الشـركــة الوطنيــة للتــأمـيـنــات العــامــة (ش.م.ع.)

NATIONAL GENERAL INSURANCE CO. (P.S.C.)

Paid up share capital AED 121,716,000, C.R. No. 56820
Registered in accordance with Insurance and agents Law 9 of 1984

رأس المال المدفوع ١٢١,٧١٦,٠٠٠ درهم، شهادة رقم ٥٦٨٢٠
مسجلة بموجب قانون التأمين والوسطاء رقم ٩ لعام ١٩٨٤

FINANCIAL HIGHLIGHTS THE PERIOD ENDED 30th SEPTEMBER 2008

The Company has achieved Gross Written Premium of AED 302.04 Million for the period ended 30 th September 2008 as compared to AED 231.82 Million in the previous year with a growth of 30.29 %.

The Company registered all round increase in growth in all class of insurance. The Underwriting profit of AED 45.53 Million for the period ended was up by 31.13 % as compared to AED 34.72 Million as of 30 th September 2007. Net profit for the period ended 30 th September 2008 amounted to AED 48.57 Million.

The total equity is AED 311 Million as at 30 th September 2008 as compared to AED 315.88 Million as at 31 st December 2007.

The total assets as on 30 th September 2008 was 680.30 Million as compared to 622.02 as at 31 st December 2007.

LDD 30-10-'08 10:01

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

Condensed interim financial statements

30 September 2008

KPMG

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

Independent Auditor's 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 30 September 2008, and the related condensed interim statement of income, statement of changes in shareholders' equity and statement of cash flows for the nine-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 30 September 2008 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

27 OCT 2008

Vijendra Nath Malhotra
Registration No: 48 B

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

Condensed interim balance sheet

30 September 2008

	Note	(Un-audited) 30 September 2008 AED	(Audited) 31 December 2007 AED
ASSETS			
Non-current assets			
Property and equipment		**1,572,670**	1,757,255
Investment properties		**100,000,000**	86,000,000
Investments fair valued through profit and loss	6	**106,437,134**	105,310,245
Investments available-for-sale	7	**75,698,072**	60,105,900
Statutory deposit		**10,000,000**	4,500,000
Total non-current assets		**293,707,876**	257,673,400
Current assets			
Investments held-to-maturity		**-**	3,656,295
Trade receivables		**100,857,903**	84,279,478
Due from a related party		**17,000,810**	9,533,297
Other receivables		**81,259,167**	43,468,836
Reinsurer's share of outstanding claims		**78,797,824**	80,904,272
Cash in hand and at bank		**108,679,870**	142,502,929
Total current assets		**386,595,574**	364,345,107
TOTAL ASSETS		**680,303,450**	622,018,507
LIABILITIES			
Non-current liabilities			
Employee end of service benefits		**2,249,514**	1,682,372
Life Assurance fund		**30,499,236**	21,378,807
Total non-current liabilities		**32,748,750**	23,061,179
Current liabilities			
Accounts payable and accruals		**110,251,158**	101,966,239
Unearned premium reserve		**108,906,705**	72,548,289
Outstanding claims reserve (gross)		**117,396,683**	108,553,924
Total current liabilities		**336,554,546**	283,068,452
TOTAL LIABILITIES		**369,303,296**	306,129,631
NET ASSETS EMPLOYED		**311,000,154**	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		**(4,774,041)**	-
Retained earnings		**136,129,247**	136,243,928
		311,000,154	315,888,876

These condensed interim financial statements were approved on 27 October 2008.

Dr. Abdul Zahra A. Ali (General manager)

The notes on pages 8 to 11 form an integral part of these condensed interim financial statements.
The Independent Auditor's Review Report is set out on page 1.

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

Condensed interim statement of income

for the nine-month period ended 30 September 2008

	(Un-audited) For the three-month period ended 30 September 2008 AED	(Un-audited) For the three-month period ended 30 September 2007 AED	**(Un-audited) For the nine-month period ended 30 September 2008 AED**	(Un-audited) For the nine-month period ended 30 September 2007 AED
Fire	**655,594**	(103,264)	**1,177,632**	163,723
Marine	**793,880**	485,642	**2,038,902**	1,425,672
Accident and liabilities	**10,812,565**	11,437,246	**30,842,637**	26,556,641
Group and individual life	**1,173,391**	1,706,481	**11,473,680**	6,577,861
Total underwriting profit	**13,435,430**	13,526,105	**45,532,851**	34,723,897
Interest and other income	**594,893**	2,702,577	**2,648,617**	6,044,585
Dividend income	**178,750**	270,800	**2,294,377**	3,209,384
Realised gains/(losses) on sale of investments	**308,456**	(649,369)	**2,480,561**	7,906,646
Unrealised (losses)/gains on investments fair valued through profit and loss	**(34,028,283)**	(3,304,764)	**(48,293,826)**	1,352,602
Profit from sale of investment properties	**-**	-	**5,749,653**	-
Fair value gains on investment properties	**40,000,000**	-	**40,000,000**	-
Rental income from investment properties (net	**-**	337,362	**213,136**	940,005
	20,489,246	12,882,711	**50,625,369**	54,177,119
General and administrative expenses	**(749,286)**	(386,328)	**(2,053,650)**	(1,453,666)
Net profit for the period	**19,739,960**	12,496,383	**48,571,719**	52,723,453
Earnings per share	**0.162**	0.103	**0.399**	0.433

The notes on pages 8 to 11 form an integral part of these condensed interim financial statements.

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

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

Condensed interim statement of cash flows

for the nine-month period ended 30 September 2008

	(Un-audited) For the nine-month period ended 30 September 2008 AED	(Un-audited) For the nine-month period ended 30 September 2007 AED
Operating activities		
Net profit for the period	48,571,719	52,723,453
Adjustment for:		
Depreciation	630,756	645,873
Profit on sale of investments fair valued through profit and loss	(2,480,561)	(7,906,646)
Profit on sale of investment properties	(5,749,653)	-
Unrealised losses/(gains) on investments fair valued through profit and loss	48,293,826	(1,352,602)
Gain on fair value adjustment of investment properties	(40,000,000)	-
Increase in unearned premium reserve and life assurance fund	45,478,845	38,341,828
Provision for gratuity	567,142	98,631
	95,312,074	82,550,537
Change in trade and related party receivables	(24,045,938)	(13,035,617)
Change in other receivables	(37,790,331)	(11,641,637)
Change in accounts payable and accruals	8,284,919	323,003
Change in net outstanding claims	10,949,207	5,806,086
Change in statutory deposit	(5,500,000)	-
Net cash flows provided by operating activities	47,209,931	64,002,372
Financing activities		
Dividends paid	(48,686,400)	-
Cash used in financing activities	(48,686,400)	-
Investing activities		
Redemption of investments held-to-maturity	3,656,295	5,510,250
Purchase of investments fair valued through profit and loss	(56,216,584)	(8,588,206)
Proceeds from sale of investments fair valued through profit and loss	9,276,430	39,562,946
Purchase of investments available-for-sale	(45,366,213)	-
Proceeds from sale of investments available- for- sale	25,000,000	2,771,827
Purchase of property and equipment	(446,171)	(331,405)
Proceeds from sale of investment properties	31,749,653	-
Net cash (used in)/provided by investing activities	(32,346,590)	38,925,412
Net (decrease)/ increase in cash and cash equivalents	(33,823,059)	102,927,784
Cash and cash equivalents at the beginning of the period	142,502,929	58,513,923
Cash and cash equivalents at the end of the period	108,679,870	161,441,707
These comprise the following:		
Cash in hand	4,323,505	1,322,778
Cash at bank	39,636,608	29,105,923
Fixed deposits	64,719,757	131,013,006
	108,679,870	161,441,707

The notes on pages 8 to 11 form an integral part of these condensed interim financial statements.

The Independent Auditor's 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 nine-month period ended 30 September 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
Fair value reserve for investments available-for-sale	-	-	-	3,690,821	-	3,690,821
(Total income and expense recognized directly in equity)						
Net profit for the period	-	-	-		52,723,453	52,723,453
Total recognized income and expense				3,690,821	52,723,453	56,414,274
Issue of bonus shares	20,286,000	-	-	-	(20,286,000)	-
As at 30 September 2007	121,716,000	18,361,456	17,745,470	3,041,449	105,179,294	266,043,669
As at 1 January 2008	121,716,000	29,272,467	28,656,481	-	136,243,928	315,888,876
Fair value reserve for investments available-for-sale	-	-	-	(4,774,041)	-	(4,774,041)
(Total income and expense recognized directly in equity)						
Net profit for the period	-	-	-	-	48,571,719	48,571,719
Total recognized income and expense				(4,774,041)	48,571,719	43,797,678
Dividends paid	-	-	-	-	(48,686,400)	(48,686,400)
As at 30 September 2008	**121,716,000**	**29,272,467**	**28,656,481**	**(4,774,041)**	**136,129,247**	**311,000,154**

The notes on pages 8 to 11 form an integral part of these condensed interim financial statements.

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

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 are consistent with those used in the preparation of the most recent annual financial statements (i.e. 31 December 2007).

These condensed interim financial statements have been prepared in United Arab Emirates Dirham (AED), which is the Company's functional currency.

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.

Investment property comprises freehold land situated in United Arab Emirates carried at fair value. Fair value is based on active market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. During the nine-month period ended 30 September 2008, the Company due to certain indications relating to changes in fair value such as development works carried out by the authorities, has revalued freehold land by an independent valuation expert to reflect market conditions. The revaluation was carried out on 27 July 2008 and in the view of management the value as determined by the valuator reflects market value based on current market conditions at balance sheet date. Changes in fair values have been recorded in the income statement for the nine-month period ended 30 September 2008.

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 nine-month period ended 30 September 2008 AED	(Un-audited) For the nine-month period ended 30 September 2007 AED
Key management personnel compensation		
Remuneration and short term benefit	**1,692,124**	2,412,401
Other related parties		
Premiums written on behalf of associate companies	**64,344,857**	42,607,456
Claims paid to associate companies	**18,608,584**	16,130,185
Management expenses (net)	**108,000**	130,500
Interest income	**1,856,688**	3,038,975
Interest expense	**47,568**	1,843

6. Investments fair valued through profit and loss - Domestic

As at 30 September 2008, shares amounting to AED 5.5 million are held in the name of a Director for the beneficial interest of the Company.

7. Investments available-for-sale

	(Un-audited) 30 September 2008 AED	(Audited) 31 December 2007 AED
Investments made		
- Within UAE	**71,708,875**	57,765,409
- Outside UAE	**3,989,197**	2,340,491
	75,698,072	60,105,900

8. Contingent liabilities and commitments

Leases as a lessee

Non cancelable operating lease rentals are payable as follows:

	(Un-audited) 30 September 2008 AED	(Audited) 31 December 2007 AED
Less than one year	**1,420,039**	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) 30 September 2008 AED	(Audited) 31 December 2007 AED
Less than one year	-	751,161

Capital commitments

During the year ended 31 December 2007 the Company entered into a contract to purchase property for AED 101,039,400. As at 30 September 2008 AED 70,727,580 of this amount has been paid as advance against purchase of the property *(31 December 2007: AED 30,311,820)*. The remaining commitment is expected to be settled in the next twelve months.

Guarantees

	(Un-audited) 30 September 2008 AED	(Audited) 31 December 2007 AED
Letters of guarantees	**10,135,000**	7,745,000

Fixed deposits amounting to AED 13 million *(2007: AED 10 million)* are under lien as collateral in respect of above guarantees.

Included in guarantees is a guarantee of AED 7.5 million and certificate of deposit of AED 2.5 million *(2007: AED 7.5 million)* favouring the Insurance Authority.

8. Contingent liabilities and commitments *(continued)*

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

9. 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 majority of its operations within the UAE.

10. Subsequent events

The Company holds investments in equity securities listed on the Dubai Financial Market and Abu Dhabi Financial Markets classified as available-for-sale investments and investments fair valued through profit and loss. There has been significant volatility in the market values of these securities during the reporting period and the same trend has continued subsequent to the period end. Consequently, the values disclosed at the balance sheet date relating to investments, investment fair value reserves, and unrealised loss on investments fair valued through profit and loss may be subject to a material change after the balance sheet date.

11. Interim measurement

The nature of the Company's business is such that income and expense are incurred in a manner, which is not impacted by any form of seasonality. These interim condensed financial statements were prepared based upon an accrual concept, which requires income and expense to be recorded as earned or incurred and not as received or paid throughout the year.

12. Comparatives

Certain comparatives have been reclassified / regrouped to conform to the presentation adopted in the condensed interim financial statements for the nine-month period ended 30 September 2008.