

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

**Review report and interim financial information
for the nine months period ended 30 September 2012**

Al-Sagr National Insurance Company (Public Shareholding Company)

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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 (Public Shareholding Company) - Dubai, United Arab Emirates (the "Company") and its subsidiary (collectively the "Group") as of 30 September 2012 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine months period then ended. Management of the Group is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 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
31 October 2012

Condensed consolidated statement of financial position
As at 30 September 2012

| | Notes | 30 September 2012 (Un-audited) AED | 31 December 2011 (Audited) AED |
|---------------------------------|-------|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property and equipment | | 4,160,345 | 4,845,992 |
| Investment properties | 4 | 238,123,186 | 238,123,186 |
| Investment in associates | 5 | 71,136,697 | 65,530,928 |
| Held to maturity investments | 6(c) | 6,799,474 | 6,799,474 |
| Available for sale investments | 6(b) | 3,968,662 | 3,979,973 |
| Total non-current assets | | 324,188,364 | 319,279,553 |
| Current assets | | | |
| Reinsurance contract assets | 7 | 124,126,703 | 107,354,952 |
| Insurance and other receivables | 13 | 223,738,760 | 183,927,424 |
| Due from related parties | 12(a) | 190,971,185 | 205,133,700 |
| Held for trading investments | 6(a) | 51,153,021 | 54,014,152 |
| Bank balances and cash | 8 | 282,608,611 | 276,756,108 |
| Total current assets | | 872,598,280 | 827,186,336 |
| Total Assets | | 1,196,786,644 | 1,146,465,889 |

The accompanying notes form an integral part of this interim financial information.

Condensed consolidated statement of financial position (continued)
As at 30 September 2012

| | Notes | 30 September 2012 (Un-audited) AED | 31 December 2011 (Audited) AED |
|--|-------|---|---|
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 9 | 230,000,000 | 230,000,000 |
| Statutory reserve | | 49,209,674 | 49,209,674 |
| General reserve | | 200,000,000 | 200,000,000 |
| Investments revaluation reserve | | (35,747) | (32,976) |
| Retained earnings | | 98,845,725 | 91,567,776 |
| Equity attributable to equity holders of the Parent | | 578,019,652 | 570,744,474 |
| Non-controlling interest | | 4,401,790 | 4,159,540 |
| Total Equity | | 582,421,442 | 574,904,014 |
| Non-current liabilities | | | |
| Due to related parties | 12(a) | 19,369,408 | 18,073,204 |
| Provision for employees' end of service indemnity | | 11,095,453 | 10,910,440 |
| Total non-current liabilities | | 30,464,861 | 28,983,644 |
| Current liabilities | | | |
| Insurance contract liabilities | 7 | 267,689,320 | 236,383,850 |
| Bank borrowings | 10 | 208,643,417 | 207,456,809 |
| Insurance and other payables | | 106,450,059 | 97,620,027 |
| Advances from related parties | 12(a) | 1,117,545 | 1,117,545 |
| Total current liabilities | | 583,900,341 | 542,578,231 |
| Total Liabilities | | 614,365,202 | 571,561,875 |
| Total Equity and Liabilities | | 1,196,786,644 | 1,146,465,889 |



Director and CEO

The accompanying notes form an integral part of this interim financial information.

Condensed consolidated statement of income
For the nine months period ended 30 September 2012

| | Three months period ended 30 September | | Nine months period ended 30 September | |
|---|---|---------------------|--|----------------------|
| | 2012 | 2011 | 2012 | 2011 |
| | Un-audited | Un-audited | Un-audited | Un-audited |
| | AED | AED | AED | AED |
| Gross insurance premium revenue | 74,020,266 | 72,123,409 | 292,713,654 | 319,707,191 |
| Less: Insurance premium ceded to reinsurers | (29,011,357) | (33,740,487) | (112,644,676) | (148,747,616) |
| Net retained premium revenue | 45,008,909 | 38,382,922 | 180,068,978 | 170,959,575 |
| Net change in unearned premium | 8,763,545 | 10,399,748 | (10,179,010) | (9,131,625) |
| Net insurance premium revenue | 53,772,454 | 48,782,670 | 169,889,968 | 161,827,950 |
| Gross claims settled | (51,427,093) | (60,340,996) | (199,203,015) | (227,935,681) |
| Insurance claims recovered from reinsurers | 9,217,566 | 10,364,405 | 50,635,167 | 77,824,371 |
| Net claims settled | (42,209,527) | (49,976,591) | (148,567,848) | (150,111,310) |
| Net change in outstanding claims | (8,288,043) | (2,660,247) | (1,114,272) | 1,033,987 |
| Net claims incurred | (50,497,570) | (52,636,838) | (149,682,120) | (149,077,323) |
| Gross commission earned and documentation fees | 16,125,248 | 12,576,089 | 55,280,141 | 52,528,571 |
| Less: Commission incurred | (5,628,910) | (5,264,671) | (22,978,917) | (23,458,999) |
| Net commission and documentation fees earned | 10,496,338 | 7,311,418 | 32,301,224 | 29,069,572 |
| Underwriting profit | 13,771,222 | 3,457,250 | 52,509,072 | 41,820,199 |
| General and administrative expenses relating to underwriting activities | (7,470,341) | (8,768,746) | (25,753,225) | (25,551,146) |
| Net underwriting profit/(loss) | 6,300,881 | (5,311,496) | 26,755,847 | 16,269,053 |
| Investment revenue /(loss) | 2,195,291 | (2,818,294) | 9,477,679 | 1,013,990 |
| Share of profit from associates | 1,712,339 | 2,907,659 | 5,605,769 | 5,362,916 |
| Finance costs | (2,197,035) | (2,071,736) | (6,578,543) | (8,279,632) |
| Other income | 645,354 | 2,551,561 | 1,943,047 | 3,500,888 |
| Unallocated general and administrative expenses | (11,303,921) | (2,787,319) | (18,183,235) | (8,238,872) |
| (Loss)/profit for the period | (2,647,091) | (7,529,625) | 19,020,564 | 9,628,343 |
| Attributable to: | | | | |
| Equity holders of the Parent | (2,847,802) | (6,250,458) | 18,777,949 | 10,844,907 |
| Non-controlling interest | 200,711 | (1,279,167) | 242,615 | (1,216,564) |
| | (2,647,091) | (7,529,625) | 19,020,564 | 9,628,343 |
| Basic(loss)/earnings per share (Note 11) | (0.01) | (0.03) | 0.08 | 0.05 |

The accompanying notes form an integral part of this interim financial information.

Condensed consolidated statement of comprehensive income
For the nine months period ended 30 September 2012

| | Three months period ended 30 September | | Nine months period ended 30 September | |
|--|---|--------------------|--|------------------|
| | 2012 | 2011 | 2012 | 2011 |
| | Un-audited | Un-audited | Un-audited | Un-audited |
| | AED | AED | AED | AED |
| (Loss)/profit for the period | (2,647,091) | (7,529,625) | 19,020,564 | 9,628,343 |
| Other comprehensive income/(loss) | | | | |
| Gain/(loss) on revaluation of available for sale investments | 14 | (4,244) | (3,136) | (8,133) |
| Total comprehensive(loss)/income for the period | (2,647,077) | (7,533,869) | 19,017,428 | 9,620,210 |
| Total comprehensive (loss)/ income attributable to: | | | | |
| Equity holders of the Parent | (2,847,818) | (6,254,023) | 18,775,178 | 10,838,074 |
| Non-controlling interest | 200,741 | (1,279,846) | 242,250 | (1,217,864) |
| | (2,647,077) | (7,533,869) | 19,017,428 | 9,620,210 |

The accompanying notes form an integral part of this interim financial information.

Condensed consolidated statement of changes in equity
For the nine months period ended 30 September 2012

| | Share capital AED | Statutory reserve AED | General reserve AED | Investments revaluation reserve AED | Retained earnings AED | Attributable to equity holders of the Parent AED | Non- controlling interest AED | Total AED |
|--|-------------------------|-----------------------------|---------------------------|--|-----------------------------|--|--|--------------------|
| 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/(loss) for the period | - | - | - | - | 10,844,907 | 10,844,907 | (1,216,564) | 9,628,343 |
| Other comprehensive loss | - | - | - | (6,833) | - | (6,833) | (1,300) | (8,133) |
| Total comprehensive (loss)/income for the period | - | - | - | (6,833) | 10,844,907 | 10,838,074 | (1,217,864) | 9,620,210 |
| Balance at 30 September 2011 (Un-audited) | <u>230,000,000</u> | <u>46,953,554</u> | <u>200,000,000</u> | <u>(96,742)</u> | <u>93,912,268</u> | <u>570,769,080</u> | <u>4,132,884</u> | <u>574,901,964</u> |
| Balance at 1 January 2012 (Audited) | 230,000,000 | 49,209,674 | 200,000,000 | (32,976) | 91,567,776 | 570,744,474 | 4,159,540 | 574,904,014 |
| Profit for the period | - | - | - | - | 18,777,949 | 18,777,949 | 242,615 | 19,020,564 |
| Other comprehensive loss | - | - | - | (2,771) | - | (2,771) | (365) | (3,136) |
| Total comprehensive (loss)/income for the period | - | - | - | (2,771) | 18,777,949 | 18,775,178 | 242,250 | 19,017,428 |
| Dividend paid (Note 9) | - | - | - | - | (11,500,000) | (11,500,000) | - | (11,500,000) |
| Balance at 30 September 2012 (Un-audited) | <u>230,000,000</u> | <u>49,209,674</u> | <u>200,000,000</u> | <u>(35,747)</u> | <u>98,845,725</u> | <u>578,019,652</u> | <u>4,401,790</u> | <u>582,421,442</u> |

The accompanying notes form an integral part of this interim financial information.

Condensed consolidated statement of cash flows
For the nine months period ended 30 September 2012

| | Nine months period ended 30 September | |
|--|--|---------------------------|
| | 2012 | 2011 |
| | Un-audited AED | Un-audited AED |
| Profit for the period | 19,020,564 | 9,628,343 |
| Adjustments for: | | |
| Depreciation of property and equipment | 1,455,840 | 1,306,158 |
| Investment revenue | (8,285,829) | (7,867,230) |
| Share of profit from associates | (5,605,769) | (5,362,916) |
| Loss on revaluation of held for trading investments | 898,509 | 9,920,809 |
| Gain on disposal of held for trading investment | - | (203,097) |
| Provision for employees' end of service indemnity | 1,066,736 | 985,422 |
| Finance costs | 6,578,543 | 8,279,632 |
| Operating cash flows before movements in working capital | 15,128,594 | 16,687,121 |
| Increase in reinsurance contract assets | (16,771,751) | (28,242,166) |
| Increase in insurance and other receivables | (39,811,336) | (18,441,935) |
| Decrease / (Increase) in due from / (to) related parties - net | 15,458,719 | (887,617) |
| Decrease in fixed deposits with banks | 75,173,627 | 36,805,633 |
| Increase in insurance contract liabilities | 31,305,470 | 36,339,806 |
| Increase/(decrease) in insurance and other payables and advances - net | 8,830,032 | (9,231,827) |
| Cash generated from operations | 89,313,355 | 33,029,015 |
| Interest paid | (6,578,543) | (8,279,632) |
| Employees' end of service indemnity paid | (881,723) | (799,967) |
| Net cash from operating activities | 81,853,089 | 23,949,416 |
| Cash flows from investing activities | | |
| Proceeds from sale of investments in securities | 1,970,797 | 3,641,694 |
| Proceeds from sale of property and equipment | - | 240,530 |
| Purchase of property and equipment | (770,193) | (1,052,978) |
| Interest received | 6,311,731 | 8,117,756 |
| Dividends received | 1,974,098 | - |
| Net cash from investing activities | 9,486,433 | 10,947,002 |
| Cash flows from financing activities | | |
| Increase / (decrease) in bank borrowings | 1,186,608 | (9,387,473) |
| Dividend paid | (11,500,000) | - |
| Net cash used in financing activities | (10,313,392) | (9,387,473) |
| Net increase in cash and cash equivalents | 81,026,130 | 25,508,945 |
| Cash and cash equivalents at beginning of the period | 6,574,608 | 14,442,502 |
| Cash and cash equivalents at end of the period (Note 8) | 87,600,738 | 39,951,447 |

The accompanying notes form an integral part of this interim financial information.

Notes to the interim financial information
For the nine months period ended 30 September 2012

1. General information

Al-Sagr National Insurance Company (Public Shareholding Company), Dubai (the “Company”) was incorporated on 25 December 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 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, Al Ain, Ras Al Khaimah and Ajman in the U.A.E.

The interim financial information incorporates the financial statements of the Company and its subsidiary (collectively 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 | 88.362% |

2. Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 New and revised IFRSs applied with no material effect on the interim financial information

The following new and revised IFRSs have been adopted in preparation of these interim financial information. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior period but may affect the accounting for future transactions or arrangements.

- Amendments to IFRS 7 *Financial Instruments : Disclosure - Transfer of Financial Assets*
- Amendments to IAS 12 *Income Taxes - Recovery of Underlying Assets*

2.2 New and revised IFRSs is in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

| New and revised IFRSs & IFRIC | Effective for annual periods beginning on or after |
|---|---|
| • Amendments to IFRS 7 <i>Financial Instruments : Disclosure - Enhancing Disclosures about Offsetting of Financial Assets and Financial Liabilities</i> | 1 January 2013 |
| • IFRS 10 <i>Consolidated Financial Statements</i> | 1 January 2013 |
| • IFRS 11 <i>Joint Arrangements</i> | 1 January 2013 |
| • IFRS 12 <i>Disclosure of interests in other entities</i> | 1 January 2013 |
| • IFRS 13 <i>Fair Value Measurement</i> | 1 January 2013 |

Notes to the interim financial information (continued)
For the nine months period ended 30 September 2012

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and revised IFRSs is in issue but not yet effective (continued)

| New and revised IFRSs & IFRIC | Effective for annual periods beginning on or after |
|--|--|
| • Amendments to IAS 1 <i>Presentation of Items of Other Comprehensive Income</i> | 1 July 2012 |
| • IAS 19 (as amended in 2011) <i>Employee Benefits</i> | 1 January 2013 |
| • IAS 27 (as revised in 2011) <i>Separate Financial Statements</i> | 1 January 2013 |
| • IAS 28 (as revised in 2011) <i>Investments in Associates and Joint Ventures</i> | 1 January 2013 |
| • Amendments to IAS 32 <i>Financial Instruments : Presentation – Offsetting of Financial Assets and Financial Liabilities</i> | 1 January 2014 |
| • Amendments to IAS 1 <i>Presentation of Financial Statements</i> (comparative information); IAS 16 <i>Property, Plant and Equipment</i> (servicing equipment); IAS 32 <i>Financial Instruments – Presentation</i> (tax effect of equity distribution); and IAS 34 <i>Interim Financial Reporting</i> (interim reporting of segment assets) resulting from annual improvements 2009-2011 cycle | 1 January 2013 |
| • IFIRC 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i> | 1 January 2013 |

Management has not yet had an opportunity to consider the potential impact of the adoption of these standards and interpretations.

3. Summary of significant accounting policies

3.1. Basis of preparation

The interim financial information of the Group is prepared in accordance with International Accounting Standard 34: *Interim Financial Reporting*, issued by the International Accounting Standard Board and also complies with the applicable requirements of the laws in the U.A.E. The accounting policies used in the preparation of the interim financial information are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2011.

The interim financial information have been prepared on the historical cost basis, except for the revaluation of financial instruments and investment properties that have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The interim financial information does not include all the information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2011. In addition, results for the nine months period ended 30 September 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012.

Notes to the interim financial information (continued)
For the nine months period ended 30 September 2012

3. Summary of significant accounting policies (continued)

3.2. Significant judgments and key sources of estimation uncertainty

The preparation of interim financial information 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 the interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2011.

3.3. Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2011.

4. Investment properties

| | 30 September 2012 AED (Un-audited) | 31 December 2011 AED (Audited) |
|--|---|---|
| Cost at beginning of the period/year | 305,347,114 | 275,347,114 |
| Additions during the period/year | - | 45,000,000 |
| Disposal during the period/year | - | (15,000,000) |
| Cost at end of the period/year | 305,347,114 | 305,347,114 |
| Net loss on revaluation of investment properties | (67,223,928) | (67,223,928) |
| | 238,123,186 | 238,123,186 |

The Group has certain investment properties jointly controlled with Gulf General Investment Company PSC (referred hereafter as "GGICO") the details of which are as follows:

- (i) A 10% ownership share in Meydan Tower, a property located in Dubai. The Group has contributed AED 152.96 million as at 30 September 2012 (31 December 2011: AED 152.96 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 an additional commitment of AED 46 million as at 30 September 2012 (31 December 2011: AED 46 million) in relation to the property.
- (ii) 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 8.5 million as at 30 September 2012 (31 December 2011: AED 8.5 million). The 30% ownership is held in the name of GGICO on trust and for the benefit of the Group.

Notes to the interim financial information (continued)
For the nine months period ended 30 September 2012

5. Investments in associates

| | 30 September 2012 AED (Un-audited) | 31 December 2011 AED (Audited) |
|---|---|---|
| Al Sagr Cooperative Insurance Company, Kingdom of Saudi Arabia [Note 5 (a)] | 70,559,860 | 64,954,091 |
| Green Air Technology L.L.C, United Arab Emirates [Note 5 (b)] | 426,837 | 426,837 |
| Sogour Al Khaleej General Trading Company, United Arab Emirates [Note 5 (c)] | 150,000 | 150,000 |
| | <u>71,136,697</u> | <u>65,530,928</u> |

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

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 interim financial information (continued)
For the nine months period ended 30 September 2012

6. Investments in securities

Movement of investments in securities during the period/year is as follows:

| | 30 September 2012 (Un-audited) AED | 31 December 2011 (Audited) AED |
|--|---|---|
| a) Held for trading investments: | | |
| Fair value at beginning of the period/year | 54,014,152 | 76,577,975 |
| Net disposals during the period/year | (1,962,622) | (9,275,857) |
| Decrease in fair value | (898,509) | (13,287,966) |
| Fair value at end of the period/year | 51,153,021 | 54,014,152 |
| b) Available for sale investments: | | |
| Fair value at beginning of the period/year | 3,979,973 | 89,779 |
| Net (disposals)/additions during the period/year | (8,175) | 3,825,090 |
| (Decrease)/increase in fair value | (3,136) | 65,104 |
| Fair value at end of the period/year | 3,968,662 | 3,979,973 |
| c) Held to maturity investments: | | |
| Cost at beginning of the period/year | 6,799,474 | 7,215,898 |
| Impairment during the period/year | - | (416,424) |
| Cost at end of the period/year | 6,799,474 | 6,799,474 |

7. Insurance contract liabilities and reinsurance contract assets

| | 30 September 2012 (Un-audited) AED | 31 December 2011 (Audited) AED |
|--|---|---|
| Gross | | |
| Insurance contract liabilities | | |
| Claims reported unsettled | 131,392,172 | 121,295,712 |
| Claims incurred but not reported | 9,817,137 | 7,758,165 |
| Unearned premiums | 126,480,011 | 107,329,973 |
| Total insurance contract liabilities (gross) | 267,689,320 | 236,383,850 |
| Recoverable from reinsurers | | |
| Claims reported unsettled | 83,596,284 | 74,243,425 |
| Unearned premiums | 40,530,419 | 33,111,527 |
| Total reinsurers' share of insurance contract liabilities | 124,126,703 | 107,354,952 |
| Net | | |
| Claims reported unsettled | 47,795,888 | 47,052,287 |
| Claims incurred but not reported | 9,817,137 | 7,758,165 |
| Unearned premiums | 85,949,592 | 74,218,446 |
| | 143,562,617 | 129,028,898 |

Notes to the interim financial information (continued)
For the nine months period ended 30 September 2012

8. Bank balances and cash

| | 30 September 2012 (Un-audited) AED | 31 December 2011 (Audited) AED |
|------------------|---|---|
| Cash on hand | 607,627 | 295,199 |
| Bank balances: | | |
| Current accounts | 2,578,984 | 6,218,002 |
| Fixed deposits | 279,422,000 | 270,242,907 |
| | <u>282,608,611</u> | <u>276,756,108</u> |

Fixed deposits with banks as at 30 September 2012 include AED 10 million (31 December 2011: AED 10 million) deposited in the name of the Group to the order of the Ministry 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 180 million (31 December 2011: AED 180 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 3.0% to 4.5% (31 December 2011: 3.0% to 4.5% per annum).

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

| | 30 September 2012 (Un-audited) AED | 30 September 2011 (Un-audited) AED |
|--|---|---|
| Bank balances and cash | 282,608,611 | 269,386,755 |
| Deposits with maturity over three months | (195,007,873) | (229,435,308) |
| Cash and cash equivalents | <u>87,600,738</u> | <u>39,951,447</u> |

9. Share capital

| | 30 September 2012 (Un-audited) AED | 31 December 2011 (Audited) AED |
|--|---|---|
| Issued and fully paid: | | |
| 230,000,000 shares of AED 1 each | | |
| (31 December 2011: 230,000,000 shares of AED 1 each) | <u>230,000,000</u> | <u>230,000,000</u> |

During the period, a dividend of AED 0.05 per share (31 December 2011: Nil) amounting to AED 11.5 million has been paid to the shareholders.

Notes to the interim financial information (continued)
For the nine months period ended 30 September 2012

10. Bank borrowings

| | 30 September 2012 (Un-audited) AED | 31 December 2011 (Audited) AED |
|----------------------------------|---|---|
| <i>Secured at amortised cost</i> | | |
| Bank overdrafts | <u>208,643,417</u> | <u>207,456,809</u> |

The Group has bank facilities in the form of overdraft repayable upon demand and bearing interest ranging from 3.5% to 4.1% per annum (31 December 2011: 3.5% to 4.6% per annum). These facilities are secured by lien on fixed deposits amounting to AED 180 million (31 December 2011: AED 180 million). The bank overdraft limit provided under the facilities is AED 247 million (31 December 2011: AED 258 million).

11. Basic earnings per share

| | Three months period ended 30 September 2012 (Un-audited) | | Nine months period ended 30 September 2012 (Un-audited) | |
|---|---|----------------------|--|----------------------|
| | 2012 (Un-audited) | 2011 (Un-audited) | 2012 (Un-audited) | 2011 (Un-audited) |
| (Loss)/profit for the period attributable to equity holders of the Parent - AED | <u>(2,847,802)</u> | <u>(6,250,458)</u> | <u>18,777,949</u> | <u>10,844,907</u> |
| Weighted average numbers of shares | <u>230,000,000</u> | <u>230,000,000</u> | <u>230,000,000</u> | <u>230,000,000</u> |
| Basic (loss)/earnings per share - AED | <u>(0.01)</u> | <u>(0.03)</u> | <u>0.08</u> | <u>0.05</u> |

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

12. 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.

Notes to the interim financial information (continued)
For the nine months period ended 30 September 2012

12. Related party transactions (continued)

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

| | 30 September 2012 (Un-audited) AED | 31 December 2011 (Audited) AED |
|--|---|---|
| Included in insurance and other receivables | | |
| Due from policyholders | 1,007,139 | 767,906 |
| Due from shareholders | 7,771,940 | 1,316,599 |
| Included in due from related parties | | |
| Due from related parties | 202,971,185 | 217,133,700 |
| Allowance for doubtful debts | (12,000,000) | (12,000,000) |
| | <u>190,971,185</u> | <u>205,133,700</u> |
| Included in due to related parties | | |
| Due to shareholders [Note 12 (b)] | 19,369,408 | 18,073,204 |
| Advances received | 1,117,545 | 1,117,545 |
| Included in insurance and other payables | | |
| Gross outstanding claims | 222,618 | 10,000 |
| Others | | |
| Investment properties | 111,023,672 | 111,023,672 |
| Held to maturity investments (Note 6) | 6,799,474 | 6,799,474 |

The amounts outstanding are unsecured and will be settled in cash. No additional allowance for doubtful debts has been recognized during the period for doubtful debts in respect to the amounts owed by related parties.

During the period, the Group entered into the following transactions with related parties:

| | Three months period ended 30 September 2012 (Un-audited) AED | | Nine months period ended 30 September 2012 (Un-audited) AED | |
|-------------------------------|---|-----------------------------|--|-----------------------------|
| | | 2011 (Un-audited) AED | | 2011 (Un-audited) AED |
| Gross premium | 1,511,542 | 1,632,778 | 11,241,041 | 12,272,584 |
| Gross claims (recovered)/paid | (93,054) | 61,470 | 110,471 | 1,138,365 |

b) Due to shareholders includes the portion of the amount paid by the shareholders on behalf of the Group against the investment in one of its associate – Al Sagr Cooperative Insurance Company, Kingdom of Saudi Arabia.

Notes to the interim financial information (continued)
For the nine months period ended 30 September 2012

12. Related party transactions (continued)

Compensation of key management personnel

| | Three months period ended 30 September | | Nine months period ended 30 September | |
|-----------------------|---|------------------|--|------------------|
| | 2012 | 2011 | 2012 | 2011 |
| | (Un-audited) | (Un-audited) | (Un-audited) | (Un-audited) |
| | AED | AED | AED | AED |
| Salaries and benefits | <u>1,900,613</u> | <u>1,447,769</u> | <u>5,091,667</u> | <u>4,695,946</u> |

13. Insurance and other receivables

Insurance and other receivables include an allowance for doubtful debts amounting to AED 24.6 million (31 December 2011: AED 24.6 million).

14. Contingent liabilities

| | 30 September 2012 (Un-audited) AED | 31 December 2011 (Audited) AED |
|----------------------|---|---|
| Letters of guarantee | <u>13,228,280</u> | <u>13,363,539</u> |
| Capital commitments | <u>46,610,000</u> | <u>46,610,000</u> |

15. Seasonality of results

No income of seasonal nature was recorded in the condensed consolidated statement of income for the nine months period ended 30 September 2012 and 2011.

16. 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 such as fire, marine, motor, general accident and miscellaneous.

Investments - incorporating investments in U.A.E. such as marketable equity securities, term deposits with banks, investment properties, managed portfolios and other securities.

Notes to the interim financial information (continued)
For the nine months period ended 30 September 2012

16. 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 (Un-audited) | | | | |
|-----------------------|--|-------------|-------------|-------------|-------------|
| | Underwriting | | Investments | | Total |
| | 2012 AED | 2011 AED | 2012 AED | 2011 AED | 2011 AED |
| Segment revenue | 292,713,654 | 319,707,191 | 15,083,448 | 6,376,906 | 307,797,102 |
| | | | | | 326,084,097 |
| Segment result | 26,755,847 | 16,269,053 | 8,504,905 | (1,902,726) | 14,366,327 |
| Unallocated expenses | | | | | (4,737,984) |
| Profit for the period | | | | | 9,628,343 |

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

| | Underwriting | | Investments | | Total |
|---------------------|---|---|---|---|---|
| | 30 September 2012 (Un-audited) AED | 31 December 2011 (Audited) AED | 30 September 2012 (Un-audited) AED | 31 December 2011 (Audited) AED | 30 September 2012 (Un-audited) AED |
| Segment assets | 634,634,419 | 572,884,476 | 562,152,225 | 573,581,413 | 1,196,786,644 |
| | | | | | 1,146,465,889 |
| Segment liabilities | 385,234,832 | 344,914,317 | 229,130,370 | 226,647,558 | 614,365,202 |
| | | | | | 571,561,875 |

Notes to the interim financial information (continued)
For the nine months period ended 30 September 2012

16. 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 | | Nine months period ended | |
|----------------------------|----------------------------------|---------------------|---------------------------------|---------------------|
| | 30 September | | 30 September | |
| | 2012 | 2011 | 2012 | 2011 |
| | AED | AED | AED | AED |
| | (Un-audited) | (Un-audited) | (Un-audited) | (Un-audited) |
| Accidents and liabilities | 55,218,472 | 48,779,992 | 217,549,385 | 216,395,942 |
| Fire and general accidents | 4,677,774 | 5,116,907 | 18,702,356 | 20,792,669 |
| Marine and aviation | 14,124,020 | 18,226,510 | 56,461,913 | 82,518,580 |
| | 74,020,266 | 72,123,409 | 292,713,654 | 319,707,191 |

17. Approval of the interim financial information

The interim financial information for the nine months period ended 30 September 2012 were approved by the Management and authorized for issue on 31 October 2012.