AL-SAGR NATIONAL INSURANCE COMPANY
(PUBLIC SHAREHOLDING COMPANY)
DUBAI - UNITED ARAB EMIRATES

REVIEW REPORT AND INTERIM
FINANCIAL INFORMATION
FOR THE PERIOD FROM 1 JANUARY 2011
TO 31 MARCH 2011

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

Review Report and Interim Financial Information
For the Period from 1 January 2011 to 31 March 2011

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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 31 March 2011 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three 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 IAS 34.

Deloitte & Touche (M.E.)

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Saba Y. Sindaha
Registration Number 410
12 May 2011

Condensed consolidated statement of financial position
As at 31 March 2011

	Notes	31 March 2011 AED (unaudited)	31 December 2010 AED (audited)
ASSETS			
Non-current assets			
Property and equipment		**5,669,971**	5,802,035
Investment properties	3	**187,711,850**	187,711,850
Investment in associates	4	**57,941,177**	57,701,957
Held to maturity investments	5	**7,215,898**	7,215,898
Available for sale investments	5	**4,001,892**	89,779
Total non-current assets		**262,540,788**	258,521,519
Current assets			
Reinsurance contract assets	6	**187,715,725**	171,664,445
Insurance and other receivables		**222,035,970**	192,601,013
Due from related parties	11	**227,590,480**	226,640,911
Held for trading investments	5	**70,021,759**	76,577,975
Bank balances and cash	7	**274,453,877**	280,683,443
Total current assets		**981,817,811**	948,167,787
Total Assets		**1,244,358,599**	1,206,689,306

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

Condensed consolidated statement of financial position (continued)
as at 31 March 2011

	Notes	31 March 2011 AED (unaudited)	31 December 2010 AED (audited)
EQUITY AND LIABILITIES			
Equity			
Share capital	8	**230,000,000**	230,000,000
Statutory reserve		**46,953,554**	46,953,554
General reserve		**200,000,000**	200,000,000
Investments revaluation reserve		**(92,330)**	(89,909)
Retained earnings		**95,816,101**	83,067,361
Equity attributable to equity holders of the parent		**572,677,325**	559,931,006
Non-controlling interest		**5,216,925**	5,350,748
Total Equity		**577,894,250**	565,281,754
Non-current liabilities			
Due to related parties	11	**13,208,088**	13,152,884
Provision for employees' end of service indemnity		**10,158,963**	10,359,418
Total non-current liabilities		**23,367,051**	23,512,302
Current liabilities			
Insurance contract liabilities	6	**310,616,403**	289,999,314
Bank borrowings	9	**219,805,861**	210,029,651
Insurance and other payables		**111,219,901**	106,405,767
Advances from related parties	11(c)	**1,455,133**	11,460,518
Total current liabilities		**643,097,298**	617,895,250
Total Liabilities		**666,464,349**	641,407,552
Total Equity and Liabilities		**1,244,358,599**	1,206,689,306

Director and CEO

General Manager

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

Condensed Consolidated Statement of Income (unaudited)
for the period from 1 January 2011 to 31 March 2011

	Three months period ended 31 March 2011 AED (unaudited)	2010 AED (unaudited)
Gross insurance premium revenue	**138,794,927**	139,741,185
Less: Insurance premium ceded to reinsurers	**(71,038,822)**	(75,228,953)
Net premium revenue	**67,756,105**	64,512,232
Net changes in unearned premium	**(11,450,138)**	1,741,255
Net insurance premium revenue	**56,305,967**	66,253,487
Gross claims settled	**(92,789,011)**	(110,213,839)
Insurance claims recovered from reinsurers	**44,621,505**	38,127,915
Net claims settled	**(48,167,506)**	(72,085,924)
Net changes in outstanding claims	**4,015,108**	18,162,992
Net claims incurred	**(44,152,398)**	(53,922,932)
Gross commission earned and documentation fees	**22,524,536**	24,439,455
Less: Commission incurred	**(11,408,798)**	(9,929,000)
Net commission and documentation fees earned	**11,115,738**	14,510,455
Underwriting profit	**23,269,307**	26,841,010
General and administrative expenses relating to underwriting activities	**(8,113,854)**	(7,548,542)
Net underwriting profit	**15,155,453**	19,292,468
Investment revenue-net	**4,529,976**	1,490,796
Loss on revaluation of held for trading investments	**(2,891,428)**	(4,812,146)
Other income	**1,987,944**	2,865,049
Finance costs	**(2,985,515)**	(2,204,631)
Net share of profit/(loss) from associate	**239,220**	(402,986)
Unallocated general and administration expenses	**(3,420,272)**	(1,979,826)
Net profit for the period	**12,615,378**	14,248,724
Attributable to:		
Equity holders of the parent	**12,748,740**	14,345,108
Non-controlling interest	**(133,362)**	(96,384)
	12,615,378	14,248,724
Basic earnings per share (Note 10)	**0.05**	0.06

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

Condensed consolidated statement of comprehensive income (unaudited)
for the period from 1 January 2011 to 31 March 2011

	Three months period ended 31 March	
	2011	2010
	AED	AED
	(unaudited)	(unaudited)
Net profit for the period	**12,615,378**	14,248,724
Other comprehensive income		
(Loss)/gain on revaluation of available for sale investments	**(2,882)**	2,359
Total comprehensive income for the period	**12,612,496**	14,251,083
Total comprehensive income attributable to:		
Equity holders of the parent	**12,746,319**	14,347,090
Non-controlling interest	**(133,823)**	(96,007)
	12,612,496	14,251,083

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

Condensed consolidated statement of changes in equity for the period from 1 January 2011 to 31 March 2011

	Share capital AED	Statutory reserve AED	General reserve AED	Investments revaluation reserve AED	Retained earnings AED	Attributable to equity holders of parent AED	Non-controlling interest AED	Total AED
Balance at 1 January 2010 (audited)	**230,000,000**	**46,953,554**	**200,000,000**	**(73,440)**	**120,159,195**	**597,039,309**	**4,933,028**	**601,972,337**
Net profit for the period (unaudited)	-	-	-	-	14,345,108	14,345,108	(96,384)	14,248,724
Other comprehensive income (unaudited)	-	-	-	1,982	-	1,982	377	2,359
Total comprehensive income for the period	-	-	-	1,982	14,345,108	14,347,090	(96,007)	14,251,083
Balance at 31 March 2010 (unaudited)	**230,000,000**	**46,953,554**	**200,000,000**	**(71,458)**	**134,504,303**	**611,386,399**	**4,837,021**	**616,223,420**
Balance at 31 December 2010 (audited)	**230,000,000**	**46,953,554**	**200,000,000**	**(89,909)**	**83,067,361**	**559,931,006**	**5,350,748**	**565,281,754**
Net profit for the period (unaudited)	-	-	-	-	12,748,740	12,748,740	(133,362)	12,615,378
Other comprehensive income (unaudited)	-	-	-	(2,421)	-	(2,421)	(461)	(2,882)
Total comprehensive income for the period	-	-	-	**(2,421)**	**12,748,740**	**12,746,319**	**(133,823)**	**12,612,496**
Balance at 31 March 2011 (unaudited)	**230,000,000**	**46,953,554**	**200,000,000**	**(92,330)**	**95,816,101**	**572,677,325**	**5,216,925**	**577,894,250**

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

Condensed Consolidated Statement of Cash Flows (unaudited)
For the period from 1 January 2011 to 31 March 2011

	Three months period ended 31 March	
	2011	2010
	AED	AED
	(unaudited)	(unaudited)
Cash flows from operating activities		
Net profit for the period	**12,615,378**	14,248,724
Adjustments for:		
Depreciation of property and equipment	**541,039**	271,584
Investment revenue	**(4,529,976)**	(1,490,796)
Increase in reinsurance contract assets	**(16,051,280)**	(11,404,533)
Increase/(decrease) in insurance contract liabilities	**20,617,089**	(8,499,718)
Loss on revaluation of held for trading investments	**2,891,428**	4,812,146
Provision for employees' end of service indemnity	**328,474**	455,431
Share of (profit)/ loss from associates	**(239,220)**	402,986
Finance costs	**2,985,515**	2,204,631
Operating cash flows before movements in working capital	**19,158,447**	1,000,455
Decrease/(increase) in fixed deposits with banks	**20,830,096**	(12,999,181)
Increase in insurance and other receivables	**(29,434,957)**	(39,506,999)
Increase in due from related parties	**(894,365)**	(5,337,047)
Decrease in advances from related parties	**(10,005,385)**	(18,471,726)
Increase in insurance and other payables	**4,814,134**	15,700,977
Cash generated from/(used in) operations	**4,467,970**	(59,613,521)
Interest paid	**(2,985,515)**	(2,204,631)
Employees' end of service indemnity paid	**(528,929)**	(34,698)
Net cash from/(used in) operating activities	**953,526**	(61,852,850)
Cash flows from investing activities		
Additions to investment property	**-**	(9,416,131)
Proceeds from sale of investments in securities	**4,301,099**	1,490,787
Purchase of investments in securities	**(4,551,306)**	(314,456)
Purchase of property and equipment	**(408,975)**	(886,801)
Dividends received	**876,805**	-
Interest received	**2,870,042**	-
Net cash from/(used in) investing activities	**3,087,665**	(9,126,601)
Cash flows from financing activities		
Increase in bank overdrafts	**9,776,210**	52,930,992
Net cash from financing activities	**9,776,210**	52,930,992
Net increase/(decrease) in cash and cash equivalents	**13,817,401**	(18,048,459)
Cash and cash equivalents, at the beginning of the period	**14,442,502**	23,444,506
Cash and cash equivalents, at the end of the period (Note 7)	**28,259,903**	5,396,047

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

Notes to the condensed consolidated financial statements (continued)
For the period from 1 January 2011 to 31 March 2011

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 condensed 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:

Company name	Activity	Country of incorporation %	Ownership held %
Jordan Emirates Insurance Company PSC	Underwriting of insurance of all types	Jordan	84.02%

2. 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, 2010.

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, 2010. In addition, results for the three-months period ended 31 March 2011 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2011.

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, 2010.

Notes to the condensed consolidated financial statements (continued)
For the period from 1 January 2011 to 31 March 2011

2. Significant accounting policies (continued)

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

Investment properties

Investment properties, which are properties 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.

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.

Notes to the condensed consolidated financial statements (continued)
For the period from 1 January 2011 to 31 March 2011

2. Significant accounting policies (continued)

Held-to-maturity investments

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

Available for sale investments

Unlisted shares and listed shares held by the Group 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.

3. Investment properties

	31 March 2011 AED (unaudited)	31 December 2010 AED (audited)
At the beginning of the period/year	**275,347,114**	65,993,812
Additions during the period/year	-	12,768,339
Transfer from investment properties under construction	-	196,584,963
Cost, at the end of the period/year	**275,347,114**	275,347,114
Total cost	**275,347,114**	275,347,114
Net loss on revaluation of investment properties	**(87,635,264)**	(87,635,264)
	187,711,850	187,711,850

3. Investment properties (continued)

The Group has certain assets which are jointly controlled with Gulf General Investment PSC (referred hereafter as "GGICO") on 3 projects whose details are as follows:

(i) A 10% ownership share in Meydan Tower, a property located in Dubai. The Group has contributed AED 152,960 million as at 31 March 2011 (December 2010: AED 152,960 million). The 10% ownership is held in the name of GGICO Real Estate Developments Co. LLC on trust and for the benefit of the Group. The Group has additional commitment of AED 46 million in relation to the property.

(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 of AED 41 million as at 31 March 2011 (December 2010 AED 41 million).

(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 of AED 18.5 million as at 31 March 2011. The 30% ownership is held in the name of GGICO on trust and for the benefit of the Group.

4. Investments in associates

	31 March 2011 AED (unaudited)	31 December 2010 AED (audited)
Al Sagr Cooperative Insurance Company Kingdom of Saudi Arabia	**57,235,046**	56,995,826
Green Air Technology LLC	**556,131**	556,131
Sogour Al Khaleej General Trading Company	**150,000**	150,000
	57,941,177	57,701,957

(a) The Group holds 26% ownership in Al-Sagr Cooperative Insurance Company, a company incorporated in Kingdom of Saudi Arabia. The main activity of the Company is the under writing of insurance of all types.

(b) The Group holds 50% ownership in Sogour Al Khaleej General Trading L.L.C., a limited liability company incorporated in Dubai, United Arab Emirates. The main activity of the Company 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., 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 is registered in the name of GGICO on behalf and for the benefits of the Company.

Although, the Group holds 50% equity 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.

5. Investments in securities

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

	31 March 2011 (unaudited) AED	31 December 2010 (audited) AED
a) **Held for trading investments:**		
Fair value, at the beginning of the period/year	**76,577,975**	89,831,612
Net (disposals)/additions during the period/year	**(3,664,788)**	2,466,059
Decrease in fair value	**(2,891,428)**	(15,719,696)
Fair value, at the end of the period/year	**70,021,759**	76,577,975
b) **Available for sale investments:**		
Fair value, at the beginning of the period/year	**89,779**	109,380
Additions during the period/year	**3,914,995**	-
Decrease in fair value	**(2,882)**	(19,601)
Fair value, at the end of the period/year	**4,001,892**	89,779
c) **Held to maturity investments:**		
Cost, at the beginning of the period/year	**7,215,898**	7,953,898
Impairment during the period/year	**-**	(738,000)
Cost, at the end of the period/year	**7,215,898**	7,215,898

Notes to the condensed consolidated financial statements (continued)
For the period from 1 January 2011 to 31 March 2011

6. Insurance contract liabilities and re-insurance contract assets

	31 March 2011 (unaudited) AED	31 December 2010 (audited) AED
Gross		
Insurance contract liabilities		
Claims reported unsettled	143,839,398	164,516,135
Claims incurred but not reported	7,857,200	8,092,100
Unearned premiums	158,919,805	117,391,079
Total insurance contract liabilities (gross)	310,616,403	289,999,314
Recoverable from reinsurers		
Claims reported unsettled	107,552,133	124,448,656
Unearned premiums	80,163,592	47,215,789
Total reinsurers' share of insurance liabilities	187,715,725	171,664,445
Net		
Claims reported unsettled	36,287,265	40,067,479
Claims incurred but not reported	7,857,200	8,092,100
Unearned premiums	78,756,213	70,175,290
	122,900,678	118,334,869

7. Bank balances and cash

	31 March 2011 (unaudited) AED	31 December 2010 (audited) AED
Cash on hand	722,937	115,679
Bank balances:		
Current accounts	6,499,028	7,311,785
Fixed deposits	267,231,912	273,255,979
	274,453,877	280,683,443

Fixed deposits with banks as at 31 March 2011 include AED 10 million (December 31, 2010: 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 178 million (December 31, 2010: AED 191 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, and carrying an interest of 4% to 5%.

Notes to the condensed consolidated financial statements (continued)
For the period from 1 January 2011 to 31 March 2011

7. Bank balances and cash (continued)

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

	31 March 2011 (unaudited) AED	31 March 2010 (unaudited) AED
Bank balances and cash	**274,453,877**	272,420,117
Long term fixed deposits	**(246,193,974)**	(267,024,070)
Cash and cash equivalents	**28,259,903**	5,396,047

8. Share capital

	31 March 2011 (unaudited) AED	31 December 2010 (audited) AED
Issued and fully paid:		
230,000,000 shares of AED 1 each		
(31 December 2010: 230,000,000 share of AED 1 each)	**230,000,000**	230,000,000

9. Bank borrowings

	31 March 2011 (unaudited) AED	31 December 2010 (audited) AED
Secured at amortised cost		
Bank overdrafts	**219,805,861**	210,029,651

The Group has bank facilities in the form of overdraft repayable upon demand and bearing interest ranging from 4.6% to 5.6% per annum (2010: 4.5% to 7.5% per annum). These facilities are secured by lien on fixed deposits amounting to AED 202 million. The bank overdraft limit provided under the facility is AED 247 million.

Notes to the condensed consolidated financial statements (continued)
For the period from 1 January 2011 to 31 March 2011

10. Basic earnings per share

	Three months period ended 31 March	
	2011 (unaudited)	2010 (unaudited)
Net profit for the period attributable to equity holders of the parent - AED	**12,615,378**	14,248,724
Weighted average numbers of shares	**230,000,000**	230,000,000
Basic earnings per share - AED	**0.05**	0.06

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.

11. Related party transactions

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard 24: Related Party Disclosures. Related parties comprise companies and entities under common ownership and/or common management and control, shareholders, directors and key management personnel of the Group, their close family members and entities controlled, jointly controlled or significantly influenced by such parties. The management decides on the terms and conditions of services received from/rendered to related parties as well as on other charges.

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

	31 March 2011 (unaudited) AED	31 December 2010 (audited) AED
Included in insurance and other receivables		
Due from policyholders	**2,618,283**	1,778,942
Due from shareholders	**13,622,165**	1,213,268
Included in due from related parties		
Due from related parties	**227,590,480**	226,640,911
Included in due to related parties		
Due to shareholders	**13,208,088**	13,152,884
Advances received	**1,455,133**	11,460,518
Included in insurance and other payables		
Gross outstanding claims	-	23,500
Others		
Investments in jointly controlled assets	**145,023,672**	158,522,360
Held to maturity investments	**7,215,898**	7,215,898

11. 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:

	Three months period ended 31 March	
	2011 (unaudited) AED	2010 (unaudited) AED
Gross premium	**9,668,505**	9,393,612
Claims paid	**1,018,539**	576,630

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

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

c) In 2008, the Company received an advance of AED 40 million from Sagr Al Bayda'a Trading Agencies Co. Ltd 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. The Company has repaid AED 20 million to related parties and AED 19 million has been adjusted against investment in subsidiary - discontinued operations.

Compensation of key management personnel

	Three months period ended 31 March	
	2011 (unaudited) AED	2010 (unaudited) AED
Salaries and benefits	**1,752,271**	1,702,000
End of service benefits	**119,355**	455,431

Notes to the condensed consolidated financial statements (continued)
For the period from 1 January 2011 to 31 March 2011

12. Contingent liabilities

	31 March 2011 (unaudited) AED	31 December 2010 (audited) AED
Letters of guarantee	**13,084,163**	22,779,015
Capital commitments	**46,610,000**	46,610,000

13. Seasonality of results

No income of seasonal nature was recorded in the condensed consolidated statement of income for the three month period ended 31 March 2011 and 2010.

14. Segment information

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

Underwriting of general insurance business - incorporating all classes of general insurance 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 1 January 2011 to 31 March 2011

14. Segment information (continued)

Primary segment information- business segment

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

	Three-months period ended 31 March (unaudited)					
	Underwriting		Investments		Total	
	2011 AED	2010 AED	**2011 AED**	2010 AED	**2011 AED**	2010 AED
Segment revenue	**138,794,927**	139,741,185	**4,769,196**	1,490,796	**143,564,123**	141,231,981
Segment result	**15,155,453**	19,292,468	**(1,107,747)**	(5,928,967)	**14,047,706**	13,363,501
Unallocated expenses / income					**(1,432,328)**	885,223
Net profit for the period					**12,615,378**	14,248,724

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

	Underwriting		Investments		Total	
	31 March 2011 (unaudited) AED	31 December 2010 (audited) AED	**31 March 2011 (unaudited) AED**	31 December 2010 (audited) AED	**31 March 2011 (unaudited)** AED	31 December 2010 (audited) AED
Segment assets	**451,012,149**	404,708,404	**793,346,450**	801,980,902	**1,244,358,599**	1,206,689,306
Segment liabilities	**421,836,304**	396,405,081	**244,628,045**	245,002,471	**666,464,349**	641,407,552

Notes to the condensed consolidated financial statements (continued)
For the period from 1 January 2011 to 31 March 2011

14. 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.

	Three-months period ended 31 March	
	2011	2010
	AED	AED
Accidents and liabilities	**82,876,725**	79,363,273
Fire and general accidents	**11,271,818**	12,049,966
Marine and aviation	**44,646,384**	48,327,946
	138,794,927	139,741,185

15. Approval of the condensed consolidated financial statements

The condensed consolidated financial statements for the three month period ended 31 March 2011 were approved by the Management and authorized for issue on 12 May 2011.