

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

**Review report and interim
financial information for the
period ended 30 June 2010**

EMIRATES INSURANCE COMPANY P.S.C.

Review report and interim financial information for the period ended 30 June 2010

	Pages
Report of the Directors	1 - 2
Report on review of interim financial information	3
Condensed statement of financial position	4
Condensed statement of income (unaudited)	5
Condensed statement of comprehensive income (unaudited)	6
Condensed statement of changes in equity (unaudited)	7 - 8
Condensed statement of cash flows (unaudited)	9
Notes to the condensed financial statements	10 - 20

THE BOARD OF DIRECTORS' REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2010

The Board of Directors takes great pleasure in presenting the unaudited results for the First Half of 2010.

AED Million

<u>Statement of income</u>	<u>June 2010</u>	<u>June 2009</u>	<u>Movement</u>
Gross premium Income	364	396	(8.0%)
Net Earned Premium	121	117	3.4%
Net Incurred and Paid Claims	64	71	9.9%
Net Commission Income	10	12	(16.7%)
Operating Expenses	27	24	(12.5%)
Net Underwriting Profit	40	34	17.6%
Net Investment Income	28	11	155.0%
Net Profit to date	62	42	47.6%

Ratios

Earnings per share (AED)	0.46	0.31	28.5%*
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*Share capital increased from 120 million shares to 135 million shares in 2010.

<u>Statement of financial position</u>	<u>Jun 2010</u>	<u>Dec 2009</u>	
Shareholders' Equity	731	799	(8.5%)
Total Assets	1,588	1,578	0.0%

Management Commentary Q2 2010:

Condensed statement of income:

We are pleased to announce an increase of 17.6% in our insurance operations profit as a result of improved underwriting performance.

Our premium income has reduced following a strategic withdrawal by our agency partners from Northern Emirates medical business but premium income from our core business increased by 6.9% compared with the first 6 months of 2009. Our loss ratio has improved significantly compared to the same period last year due to improved underwriting techniques and an even more selective approach to our business.

We expect the slight drop in our net commission earnings to improve by year end.

The increase in operating expenditure is mainly due to one off manpower costs following a program of retirements and some reorganisation during H110.

We are pleased to announce a 155% increase in our investment income despite the dividend income derived from our investment portfolio for 2010 being significantly lower than that achieved in previous years.

Emirates Insurance Company P.S.C. made several provision for impairment losses during 2009 which are not necessary to repeat in 2010.

We also have enjoyed a significantly profitable exit in part of our Private Equity portfolio.

THE BOARD OF DIRECTORS' REPORT
FOR THE SIX MONTHS ENDING 30 June 2010 (CONTINUED)

Management Commentary Q2 2010 (continued):

Condensed statement of income (continued):

During 2010, Emirates Insurance Company P.S.C. will continue to evaluate the value of its investments and will take any necessary action though we do not, at this point, expect any further major impairments.

Condensed statement of financial position:

The investment portfolio declined by 12% during the first 6 months of 2010. This has had a negative impact on the investment revaluation reserve.

The liquidity of the Company remains strong and cash resources have increased significantly during 2010 due to the good results of the first 6 months. No new investments have been made since the beginning of the financial year.

Insurance and other receivables have increased due to slow payment from clients and brokers but EIC management are taking the necessary steps to rectify the position.

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

26 July 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 30 June 2010 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 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.

Deloitte & Touche



Saba Y. Sindaha
Registration No. 410
26 July 2010



**Condensed statement of financial position
as at 30 June 2010**

	Notes	30 June 2010 (unaudited) AED	31 December 2009 (audited) AED
ASSETS			
Non-current assets			
Property and equipment	4	22,099,009	21,942,273
Investment properties	5	4,068,385	4,239,061
Available for sale investments	6	646,751,253	735,293,931
Statutory deposit	7	10,000,000	10,000,000
Total non-current assets		682,918,647	771,475,265
Current assets			
Re-insurance contract assets	8	559,275,579	491,728,941
Insurance and other receivables	9	169,916,399	141,961,021
Term deposits		107,410,669	124,474,444
Prepayments		2,494,685	1,488,846
Bank and cash	10	66,125,407	47,170,823
Total current assets		905,222,739	806,824,075
Total assets		1,588,141,386	1,578,299,340
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	135,000,000	120,000,000
Legal reserve	12	67,500,000	60,000,000
General reserve	13	425,000,000	440,000,000
Investment revaluation reserve		43,899,559	112,878,791
Retained earnings		59,673,133	66,100,760
Total equity		731,072,692	798,979,551
Non-current liabilities			
End of service benefits		7,978,405	8,653,414
Current liabilities			
Insurance contract liabilities	8	736,985,374	647,884,603
Insurance and other payables	14	62,515,807	73,804,848
Re-insurance deposit retained		39,221,473	37,651,081
Accruals and deferred income		10,367,635	11,325,843
Total current liabilities		849,090,289	770,666,375
Total liabilities		857,068,694	779,319,789
Total equity and liabilities		1,588,141,386	1,578,299,340

A. Mazini

Chairman of the Board

J. Alghar

Chief Executive Officer

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

Condensed statement of income (unaudited)
for the period ended 30 June 2010

	Notes	3 months ended 30 June		6 months ended 30 June	
		2010 AED	2009 AED	2010 AED	2009 AED
Gross premiums written		147,552,444	182,685,587	364,057,722	395,582,038
Change in unearned premium provision		9,349,223	(20,507,117)	(48,267,249)	(66,012,052)
Premium income earned		156,901,667	162,178,470	315,790,473	329,569,986
Reinsurance premiums ceded		(91,144,885)	(132,179,602)	(226,305,141)	(270,006,760)
Change in unearned premium provision		(13,609,224)	19,440,433	31,542,010	57,477,751
Reinsurance ceded		(104,754,109)	(112,739,169)	(194,763,131)	(212,529,009)
Net earned premiums		52,147,558	49,439,301	121,027,342	117,040,977
Gross claims incurred		(65,878,698)	(164,749,116)	(168,408,147)	(228,086,496)
Reinsurance share of claims incurred		36,422,645	134,553,481	103,981,562	157,007,281
Net claims incurred		(29,456,053)	(30,195,635)	(64,426,585)	(71,079,215)
Commission expenses		(10,232,600)	(10,158,954)	(22,307,031)	(20,579,689)
Commission income		14,980,034	16,115,139	32,342,160	32,336,421
Operating expenses		(13,674,222)	(11,864,379)	(26,516,743)	(23,746,717)
Net underwriting income		13,764,717	13,335,472	40,119,143	33,971,777
Net investment income	15	22,487,213	10,450,097	28,326,236	10,694,427
Other expenses		(4,548,731)	(830,646)	(6,423,006)	(2,326,795)
Net profit for the period	17	31,703,199	22,954,923	62,022,373	42,339,409
Basic and diluted earnings per share	18	0.23	0.17	0.46	0.31

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

**Condensed statement of comprehensive income (unaudited)
for the period ended 30 June 2010**

	3 months ended 30 June		6 months ended 30 June	
	2010	2009	2010	2009
	AED	AED	AED	AED
Net profit for the period	31,703,199	22,954,923	62,022,373	42,339,409
Other comprehensive (loss)/income:				
Reclassification adjustment for gains included in profit or loss	(14,307,060)	-	(14,325,461)	-
(Decrease)/increase in fair value of available for sale investments	(49,006,716)	123,896,484	(54,653,771)	92,231,118
Directors' remuneration	(475,000)	(475,000)	(950,000)	(950,000)
Other comprehensive (loss)/income for the period	(63,788,776)	123,421,484	(69,929,232)	91,281,118
Total comprehensive (loss)/income for the period	(32,085,577)	146,376,407	(7,906,859)	133,620,527

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

EMIRATES INSURANCE COMPANY P.S.C.

7

**Condensed statement of changes in equity (unaudited)
for the period ended 30 June 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	-	-	-	-	62,022,373	62,022,373
<i>Other comprehensive loss:</i>						
Reclassification adjustment for gains included in profit or loss	-	-	-	(14,325,461)	-	(14,325,461)
Decrease in fair value of available for sale investments (note 6)	-	-	-	(54,653,771)	-	(54,653,771)
Directors' remuneration	-	-	-	-	(950,000)	(950,000)
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 changes in equity (unaudited)
for the period ended 30 June 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	-	-	-	-	42,339,409	42,339,409
<i>Other comprehensive income:</i>						
Increase in fair value of available for sale investments	-	-	-	92,231,118	-	92,231,118
Directors' remuneration	-	-	-	-	(950,000)	(950,000)
Total comprehensive income for the period	-	-	-	92,231,118	41,389,409	133,620,527
Dividends paid	-	-	-	-	(90,000,000)	(90,000,000)
Balance at 30 June 2009 (unaudited)	120,000,000	60,000,000	440,000,000	185,114,103	45,924,858	851,038,961

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

**Condensed statement of cash flows (unaudited)
for the period ended 30 June 2010**

	6 months ended 30 June	
	2010	2009
	AED	AED
Operating activities		
Net profit for the period	62,022,373	42,339,409
Adjustments for:		
Net movement in reinsurance contract assets	(67,546,638)	(78,049,846)
Net movement in insurance contract liabilities	89,100,771	89,478,370
Depreciation of property and equipment	791,594	525,159
Depreciation of investment properties	170,676	170,676
Allowance for doubtful debts	200,000	150,000
Dividends from available for sale investments	(11,342,864)	(14,133,285)
Gain on disposal of available for sale investments	(14,325,461)	-
Net transfer to provision for end of service benefit	(675,009)	650,508
Impairment of available for sale investments	2,593,693	7,658,946
Interest income	(3,291,211)	(2,388,392)
Cash flow from operating activities before movement in working capital	57,697,924	46,401,545
Increase in trade and other receivables	(28,155,378)	(3,068,028)
Increase in prepayments	(1,005,839)	(1,384,187)
Decrease in trade and other payables	(10,339,041)	(3,121,424)
Increase/(decrease) in reinsurance deposit retained	1,570,392	(3,195,265)
Decrease in accruals and deferred income	(958,208)	(2,785,765)
Net cash from operating activities	18,809,850	32,846,876
Investing activities		
Net proceeds/(purchases) of available for sale investments	31,295,214	(2,981,475)
Purchase of property and equipment	(948,330)	(765,163)
Increase in statutory deposits	-	(2,500,000)
Increase in term deposits	(96,410,669)	(55,316,500)
Dividends from available for sale investments	11,342,864	14,133,285
Interest income	3,291,211	2,388,392
Net cash used in investing activities	(51,429,710)	(45,041,461)
Financing activities		
Dividends paid	(60,000,000)	(90,000,000)
Directors remuneration	(1,900,000)	-
Net cash used in financing activities	(61,900,000)	(90,000,000)
Net decrease in cash and cash equivalents	(94,519,860)	(102,194,585)
Cash and cash equivalents at beginning of the period	160,645,267	153,851,514
Cash and cash equivalents at end of the period (note 19)	66,125,407	51,656,929

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

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

New Standards and amendments to Standards:	Effective for annual periods beginning on or after
• 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
• Amendments to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13 resulting from May 2010 Annual Improvements to IFRSs	Majority effective for annual periods beginning on or after 1 January 2011
New Interpretations and amendments to Interpretations:	
• 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 30 June 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, significant judgments made by management, financial risk management objectives and 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 30 June 2010 (continued)**

4 Property and equipment

Included in property and equipment is capital work in progress amounting to AED 19,033,906 (31 December 2009: 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

	30 June 2010 (unaudited) AED	31 December 2009 (audited) AED
At 1 January	735,293,931	757,456,852
Additions during the period/year	1,639,875	12,350,441
Disposals during the period/year	(32,935,089)	(43,849,781)
(Decrease)/increase in fair value during the period/year	(54,653,771)	39,137,855
Impairment loss	(2,593,693)	(29,801,436)
	646,751,253	735,293,931

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

	30 June 2010 (unaudited) AED	31 December 2009 (audited) AED
Investment in quoted U.A.E. securities	413,842,939	471,799,670
Investment in unquoted U.A.E. securities	29,444,732	36,263,983
Investment in investment funds	195,675,053	219,256,270
Investment in sukuks	7,788,529	7,974,008
	646,751,253	735,293,931

**Notes to the condensed financial statements
for the period ended 30 June 2010 (continued)**

6 Available for sale investments (continued)

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

	30 June 2010 (unaudited) AED	31 December 2009 (audited) AED
Within U.A.E.	451,076,200	516,037,661
Outside U.A.E.	195,675,053	219,256,270
	646,751,253	735,293,931

The fair values 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 Nil (2009: AED 16,100,000) that are carried at cost, which in the Directors' opinion, represent the fair value at the end of the reporting period.

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 10,052,818 (2009: AED 12,535,445) that are carried at cost, which in the Directors' opinion represents the fair value at the end of the reporting period.

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

	30 June 2010 (unaudited) AED	31 December 2009 (audited) AED
Insurance liabilities		
- Claims reported unsettled	338,870,658	314,348,411
- Claims incurred but not reported	58,022,155	41,710,879
- Unearned premiums	340,092,561	291,825,313
	736,985,374	647,884,603

**Notes to the condensed financial statements
for the period ended 30 June 2010 (continued)**

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

	30 June 2010 (unaudited) AED	31 December 2009 (audited) AED
Recoverable from re-insurers		
- Claims reported unsettled	283,200,778	261,047,944
- Claims incurred but not reported	48,490,242	34,638,444
- Unearned premiums	227,584,559	196,042,553
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	559,275,579	491,728,941
	<hr/>	<hr/>
Insurance liabilities - net		
- Claims reported unsettled	55,669,880	53,300,467
- Claims incurred but not reported	9,531,913	7,072,435
- Unearned premiums	112,508,002	95,782,760
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	177,709,795	156,155,662
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9 Insurance and other receivables

	30 June 2010 (unaudited) AED	31 December 2009 (audited) AED
Receivables arising from insurance and re-insurance contracts:		
Due from policyholders	63,934,860	63,015,962
Allowance for doubtful debts	(3,200,000)	(3,000,000)
	<hr/>	<hr/>
	60,734,860	60,015,962
Notes receivables - post dated cheques	3,735,357	2,749,749
Due from insurance companies	98,829,203	77,279,481
Other receivables	6,616,979	1,915,829
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	169,916,399	141,961,021
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**Notes to the condensed financial statements
for the period ended 30 June 2010 (continued)**

10 Bank and cash

	30 June 2010 (unaudited) AED	31 December 2009 (audited) AED
Balances held at U.A.E. banks	65,505,552	46,176,090
Balances held at foreign banks abroad	619,855	994,733
	<u>66,125,407</u>	<u>47,170,823</u>

11 Share capital

	30 June 2010 (unaudited) AED	31 December 2009 (audited) AED
Authorised:		
135,000,000 shares (2009: 120,000,000 shares) of AED 1 each	<u>135,000,000</u>	<u>120,000,000</u>
Allotted, issued and fully paid:		
135,000,000 shares (2009: 120,000,000 shares) of AED 1 each	<u>135,000,000</u>	<u>120,000,000</u>

At 30 June 2010, a total of 15,948,000 (31 December 2009: 14,176,000) shares were held by Abu Dhabi Investment Council and 119,052,000 (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 30 June 2010 (continued)**

14 Insurance and other payables

	30 June 2010 (unaudited) AED	31 December 2009 (audited) AED
Payables arising from insurance and re-insurance contracts:		
Due to insurance companies	39,795,200	53,595,799
Other insurance payables	11,132,089	12,096,515
Provision for directors' remuneration	950,000	1,900,000
Unclaimed dividends	7,841,413	6,212,534
Other payables	2,797,105	-
	<u>62,515,807</u>	<u>73,804,848</u>

15 Net investment income (unaudited)

	3 months ended 30 June		6 months ended 30 June	
	2010 AED	2009 AED	2010 AED	2009 AED
Interest on bank deposits	1,849,397	878,006	3,291,211	2,388,392
Interest on sukuk	115,233	52,690	232,625	210,929
Dividends from available for sale investments	6,591,036	12,539,329	11,342,864	14,133,285
Gain on disposal of available for sale investments	14,307,060	-	14,325,461	-
Impairment of available for sale investments	(1,296,845)	(3,811,713)	(2,593,693)	(7,658,946)
Net income from investment properties	921,332	791,785	1,727,768	1,620,767
	<u>22,487,213</u>	<u>10,450,097</u>	<u>28,326,236</u>	<u>10,694,427</u>

16 Related party transactions

Related parties comprise the Shareholders, Directors, key management personnel of the Company and those entities in which they have the ability to control or exercise significant influence in financial and operational decisions. The Company maintains significant balances with these related parties which arise from commercial transactions as follows:

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

	30 June 2010 (unaudited) AED	31 December 2009 (audited) AED
Due from policyholders	4,468,821	2,272,640
Due to policyholders	<u>232,242</u>	<u>271,462</u>

**Notes to the condensed financial statements
for the period ended 30 June 2010 (continued)**

16 Related party transactions (continued)

Transactions (unaudited)

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

	3 months ended 30 June		6 months ended 30 June	
	2010	2009	2010	2009
	AED	AED	AED	AED
Gross premiums written	2,101,073	1,290,112	5,954,134	3,057,415
Claims paid	1,328,162	460,611	2,912,474	1,065,000
Directors' remuneration	475,000	475,000	950,000	950,000
Remuneration of key management personnel	3,029,856	3,193,433	6,302,428	6,967,159

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 30 June		6 months ended 30 June	
	2010	2009	2010	2009
	AED	AED	AED	AED
Staff costs	9,088,024	9,442,221	20,909,301	18,749,246
Depreciation on property and equipment	407,515	186,806	791,594	525,129
Depreciation on investment properties	85,338	85,338	170,676	170,676
Rental expenses	499,500	507,484	1,001,835	1,028,758

**Notes to the condensed financial statements
for the period ended 30 June 2010 (continued)**

18 Basic and diluted 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 62,022,373 for the period ended 30 June 2010 (30 June 2009: AED 42,339,409) and the weighted average number of ordinary shares in issue during the period of 135,000,000 shares

The earnings per share of AED 0.35 as reported for 2009 was adjusted for bonus shares issued in 2010 as approved by the Shareholders at the Annual General Meeting held on 23 March 2010.

The Company does not have potentially dilutive shares and accordingly, diluted earnings per share equals basic earnings per share.

19 Cash and cash equivalents

	6 months ended 30 June	
	2010	2009
	(unaudited)	(unaudited)
	AED	AED
Term deposits	107,410,669	65,929,509
Bank and cash	66,125,407	41,043,920
Term deposits with original maturity of greater than three months	(107,410,669)	(55,316,500)
	66,125,407	51,656,929

20 Seasonality of results

No income of seasonal nature was recorded in the statement of income for the six months period ended 30 June 2010 and 2009 respectively.

21 Contingent liabilities

At 30 June 2010, the Company had contingent liabilities in respect of outstanding letters of guarantee issued in the normal course of business, amounting to AED 2,583,285 (31 December 2009: AED 6,851,254).

22 Commitments

At 30 June 2010, the Company had outstanding commitments to invest in unlisted overseas securities amounting to AED 18,711,444 (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 30 June 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:

	30 June (unaudited)					
	Underwriting		Investments		Total	
	2010 AED	2009 AED	2010 AED	2009 AED	2010 AED	2009 AED
Segment revenue	396,399,882	427,918,459	29,070,526	11,417,722	425,470,408	439,336,181
Segment result	40,119,143	33,971,777	28,326,236	10,694,427	68,445,379	44,666,204
Unallocated expenses					(6,423,006)	(2,326,795)
Net profit for the period					62,022,373	42,339,409

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

	Underwriting		Investments		Total	
	30 June 2010 (unaudited) AED	31 December 2009 (audited) AED	30 June 2010 (unaudited) AED	31 December 2009 (audited) AED	30 June 2010 (unaudited) AED	31 December 2009 (audited) AED
Segment assets	751,718,407	655,706,536	770,297,572	875,421,981	1,522,015,979	1,531,128,517
Unallocated assets					66,125,407	47,170,823
Total assets					1,588,141,386	1,578,299,340
Segment liabilities	846,287,947	769,012,094	1,989,335	2,195,162	848,277,282	771,207,256
Unallocated liabilities					8,791,412	8,112,533
Total liabilities					857,068,694	779,319,789

There are no transactions between the business segments.

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

	6 months ended 30 June	
	2010	2009
	AED	AED
Motor	108,494,068	107,469,785
Engineering	59,556,103	53,405,514
Fire and General Accidents	20,903,662	21,890,149
Marine and Aviation	63,960,396	91,514,881
Life, Medical and Personal Assurance	74,345,776	68,093,660
Oil and Gas	69,139,877	85,544,470
	396,399,882	427,918,459

24 Approval of condensed financial statements

The condensed financial statements were approved and authorised for issue by the Board of Directors on 26 July 2010.