

**EMIRATES INSURANCE  
COMPANY P.S.C.**

**Review report and interim  
financial information for the  
period ended 31 March 2010**

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for the period ended 31 March 2010**

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**THE BOARD OF DIRECTORS' REPORT**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2010**

The Board of Directors takes great pleasure in presenting the unaudited results for the 1<sup>st</sup> three months of 2010.

<b>AED Million</b>			
<b><u>Condensed income statement</u></b>	<b><u>Mar 2010</u></b>	<b><u>Mar 2009</u></b>	<b><u>Movement</u></b>
Gross premium Income	217	213	1.9%
Net Earned Premium	69	68	1.5%
Net Incurred Claims	35	41	14.6%
Net Commission Income	5	6	(16.7%)
Operating Expenses	13	12	(8.3%)
Net Underwriting Profit	26	21	23.8%
Investment Income	5	(1)	-
Net Profit to date	30	19	58%
<b><u>Ratios</u></b>			
Earnings per share (AED)	0.25	0.16	55%
<b><u>Condensed statement of financial position</u></b>			
	<b><u>Mar 2010</u></b>	<b><u>Dec 2009</u></b>	
Shareholders' Equity	748	799	(6.4%)
Total Assets	1,687	1,578	6.9%

**Management Commentary Q1 2010**

**Condensed income statement:**

Premium income remained steady compared to Q1 2009 despite the lower premium income from our agency pillar and the loss of a large motor account. Significant management changes have been made in the Northern Emirates to maintain and grow our customer base.

During 2009, we refused to renew a large medical account due to unacceptable loss ratios. This has supported our profitability and our risk management policies are starting to become more effective under the supervision of a new underwriting director.

Although the net commission income is lower than the comparative period last year, we expect this to improve as the year progresses due to better commission terms obtained from re-insurers.

The increase in operating expenditure is mainly due to additional end of service benefits paid to 5 employees who retired during the first quarter. During the first quarter we also had a duplication of salary costs in some areas due to the retirements where replacement personnel were hired in the quarter to ensure a smooth handover.

We are pleased to announce an increase of 24% in our insurance operation profit as a result of improved underwriting performance.

**THE BOARD OF DIRECTORS' REPORT**  
**FOR THE THREE MONTHS ENDING 31 MARCH 2010 (CONTINUED)**

**Management Commentary Q1 2010 (continued)**

**Condensed income statement (continued):**

During 2009, EIC made several provisions for impairment losses. During 2010 EIC will continue to evaluate the value of the investments and will make the necessary impairments. We are also expecting lower dividend income but we do expect an overall much better investment performance for 2010.

**Condensed statement of financial position:**

The company declared and paid a dividend of AED 60 million in respect of 2009. The dividend cheques were issued on 12 April but provision has been made in the quarter results for the dividend. The investment portfolio declined by 2% during the 1<sup>st</sup> quarter.

The liquidity of the company remains strong. The share capital of the company has been increased to AED 135 million following the 12.5% bonus share declaration for 2009. No other changes to the capital structure of the company are envisaged for 2010.

*A. Mazrui*

**ABDULLAH M. MAZRUI**  
CHAIRMAN  
25 April 2010

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of  
Emirates Insurance Company P.S.C.  
Abu Dhabi, U.A.E.

### *Introduction*

We have reviewed the accompanying condensed statement of financial position of Emirates Insurance Company P.S.C. as of 31 March 2010 and the related condensed statements of income, comprehensive income, changes in equity and cash flows for the three months period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standard IAS 34, "Interim Financial Reporting." 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 on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects in accordance with IAS 34, "Interim Financial Reporting".

Deloitte & Touche (M.E.)



Saba Y. Sindaha  
Registration No. 410  
25 April 2010



**Condensed statement of financial position  
as at 31 March 2010**

	Notes	31 March 2010 (unaudited) AED	31 December 2009 (audited) AED
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	4	21,888,347	21,942,273
Investment properties	5	4,153,723	4,239,061
Available for sale investments	6	725,304,020	735,293,931
Statutory deposit	7	10,000,000	10,000,000
<b>Total non-current assets</b>		<b>761,346,090</b>	<b>771,475,265</b>
<b>Current assets</b>			
Re-insurance contract assets	8	563,137,104	491,728,941
Insurance and other receivables	9	160,691,564	141,961,021
Term deposits		117,166,369	124,474,444
Prepayments		3,674,208	1,488,846
Bank and cash	10	81,508,899	47,170,823
<b>Total current assets</b>		<b>926,178,144</b>	<b>806,824,075</b>
<b>Total assets</b>		<b>1,687,524,234</b>	<b>1,578,299,340</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	11	120,000,000	120,000,000
Legal reserve	12	60,000,000	60,000,000
General reserve	13	440,000,000	440,000,000
Investment revaluation reserve		107,213,335	112,878,791
Retained earnings		20,944,934	66,100,760
<b>Total capital and reserves</b>		<b>748,158,269</b>	<b>798,979,551</b>
<b>Non-current liabilities</b>			
End of service benefits		8,760,951	8,653,414
<b>Current liabilities</b>			
Insurance contract liabilities	8	736,218,668	647,884,603
Insurance and other payables	14	148,824,525	73,804,848
Re-insurance deposit retained		38,405,911	37,651,081
Accruals and deferred income		7,155,910	11,325,843
<b>Total current liabilities</b>		<b>930,605,014</b>	<b>770,666,375</b>
<b>Total liabilities</b>		<b>939,365,965</b>	<b>779,319,789</b>
<b>Total equity and liabilities</b>		<b>1,687,524,234</b>	<b>1,578,299,340</b>

*A. Masri*

.....  
Chairman of the Board

*S. Algho*

.....  
Chief Executive Officer

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

**Condensed statement of income (unaudited)  
for the period ended 31 March 2010**

	Notes	3 months ended 31 March	
		2010 AED	2009 AED
Gross premiums written		216,505,278	212,896,451
Change in unearned premium provision		(57,616,472)	(45,504,935)
<b>Premium income earned</b>		<b>158,888,806</b>	<b>167,391,516</b>
Reinsurance premiums ceded		(135,160,256)	(137,827,158)
Change in unearned premium provision		45,151,234	38,037,318
<b>Reinsurance ceded</b>		<b>(90,009,022)</b>	<b>(99,789,840)</b>
<b>Net earned premiums</b>		<b>68,879,784</b>	<b>67,601,676</b>
Gross claims incurred		(102,529,449)	(63,337,380)
Reinsurance share of claims incurred		67,558,917	22,453,800
<b>Net claims incurred</b>		<b>(34,970,532)</b>	<b>(40,883,580)</b>
Commission expenses		(12,074,431)	(10,420,735)
Commission income		17,362,126	16,221,282
Operating expenses		(12,842,521)	(11,882,338)
<b>Net underwriting income</b>		<b>26,354,426</b>	<b>20,636,305</b>
Net investment income	15	5,839,023	244,330
Other expenses		(1,874,275)	(1,496,149)
<b>Net profit for the period</b>	<b>17</b>	<b>30,319,174</b>	<b>19,384,486</b>
<b>Basic earnings per share</b>	<b>18</b>	<b>0.25</b>	<b>0.16</b>

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

**Condensed statement of comprehensive income (unaudited)  
for the period ended 31 March 2010**

	<b>3 months ended 31 March</b>	
	<b>2010</b>	<b>2009</b>
	<b>AED</b>	<b>AED</b>
<b>Net profit for the period</b>	<b>30,319,174</b>	<b>19,384,486</b>
<b>Other comprehensive loss:</b>		
Reclassification adjustment for gains included in profit or loss	(18,401)	-
Decrease in fair value of available for sale investments	(5,647,055)	(31,665,366)
Directors' remuneration	(475,000)	(475,000)
<b>Other comprehensive loss for the period</b>	<b>(6,140,456)</b>	<b>(32,140,366)</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>24,178,718</b>	<b>(12,755,880)</b>

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

EMIRATES INSURANCE COMPANY P.S.C.

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Condensed statement of changes in equity (unaudited)  
for the period ended 31 March 2010

	Share capital AED	Legal reserve AED	General reserve AED	Investment revaluation reserve AED	Retained earnings AED	Total AED
Balance at 1 January 2010 (audited)	120,000,000	60,000,000	440,000,000	112,878,791	66,100,760	798,979,551
Net profit for the period	-	-	-	-	30,319,174	30,319,174
<i>Other comprehensive loss:</i>						
Reclassification adjustment for gains included in profit or loss	-	-	-	(18,401)	-	(18,401)
Decrease in fair value of available for sale investments (note 6)	-	-	-	(5,647,055)	-	(5,647,055)
Directors' remuneration	-	-	-	-	(475,000)	(475,000)
Total comprehensive income for the period	-	-	-	(5,665,456)	29,844,174	24,178,718
Dividends	-	-	-	-	(75,000,000)	(75,000,000)
<b>Balance at 31 March 2010</b>	<b>120,000,000</b>	<b>60,000,000</b>	<b>440,000,000</b>	<b>107,213,335</b>	<b>20,944,934</b>	<b>748,158,269</b>

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

Condensed statement of changes in equity (unaudited)  
for the period ended 31 March 2010 (continued)

	Share capital AED	Legal reserve AED	General reserve AED	Investment revaluation reserve AED	Retained earnings AED	Total AED
Balance at 1 January 2009 (audited)	120,000,000	60,000,000	440,000,000	92,882,985	94,535,449	807,418,434
Net profit for the period	-	-	-	-	19,384,486	19,384,486
<i>Other comprehensive loss:</i>						
Decrease in fair value of available for sale investments	-	-	-	(31,665,366)	-	(31,665,366)
Directors' remuneration	-	-	-	-	(475,000)	(475,000)
Total comprehensive loss for the period	-	-	-	(31,665,366)	18,909,486	(12,755,880)
Dividends	-	-	-	-	(90,000,000)	(90,000,000)
Balance at 31 March 2009	120,000,000	60,000,000	440,000,000	61,217,619	23,444,935	704,662,554

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

**Condensed statement of cash flows (unaudited)  
for the period ended 31 March 2010**

	<b>3 months ended 31 March</b>	
	<b>2010</b>	<b>2009</b>
	<b>AED</b>	<b>AED</b>
<b>Operating activities</b>		
Net profit for the period	30,319,174	19,384,486
<b>Adjustments for:</b>		
Net movement in reinsurance contract assets	(71,408,163)	17,096,308
Net movement in insurance contract liabilities	88,334,065	(4,833,389)
Depreciation of property and equipment	384,079	338,323
Depreciation of investment properties	85,338	85,338
Allowance for doubtful receivables	100,000	-
Net transfer to provision for end of service benefit	107,537	590,109
Gain on disposal of available for sale investments	(18,401)	-
Interest income	(1,441,814)	(1,510,386)
Impairment of available for sale investments	1,296,848	3,847,233
<b>Cash flow from operating activities before movement in working capital</b>	<b>47,758,663</b>	<b>34,998,022</b>
Increase in trade and other receivables	(18,830,543)	(11,650,869)
Increase in prepayments	(2,185,362)	(2,433,234)
Increase in trade and other payables	1,444,677	7,502,097
Increase/(decrease) in reinsurance deposit retained	754,830	(381,805)
Decrease in accruals and deferred income	(4,169,933)	(5,229,498)
<b>Net cash from operating activities</b>	<b>24,772,332</b>	<b>22,804,713</b>
<b>Investing activities</b>		
Net proceeds/(additions) of available for sale investments	3,046,005	(1,872,570)
Purchase of property and equipment	(330,153)	(608,019)
Increase in statutory deposit	-	(2,500,000)
Increase in term deposits	(54,990,675)	(15,578,145)
Interest income received	1,441,814	1,510,386
<b>Net cash used in investing activities</b>	<b>(50,833,009)</b>	<b>(19,048,348)</b>
<b>Financing activities</b>		
Directors remuneration	(1,900,000)	-
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(27,960,677)</b>	<b>3,756,365</b>
Cash and cash equivalents at beginning of the period	160,645,267	153,851,514
<b>Cash and cash equivalents at end of the period (note 19)</b>	<b>132,684,590</b>	<b>157,607,879</b>

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

**Notes to the condensed financial statements  
for the period ended 31 March 2010**

**1 General**

Emirates Insurance Company P.S.C. is a public shareholding company which was incorporated in Abu Dhabi on 27 July 1982.

The Company is registered in accordance with UAE Federal Law No. 9 of 1984, as amended, with registration No.2.

The Company's principal activity is the transaction of general insurance and reinsurance business of all classes. The registered address of the Company is P.O. Box 3856, Abu Dhabi, United Arab Emirates.

**2 Standards and Interpretations in issue not yet effective**

At the date of authorisation of these condensed financial statements, the following new and revised Standards and Interpretations were in issue but not yet effective:

<b>New Standards and amendments to Standards:</b>	<b>Effective for annual periods beginning on or after</b>
• IAS 32 (revised) <i>Financial Instruments: Presentation</i> – Amendments relating to classification of Rights Issue	1 February 2010
• IAS 24 <i>Related Party Disclosures</i> – Amendment on disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a Government	1 January 2011
• IFRS 9 <i>Financial Instruments: Classification and Measurement</i> (intended as complete replacement for IAS 39 and IFRS 7)	1 January 2013
<b>New Interpretations and amendments to Interpretations:</b>	
• IFRIC 19: <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 July 2010
• Amendment to IFRIC 14: <i>IAS 19: The limit on a defined Benefit Asset, Minimum Funding Requirement and their interaction</i>	1 January 2011

Management anticipates that these amendments will be adopted in the Company's condensed financial statements for the initial period when they become effective. Management have not yet had an opportunity to consider the potential impact of the adoption of these amendments.

**Notes to the condensed financial statements  
for the period ended 31 March 2010 (continued)****3 Summary of significant accounting policies****3.1 Basis of preparation**

These condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) No. 34, "*Interim Financial Reporting*" and also comply with the applicable requirements of the laws in the U.A.E.

The condensed financial statements are presented in U.A.E. Dirhams (AED) since that is the currency in which the majority of the Company's transactions are denominated.

These condensed financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments.

The accounting policies, presentation and methods in these condensed financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2009.

As required by the Securities and Commodities Authority ("SCA") notification dated 12 October 2008, accounting policies relating to investment securities and investment properties have been disclosed in the condensed financial statements.

**3.2 Investment in securities*****AFS financial assets***

Investments are recognised and derecognised 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, plus directly attributable transaction costs.

Available for sale investments are measured at subsequent reporting dates at fair value unless the latter cannot be reliably measured. Gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gains or losses previously recognised in equity are included in the net profit or loss for the period. Impairment losses recognised in profit or loss for equity investments classified as available for sale are not subsequently reversed through profit or loss.

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 end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity.

Dividends on AFS equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established.

**3.3 Investments properties**

Investment properties are stated at cost less accumulated depreciation and any impairment losses. Depreciation is calculated using the straight line method to reduce the cost of investment properties to their estimated residual values over their expected useful life of 15 years.

**Notes to the condensed financial statements  
for the period ended 31 March 2010 (continued)**

**4 Property and equipment**

Included in property and equipment is capital work in progress amounting to AED 19,033,906 representing payments made towards the purchase of office space in Dubai. The completion of the office space is expected during 2010. All the Company's property and equipment are located in the U.A.E.

**5 Investment properties**

Investment properties represent the cost net of accumulated depreciation of buildings owned by the Company in Abu Dhabi, Al Ain and Mussaffah. Land for the construction of the Abu Dhabi and Al Ain buildings have been allotted free of cost by the Executive Council of Abu Dhabi, and land for the construction of Mussaffah building is on a long term lease from the Abu Dhabi Municipality and Town Planning Department.

**6 Available for sale investments**

	<b>31 March 2010 (unaudited) AED</b>	31 December 2009 (audited) AED
At 1 January	735,293,931	757,456,852
Additions during the period/year	1,563,643	12,350,441
Disposals during the period/year	(4,609,651)	(43,849,781)
(Decrease)/increase in fair value during the period/year	(5,647,055)	39,137,855
Impairment loss	(1,296,848)	(29,801,436)
	<u>725,304,020</u>	<u>735,293,931</u>

The fair value of the available for sale investments comprised the following:

	<b>31 March 2010 (unaudited) AED</b>	31 December 2009 (audited) AED
Investment in quoted U.A.E. securities	474,937,389	471,799,670
Investment in unquoted U.A.E. securities	29,645,665	36,263,983
Investment in investment funds	212,145,122	219,256,270
Investment in sukuks	8,575,844	7,974,008
	<u>725,304,020</u>	<u>735,293,931</u>

**Notes to the condensed financial statements  
for the period ended 31 March 2010 (continued)**

**6 Available for sale investments (continued)**

The geographical distribution of available for sale investments is as follows:

	<b>31 March 2010 (unaudited) AED</b>	31 December 2009 (audited) AED
Within U.A.E.	<b>513,158,898</b>	516,037,661
Outside U.A.E.	<b>212,145,122</b>	219,256,270
	<u><b>725,304,020</b></u>	<u>735,293,931</u>

The fair value of the quoted U.A.E. equity securities is based on the latest quotations available locally. The fair values of unquoted U.A.E. securities have been arrived at based on the latest financial position of the investee companies.

The investments in unquoted U.A.E. securities include investments amounting to AED 5,100,000 (2009: AED 16,100,000) that are carried at cost, which in the Directors' opinion, represent the fair value at the financial position date.

Investment in other securities comprises of investment in unquoted overseas equity and debt securities. The fair value of such investments have been arrived at based on reports on their market values and the financial position of the investee companies from investment managers. Investments in other securities include investments amounting to AED 6,977,916 (2009: AED 12,535,445) that are carried at cost, which in the Directors' opinion represents the fair value at the financial position date.

**7 Statutory deposit**

In accordance with the requirements of Federal Law No.6/2007, covering insurance companies and agencies, the Company maintains a bank deposit of AED 10,000,000 (31 December 2009: AED 10,000,000) which cannot be utilised without the consent of the U.A.E. Insurance Authority.

**8 Insurance contract liabilities and re-insurance contract assets**

	<b>31 March 2010 (unaudited) AED</b>	31 December 2009 (audited) AED
<b>Insurance liabilities</b>		
- Claims reported unsettled	<b>331,344,017</b>	314,348,411
- Claims incurred but not reported	<b>55,432,866</b>	41,710,879
- Unearned premiums	<b>349,441,785</b>	291,825,313
	<u><b>736,218,668</b></u>	<u>647,884,603</u>

**Notes to the condensed financial statements  
for the period ended 31 March 2010 (continued)**

**8 Insurance contract liabilities and re-insurance contract assets (continued)**

	31 March 2010 (unaudited) AED	31 December 2009 (audited) AED
<b>Recoverable from re-insurers</b>		
- Claims reported unsettled	275,802,398	261,047,944
- Claims incurred but not reported	46,140,919	34,638,444
- Unearned premiums	241,193,787	196,042,553
	<u>563,137,104</u>	<u>491,728,941</u>
<b>Insurance liabilities - net</b>		
- Claims reported unsettled	55,541,619	53,300,467
- Claims incurred but not reported	9,291,947	7,072,435
- Unearned premiums	108,247,998	95,782,760
	<u>173,081,564</u>	<u>156,155,662</u>

**9 Insurance and other receivables**

	31 March 2010 (unaudited) AED	31 December 2009 (audited) AED
<b>Receivables arising from insurance and re-insurance contracts:</b>		
Due from policyholders	64,457,739	63,015,962
Allowance for doubtful debts	(3,100,000)	(3,000,000)
	<u>61,357,739</u>	<u>60,015,962</u>
Notes receivables - post dated cheques	2,303,964	2,749,749
Due from insurance companies	89,415,926	77,279,481
Other receivables	7,613,935	1,915,829
	<u>160,691,564</u>	<u>141,961,021</u>

**Notes to the condensed financial statements  
for the period ended 31 March 2010 (continued)**

**10 Bank and cash**

	<b>31 March 2010 (unaudited) AED</b>	31 December 2009 (audited) AED
Balances held at U.A.E. banks	80,885,807	46,176,090
Balances held at foreign banks abroad	623,092	994,733
	<u>81,508,899</u>	<u>47,170,823</u>

**11 Share capital**

	<b>31 March 2010 (unaudited) AED</b>	31 December 2009 (audited) AED
<b>Authorised:</b>		
120,000,000 shares of AED 1 each	<u>120,000,000</u>	<u>120,000,000</u>
<b>Allotted, issued and fully paid:</b>		
120,000,000 shares of AED 1 each	<u>120,000,000</u>	<u>120,000,000</u>

At 31 March 2010, a total of 14,176,000 (31 December 2009: 14,176,000) shares were held by Abu Dhabi Investment Council and 105,824,000 (31 December 2009: 105,824,000) shares by U.A.E. nationals and institutions.

At the Annual General Meeting held on 23 March 2010, the Shareholders approved a bonus issue in respect of 2009 of 15,000,000 shares amounting to AED 15,000,000. The share register was updated on 4 April 2010.

**12 Legal reserve**

The legal reserve, which is non-distributable, comprises transfers in accordance with the Articles of Association of the Company of 10% of the annual net profit until such time as the reserve equals at least 50% of the paid up share capital.

**13 General reserve**

Transfers to and from the general reserve are made at the discretion of the Board of Directors. This reserve may be used for such purposes as the Directors deem fit.

**Notes to the condensed financial statements  
for the period ended 31 March 2010 (continued)**

**14 Insurance and other payables**

	<b>31 March 2010 (unaudited) AED</b>	<b>31 December 2009 (audited) AED</b>
<b>Payables arising from insurance and re-insurance contracts:</b>		
Due to insurance companies	48,496,644	53,595,799
Other insurance payables	18,640,347	12,096,515
Provision for directors' remuneration	475,000	1,900,000
Unclaimed dividends	81,212,534	6,212,534
	<u>148,824,525</u>	<u>73,804,848</u>

**15 Net investment income**

	<b>3 months ended 31 March</b>	
	<b>2010 (unaudited) AED</b>	<b>2009 (unaudited) AED</b>
Interest on term deposits	1,441,814	1,510,386
Interest on sukuk	117,392	158,239
Dividends from available for sale investments	4,751,828	1,593,956
Gain on disposal of available for sale investments	18,401	-
Impairment of available for sale investments	(1,296,848)	(3,847,233)
Net income from investment properties	806,436	828,982
	<u>5,839,023</u>	<u>244,330</u>

**16 Related party transactions**

Related parties are those entities in which the Shareholders, Directors, key management personnel of the Company and entities they control, have a significant interest.

At the end of the reporting period, amounts due from/to related parties were as follows:

	<b>31 March 2010 (unaudited) AED</b>	<b>31 December 2009 (audited) AED</b>
Due from policyholders	<u>4,054,057</u>	<u>2,272,640</u>
Due to policyholders	<u>372,619</u>	<u>271,462</u>

Notes to the condensed financial statements  
for the period ended 31 March 2010 (continued)

16 Related party transactions (continued)

*Transactions*

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

	3 months ended 31 March	
	2010 (unaudited) AED	2009 (unaudited) AED
Gross premiums written	3,853,061	1,767,303
Claims paid	1,584,312	604,389
Directors' remuneration paid	475,000	475,000
Remuneration of key management personnel	3,272,572	3,773,726

The remuneration of Directors is accrued and paid as an appropriation out of the profits of the period. The remuneration of directors is subject to approval by the Shareholders and as per limits set by the Commercial Companies Law No. 8 of 1984, as amended.

The remuneration of key management personnel is based on the remuneration agreed in their employment contract as approved by the Board of Directors.

17 Net profit for the period

Net profit for the period is arrived after charging the following:

	3 months ended 31 March	
	2010 (unaudited) AED	2009 (unaudited) AED
Staff costs	11,821,277	9,307,025
Depreciation on property and equipment	384,079	338,323
Rental expenses	502,335	521,274

**Notes to the condensed financial statements  
for the period ended 31 March 2010 (continued)**

**18 Basic earnings per share**

The calculation of basic earnings per share is based on the net profit attributable to the shareholders of Emirates Insurance Company P.S.C. of AED 30,319,174 for the period ended 31 March 2010 (31 March 2009: AED 19,384,486) and the weighted average number of ordinary shares in issue during the period of 120,000,000 shares (31 March 2009: 120,000,000 shares).

As of 31 March 2010, the Company has not issued any instruments that have an impact on earnings per share when exercised.

**19 Cash and cash equivalents**

	<u>3 months ended 31 March</u>	
	2010 (unaudited) AED	2009 (unaudited) AED
Term deposits	117,166,369	106,377,267
Bank and cash	81,508,899	66,808,757
Term deposits with a maturity of greater than three months at the end of the reporting period	(65,990,678)	(15,578,145)
	<u>132,684,590</u>	<u>157,607,879</u>

**20 Seasonality of results**

No income of seasonal nature was recorded in the statement of income for the three months period ended 31 March 2010 and 2009.

**21 Contingent liabilities**

At 31 March 2010, the Company had contingent liabilities in respect of outstanding letters of guarantee issued in the normal course of business, amounting to AED 2,153,925 (31 December 2009: AED 6,851,254).

**22 Commitments**

At 31 March 2010, the Company had outstanding commitments to invest in unlisted overseas securities amounting to AED 18,787,676 (31 December 2009: AED 34,514,769) and AED 1,200,000 (31 December 2009: AED 2,312,983) to purchase an office space in Dubai.

**Notes to the condensed financial statements  
for the period ended 31 March 2010 (continued)**

**23 Segment information**

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

Underwriting of general insurance business – incorporating all classes of general insurance viz; fire, marine, motor, general accident and miscellaneous.

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

**Primary segment information- business segment**

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

	31 March (unaudited)					
	Underwriting		Investments		Total	
	2010 AED	2009 AED	2010 AED	2009 AED	2010 AED	2009 AED
Segment revenue	233,867,404	229,117,733	6,293,439	695,483	240,160,843	229,813,216
Segment result	26,354,426	20,636,305	5,839,023	244,330	32,193,449	20,880,635
Unallocated expenses					(1,874,275)	(1,496,149)
Net profit for the period					30,319,174	19,384,486

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

	Underwriting		Investments		Total	
	31 March 2010 (unaudited) AED	31 December 2009 (audited) AED	31 March 2010 (unaudited) AED	31 December 2009 (audited) AED	31 March 2010 (unaudited) AED	31 December 2009 (audited) AED
	Segment assets	748,462,889	655,706,536	857,552,446	875,421,981	1,606,015,335
Unallocated assets					81,508,899	47,170,823
Total assets					1,687,524,234	1,578,299,340
Segment liabilities	855,803,285	769,012,094	1,875,146	2,195,162	857,678,431	771,207,256
Unallocated liabilities					81,687,534	8,112,533
Total liabilities					939,365,965	779,319,789

There are no transactions between the business segments.

**Notes to the condensed financial statements  
for the period ended 31 March 2010 (continued)**

**23 Segment information (continued)**

**Secondary segment information -revenue from underwriting departments**

The following is an analysis of the Company's revenues classified by major underwriting departments.

	<b>3 months ended 31 March</b>	
	<b>2010</b>	<b>2009</b>
	<b>AED</b>	<b>AED</b>
Motor	<b>58,343,726</b>	58,145,956
Engineering	<b>36,584,523</b>	33,548,865
Fire and General Accidents	<b>40,145,092</b>	40,103,998
Marine and Aviation	<b>35,252,500</b>	28,410,443
Life, Medical and Personal Assurance	<b>49,620,875</b>	58,084,631
Oil and Gas	<b>13,920,688</b>	10,823,840
	<hr/> <b>233,867,404</b> <hr/>	<hr/> 229,117,733 <hr/>

**24 Approval of condensed financial statements**

The condensed financial statements were approved and authorised for issue by the Board of Directors on 25 April 2010.