Segments
3. IAS 1 (Revised) - Presentation of Financial Statements
4. IAS 18 - Revenue: Consequential amendments
5. IAS 21 - The Effects of Changes in Foreign Exchange Rates: Consequential amendments
6. IAS 23 (Revised) - Borrowing Costs
7. IAS 32 and IAS 1 - Financial Instruments: Presentation and Presentation of Financial Statements Amendment: Puttable Financial Instruments and obligations Arising on Liquidation.
8. IAS 36 - Impairment of Assets: Consequential amendments
9. IFRIC 15 - Agreements for the Construction of Real Estates

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

4. Policyholders' funds

Policyholders' funds represent amounts set aside to meet the aggregate amount of the liabilities of the Company in relation to its long-term (life) business as at March 31, 2010.

The Company's consulting actuaries during the period were M/s. Nauman Associates. In their report dated April 16, 2010, they assessed a surplus of AED 10.405 million in the life assurance fund as at March 31, 2010 (December 31, 2009: AED 20.085 million).

5. Segment analysis

In identifying its operating segments, management generally follows the Company's lines of business. Each of these operating segments is managed separately as each of these business lines requires different resources as well as marketing approaches. The adoption of IFRS 8 has not affected the identified operating segments for the Company compared to the recent annual financial statements.

Under IFRS 8, reported segment profits are based on internal management reporting information that is regularly reviewed by the chief operating decision maker, and is reconciled to the Company profit or loss on the following page. The measurement policies used by the Company for segment reporting under IFRS 8 are the same as those used in its financial statements.

The Company operates two main business segments: General Insurance and Life Insurance. The main source of revenue for these operating segments is underwriting all classes of general insurance and life insurance policies.

5 Segment analysis (continued)

	(Un-audited) Three months ended March 31, 2010 AED			(Un-audited) Three months ended March 31, 2009 AED			(Audited) Twelve months ended December 31, 2009 AED		
	Life Business	General Business	Total	Life Business	General Business	Total	Life Business	General Business	Total
Net underwriting income	10,437,827	3,057,999	13,495,826	9,697,660	3,301,868	12,999,528	14,883,803	9,519,576	24,403,379
Interest income on deposits	6,457,227	2,072,221	8,529,448	4,900,270	1,438,237	6,338,507	23,726,331	7,464,491	31,190,822
Income from investment property (net)	2,242,299	1,344,311	3,586,610	2,077,380	1,291,029	3,368,409	6,031,366	3,932,800	9,964,166
Profit/ (loss) from investment activities	709,441	439,052	1,148,493	(88,806)	-	(88,806)	1,549,474	326,267	1,875,741
Other income	126,212	194,179	320,391	113,227	191,785	305,012	1,986,109	671,260	2,657,369
	19,973,006	7,107,762	27,080,768	16,699,731	6,222,919	22,922,650	48,177,083	21,914,394	70,091,477
Surplus transferred to policy holders' fund	(9,568,166)	-	(9,568,166)	(6,280,603)	-	(6,280,603)	(28,091,774)	-	(28,091,774)
Net surplus (Life) / net income (General)	10,404,840	7,107,762	17,512,602	10,419,128	6,222,919	16,642,047	20,085,309	21,914,394	41,999,703
Segment assets	622,741,398	312,789,133	935,530,531	592,744,547	274,094,102	866,838,649	600,690,560	308,841,824	909,532,384
Segment liabilities	555,345,041	93,547,462	648,892,503	537,924,646	81,339,884	619,264,530	544,226,835	96,810,650	641,037,485

6. Use of estimates

Estimates are made by management for assessing provision for outstanding claims, useful lives of property and equipment and other such items. While measurement in both annual and interim financial reports is based on reasonable estimates, the preparation of interim financial reports requires a greater use of estimation methods than annual financial statements.

7. Contingent liabilities

The Company's bankers have issued in the normal course of business letters of guarantee in favour of third parties amounting to AED 11.830 million (December 31, 2009: AED 12.076 million).