

**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 30 SEPTEMBER 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 30 September 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 30 September 2011 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 IAS 34.

Deloitte & Touche (M.E.)

Anis Sadek
Registration Number 521
..... 2011

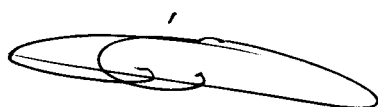
**Condensed consolidated statement of financial position
As at 30 September 2011**

	Notes	30 September 2011 Un-audited AED	31 December 2010 Audited AED
ASSETS			
Non-current assets			
Property and equipment		5,308,325	5,802,035
Investment properties	3	187,559,248	187,711,850
Investment in associates	4	63,064,873	57,701,957
Held to maturity investments	5	7,117,974	7,215,898
Available for sale investments	5	3,996,646	89,779
Total non-current assets		267,047,066	258,521,519
Current assets			
Reinsurance contract assets	6	199,906,611	171,664,445
Insurance and other receivables	12	211,042,948	192,601,013
Due from related parties	11(a)	229,532,039	226,640,911
Held for trading investments	5	59,303,569	76,577,975
Bank balances and cash	7	269,386,755	280,683,443
Total current assets		969,171,922	948,167,787
Total Assets		1,236,218,988	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 30 September 2011

	Notes	30 September 2011 Un-audited AED	31 December 2010 Audited AED
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		(96,742)	(89,909)
Retained earnings		93,912,268	83,067,361
Equity attributable to equity holders of the parent		570,769,080	559,931,006
Non-controlling interest		4,132,884	5,350,748
Total Equity		574,901,964	565,281,754
Non-current liabilities			
Due to related parties	11(a)	15,156,395	13,152,884
Provision for employees' end of service indemnity		10,544,873	10,359,418
Total non-current liabilities		25,701,268	23,512,302
Current liabilities			
Insurance contract liabilities	6	326,339,120	289,999,314
Bank borrowings	9	200,642,178	210,029,651
Insurance and other payables		107,078,981	106,405,767
Advances from related parties	11(c)	1,555,477	11,460,518
Total current liabilities		635,615,756	617,895,250
Total Liabilities		661,317,024	641,407,552
Total Equity and Liabilities		1,236,218,988	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 (un-audited)
For the period from 1 January 2011 to 30 September 2011

	Nine months period ended		Three months period ended	
	30 September		30 September	
	2011	2010	2011	2010
	Un-audited	Un-audited	Un-audited	Un-audited
	AED	AED	AED	AED
Gross insurance premium revenue	319,707,191	326,763,369	72,123,409	80,244,839
Less: Insurance premium ceded to reinsurers	(148,747,616)	(157,724,745)	(33,740,487)	(38,564,721)
Net retained premium revenue	170,959,575	169,038,624	38,382,922	41,680,118
Net change in unearned premium	(9,131,625)	16,710,151	10,399,748	10,185,939
Net insurance premium revenue	161,827,950	185,748,775	48,782,670	51,866,057
Gross claims settled	(227,935,681)	(270,639,772)	(60,340,996)	(75,964,905)
Insurance claims recovered from reinsurers	77,824,371	75,289,477	10,364,405	16,999,305
Net claims settled	(150,111,310)	(195,350,295)	(49,976,591)	(58,965,600)
Net change in outstanding claims	1,033,987	18,795,764	(2,660,247)	1,971,712
Net claims incurred	(149,077,323)	(176,554,531)	(52,636,838)	(56,993,888)
Gross commission earned and documentation fees	52,528,571	62,392,782	12,576,089	15,682,315
Less: Commission expense incurred	(23,458,999)	(24,382,226)	(5,264,671)	(7,477,992)
Net commission and documentation fees earned	29,069,572	38,010,556	7,311,418	8,204,323
Underwriting profit	41,820,199	47,204,800	3,457,250	3,076,492
General and administrative expenses relating to underwriting activities	(25,551,146)	(24,632,575)	(8,768,746)	(6,967,764)
Net underwriting profit	16,269,053	22,572,225	(5,311,496)	(3,891,272)
Bargain purchase gain	-	1,511,805	-	-
Net investment revenue / (loss)	10,934,799	10,287,943	272,959	(874,202)
Gain on transfer of net assets of Subsidiary	-	15,599,271	-	15,599,271
(Loss)/gain on revaluation of held for trading investments	(9,920,809)	(11,223,814)	(3,091,253)	2,952,215
Share of profit from associates	5,362,916	3,187,011	2,907,659	3,852,830
Finance costs	(8,279,632)	(7,217,854)	(2,071,736)	(1,857,924)
Other income	3,500,888	699,107	2,551,561	4,081,095
Unallocated general and administrative expenses	(8,238,872)	(6,070,189)	(2,787,319)	(2,102,263)
Profit / (loss) for the period	9,628,343	29,345,505	(7,529,625)	17,759,750
Attributable to:				
Equity holders of the parent	10,844,907	29,457,968	(6,250,458)	17,903,351
Non-controlling interests	(1,216,564)	(112,463)	(1,279,167)	(143,601)
	9,628,343	29,345,505	(7,529,625)	17,759,750
Basic earnings per share (Note 10)	0.05	0.13	(0.03)	0.08

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 1 January 2011 to 30 September 2011

	Nine months period ended 30 September		Three months period ended 30 September	
	2011 Un-audited AED	2010 Un-audited AED	2011 Un-audited AED	2010 Un-audited AED
Profit/(loss) for the period	9,628,343	29,345,505	(7,529,625)	17,759,750
Other comprehensive income				
Impairment on available for sale investments transferred to statement of income	-	111,755	-	111,755
Loss on revaluation of available for sale investments	(8,133)	(19,601)	(4,244)	(19,288)
Total comprehensive income / (loss) for the period	9,620,210	29,437,659	(7,533,869)	17,852,217
Total comprehensive income attributable to:				
Equity holders of the parent	10,838,074	29,535,396	(6,254,023)	17,981,042
Non-controlling interest	(1,217,864)	(97,737)	(1,279,846)	(128,825)
	9,620,210	29,437,659	(7,533,869)	17,852,217

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 30 September 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
Profit / (loss) for the period (un-audited)	-	-	-	-	29,457,968	29,457,968	(112,463)	29,345,505
Other comprehensive income (un-audited)	-	-	-	77,428	-	77,428	14,726	92,154
Total comprehensive income/(loss) 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 30 September 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
Balance at 1 January 2011 (audited)	230,000,000	46,953,554	200,000,000	(89,909)	83,067,361	559,931,006	5,350,748	565,281,754
Profit for the period (un-audited)	-	-	-	-	10,844,907	10,844,907	(1,216,564)	9,628,343
Other comprehensive loss (un-audited)	-	-	-	(6,833)	-	(6,833)	(1,300)	(8,133)
Total comprehensive income / (loss) for the period	-	-	-	(6,833)	10,844,907	10,838,074	(1,217,864)	9,620,210
Balance at 30 September 2011 (un-audited)	230,000,000	46,953,554	200,000,000	(96,742)	93,912,268	570,769,080	4,132,884	574,901,964

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 1 January 2011 to 30 September 2011

	Nine months period ended 30 September	
	2011	2010
	AED	AED
Profit for the period	9,628,343	29,345,505
Adjustments for:		
Depreciation of property and equipment	1,306,158	1,445,682
Allowance for bad debts	-	2,000,000
Investment revenue	250,526	(2,587,888)
Bargain purchase gain	-	(1,511,805)
Impairment of available for sale investments	-	111,755
Share of profit from associates	(5,362,916)	(3,187,011)
Loss on revaluation of held for trading investments	9,920,809	11,223,814
Interest Income	(8,117,756)	(7,700,055)
Gain on disposal of held for trading investment	(203,097)	-
(Increase) / decrease in reinsurance contract assets	(28,242,166)	26,665,873
Increase / (decrease) in insurance contract liabilities	36,339,806	(62,171,789)
Provision for employees' end of service indemnity	985,422	1,366,293
Finance costs	8,279,632	7,217,854
Gain on transfer of net assets of subsidiary	-	(15,599,271)
Operating cash flows before movements in working capital	24,784,761	(13,381,043)
Decrease / (increase) in fixed deposits with banks	36,805,633	(3,030,134)
(Increase) / decrease in insurance and other receivables	(18,441,935)	15,190,784
(Increase) in due from / (to) related parties - net	(887,617)	(36,586,949)
Decrease in insurance and other payables and advances - net	(9,231,827)	(20,778,215)
Cash from / (used in) operations	33,029,015	(58,585,557)
Interest paid	(8,279,632)	(7,217,854)
Employees' end of service indemnity paid	(799,967)	(282,349)
Net cash from / (used in) operating activities	23,949,416	(66,085,760)
Cash flows from investing activities		
Purchase of investment property	-	(11,868,574)
Proceeds from / (purchase of) investments in securities	7,556,694	(2,782,493)
Proceeds from sale of property and equipment	240,530	-
Purchase of available for sale investment	(3,915,000)	-
Purchase of property and equipment	(1,052,978)	(2,546,360)
Interest received	8,117,756	7,700,055
Dividends received	-	2,587,888
Net cash from / (used in) investing activities	10,947,002	(6,909,484)
Cash flows from financing activities		
(Decrease) / increase in bank borrowings	(9,387,473)	66,695,165
Net cash (used in) / from financing activities	(9,387,473)	66,695,165
Net increase / (decrease) in cash and cash equivalents	25,508,945	(6,300,079)
Cash and cash equivalents at beginning of the period	14,442,502	23,444,506
Cash and cash equivalents at end of the period (Note 7)	39,951,447	17,144,427

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

**Notes to the condensed consolidated financial statements
For the period from 1 January 2011 to 30 September 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” – “GGICO”), 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:

<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. 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 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 nine-months period ended 30 September 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 30 September 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 30 September 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 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

	30 September 2011 Un-audited AED	31 December 2010 Audited AED
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	(87,787,866)	(87,635,264)
	187,559,248	187,711,850

Notes to the condensed consolidated financial statements (continued)
For the period from 1 January 2011 to 30 September 2011

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 152.9 million as at 30 September 2011 (December 2010: AED 152.9 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 30 September 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 30 September 2011. The 30% ownership is held in the name of GGICO on trust and for the benefit of the Group.

4. Investments in associates

	30 September 2011 Un-audited AED	31 December 2010 Audited AED
Al Sagr Cooperative Insurance Company Kingdom of Saudi Arabia	62,358,742	56,995,826
Green Air Technology L.L.C.	556,131	556,131
Sogour Al Khaleej General Trading L.L.C.	150,000	150,000
	63,064,873	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 GGICO.
- (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.

Notes to the condensed consolidated financial statements (continued)
For the period from 1 January 2011 to 30 September 2011

5. Investments in securities

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

	30 September 2011 Un-audited AED	31 December 2010 Audited AED
a) Held for trading investments:		
Fair value at beginning of the period/year	76,577,975	89,831,612
Net (disposals) / additions during the period/year	(7,353,597)	2,466,059
Decrease in fair value	(9,920,809)	(15,719,696)
Fair value at end of the period/year	59,303,569	76,577,975
b) Available for sale investments:		
Fair value at beginning of the period/year	89,779	109,380
Additions during the period/year	3,915,000	-
Decrease in fair value	(8,133)	(19,601)
Fair value at end of the period/year	3,996,646	89,779
c) Held to maturity investments:		
Cost at beginning of the period/year	7,215,898	7,953,898
Impairment during the period/year	(97,924)	(738,000)
Cost at end of the period/year	7,117,974	7,215,898

5.1. Fair value of held to maturity investments as at period end is AED 7.1 million (31 December 2010: AED 7.2 million).

Notes to the condensed consolidated financial statements (continued)
For the period from 1 January 2011 to 30 September 2011

6. Insurance contract liabilities and re-insurance contract assets

	30 September 2011 Un-audited AED	31 December 2010 Audited AED
Gross		
Insurance contract liabilities		
Claims reported unsettled	177,552,368	164,516,135
Claims incurred but not reported	8,356,472	8,092,100
Unearned premiums	140,430,280	117,391,079
Total insurance contract liabilities (gross)	326,339,120	289,999,314
Recoverable from reinsurers		
Claims reported unsettled	138,783,247	124,448,656
Unearned premiums	61,123,364	47,215,789
Total reinsurers' share of insurance contract liabilities	199,906,611	171,664,445
Net		
Claims reported unsettled	38,769,121	40,067,479
Claims incurred but not reported	8,356,472	8,092,100
Unearned premiums	79,306,916	70,175,290
	126,432,509	118,334,869

7. Bank balances and cash

	30 September 2011 Un-audited AED	31 December 2010 Audited AED
Cash on hand	337,904	115,679
Bank balances:		
Current accounts	1,807,021	7,311,785
Fixed deposits	267,241,830	273,255,979
	269,386,755	280,683,443

Fixed deposits with banks as at 30 September 2011 include AED 10 million (31 December 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 (31 December 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 reporting date and carrying an interest of 2.75% to 5.25%.

Notes to the condensed consolidated financial statements (continued)
For the period from 1 January 2011 to 30 September 2011

7. Bank balances and cash (continued)

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

	30 September 2011 Un-audited AED	30 September 2010 Un-audited AED
Bank balances and cash	269,386,755	274,199,447
Long term fixed deposits	(229,435,308)	(257,055,020)
Cash and cash equivalents	39,951,447	17,144,427

8. Share capital

	30 September 2011 Un-audited AED	31 December 2010 Audited AED
Issued and fully paid: 230,000,000 shares of AED 1 each (31 December 2010: 230,000,000 shares of AED 1 each)	230,000,000	230,000,000

9. Bank borrowings

	30 September 2011 Un-audited AED	31 December 2010 Audited AED
<i>Secured at amortised cost</i> Bank overdrafts	200,642,178	210,029,651

The Group has bank facilities in the form of overdraft repayable upon demand and bearing interest ranging from 3.6% to 6.0% per annum (31 December 2010: 4.5% to 7.5% per annum). These facilities are secured by lien on fixed deposits amounting to AED 178 million (31 December 2010: AED 191 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 30 September 2011

10. Basic earnings per share

	Nine months period ended 30 September		Three months period ended 30 September	
	2011 Un-audited	2010 Un-audited	2011 Un-audited	2010 Un-audited
Profit/(loss) for the period attributable to equity holders of the parent – AED	10,844,907	29,457,968	(6,250,458)	17,903,351
Weighted average numbers of shares	230,000,000	230,000,000	230,000,000	230,000,000
Basic earnings/(loss) per share - AED	0.05	0.13	(0.03)	0.08

Basic earnings per share are calculated by dividing the profit / (loss) for the period attributable to the equity holders of the parent by the weighted average number of shares outstanding as of the reporting 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 (IAS) 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:

	30 September 2011 Un-audited AED	31 December 2010 Audited AED
Included in insurance and other receivables		
Due from policyholders	2,531,016	1,778,942
Due from shareholders	11,548,152	11,423,476
Included in due from related parties		
Due from related parties	229,532,039	226,640,911
Included in due to related parties		
Due to shareholders	15,156,395	13,152,884
Advances received	1,555,477	11,460,518
Included in insurance and other payables		
Gross outstanding claims	67,356	1,236,768
Others		
Investments in jointly controlled assets	148,379,646	152,711,850
Held to maturity investments	3,355,974	3,453,898

Notes to the condensed consolidated financial statements (continued)
For the period from 1 January 2011 to 30 September 2011

11. Related party transactions (continued)

The amounts outstanding are unsecured and will be settled in cash. No expense has been recognized in the period 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 30 September		Three months period ended 30 September	
	2011 Un-audited AED	2010 Un-audited AED	2011 Un-audited AED	2010 Un-audited AED
Gross premium	12,272,584	11,898,323	1,632,778	1,088,247
Gross claims paid	1,138,365	609,690	61,470	71,000

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.
- d) Due from related parties includes AED 192 million receivable from Sogour Al Khaleej Trading. The credit risk against this balance is guaranteed by the Parent Company.

Compensation of key management personnel

	Nine months period ended 30 September		Three months period ended 30 September	
	2011 Un-audited AED	2010 Un-audited AED	2011 Un-audited AED	2010 Un-audited AED
Salaries and benefits	4,695,946	3,911,360	1,447,769	1,339,232

12. Insurance and other receivables

Insurance and other receivables include an allowance for doubtful debts amounting to AED 20.40 million (31 December 2010: AED 20.40 million).

Notes to the condensed consolidated financial statements (continued)
For the period from 1 January 2011 to 30 September 2011

13. Contingent liabilities

	30 September 2011 Un-audited AED	31 December 2010 Audited AED
Letters of guarantee	18,762,538 =====	22,779,015 =====
Capital commitments	46,610,000 =====	46,610,000 =====

14. Seasonality of results

No income of seasonal nature was recorded in the condensed consolidated statement of income for the nine month period ended 30 September 2011 and 2010.

15. 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 30 September 2011

15. Segment information (continued)

Primary segment information- business segment

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

	Nine months period ended 30 September (unaudited)					
	Underwriting		Investments		Total	
	2011 AED	2010 AED	2011 AED	2010 AED	2011 AED	2010 AED
Segment revenue	319,707,191	326,763,369	16,297,715	19,362,216	336,004,906	346,125,585
Segment result	16,269,053	22,572,225	(1,902,726)	12,144,362	14,366,327	34,716,587
Unallocated income and expenses					(4,737,984)	(5,371,082)
Profit for the period					9,628,343	29,345,505

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

	Underwriting		Investments		Total	
	30 September 2011 Un-audited AED	31 December 2010 Audited AED	30 September 2011 Un-audited AED	31 December 2010 Audited AED	30 September 2011 Un-audited AED	31 December 2010 Audited AED
	Segment assets	685,644,839	377,494,957	550,574,149	829,194,349	1,236,218,988
Segment liabilities	433,418,101	406,764,499	227,898,923	234,643,053	661,317,024	641,407,552

Notes to the condensed consolidated financial statements (continued)
For the period from 1 January 2011 to 30 September 2011

15. 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		Three-months period ended	
	30 September		30 September	
	2011	2010	2011	2010
	AED	AED	AED	AED
Accidents and liabilities	216,395,942	217,193,460	48,779,992	55,870,256
Fire and general accidents	20,792,669	20,454,784	5,116,907	4,203,829
Marine and aviation	82,518,580	89,115,125	18,226,510	20,170,754
	319,707,191	326,763,369	72,123,409	80,244,839
	=====	=====	=====	=====

16. Approval of the condensed consolidated financial statements

The condensed consolidated financial statements for the nine months period ended 30 September 2011 were approved by the Management and authorized for issue on 2011.