

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

**Review report and interim
financial information for the
period ended 30 June 2011**

EMIRATES INSURANCE COMPANY P.S.C.

**Review report and interim financial information
for the period ended 30 June 2011**

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**Report of the Board of Directors
for the period ended 30 June 2011**

The Board of Directors takes great pleasure in presenting the unaudited results for the First Half of 2011.

<u>Income Statement</u>	<u>AED Million</u>		<u>Movement</u>
	<u>Jun 2011</u>	<u>Jun 2010</u>	
Gross premium Income	373	364	2.5%
Net Earned Premium	131	121	8.3%
Net Incurred and Paid Claims	72	64	12.5%
Net Commission Income	3	10	(70.0%)
Operating Expenses	28	28	-
Net Underwriting Profit	34	39	(12.8%)
Net Investment Income	41	23	78.0%
Net Profit to date	75	62	21.0%
<u>Ratios</u>			
Earnings per share (AED)	.55	.46	21.0%
<u>Balance Sheet</u>			
	<u>Jun 2011</u>	<u>Dec 2010</u>	
Shareholders Equity	805	789	2.0%
Total Assets	1,589	1,565	1.5%

Management Commentary H1 11

Income Statement:

Insurance operations:

We are pleased to announce a 21% increase in our net profit for the half year ended 30th June 2011 to AED 75 Million.

Intense competition both for new and renewal business slowed our GWPI growth in the second quarter and our premium income for the half year has risen by 2.5%.

The competitive market means that acquisition costs of business are steadily rising whilst premiums in classes which have traditionally produced high reinsurance commissions are falling.

Further, during the second quarter, EIC suffered deterioration in the results of our medical insurance portfolio compounded by the late advice of medical claims by our TPA following the implementation of the market's "e-claims" system. We have therefore felt it prudent to strengthen the medical reserves of the company.

Consequently, whilst other areas of the business performed satisfactorily and administrative expenses remain under tight control we are recording a 12.8% fall in our net underwriting profit for the first half to AED 34 Million. We have already taken steps to increase our medical tariff to redress the portfolio's underperformance and will be closely monitoring claims traffic from our TPA in the months ahead.

**Report of the Board of Directors (continued)
for the period ended 30 June 2011**

Investment Performance:

Investment income is higher than the corresponding period last year. The decision of the Board to establish a Bond Portfolio has had the desired result. The income from the fixed income portfolio has increased despite a significant reduction in fixed deposit rates in the UAE. Dividends received in respect of 2010 are higher than the previous year.

At the implementation of IFRS 9 at the end of 2010, the Company has opted to classify certain investments at fair value through profit or loss, which has resulted in unrealised gain of AED 19 Million. In the past, gains were only recognized at disposal of securities.

Statement of financial position:

The total assets of the company increased by 1.5% mainly due to the increase in the investment portfolio.

The liquidity of the company remains very strong and 70% of the net insurance liabilities are covered by cash resources.

No changes to the capital structure of the company are envisaged for 2011.



**ABDULLAH M. MAZRUI
CHAIRMAN
24 July 2011**

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of
Emirates Insurance Company P.S.C.
Abu Dhabi, UAE

Introduction

We have reviewed the accompanying condensed statement of financial position of Emirates Insurance Company P.S.C. as of 30 June 2011 and the related condensed statements of income, comprehensive income, changes in equity and cash flows for the six months period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting 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.

Deloitte & Touche (M.E.)



Saba Y. Sindaha
Registration No. 410
24 July 2011



**Condensed statement of financial position
as at 30 June 2011**

	Notes	30 June 2011 (unaudited) AED	31 December 2010 (audited) AED
ASSETS			
Non-current assets			
Property and equipment		2,986,538	3,319,154
Investment properties	4	17,008,868	3,897,709
Investment properties under development	5	-	12,458,537
Investments designated at fair value through other comprehensive income (FVTOCI)	6	513,753,918	491,170,495
Investment at amortised cost	6	-	7,994,632
Statutory deposit	7	10,000,000	10,000,000
Total non-current assets		543,749,324	528,840,527
Current assets			
Investments designated at fair value through profit or loss (FVTPL)	6	256,782,502	168,814,672
Re-insurance contract assets	8	473,570,826	469,907,176
Insurance and other receivables	9	183,586,768	166,057,725
Term deposits		68,670,898	150,556,505
Prepayments		2,735,292	1,001,853
Bank and cash	10	60,665,115	80,322,259
Total current assets		1,046,011,401	1,036,660,190
Total assets		1,589,760,725	1,565,500,717
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	135,000,000	135,000,000
Legal reserve	12	67,500,000	67,500,000
General reserve	13	425,000,000	425,000,000
Investment revaluation reserve		94,183,776	71,188,977
Retained earnings		83,208,810	90,068,848
Total capital and reserves		804,892,586	788,757,825
Non-current liability			
Provision for end of service benefit		7,613,913	7,221,708
Current liabilities			
Insurance contract liabilities	8	657,775,059	646,445,591
Insurance and other payables	14	60,728,903	69,859,455
Re-insurance deposit retained		47,910,032	39,629,647
Accruals and deferred income		10,840,232	13,586,491
Total current liabilities		777,254,226	769,521,184
Total liabilities		784,868,139	776,742,892
Total equity and liabilities		1,589,760,725	1,565,500,717

A. Maszuni

Chairman of the Board

Jaiegh

Chief Executive Officer

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

**Condensed income statement (unaudited)
for the period ended 30 June 2011**

	Notes	3 months ended 30 June		6 months ended 30 June	
		2011 AED	2010 AED	2011 AED	2010 AED
Gross premiums written		141,751,504	147,552,444	373,314,335	364,057,722
Change in unearned premium provision		19,469,240	9,349,223	(52,395,824)	(48,267,249)
Premium income earned		161,220,744	156,901,667	320,918,511	315,790,473
Reinsurance premiums ceded		(89,035,272)	(91,144,885)	(239,876,066)	(226,305,141)
Change in unearned premium provision		(15,413,701)	(13,609,224)	50,451,363	31,542,010
Reinsurance ceded		(104,448,973)	(104,754,109)	(189,424,703)	(194,763,131)
Net earned premiums		56,771,771	52,147,558	131,493,808	121,027,342
Gross claims incurred		(74,401,432)	(65,878,698)	(117,684,417)	(168,408,147)
Reinsurance share of claims incurred		38,516,830	36,422,645	45,381,917	103,981,562
Net claims incurred		(35,884,602)	(29,456,053)	(72,302,500)	(64,426,585)
Commission expenses		(12,278,996)	(10,232,600)	(26,914,974)	(22,307,031)
Commission income		13,199,353	14,980,034	29,920,438	32,342,160
Operating expenses		(13,264,981)	(13,797,600)	(26,701,463)	(26,516,743)
Government levies		(693,304)	(626,631)	(1,643,369)	(1,253,267)
Net underwriting income		7,849,241	13,014,708	33,851,940	38,865,876
Net investment income	15	34,949,377	22,487,213	45,122,672	28,326,236
Other expenses		(1,063,892)	(3,798,722)	(3,884,650)	(5,169,739)
Profit for the period	17	41,734,726	31,703,199	75,089,962	62,022,373
Basic and diluted earnings per share	18	0.30	0.23	0.55	0.46

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

Condensed statement of comprehensive income (unaudited)
for the period ended 30 June 2011

	3 months ended 30 June		6 months ended 30 June	
	2011 AED	2010 AED	2011 AED	2010 AED
Profit for the period	41,734,726	31,703,199	75,089,962	62,022,373
Other comprehensive income/(loss):				
Reclassification adjustment for gains included in profit or loss	-	(14,307,060)	-	(14,325,461)
Decrease in fair value of available for sale investments	-	(49,006,716)	-	(54,653,771)
Increase in fair value of investments classified as fair value through other comprehensive Income (FVTOCI)	37,555,926	-	22,994,799	-
Directors' remuneration	(475,000)	(475,000)	(950,000)	(950,000)
Other comprehensive income/(loss) for the period	37,080,926	(63,788,776)	22,044,799	(69,929,232)
Total comprehensive income/(loss) for the period	78,815,652	(32,085,577)	97,134,761	(7,906,859)

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

EMIRATES INSURANCE COMPANY P.S.C.

Condensed statement of changes in equity (unaudited)
for the period ended 30 June 2011

	Share capital AED	Legal reserve AED	General reserve AED	Investment revaluation reserve AED	Retained earnings AED	Total AED
Balance at 1 January 2011 (audited)	135,000,000	67,500,000	425,000,000	71,188,977	90,068,848	788,757,825
Profit for the period	-	-	-	-	75,089,962	75,089,962
Other comprehensive income/(loss)	-	-	-	22,994,799	(950,000)	22,044,799
Total comprehensive income for the period	-	-	-	22,994,799	74,139,962	97,134,761
Dividends paid	-	-	-	-	(81,000,000)	(81,000,000)
Balance at 30 June 2011 (unaudited)	135,000,000	67,500,000	425,000,000	94,183,776	83,208,810	804,892,586

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

Condensed statement of changes in equity (unaudited)
for the period ended 30 June 2011 (continued)

	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
Profit for the period	-	-	-	-	62,022,373	62,022,373
Other comprehensive loss	-	-	-	(68,979,232)	(950,000)	(69,929,232)
Total comprehensive loss for the period	-	-	-	(68,979,232)	61,072,373	(7,906,859)
Transfer to legal reserve	-	7,500,000	-	-	(7,500,000)	-
Transfer from general reserve	-	-	(15,000,000)	-	15,000,000	-
Issuance of bonus shares	15,000,000	-	-	-	(15,000,000)	-
Dividends paid	-	-	-	-	(60,000,000)	(60,000,000)
Balance at 30 June 2010 (unaudited)	135,000,000	67,500,000	425,000,000	43,899,559	59,673,133	731,072,692

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

**Condensed statement of cash flows (unaudited)
for the period ended 30 June 2011**

	6 months ended 30 June	
	2011 AED	2010 AED
Cash flows from operating activities		
Profit for the period	75,089,962	62,022,373
Adjustments for:		
Net movement in reinsurance contract assets	(3,663,650)	(67,546,638)
Net movement in insurance contract liabilities	11,329,468	89,100,771
Depreciation of property and equipment	697,379	791,594
Depreciation of investment properties	395,792	170,676
Allowance for doubtful debts	300,000	200,000
Dividends from investments in securities	(18,852,138)	(11,342,864)
Gain on disposal of financial assets	(782,276)	(14,325,461)
Gain on transfer of amortised cost investment to fair value through profit or loss	(789,895)	-
Unrealised gain on investments classified as fair value through profit or loss	(19,231,267)	-
Net movement in end of service benefit	392,205	(675,009)
Impairment of available for sale investments	-	2,593,693
Interest income	(3,814,660)	(3,291,211)
Operating cash flows before changes in operating assets and liabilities	41,070,920	57,697,924
Increase in insurance and other receivables	(17,829,043)	(28,155,378)
Increase in prepayments	(1,733,439)	(1,005,839)
Decrease in insurance and other payables	(8,180,552)	(10,339,041)
Increase in reinsurance deposit retained	8,280,385	1,570,392
Decrease in accruals and deferred income	(2,746,259)	(958,208)
Net cash generated by operating activities	18,862,012	18,809,850
Cash flows from investing activities		
Payments to acquire financial assets	(150,240,252)	31,295,214
Proceeds from disposal of financial assets	91,559,901	-
Payment to acquire property and equipment	(364,763)	(948,330)
Additions to investment property under development	(1,048,413)	-
Movement in term deposits with maturity greater than 3 months	26,205,228	(96,410,669)
Dividends from investments in securities	18,852,138	11,342,864
Interest income	3,736,627	3,291,211
Net cash used in investing activities	(11,299,534)	(51,429,710)
Cash flows from financing activities		
Dividends paid	(81,000,000)	(60,000,000)
Directors remuneration paid	(1,900,000)	(1,900,000)
Net cash used in financing activities	(82,900,000)	(61,900,000)
Net decrease in cash and cash equivalents	(75,337,522)	(94,519,860)
Cash and cash equivalents at beginning of the period	146,046,961	160,645,267
Cash and cash equivalents at end of the period (note 19)	70,709,439	66,125,407

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

**Notes to the condensed financial statements
for the period ended 30 June 2011**

1 General

Emirates Insurance Company P.S.C. (the "Company") is a public shareholding company which was incorporated in Abu Dhabi, United Arab Emirates ("UAE") 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.

2 New and revised International Financial Reporting Standards (IFRSs) in issue but not yet effective

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

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IAS 1 <i>Presentation of Financial Statements</i> : relating to grouping items recognised in other comprehensive income	1 July 2012
Amendment to IAS 12 <i>Income Taxes</i> relating to Deferred Tax: Recovery of Underlying Assets	1 January 2012
IAS 19 <i>Employee Benefits</i> (revised 2011)	1 January 2013
IAS 27 <i>Separate Financial Statements</i> (revised in 2011)	1 January 2013
IAS 28 <i>Investments in Associates and Joint Ventures</i> (revised in 2011)	1 January 2013
Amendments to IFRS 1: <i>Removal of Fixed Dates for First-Time Adopters</i>	1 July 2011
Amendments to IFRS 1: <i>Severe Hyperinflation</i>	1 July 2011
Amendments to IFRS 7 <i>Financial Instruments: Disclosures</i> , relating to Disclosures on Transfers of Financial Assets	1 July 2011
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

Management anticipates that the adoption of these IFRSs in future periods will have no material impact on the financial statements of the Company in the period of initial application.

**Notes to the condensed financial statements
for the period ended 30 June 2011 (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) 34, "*Interim Financial Reporting*" and also comply with the applicable requirements of the laws in the UAE.

The condensed financial statements are presented in UAE 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 measurement at fair value of certain financial instruments.

The accounting policies and estimates used in the preparation of these condensed financial statements are consistent with those used in the audited annual financial statements for the year ended 31 December 2010.

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 Investments in securities

3.2.1 Investments at amortised cost

Debt instruments are measured at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments meeting these criteria are measured initially at fair value plus transaction costs (except if they are designated as at FVTPL – see note 3.2.2 below). They are subsequently measured at amortised cost using the effective interest method less any impairment.

Subsequent to initial recognition, the Company is required to reclassify debt instruments from amortised cost to FVTPL if the objective of the business model changes so that the amortised cost criteria are no longer met.

The Company may irrevocably elect at initial recognition to classify a debt instrument that meets the amortised cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortised cost.

3.2.2 Investments at FVTPL

Debt instrument financial assets that do not meet the amortised cost criteria described in note 3.2.1 above, or that meet the criteria but the entity has chosen to designate as at FVTPL at initial recognition, are measured at FVTPL.

**Notes to the condensed financial statements
for the period ended 30 June 2011 (continued)**

3 Summary of significant accounting policies (continued)

3.2 Investment in securities (continued)

3.2.2 Investments at FVTPL (continued)

Subsequent to initial recognition, the Company is required to reclassify debt instruments from FVTPL to amortised cost if the objective of the business model changes so that the amortised cost criteria starts to be met and the instrument's contractual cash flows meet the amortised cost criteria. Reclassification of debt instruments designated as at FVTPL at initial recognition (see note 3.2.3) is not permitted.

Investments in equity instruments are mandatorily classified as at FVTPL, unless the Company designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) at initial recognition as described in note 3.2.3 below.

Financial assets at FVTPL are measured at fair value, with any gains or losses arising on re-measurement recognised in profit or loss.

Dividend income on investments in equity instruments at FVTPL is recognised in profit or loss when the Company's right to receive the dividends is established in accordance with IAS 18 *Revenue* and is included in the 'net investment income' line item in the profit and loss.

3.2.3 Investments at FVTOCI

At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking;

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is reclassified to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established in accordance with IAS 18 *Revenue*, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends earned are recognised in profit or loss and are included in 'net investment income' in the profit and loss.

3.3 Investment 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 30 June 2011 (continued)**

4 Investment properties

Investment properties represent the cost, net of accumulated depreciation, of buildings owned by the Company in Abu Dhabi, Al Ain, Mussaffah, and Dubai. 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. Dubai property was completed during the period and was transferred from investment properties under development.

5 Investment properties under development

Investment properties under development represents the payments made toward the purchase of a property in Dubai, UAE. The property has been completed and transferred to investment properties

6 Investments in securities

	30 June 2011 (unaudited) AED	31 December 2010 (audited) AED
Investments at FVTOCI		
Quoted UAE equity securities	451,093,425	428,492,497
Unquoted UAE equity securities	19,106,200	18,433,000
Investment funds	43,554,293	44,244,998
Fair value at	513,753,918	491,170,495
Investments at FVTPL		
Quoted UAE equity securities	14,568,181	-
Unquoted UAE equity securities	4,676,261	4,676,261
Investment funds	143,913,370	143,124,145
Investment in bond portfolio	93,624,690	21,014,266
Fair value at	256,782,502	168,814,672
Investments at amortised cost		
Islamic Sukuk investments	-	7,994,632
	770,536,420	667,979,799

Notes to the condensed financial statements
for the period ended 30 June 2011 (continued)

6 Investments in securities (continued)

	30 June 2011 (unaudited) AED	31 December 2010 (audited) AED
Investments at FVTOCI		
Fair value at 1 January	491,170,495	-
Reclassification adjustment upon initial application of IFRS 9	-	511,484,366
Disposals	(411,376)	-
Increase /(decrease) in fair value taken to other comprehensive income	22,994,799	(20,313,871)
Fair value at	513,753,918	491,170,495
Investments at FVTPL		
Fair value at 1 January	168,814,672	-
Reclassification adjustment upon initial application of IFRS 9	-	181,647,063
Purchases	150,240,252	-
Disposals	(87,795,149)	-
Reclassification from amortised cost	6,291,460	-
Increase/(decrease) in fair value taken to profit or loss	19,231,267	(12,832,391)
Fair value at	256,782,502	168,814,672
Investments at amortised cost		
Amortised cost at 1 January	7,994,632	-
Reclassification adjustment upon initial application of IFRS 9	-	7,994,632
Disposals	(2,571,100)	-
Discount amortisation	78,033	-
Reclassification to fair value through profit or loss	(5,501,565)	-
Amortised cost at	-	7,994,632

During the period, the Company has changed its business model for the managing of investments at amortised cost. In accordance with IFRS 9, these investments have been reclassified to investments at FVTPL effective from 1 April 2011 at fair value resulting in a gain of AED 789,895.

The geographical distribution of investments is as follows:

	30 June 2011 (unaudited) AED	31 December 2010 (audited) AED
Within UAE	576,757,636	478,266,177
Outside UAE	193,778,784	189,713,622
	770,536,420	667,979,799

**Notes to the condensed financial statements
for the period ended 30 June 2011 (continued)**

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 (2010: AED 10,000,000) which cannot be utilised without the consent of the UAE Insurance Authority.

8 Insurance contract liabilities and re-insurance contract assets

	30 June 2011 (unaudited) AED	31 December 2010 (audited) AED
Insurance liabilities		
- Claims reported unsettled	275,402,653	306,892,781
- Claims incurred but not reported	36,668,132	46,244,362
- Unearned premiums	345,704,274	293,308,448
	<u>657,775,059</u>	<u>646,445,591</u>
Recoverable from re-insurers		
- Claims reported unsettled	214,243,084	249,691,342
- Claims incurred but not reported	26,285,469	37,624,924
- Unearned premiums	233,042,273	182,590,910
	<u>473,570,826</u>	<u>469,907,176</u>
Insurance liabilities - net		
- Claims reported unsettled	61,159,569	57,201,439
- Claims incurred but not reported	10,382,663	8,619,438
- Unearned premiums	112,662,001	110,717,538
	<u>184,204,233</u>	<u>176,538,415</u>

Notes to the condensed financial statements
for the period ended 30 June 2011 (continued)

9 Insurance and other receivables

	30 June 2011 (unaudited) AED	31 December 2010 (audited) AED
Due from policy holders	73,584,155	70,338,883
Less: allowance for doubtful debts	(3,700,000)	(3,400,000)
	69,884,155	66,938,883
Notes receivables-post dated cheques	293,500	1,998,967
Due from insurance companies	106,791,885	93,256,751
Other receivables	6,617,228	3,863,124
	183,586,768	166,057,725

10 Bank and cash

	30 June 2011 (unaudited) AED	31 December 2010 (audited) AED
Balances held at UAE banks	54,102,087	62,287,723
Balances held at foreign banks abroad	6,563,028	18,034,536
	60,665,115	80,322,259

11 Share capital

	30 June 2011 (unaudited) AED	31 December 2010 (audited) AED
Authorised:		
135,000,000 shares of AED 1 each	135,000,000	135,000,000
Allotted, issued and fully paid:		
135,000,000 shares of AED 1 each	135,000,000	135,000,000

At 30 June 2011, a total of 15,948,000 (31 December 2010: 15,948,000) shares were held by Abu Dhabi Investment Council and 119,052,000 (31 December 2010: 119,052,000) shares by UAE nationals and institutions.

At the Annual General Meeting held on 23 March 2011, the Shareholders approved a cash dividend in respect of the year 2010 amounting to AED 81 million.

**Notes to the condensed financial statements
for the period ended 30 June 2011 (continued)**

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 and the approval of the Shareholders. This reserve may be used for such purposes as the Directors deem fit.

14 Insurance and other payables

	30 June 2011 (unaudited) AED	31 December 2010 (audited) AED
Due to insurance companies	37,968,615	39,848,446
Other insurance payables	14,273,552	20,549,597
Provision for Directors' remuneration	950,000	1,900,000
Dividends payable	7,536,736	7,561,412
	<u>60,728,903</u>	<u>69,859,455</u>

15 Net investment income

	3 months ended 30 June		6 months ended 30 June	
	2011 (unaudited) AED	2010 (unaudited) AED	2011 (unaudited) AED	2010 (unaudited) AED
Interest on bank deposits	559,124	1,849,397	1,919,211	3,291,211
Interest on bonds and sukuk	1,517,763	115,233	1,895,449	232,625
Dividends from investments in securities	14,345,077	6,591,036	18,852,138	11,342,864
Gain on disposal of financial assets	103,411	14,307,060	782,276	14,325,461
Impairment of available for sale investments	-	(1,296,845)	-	(2,593,693)
Gain on transfer of investments from amortised cost to fair value through profit or loss	789,895	-	789,895	-
Unrealised gain on fair value through profit or loss investments	16,849,456	-	19,231,267	-
Net income from investment properties	784,651	921,332	1,652,436	1,727,768
	<u>34,949,377</u>	<u>22,487,213</u>	<u>45,122,672</u>	<u>28,326,236</u>

**Notes to the condensed financial statements
for the period ended 30 June 2011 (continued)**

16 Related parties

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:

	30 June 2011 (unaudited) AED	31 December 2010 (audited) AED
Due from policyholders	<u>8,243,073</u>	<u>4,119,368</u>
Due to policyholders	<u>331,011</u>	<u>156,371</u>

Transactions

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

	<u>3 months ended 30 June</u>		<u>6 months ended 30 June</u>	
	2011 (unaudited) AED	2010 (unaudited) AED	2011 (unaudited) AED	2010 (unaudited) AED
Gross premiums written	<u>1,790,783</u>	<u>2,101,073</u>	<u>3,725,795</u>	<u>5,954,134</u>
Claims paid	<u>701,233</u>	<u>1,328,162</u>	<u>1,749,865</u>	<u>2,912,474</u>
Directors' remuneration	<u>475,000</u>	<u>475,000</u>	<u>950,000</u>	<u>950,000</u>
Remuneration of key management personnel	<u>3,133,203</u>	<u>3,029,856</u>	<u>6,261,939</u>	<u>6,302,428</u>

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.

**Notes to the condensed financial statements
for the period ended 30 June 2011 (continued)**

17 Profit for the period

Profit for the period is arrived after charging the following:

	3 months ended 30 June		6 months ended 30 June	
	2011 (unaudited) AED	2010 (unaudited) AED	2011 (unaudited) AED	2010 (unaudited) AED
Staff costs	7,957,326	9,088,024	21,054,065	20,909,301
Depreciation on property and equipment	348,778	407,515	697,379	791,594
Depreciation on investment properties	282,008	85,338	395,792	170,676
Rental expenses	527,322	499,500	1,107,658	1,001,835

18 Basic and diluted earnings per share

The calculation of basic earnings per share is based on the profit of AED 75,089,962 for the period ended 30 June 2011 (30 June 2010: AED 62,022,373) and the weighted average number of ordinary shares in issue during the period of 135,000,000 shares (30 June 2010: 135,000,000 shares).

As of 30 June 2011, the Company has not issued any instruments that have an impact on earnings per share when exercised.

Earnings per share for 2010 was adjusted for the bonus shares issued in 2010.

19 Cash and cash equivalents

	6 months ended 30 June	
	2011 (unaudited) AED	2010 (unaudited) AED
Term deposits	68,670,898	107,410,669
Bank and cash	60,665,115	66,125,407
Term deposits with original maturity of greater than three months	(58,626,574)	(107,410,669)
	70,709,439	66,125,407

**Notes to the condensed financial statements
for the period ended 30 June 2011 (continued)**

20 Seasonality of results

No income of seasonal nature was recorded in the income statement for the six months period ended 30 June 2011 and 2010.

21 Contingent liabilities

At 30 June 2011, the Company had contingent liabilities in respect of outstanding letters of guarantee issued in the normal course of business, amounting to AED 2,009,525 (31 December 2010: AED 6,381,222).

22 Commitments

At 30 June 2011, the Company had outstanding commitments to invest in unlisted overseas securities amounting to AED 17,396,754 (31 December 2010: AED 18,300,115) and AED nil (31 December 2010: AED 1,200,000) to purchase a property in Dubai.

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 UAE 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:

	30 June (unaudited)					
	Underwriting		Investments		Total	
	2011 AED	2010 AED	2011 AED	2010 AED	2011 AED	2010 AED
Segment revenue	403,234,773	396,399,882	46,351,227	29,070,526	449,586,000	425,470,408
Segment result	33,851,940	38,865,876	45,122,672	28,326,236	78,974,612	67,192,112
Unallocated expenses					(3,884,650)	(5,169,739)
Net profit for the period					75,089,962	62,022,373

**Notes to the condensed financial statements
for the period ended 30 June 2011 (continued)**

23 Segment information (continued)

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

	Underwriting		Investments		Total	
	30 June 2011 (unaudited) AED	31 December 2010 (audited) AED	30 June 2011 (unaudited) AED	31 December 2010 (audited) AED	30 June 2011 (unaudited) AED	31 December 2010 (audited) AED
Segment assets	661,744,838	649,535,868	867,350,772	835,642,590	1,529,095,610	1,485,178,458
Unallocated assets					60,665,115	80,322,259
Total assets					1,589,760,725	1,565,500,717
Segment liabilities	774,656,564	765,296,610	1,845,959	1,984,870	776,502,523	767,281,480
Unallocated liabilities					8,365,616	9,461,412
Total liabilities					784,868,139	776,742,892

There are no transactions between the business segments.

Secondary segment information - revenue from underwriting departments

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

	6 months ended 30 June	
	2011 (unaudited) AED	2010 (unaudited) AED
Motor	125,899,211	108,494,068
Engineering	62,695,633	74,345,776
Fire and General Accidents	62,253,807	69,139,876
Marine and Aviation	66,423,026	59,556,103
Employee Benefits, Medical and Personal Assurance	73,595,079	63,960,396
Oil and Gas	12,368,017	20,903,663
	403,234,773	396,399,882

24 Approval of condensed financial statements

The condensed financial statements were approved and authorised for issue by the Board of Directors on 24 July 2011.