International
General Insurance Holdings Ltd.

2008 ANNUAL REPORT

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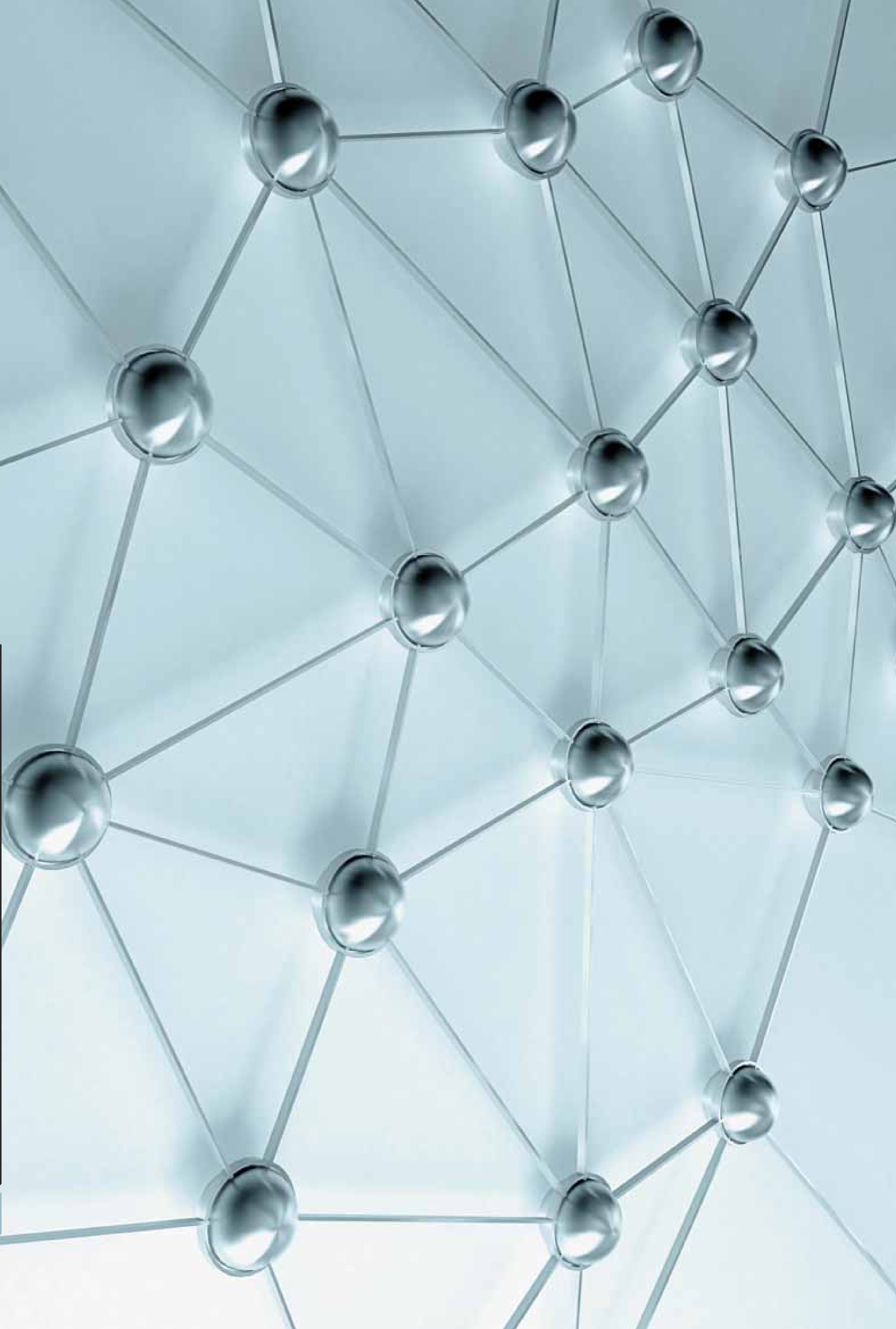

International General Insurance Holdings Limited (IGIH) is registered in the Dubai International Financial Centre with operations in Bermuda (IGI Bermuda), the United Kingdom, Jordan and Malaysia.

IGI Bermuda is a class 3 (re)insurer regulated by the Bermuda Monetary Authority and is rated A- ("Excellent") by A.M. Best Company Inc. This subsidiary is the principal underwriting entity for the Group with the Jordan office providing all management, underwriting and operational functions. The Group also has a subsidiary company in Labuan, Malaysia registered as a first tier reinsurer.

IGI Bermuda underwrites a worldwide portfolio of energy, property, marine, engineering, financial institutions and non-proportional reinsurance treaty business with the main geographical focus on the Afro-Asian markets

IGIH has assets of more than US$ 375 million and total shareholders' equity in excess of US$ 187 million, as at 31st March, 2008.

BOARD OF DIRECTORS

At 7TH June, 2009

- **Mr. Mohammed Abu Ghazaleh**
  Director (Chairman and C.E.O. Del Monte Fresh Produce, USA)
- **Mr. Wasef Jabsheh**
  Vice Chairman and C.E.O. (Director, Jordan International Insurance Company)
- **Mr. Amir Abu Ghazaleh**
  Director (General Manager/Partner, Abu Ghazaleh International Co. (LLC) Dubai, UAE)
- **Mr. Khalifah Al Mulhem**
  Director (Chairman, Advanced Polypropylene Co. Ltd. Saudi Arabia)
- **Mr. Rateb Wazani**
  Director (Former Minister of Justice, Government of Jordan)
- **Mr. Hani Tarazi**
  Director (Director, Saba & Co.)
- **Mr. Khaled Sifri**
  Director (C.E.O. of Arab Emirates Investment Bank P.J.S.C.)

LETTER FROM THE BOARD OF DIRECTORS

The Board of Directors of International General Insurance Holdings Limited (IGIH) is pleased to report on the Company's operations and result for the 2008 year.

The strategic decision to change IGIH financials to calendar year reporting, in line with our industry peers, means that the Company's 2008 accounts are reported for the nine months period up to December 31, 2008.

The insurance industry has seen earnings impacted not only by the world economic crisis affecting investment returns and asset values, but also by large insurance losses as a consequence of the severe natural catastrophic events occurring during the year. In particular, Hurricane Ike produced devastating losses amounting to several billion dollars in the Gulf of Mexico and mainland USA. This resulted in many insurers re-evaluating their catastrophe management strategy for such events.

IGIH is pleased to report that as a consequence of the conservative investment policy adopted, the Company had absolutely no exposure to the dramatic financial losses emanating from mortgage backed securities, credit default swaps and the like. The Company did see a minimal deterioration on the market value of the investment portfolio, but the low risk strategy of investing in interest bearing fixed income securities has proven to be a sound policy.

IGI's underwriting result has been impacted by the natural catastrophes which occurred during the year and in particular the Gulf of Mexico Hurricane losses. A thorough review of the portfolio in that region was undertaken. As a consequence of the findings, IGI have made a strategic decision to withdraw from underwriting this business.

IGI continues to develop its unique regional brand. Following the successful restructuring of the group last year, IGI is pleased to announce the successful establishment of marketing offices in the Dubai International Financial Center (DIFC) and in Kuala Lumpur. These offices are run by respected and experienced market practitioners and will support the Company's growth objectives and enhance our profile in our core geographical areas.

Original plans of the Company entailed the establishment of a subsidiary company in Dublin followed by a branch office in London. Upon further analysis, it was recognized that the benefits of a Dublin operation had diminished. IGI are in the final stages of submitting an application to the UK Financial Services Authority for establishing a separately capitalized subsidiary of the Bermuda Company in the United Kingdom.

The attainment in March 2008 of an A- ("Excellent") financial strength rating from A M Best Company Inc. has been a major contributing success factor in the development of the portfolio. In the current difficult financial environment, there is an enhanced security requirement from policyholders and IGI are committed to improve further upon this rating.

IGI continues to strengthen its existing underwriting units and diversify its product lines where it believes opportunities for long term profitability exist. IGI has added experienced underwriters to both its Financial Institutions and Marine underwriting teams. As part of its continued diversification plans, IGI will also start developing an Aviation portfolio. Underwriting of this class is anticipated to commence in the fourth quarter of 2009.

2008 financial highlights are as follows (pro forma figures reflect a comparison between 2008 and 2007 calendar years):

- Gross Written Premium for nine months period stood at US$ 116.3 million. On pro forma basis, this reflects a 62% increase from US$ 104 million to US$ 169 million.
- Net Underwriting Loss was US$ 1 million. On pro forma basis, Underwriting Profit would have decreased from US$ 13.9 million to US$ 2.6 million.
- Total Assets increased from US$ 374.4 million to US$ 426.7 million, reflecting 14% growth.
- Investment Income decreased from US$ 7.2 million to US$ 4.4 million.
- Net Loss for the year was US$ 4.8 million. On pro forma basis, this would have resulted in a decrease in Net Income from US$ 16.7 million to US$ 0.91 million.

We would like to thank all clients and producers for their continued support throughout 2008. We would also like to thank all employees for their significant efforts and contribution this year.

We look forward to working together in 2009 to fulfil the visions and ambitions of the Company and to further establish IGI as the (re)insurer of choice for the region.

FINACIAL STATEMENTS

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NDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INTERNATIONAL GENERAL INSURANCE HOLDING LIMITED

Report on the financial statements

We have audited the accompanying consolidated financial statements of International General Insurance Company Holdings Limited and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as at 31 December 2008 and the consolidated income statement, consolidated cash flow statement and consolidated statement of changes in equity for the period from 1 April 2008 to 31 December 2008, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements
Management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the applicable provisions of the Companies Law pursuant to DIFC law No. 3 of 2006. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the shareholders of the company as a body, for our audit work, for this report, or for the opinions we have formed. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2008 and its financial performance and its cash flows for the period from 1 April 2008 to 31 December 2008, in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

We also confirm that, in our opinion, the consolidated financial statements include, in all material respect, the applicable requirements of the Companies Law pursuant to DIFC Law No. 3 of 2006. We have obtained all the information and explanations which we required for the purpose of our audit. To the best of our knowledge and belief, no other violations of the companies law pursuant to DIFC law No. 3 of 2006 have occurred during the period which would have had a material effect on the business of the Group or on its financial position.

Ernst & Young

A member firm of Ernst & Young Global Limited

Date
Dubai, United Arab Emirates

CONSOLIDATED BALANCE SHEET *As at 31 December 2008*

	Notes	31 December 2008 USD	31 March 2008 USD (Restated)
ASSETS			
Premises and equipment	3	**1,657,747**	1,292,975
Intangible assets	4	**560,480**	622,312
Investment in associated companies	5	**10,197,712**	7,417,111
Investment property	6	**7,905,040**	-
Financial assets held to maturity		**1,690,141**	1,690,141
Financial assets available-for-sale	7	**92,428,375**	105,176,677
Financial assets held for trading		**3,889,747**	-
Deferred policy acquisition costs	18	**18,073,444**	12,917,781
Receivables arising from insurance contracts	8	**114,963,834**	93,963,104
Other receivables	9	**2,817,514**	2,384,242
Reinsurers' share of unearned premiums	13	**13,427,326**	10,380,698
Reinsurers' share of outstanding claims	14	**49,671,556**	22,864,403
Cash and short term deposits	10	**109,415,441**	115,679,069
TOTAL ASSETS		**426,698,357**	374,388,513
EQUITY AND LIABILITIES			
Equity attributable to equity holders of parent			
Issued share capital	11	**143,375,678**	143,375,678
Foreign currency translation adjustment		**(231,658)**	8,764
Cumulative changes in fair value of investments		**(5,010,043)**	15,560,227
Retained earnings		**14,674,685**	27,217,954
		152,808,662	186,162,623
Minority interest		**529,981**	503,449
Total equity		**153,338,643**	186,666,072
LIABILITIES			
Liabilities arising from insurance contracts			
Unearned premiums	13	**78,743,301**	69,756,299
Outstanding claims	14	**141,032,181**	76,542,762
		219,775,482	146,299,061
Other liabilities	15	**1,856,695**	981,407
Reinsurance payable		**34,332,781**	28,408,347
Reinsurance deposit		**13,808,875**	11,116,376
Deferred policy acquisition costs ceded	18	**3,585,881**	917,250
Total liabilities		**273,359,714**	187,722,441
TOTAL EQUITY AND LIABILITIES		**426,698,357**	374,388,513

The consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on .

The attached notes 1 to 24 form part of these consolidated financial statements

	Notes	For the 9 months ended 31 December 2008 USD	For the 12 months ended 31 March 2008 USD (Restated)
Gross premiums	16	**116,299,988**	101,973,615
Reinsurers' share of premiums	16	**(32,081,401)**	(26,634,345)
Net premiums earned		**84,218,587**	75,339,270
Claims	17	**(107,969,060)**	(60,840,941)
Reinsurers' share of claims	17	**38,095,339**	16,860,138
Policy acquisition costs	18	**(15,346,205)**	(15,366,118)
NET UNDERWRITING RESULT		**(1,001,339)**	15,992,349
Investment income	19	**4,441,841**	7,159,599
Revaluation gain from financial assets held for trading		**188,510**	-
Commission income		**20,273**	135,719
Net realised gains from sale of financial assets available-for-sale	19	**800,809**	3,904,956
Share of profit (loss) from associated companies	5	**3,085,601**	(1,003,005)
Impairment loss on financial assets available for sale	7	**(3,436,566)**	-
Loss on sale of equipment		**(3,474)**	-
General and administrative expenses		**(7,456,002)**	(7,514,843)
(Loss) gain on exchange		**(1,500,496)**	683,350
(LOSS) PROFIT FOR THE PERIOD/ YEAR		**(4,860,843)**	19,358,125
Attributable to			
Equity holders of the parent		**(5,023,905)**	19,366,935
Minority interest		**163,062**	(8,810)
		(4,860,843)	19,358,125

The attached notes 1 to 24 form part of these consolidated financial statements.

OPERATING ACTIVITIES	Notes	For the 9 months ended 31 December 2008 USD	For the 12 months ended 31 March 2008 USD (Restated)
(Loss) profit for the period/ year		**(4,860,843)**	19,358,125
Adjustments for:			
Depreciation and amortisation	3, 4	**176,131**	131,050
Net gains on sale of financial assets available-for-sale	20	**(800,809)**	(3,904,956)
Impairment loss on financial assets available for sale		**3,436,566**	-
Loss on sale of equipment		**3,474**	-
Revaluation gain from financial assets held for trading		**(188,510)**	-
Investment income	19	**(4,441,841)**	(7,159,599)
Share of (profit) loss from associated companies	5	**(3,085,601)**	1,003,005
Reinsurers' share of unearned premiums		**(3,046,628)**	(3,235,540)
Change in on unearned premiums		**8,987,002**	14,961,895
		(3,821,059)	21,153,980
Deferred policy acquisition costs		**(5,155,663)**	(4,108,408)
Receivables arising from insurance and reinsurance contracts		**(12,671,193)**	(26,090,200)
Other receivables		**(433,272)**	(832,723)
Movement on outstanding claims		**64,489,419**	23,210,277
Reinsurers' share of outstanding claims		**(26,807,153)**	697,560
Deferred ceded commission		**2,668,631**	272,319
Financial assets held for trading		**(3,701,237)**	-
Other liabilities		**875,288**	2,230,320
Net cash from operating activities		**15,443,761**	16,533,125
INVESTING ACTIVITIES			
Purchase of premises and equipment	3	**(472,518)**	(1,035,619)
Proceeds from sale of equipment		**7,406**	-
Purchase of intangible assets	4	**(106,989)**	(250,719)
Purchase of financial assets available-for-sale		**(16,176,822)**	(23,460,731)
Proceeds from sale of financial assets available-for-sale		**3,217,882**	12,858,699
Cash outflow on acquisition net of cash acquired	4	**-**	(595,960)
Purchase of investment property	6	**(7,905,040)**	-
Dividends received from associates		**305,000**	-
Purchase of financial assets held to maturity		**-**	(1,690,141)
Deposits maturing after 3 months		**7,804,229**	(11,889,624)
Investment income	19	**4,441,841**	7,159,599
Net cash used in investing activities		**(8,885,011)**	(18,904,496)
FINANCING ACTIVITIES			
Dividends paid	12	**(5,018,149)**	(3,585,774)
Net cash used in financing activities		**(5,018,149)**	(3,585,774)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**1,540,601**	(5,957,145)
Cash and cash equivalents at the beginning of the period/ year		**103,789,445**	109,746,590
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/ YEAR	21	**105,330,046**	103,789,445

The attached notes 1 to 24 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY *For the period from 1 April 2008 to 31 December 2008*

	Attributable to equity holders of the parent						
	Paid- in capital	Foreign currency translation adjustment	Cumulative change in fair value of investments	Retained earnings	Total	Minority interest	Total equity
	USD	USD	USD	USD	USD		
Balance as 1 April 2007	143,375,678	-	(1,995,393)	12,657,112	154,037,397	-	154,037,397
Minority interest resulting from the acquisition of SR Bishop (Note 4)	-	-	-	-	-	503,839	503,839
Foreign currency translation adjustment	-	8,764	-	-	8,764	8,420	17,184
Recognised gains and losses on available for sale investments during the year	-	-	1,220,319	(1,220,319)	-	-	-
Net movement in fair value of available for sale investments during the year	-	-	16,335,301	-	16,335,301	-	16,335,301
Total income and expense for the year recognised directly in equity	-	8,764	17,555,620	(1,220,319)	16,344,065	8,420	16,352,485
Profit for the year – restated (Note 5)	-	-	-	19,366,935	19,366,935	(8,810)	19,358,125
Total income and expense for the year	-	8,764	17,555,620	18,146,616	35,711,000	(390)	35,710,610
Dividends paid (Note 12)	-	-	-	(3,585,774)	(3,585,774)	-	(3,585,774)
Balance as of 31 March 2008 (Restated)	143,375,678	8,764	15,560,227	27,217,954	186,162,623	503,449	186,666,072
Foreign currency translation adjustment	-	(240,422)	-	-	(240,422)	(136,530)	(376,952)
Recognised gains and losses on available for – sale investments during the period	-	-	2,501,215	(2,501,215)	-	-	-
Net movement in fair value of available for sale investments during the period	-	-	(23,071,485)	-	(23,071,485)	-	(23,071,485)
Total income and expense for the year recognised directly in equity	-	(240,422)	(20,570,270)	(2,501,215)	(23,311,907)	(136,530)	(23,448,437)
Profit for the period	-	-	-	(5,023,905)	(5,023,905)	163,062	(4,860,843)
Total income and expense for the period	-	(240,422)	(20,570,270)	(7,525,120)	(28,335,812)	26,532	(28,309,280)
Dividends paid (note 12)	-	-	-	(5,018,149)	(5,018,149)	-	(5,018,149)
Balance as of 31 December 2008	**143,375,678**	**(231,658)**	**(5,010,043)**	**14,674,685**	**152,808,662**	**529,981**	**153,338,643**

The attached notes 1 to 24 form part of these consolidated financial statements.

1. ACTIVITIES

International General Insurance Holdings Limited "IGIH" is incorporated as a company limited by shares under the Companies Law, DIFC Law No. 2 of 2004 on 7 May 2006 and is engaged in the business of re-insurance and insurance. The Company's registered office is in Dubai International Financial Centre.

The Company operates in four countries, United Arab Emirates, Bermuda, Jordan and Malaysia.

The Company had changed its accounting reference period during the period from 31 March to 31 December. Accordingly, the consolidated financial statements were prepared for the period from 1 April 2008 to 31 December 2008.

2. ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The consolidated financial statements have been presented in United States Dollars "USD" which is the Group's functional currency.

The consolidated financial statements are prepared under the historical cost convention modified to include the measurement at fair value of financial assets available-for-sale, financial assets held for trading and investment properties.

Basis of consolidation

The consolidated financial statements comprise the financial statements of IGIH and its subsidiaries as at 31 December:

International General Insurance/Bermuda, IGIH owns 100% of its paid in capital amounting to USD 120,000 as of 31 December 2008. The company was established on 2 May 2007. The subsidiary's is engaged in the business of re-insurance and insurance.

International General Insurance Underwriting/Jordan, IGIH owns 100% of its paid in capital amounting to USD 2,556,171 as of 31 December 2008. The company was established on 4 October 2001. The subsidiary's main operation is insurance brokerage.

SR Bishops Underwriting Limited/London, IGIH owns 51% of its paid in capital amounting to USD 19,625 as of 31 December 2008. The company was acquired on 1 April 2007. The subsidiary's main operation is insurance brokerage.

The financial statements of the subsidiaries are prepared for the same reporting period as the Group, using consistent accounting policies. If different accounting policies were applied by the subsidiaries, adjustments shall be made on their financial statements in order to comply with those of the IGIH.

All intra-company balances, transactions, income and expenses and profits and losses resulting from intra-company transactions that are recognised in assets or liabilities, are eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to IGIH. Control is achieved where IGIH has the power to govern the financial and operating policies of an entity in order to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date of acquisition or up to the date of disposal, as appropriate.

Minority interests represent the portion of profit or loss and net assets not owned, directly or indirectly, by IGIH and are presented separately in the income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

Summary of significant accounting policies:

Premiums earned

Premiums are taken into income over the terms of the policies to which they relate on a pro-rata basis. Unearned premiums represent the portion of premiums written relating to the unearned premium of coverage. The change in the provision for unearned premiums is taken to the income statement in order that revenue is recognised over the period of risk.

Premiums written include adjustments to premiums written in prior accounting periods and estimates for "pipeline" premiums. An estimate is made at the balance sheet date to recognise retrospective adjustments to premiums or commissions. Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct insurance or inwards reinsurance business.

Claims

Claims, comprising amounts payable to contract holders and third parties and related loss adjustment expenses, net of salvage and other recoveries, are charged to income as incurred. Claims comprise the estimated amounts payable, in respect of claims reported to the Group and those not reported at the balance sheet date.

The Group generally estimates its claims based on appointed loss adjusters or leading underwriters' recommendations. In addition a provision based on management's judgement and the Group's prior experience is maintained for the cost of settling claims incurred but not reported at the balance sheet date for the fiscal year. Any difference between the provisions at the balance sheet date and settlements and provisions for the following year is included in the underwriting account for that year.

Policy acquisition costs

Commissions paid to intermediaries and other direct costs incurred in relation to the acquisition and renewal of insurance contracts are capitalised as an intangible asset. The deferred policy acquisition costs are subsequently amortised over the terms of the insurance contracts to which they relate as premiums are earned.

Liability adequacy test

At each balance sheet date the Group assesses whether its recognised insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities (less related deferred policy acquisition costs) is inadequate in the light of estimated future cash flows, the entire deficiency is immediately recognised in income and an unexpired risk provision created.

The Group does not discount its liability for unpaid claims.

Reinsurance

The Group cedes insurance risk in the normal course of business for all classes of business. Reinsurance assets represent balances due from reinsurance companies. Recoverable amounts are calculated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contract.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when objective evidence exists that the Group may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Group will receive from the reinsurer can be measured reliably. The impairment loss is recorded in the income statement.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

Premiums and claims on assumed reinsurance are recognised as income and expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business.

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are calculated in a manner consistent with the associated reinsurance contract.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Interest revenue

Interest revenue is recognised as the interest accrues using the effective interest method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividend revenue

Dividend revenue is recognised when right to receive the payment is established.

Premises and equipment

Premises and equipment are stated at cost less accumulated depreciation and any impairment in value. Deprecation is calculated on a straight-line basis over the estimated useful lives of the assets ranging between 5 to 10 years.

The assets' residual values, useful lives and method of depreciation are reviewed and adjusted if appropriate at each financial year end. Impairment reviews take place when events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment losses are recognised in the income statement as an expense.

Intangible assets

a) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill arising from the investment in subsidiaries is separately shown under intangible assets, while that arising from the investment in associates is shown as part of investment in associates and subsequently adjusted for any impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is from the date of acquisition allocated to each of the Group's cash-generating units, or groups of cash-generating units. Where the recoverable amount of the cash-generating unit is less than the carrying value, an impairment loss is recognised.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the estimated recoverable amount of a cash-generating unit or group of cash-generating units is less than their carrying amount. Impairment losses are transferred to the income statement.

b) Intangible assets

Intangible assets acquired through business combination are recorded at their fair value on that date. Other intangible assets are measured on initial recognition at cost.

Intangible assets with finite lives are amortised over the useful economic lives, while intangible assets with indefinite useful lives are assessed for impairment at each reporting date or when there is an indication that the intangible asset may be impaired.

Internally generated intangible assets are not capitalised and are expensed in the income statement.

Indications of impairment of intangible assets are reviewed for and their useful economic lives are reassessed at each reporting date. Adjustments are reflected in the current and subsequent periods.

Intangible assets include computer software and licenses. These intangible assets are amortised evenly over their estimated economic useful lives of 5 years.

Impairment and uncollectibility of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the income statement.

Impairment is determined as follows:

a) For assets carried at fair value, impairment is the difference between cost and fair value;

b) For assets carried at cost, impairment is the difference between cost and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.

c) For assets carried at amortised cost, impairment is based on estimated cash flows discounted at the effective interest rates.

Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

Investment in associated companies

Investments in associated companies are carried in the balance sheet at cost plus post – acquisition changes in the Group's share of net assets of associates, less any impairment in value. The income statement reflects the share of the results of the operations of the associates.

Financial assets available-for-sale

Financial assets available-for-sale are non-derivative financial assets that are designated as financial assets available-for-sale. These investments are initially recorded at cost. Subsequent to initial recognition, these investments are remeasured at fair value. Fair value gains and losses are reported as a separate component of equity until the investment is derecognised or the investment is determined to be impaired. On derecognition or impairment, the cumulative fair value gains and losses previously reported in equity is transferred to the income statement.

If a financial assets available-for-sale is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. Reversals in respect of equity instruments classified as financial assets available-for-sale are not recognised in the income statement. Reversals of impairment losses on debt instruments classified at financial assets available-for-sale are reversed through the income statement if the increase in the fair value of the instruments can be objectively related to an event occurring after the impairment losses were recognised in the income statement.

Financial assets held for trading

Financial assets held for trading are those purchased with the intent to be resold in the near future to generate gains as a result of changes in market prices of such investments.

They are initially recognised at the fair value of consideration given and subsequently remeasured at fair value. All realised and unrealised gains or losses are transferred to the income statement including any gains or losses resulting from the translation of such assets held in foreign currencies to the functional currency.

Interest earned is included in interest income and dividends received are included in gains (losses) from financial assets and liabilities held for trading.

Financial assets held to maturity

Held to maturity investments are initially recognised at cost, being the fair value of consideration given including directly attributable transaction costs. After initial measurement, held-to-maturity financial investments are subsequently measured at amortised cost using the effective interest method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest method.

Trade and settlement date accounting

Purchases and sales of financial assets are recognised on the trade date (that being the date at which the sale or purchase takes place).

Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

Provisions

Provisions are recognised when the Group has an obligation (legal or constructive) as a result of a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense is not offset in the statement of income unless required or permitted by any accounting standard or interpretation.

Foreign currencies

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All foreign exchange differences are taken to the statement of income except when it relates to items when gains or losses are recognised directly in equity, the gain or loss is then recognised net of the exchange component in equity.

As at the reporting date, the assets and liabilities of foreign subsidiaries are translated into the Group's presentation currency at the rate of exchange ruling at the balance sheet date, and their income statements are translated at the weighted average exchange rates for the year. Exchange differences arising on translation are taken directly to a separate component of equity. On disposal of an entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is transferred to the income statement.

Leases

The Group has no finance leases.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Fair values

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the balance sheet date. If quoted market prices are not available, reference is also be made to broker or dealer price quotations.

For financial instruments where there is not an active market, the fair value is determined by using valuation techniques. Such techniques include using recent arm's length transactions, reference to the current market value of another instrument which is substantially the same and/or discounted cash flow analysis. For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for a similar instrument.

If the fair value can not be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the investment or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect in the amounts recognised in the financial statements:

Classification of investments

Management decides on acquisition of an investment whether it should be classified as held for trading or available for sale or held to maturity.

The group classifies investments as trading if they are acquired primarily for the purpose of making a short term profit by the dealers.

Financial assets are classified as held to maturity if the Group has the positive intention and ability to hold up till maturity.

All other investments are classified as financial assets available for sale.

Impairment of investments

The group treats financial assets available for sale as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgement. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and discount factors for unquoted equities.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Valuation of outstanding claims, whether reported or not

Considerable judgement by management is required in the estimation of amounts due to contract holders arising from claims made under insurance contracts. Such estimates are necessarily based on assumptions about several factors involving varying, and possibly

significant, degrees of judgement and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the balance sheet date and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the balance sheet date. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using past claim settlement trends to predict future claims settlement trends.

Claims requiring court or arbitration decisions are estimated individually. Independent loss adjustors normally estimate property claims. Management reviews its provisions for claims incurred, and claims incurred but not reported, on a quarterly basis.

Investment properties

Investment properties are stated at fair value which is determined based on valuations performed by professional independent valuers.

Reinsurance

The Group is exposed to disputes with, and possibility of defaults by, its reinsurers. The Group monitors on a quarterly basis the evolution of disputes with and the strength of its reinsurers.

Change in accounting policies

The accounting policies adopted are consistent with those used in the previous financial period except the change in accounting policy used to account for investment property, which was changed from the cost model to the fair value model as the management believe that using the fair value model provides more relevant information than the cost model.

The associates holds certain properties as investments to earn rental income, for capital appreciation or both. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in 'Other operating income' in the year in which they arise.

The effect of the adjustments on the company's consolidated financial statements for the period ended 31 March 2008 is illustrated in (note 5).

New standard and interpretations issued but not yet effective

The following standards have been issued by the International Accounting Standards Board (IASB) but are not yet mandatory for these financial statements:

IFRS 3R Business Combinations and IAS 27R Consolidated and Separate Financial Statements

The revised standards were issued in January 2008 and become effective for financial years beginning on or after 1 July 2009. IFRS 3R introduces a number of changes in the accounting for business combinations occurring after this date that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. IAS 27R requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to IAS 7 Statement of Cash Flows, IAS 12 Income Taxes, IAS 21 The Effects of Changes in Foreign Exchange Rates, IAS 28 Investment in Associates and IAS 31 Interests in Joint Ventures. The changes by IFRS 3R and IAS 27R will affect future acquisitions or loss of control and transactions with minority interests.

IAS 1 Revised Presentation of Financial Statements

The revised Standard was issued in September 2007 and becomes effective for financial years beginning on or after 1 January 2009. The Standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income which presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Company is still evaluating whether it will have one or two statements.

IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation

These amendments to IAS 32 and IAS 1 were issued in February 2008 and become effective for financial years beginning on or after 1 January 2009. The revisions provide a limited scope exception for puttable instruments to be classified as equity if they fulfil a number of specified features. The amendments to the standards will have no impact on the financial position or performance of the Company, as the Company has not issued such instruments.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

These amendments to IAS 39 were issued in August 2008 and become effective for financial years beginning on or after 1 July 2009. The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item. The Company has concluded that the amendment will have no impact on the financial position or performance of the Company, as the Company has not entered into any such hedges.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

IFRIC 16 was issued in July 2008 and becomes effective for financial years beginning on or after 1 October 2008. The interpretation is to be applied prospectively. IFRIC 16 provides guidance on the accounting for a hedge of a net investment. As such it provides guidance on identifying the foreign currency risks that qualify for hedge accounting in the hedge of a net investment, where within the group the hedging instruments can be held in the hedge of a net investment and how an entity should determine the amount of foreign currency gain or loss, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment. The Company is currently assessing which accounting policy to adopt for the recycling on disposal of the net investment.

IFRS 2 Share-based Payment (Revised)

The IASB issued an amendment to IFRS 2 in January 2008 that clarifies the definition of a vesting condition and prescribes the treatment for an award that is effectively cancelled. This amendment becomes effective for annual periods beginning on or after 1 January 2009. The amendment is not expected to have any impact on the financial position or performance of the company.

3. PREMISES AND EQUIPMENT

	Office furniture	Computers	Equipment	Decorations & leasehold improvements	Vehicles	Total
	USD	USD	USD	USD	USD	USD
Cost						
At 1 April 2008	373,027	189,676	93,704	715,317	218,552	1,590,276
Additions	108,973	89,518	42,897	231,130	-	472,518
Disposal	-	(6,183)	-	-	(19,720)	(25,903)
At 31 December 2008	**482,000**	**273,011**	**136,601**	**946,447**	**198,832**	**2,036,891**
Depreciation	-	-	-	-	-	-
At 1 April 2008	31,095	119,977	30,783	42,112	73,334	297,301
Additions	38,070	24,241	8,909	3,176	22,470	96,866
Disposal	-	(6,183)	-	-	(8,840)	(15,023)
At 31 December 2008	**69,165**	**138,035**	**39,692**	**45,288**	**86,964**	**379,144**
Net carrying amount						
At 31 December 2008	**412,835**	**134,976**	**96,909**	**901,159**	**111,868**	**1,657,747**

	Office furniture	Computers	Equipment	Decorations & leasehold improvements	Vehicles	Total
	USD	USD	USD	USD	USD	USD
Cost						
At 1 April 2007	73,872	167,809	55,843	100,880	156,253	554,657
Additions	299,155	21,867	37,861	614,437	62,299	1,035,619
At 31 March 2008	**373,027**	**189,676**	**93,704**	**715,317**	**218,552**	**1,590,276**
Depreciation						
At 1 April 2007	23,629	87,307	25,960	37,873	55,352	230,121
Additions	7,466	32,670	4,823	4,239	17,982	67,180
At 31 March 2008	**31,095**	**119,977**	**30,783**	**42,112**	**73,334**	**297,301**
Net carrying amount						
At 31 March 2008	**341,932**	**69,699**	**62,921**	**673,205**	**145,218**	**1,292,975**

The depreciation charge for the period of USD 96,866 (2007: USD 67,180) has been included in general and administrative expenses.

4- INTANGIBLE ASSETS

	Goodwill*	Computers software	Total	
	USD	USD	USD	USD
		31 December 2008		31 March 2008
Cost				
Beginning Balance	**341,522**	**445,153**	**786,675**	194,434
Additions	**-**	**106,989**	**106,989**	592,241
Foreign currency translation adjustment	**(89,556)**	**-**	**(89,556)**	-
Ending Balance	**251,966**	**552,142**	**804,108**	786,675
Amortization				
Beginning Balance	**-**	**164,363**	**164,363**	100,493
Additions	**-**	**79,265**	**79,265**	63,870
Ending Balance	**-**	**243,628**	**243,628**	164,363
Net book value	**251,966**	**308,514**	**560,480**	622,312

* Effective 1 April 2007, the Group completed the acquisition of 51% of S R Bishop Underwriting Limited.

The details of the fair values of the assets and liabilities acquired and goodwill arising on the acquisition are as follows:

	1 April 2007	
	Carrying value	Fair value
Insurance receivables	1,312,321	1,312,321
Other receivables	51,404	51,404
Cash and deposits	269,966	269,966
Reinsurance payables	(605,448)	(605,448)
	1,028,243	1,028,243
Less: minority interest (49%)		(503,839)
Net assets		524,404

Goodwill arising on the acquisition is as follows:

	Amount
Total payments made	865,926
Less: Fair value of net assets acquired	524,404
Goodwill	341,522

Cash outflow on acquisition:	
Payments made for acquisition	(865,926)
Cash on hand and at banks from S R Bishop	269,966
Net cash outflow	(595,960)

During the year ended 31 March 2008 S R Bishop net income amounted to USD 332,780 before minority interest.

There were no purchases or acquisitions during the period ended 31 December 2008.

Impairment Testing of Goodwill

Key Assumptions Used in Value in Use Calculation

The recoverable amount of S R Bishop Underwriting Limited has been determined based on the value in use calculation, using cash flow projections based on financial budgets approved by senior management covering a five-year period based on S R Bishop Underwriting Limited performance assumptions.

The discount rate used by the Group is 10%.

In the opinion of the Group's management based on the discounted cash flow projections, goodwill is not impaired

5. INVESTMENT IN ASSOCIATED COMPANIES

During July 2002 the Group acquired a 33% equity ownership interest in companies registered in Lebanon as shown below:

The Group has the following investments in associates:

	Country of incorporation	Ownership	
		31 December 2008	31 March 2008
Star Rock SAL Lebanon	Lebanon	**33%**	33%
Sina SAL Lebanon	Lebanon	**33%**	33%
Silver Rock SAL Lebanon	Lebanon	**33%**	33%
Golden Rock SAL Lebanon	Lebanon	**33%**	33%

The following table includes summarised information of the Group's investments in associates:

	31 December 2008	31 March 2008
	USD	USD (Restated)
Share of associates' balance sheets:		
Current assets	**496,456**	69,743
Non-current assets	**15,890,798**	12,975,627
Current liabilities	**(6,189,542)**	(5,628,259)
Net assets	**10,197,712**	7,417,111
Share of associates' revenues and results:		
Revenues	**3,547,338**	333,030
Profit (loss)	**3,085,601**	(1,003,005)

Movement on investment in associates was as follows:

	31 December 2008	31 March 2008
	USD	USD (Restated)
Beginning balance	**7,417,111**	8,420,116
Share of (loss) income from associated company	**(22,845)**	47,283
Share of fair value gain (loss) on investment properties	**3,108,446**	(1,050,288)
Dividends received	**(305,000)**	-
	10,197,712	7,417,111

Investment properties of the associates are stated at fair value, which has been determined based on valuation performed by professional independent valuers that are specialist in valuing these types of investment properties. The fair value represents the amount, which the assets could be exchanged between a knowledgeable, willing seller in an arm's length transaction at the date of valuation. All the investment properties generated rental income during the current period and the prior years.

In accordance with IAS 8, Accounting policies, changes in estimates and errors, the financial statements for the period ended 31 March 2008 have been restated to reflect the change in accounting policy for investment property from the cost model to the fair value model. The restatements were as follows:

	After restatement	Before restatement	change
	USD	USD	USD
Investment in associated companies	7,417,111	8,467,399	(1,050,288)
Change in equity	186,666,072	187,716,360	(1,050,288)
Profit for the 12 months ended 31 March 2008	19,358,125	20,408,413	(1,050,288)

6. INVESTMENT PROPERTY

Investment property as of December 31, 2008 is registered in the name of others. The Company's directors obtained an irrevocable proxy over this investment property.

There is no significant difference between the carrying amount and fair value of the land.

7- FINANCIAL ASSETS AVAILABLE-FOR-SALE

	31 December 2008	31 March 2008
	USD	USD
Quoted investments		
Bonds and debt securities with fixed interest rate	**43,353,223**	50,301,287
Equity securities	**31,436,502**	37,566,618
Funds and alternative investments	**10,747,329**	11,130,431
Unquoted investments*		
Government bonds and debt securities with fixed interest rate	**1,410,934**	1,763,047
Equity securities	**5,480,387**	4,415,294
	92,428,375	105,176,677

Equity securities have no fixed maturity dates and are generally not exposed to interest rate risk.

* Included in unquoted bonds and equities are investments carried at cost with value of USD 6,891,321 (31 March 2008: USD 6,178,341). The investments were stated at cost since the fair value could not be measured reliably and there is no indication of impairment in the values as of the balance sheet date.

Impairment loss charged for the period ended 31 December 2008 amounted to USD 3,436,566 (31 March 2008:USD 0)

8- RECEIVABLES ARISING FROM INSURANCE AND REINSURANCE CONTRACTS

	31 December 2008	31 March 2008
	USD	USD
Receivables from insurance companies and intermediaries	**88,173,971**	66,644,042
Reinsurers – amounts due in respect of claims paid	**26,789,863**	27,319,062
	114,963,834	93,963,104

All of the above amounts are due within twelve months of the balance sheet date.

9- OTHER RECEIVABLES

	31 December 2008	31 March 2008
	USD	USD
Prepaid expenses	**501,101**	370,234
Refundable deposits	**17,850**	-
Employees receivables	**315,637**	14,369
Advance payment on investments*	**580,828**	580,828
Trade receivables	**36,173**	96,512
Accrued interest income	**761,427**	915,234
Accrued dividends income	**501,704**	281,633
Others	**102,794**	125,432
	2,817,514	2,384,242

* This represent payments made in advance to acquire the remaining 49% of S R Bishop share capital, which will be transferred in the name of IGI on or after 30 April 2011. If IGIH decided not to acquire the remaining 49% the advance payment will be refunded.

10- CASH AND SHORT TERM DEPOSITS

Cash and cash equivalents included in the statement of cash flows include the following balance sheet amounts:

	31 December 2008	31 March 2008
	USD	USD
Cash and bank balances	**10,963,620**	7,390,562
Time deposits	**94,366,426**	96,398,883
Demand deposits	**4,085,395**	11,889,624
	109,415,441	115,679,069

The time deposits, which are substantially denominated in US Dollars, are made for varying periods of between one week and one month depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Demand deposits maturing after three months amounted to USD 4,085,395 as of 31 March 2008 (31 March 2008: USD 11,889,624).

11- SHARE CAPITAL

	Authorised		Issued and fully paid	
	31 December 2008	31 March 2008	31 December 2008	31 March 2008
	USD	USD	USD	USD
Shares of USD 1 each	**143,375,678**	143,375,678	**143,375,678**	143,375,678

12- DIVIDENDS PAID

The Board of directors and shareholders of IGI approved on their meeting held on 25 May 2008 to distribute cash dividends amounting to USD 5,018,149 (USD 0.04 per share). (31 March 2008: USD 3,585,774 (USD 0.03 per share).

13- UNEARNED PREMIUMS

	31 December 2008			31 March 2008		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
	USD	USD	USD	USD	USD	USD
Unearned premiums	**78,743,301**	**(13,427,326)**	**65,315,975**	69,756,299	(10,380,698)	59,375,601

Details of the movements of the provision for unearned premium and the related reinsurers' share are contained in (Note 16).

14- OUTSTANDING CLAIMS

The movement in the provision for outstanding claims, and the related reinsurers' share, was as follows:

	31 December 2008			31 March 2008		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
	USD	USD	USD	USD	USD	USD
At the beginning of the period/year						
Claims incurred	**71,042,762**	**(22,864,403)**	**48,178,359**	49,832,485	(23,561,963)	26,270,522
Claims incurred but not reported	**5,500,000**	**-**	**5,500,000**	3,500,000	-	3,500,000
	76,542,762	**(22,864,403)**	**53,678,359**	53,332,485	(23,561,963)	29,770,522
Insurance claims paid in the period/year	**(43,479,641)**	**11,288,186**	**(32,191,455)**	(37,630,664)	17,557,698	(20,072,966)
Provided during the year	**107,969,060**	**(38,095,339)**	**69,873,721**	60,840,941	(16,860,138)	43,980,803
At the end of the period/ year	**141,032,181**	**(49,671,556)**	**91,360,625**	76,542,762	(22,864,403)	53,678,359
Analysis of outstanding claims						
At the end of the period/ year						
Claims incurred	**110,800,288**	**(48,439,663)**	**62,360,625**	71,042,762	(22,864,403)	48,178,359
Claims incurred but not reported	**30,231,893**	**(1,231,893)**	**29,000,000**	5,500,000	-	5,500,000
	141,032,181	**(49,671,556)**	**91,360,625**	76,542,762	(22,864,403)	53,678,359

There are no material amounts for which amount and timing of claims payment is not resolved within one year of the balance sheet date.

The carrying amounts disclosed above reasonably approximate fair value at balance sheet date.

Claims development (Gross)

Underwriting year	2002	2003	2004	2005	2006	2007	2008	Total
	USD	USD	USD	USD	USD	USD	USD	USD
Year 1	180,600	34,484	2,450,788	17,460,334	6,958,339	6,103,919	**51,128,784**	-
Year 2	2,857,564	4,844,696	8,425,232	44,966,702	33,226,096	66,650,694	**-**	-
Year 3	3,468,525	7,641,461	15,253,975	55,308,231	51,338,574	-	**-**	-
Year 4	3,805,057	10,529,120	15,690,098	59,106,443	-	-	**-**	-
Year 5	3,566,020	12,452,376	19,212,614	-	-	-	**-**	-
Year 6	3,471,030	13,005,598	-	-	-	-	**-**	-
Year 7	3,493,287	-	-	-	-	-	**-**	-
Current estimate of cumulative claims	3,493,287	13,005,598	19,212,614	59,106,443	51,338,574	66,650,694	**51,128,784**	263,935,994
Cumulative payment to date	3,234,511	8,205,515	12,922,194	43,787,694	25,758,994	25,413,740	**3,581,165**	122,903,813
Total cumulative claims recognised in the balance sheet date	273,978	5,075,716	6,553,608	16,621,685	26,511,806	43,691,703	**36,303,685**	141,032,181

15- OTHER LIABILITIES

	31 December 2008	31 March 2008
	USD	USD
Accounts payable	**1,299,961**	231,865
Related parties payable (note 23)	**212,677**	-
Accrued expenses	**344,057**	749,542
	1,856,695	981,407

16- NET INSURANCE PREMIUM REVENUE

	For the 9 months ended 31 December 2008	For the 12 Months ended 31 March 2008
	USD	USD
Insurance premiums	**125,286,990**	116,935,510
Change in unearned premiums	**(8,987,002)**	(14,961,895)
Gross premiums	**116,299,988**	101,973,615
Reinsurers' share of insurance premiums	**(35,128,029)**	(29,869,885)
Reinsurers' share of change in unearned premiums	**3,046,628**	3,235,540
Reinsurers' share of gross premiums	**(32,081,401)**	(26,634,345)
	84,218,587	75,339,270

17- CLAIMS

	For the 9 months ended 31 December 2008			For the 12 months ended 31 March 2008		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
	USD	USD	USD	USD	USD	USD
Claims paid	**43,479,641**	**(11,288,186)**	**32,191,455**	37,630,664	(17,557,698)	20,072,966
Change in provision for outstanding claims	**64,489,419**	**(26,807,153)**	**37,682,266**	23,210,277	697,560	23,907,837
	107,969,060	**(38,095,339)**	**69,873,721**	60,840,941	(16,860,138)	43,980,803

18- DEFERRED POLICY ACQUISITION COSTS

	31 December 2008.			31 March 2008.		
	Policy acquisition cost	Ceded policy acquisition cost	Net	Policy acquisition cost	Ceded policy acquisition cost	Net
	USD	USD	USD	USD	USD	USD
Beginning Balance	**12,917,781**	**917,250**	**12,000,531**	10,494,246	827,548	9,666,698
Additions	**22,036,918**	**4,203,681**	**17,833,237**	18,852,827	1,152,876	17,699,951
Amortizations	**16,881,255**	**1,535,050**	**15,346,205**	16,429,292	1,063,174	15,366,118
Ending Balance	**18,073,444**	**3,585,881**	**14,487,563**	12,917,781	917,250	12,000,531

19- INVESTMENT INCOME

	For the 9 months ended 31 December 2008	For the 12 months ended 31 March 2008
	USD	USD
Dividends	**565,331**	928,482
Interest	**3,876,510**	6,231,117
	4,441,841	7,159,599

20- NET REALISED GAINS ON FINANCIAL ASSETS AVAILABLE-FOR-SALE

	For the 9 months ended 31 December 2008	For the 12 months ended 31 March 2008
	USD	USD
Realised gains		
Equity securities	**800,809**	3,904,956

21- CASH AND CASH EQUIVALENTS

Cash and cash equivalent balances in the statement of cash flows consist of the following balances:

	31 December 2008	31 March 2008
	USD	USD
Cash and bank balances	**10,963,620**	7,390,562
Time and demand deposit	**98,451,821**	108,288,507
Less: Demand deposits maturing after 3 months	**(4,085,395)**	(11,889,624)
	105,330,046	103,789,445

22- COMMITMENTS AND CONTINGENCIES

As of the date of the financial statements, the Company is contingently liable to the followings:

- Letters of Guarantee amounting to USD 3,100 (31 March 2008: USD 10,563) to the order of the Jordanian Ministry of Trade and Industry with margin of USD 310 (31 March 2008: USD1,056).
- Letters of Credit amounting to USD 46,205,755 to the order of reinsurance companies(31 March 2008: USD 23,809,705).

23- RELATED PARTY TRANSACTIONS

The company enters into transactions with its associate and key management personnel and board of directors in the normal course of business. The sales to and purchases from related barites are main at normal market prices.

Transactions with related parties (Eastern Insurance Brokers Company) and SR Bishop directors included in the financial statements are as follows:

	31 December 2008	31 March 2008
Balance sheet balances with related parties	USD	USD
Accounts Receivable	**1,363,896**	610,471
Accounts payable	**212,677**	-

	For the 9 months ended 31 December 2008	For the 12 months ended 31 March 2008
Income statement transactions	USD	USD
Commission paid	**240,710**	211,228

Compensation of key management personnel of the Group, consisting of salaries and benefits, was USD 920,990 (31 March 2008: USD 1,179,694).

24- RISK MANAGEMENT

The risks faced by the Group and the way these risks are mitigated by management are summarised below.

Insurance risk

Insurance risk is the risk that actual claims payable to contract holders in respect of insured events exceed the carrying amount of insurance liabilities. This could occur because the frequency or amounts of claims are more than expected. The Group only issues insurance contracts in connection with property and energy (collectively known as fire and accident), and marine risks,

Frequency and amounts of claims

The frequency and amounts of claims can be affected by several factors. The Group underwrites mainly fire and accident and marine risks. These are regarded as insurance contracts as claims are normally advised. This helps to mitigate insurance risk.

Property and energy

Property and energy insurance is designed to compensate contract holders for damage suffered to properties or for the value of property lost. Contract holders could also receive compensation for the loss of earnings caused by the inability to use the insured properties.

For property and energy insurance contracts the main risks are fire and business interruption. In recent years the Group has mostly underwritten policies for properties containing fire detection equipment.

These contracts are underwritten by reference to the replacement value of the properties and contents insured. The cost of rebuilding properties and obtaining replacement contents and the time taken to restart operations which leads to business interruptions are the main factors that influence the level of claims.

Marine

Marine insurance is designed to compensate contract holders for damage and liability arising through loss or damage to marine craft and accidents at sea resulting in the total or partial loss of cargoes.

For marine insurance the main risks are loss or damage to marine craft and accidents resulting in the total or partial loss of cargoes.

The underwriting strategy for the marine class of business is to ensure that policies are well diversified in terms of vessels and shipping routes covered.

Geographical concentration of risks

Approximately, 38%, 19% , 15% and 28% of the Group's insurance risk relates to policies written in the Middle/Far East and Asia, Europe, USA and the rest of the world respectively. (31 March 2008 : 51%, 15%, 15% and 19%)

Reinsurance risk

In common with other insurance companies, in order to minimise financial exposure arising from large claims, the Group, in the normal course of business, enters into contracts with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is effected under treaty, facultative and excess-of-loss reinsurance contracts.

To minimise its exposure to significant losses from reinsurer insolvencies, the Group evaluates the financial condition of its reinsurers. The Group only deals with reinsurers approved by the board of directors, which are generally rated A or above by international rating agencies.

Financial risk

The Group's principal financial instruments are financial assets available-for-sale, financial assets held for trading financial assets held to maturity receivables arising from insurance and reinsurance contracts, trading investments and cash and cash equivalents.

The Group does not enter into derivative transactions.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, market price risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Group is exposed to interest rate risk on certain of its investments and cash and cash equivalents. The Group limits interest rate risk by monitoring changes in interest rates in the currencies in which its cash and interest bearing investments and borrowings are denominated.

Details of maturities of the major classes of financial assets are as follows:

31 December 2008

	Less than 1 year	1 to 5 years	Non-interest bearing items	Total	Effective Interest Rate on interest bearing assets
	USD	USD	USD	USD	%
Financial assets held for trading	**-**	**-**	**3,889,747**	**3,889,747**	
Financial assets available-for-sale	**2,815,946**	**41,948,211**	**47,664,218**	**92,428,375**	**5.40**
Financial assets held to maturity	**-**	**1,690,141**	**-**	**1,690,141**	**9.50**
Cash and short term deposits	**109,415,441**	**-**	**-**	**109,415,441**	**2.40**
	112,231,387	**43,638,352**	**51,553,965**	**207,423,704**	

31 March 2008

	Less than 1 year	1 to 5 years	Non-interest bearing items	Total	Effective Interest Rate on interest bearing assets
	USD	USD	USD	USD	%
Financial assets available-for-sale	-	50,301,287	54,875,390	105,176,677	5.00
Financial assets held to maturity	-	1,690,141	-	1,690,141	9.50
Cash and short term deposits	115,679,069	-	-	115,679,069	5.45
	115,679,069	51,991,428	54,875,390	222,545,887	

There is no significant difference between contractual repricing or maturity dates.

The following table demonstrates the sensitivity of income statement to reasonably possible changes in interest rates, with all other variables held constant.

The sensitivity of the income statement is the effect of the assumed changes in interest rates on the Group's profit for the year, based on the floating rate financial assets and financial liabilities held at 31 March 2008.

	Increase/ decrease in basis points	Effect on profit for the year
		USD
31 December 2008	**+ 25**	**273,538**
	- 50	**(547,077)**
31 March 2008	+ 25	289,187
	- 50	(578,395)

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Management believes that there is minimal risk of significant losses due to exchange rate fluctuations since most of there transactions are in US Dollars and consequently the Group does not hedge its foreign currency exposure.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial assets held by the Group, the maximum credit risk exposure to the Group is the carrying value as disclosed in the balance sheet.

The Group only enters into insurance and reinsurance contracts with recognised, credit worthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables from insurance and reinsurance contracts are monitored on an ongoing basis in order to reduce the Group's exposure to bad debts.

The Group portfolio is managed by the Vice-Chairman and CEO in accordance with the investment policy established by the board of directors.

The Group's bank balances are maintained with a range of international and local banks in accordance with limits set by the board of directors.

There are no significant concentrations of credit risk within the Group. The table below provides information regarding the credit risk exposure of the Group by classifying assets according to the Group's credit rating of counterparties:

31 December 2008

	Neither past due nor impaired				
	investment grade	Non investment grade (satisfactory)	Non investment grade (un-satisfactory)	Past due or impaired	Total
	USD	USD	USD	USD	USD
Financial assets available- for-sale	**43,353,223**	**49,075,152**	-	-	**92,428,375**
Financial assets held for trading	-	**3,889,747**	-	-	**3,889,747**
Financial assets held to maturity	-	**1,690,141**	-	-	**1,690,141**
Receivables arising from insurance and reinsurance contracts	-	**114,963,834**	-	-	**114,963,834**
Reinsurers' share of unearned premium	-	**13,427,326**	-	-	**13,427,326**
Reinsurers' share of outstanding claims	**44,231,566**	**5,439,990**	-	-	**49,671,556**
Cash and short term deposits	**63,049,775**	**46,365,666**	-	-	**109,415,441**
	150,634,564	**234,851,856**	-	-	**385,486,420**

31 March 2008

	Neither past due nor impaired				
	investment grade	Non investment grade (satisfactory)	Non investment grade (un-satisfactory)	Past due or impaired	Total
	USD	USD	USD	USD	USD
Financial assets available- for-sale	50,301,287	54,875,390	-	-	105,176,677
Financial assets held to maturity	-	1,690,141	-	-	1,690,141
Receivables arising from insurance and reinsurance contracts	-	93,963,104	-	-	93,963,104
Reinsurers' share of unearned premium	-	10,380,698	-	-	10,380,698
Reinsurers' share of outstanding claims	21,054,522	1,809,881	-	-	22,864,403
Cash and short term deposits	55,225,009	60,454,060	-	-	115,679,069
	126,580,818	223,173,274	-	-	349,754,092

The following table provides an aging analysis of receivables arising from insurance and reinsurance contracts past due but not impaired:

		Past due but not impaired				
	Neither past due nor impaired	Up to 90 days	91 to 180 days	181 to 270 days	271 to 360 days	Total
	USD	USD	USD	USD	USD	USD
31 December 2008	**72,885,553**	**26,326,627**	**6,148,074**	**3,172,082**	**6,431,498**	**114,963,834**
31 March 2008	63,544,785	14,597,258	13,934,188	672,494	1,214,379	93,963,104

For assets to be classified as 'past due and impaired' contractual payments are in arrears for more than 360 days and an impairment adjustment is recorded in the income statement for this. When the credit exposure is adequately secured, arrears more than 360 days might still be classified as 'past due but not impaired", with no impairment adjustment recorded.

Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market.

The company's equity price risk exposure relates to financial assets whose values will fluctuate as a result of changes in market prices.

The following table demonstrates the sensitivity of the profit for the period and the cumulative changes in fair value to reasonably possible changes in equity prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

	31 December 2008			31 March 2008		
	Change in equity price	Effect on equity	Effect on profit	Change in equity price	Effect on equity	Effect on profit
	USD	USD		USD	USD	
Amman Stock Exchange	**+5%**	**595,181**	**-**	+5%	712,879	-
Saudi Arabia	**+5%**	**399,670**	**-**	+5%	1,040,319	-
Dubai International Financial Exchange	**+5%**	**70,546**	**-**	+5%	70,755	-
Other quoted	**+5%**	**506,429**	**194,487**	+5%	54,377	-

The Company also has unquoted investments carried at cost where the impact of changes in equity prices will only be reflected when the investment is sold or deemed to be impaired, when the statement of income will be impacted.

The Group limits market risk by maintaining a diversified portfolio and by monitoring of developments in equity markets.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its commitments associated with insurance contracts and financial liabilities as they fall due.

Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

All liabilities are non-interest bearing liabilities.

The table below summarizes the maturity profile of the company's financial liabilities at 31 December 2008 based on contractual undiscounted payments:

	Less than one year	More than one year	No term	Total
Period ended 31 December 2008	USD	USD	USD	USD
Liabilities arising from insurance contracts				
Unearned premiums	**66,931,806**	**11,811,495**	**-**	**78,743,301**
Outstanding claims	**91,899,136**	**49,133,045**	**-**	**141,032,181**
Other liabilities	**1,856,695**	**-**	**-**	**1,856,695**
Reinsurance payable	**34,332,781**	**-**	**-**	**34,332,781**
Reinsurance deposits	**-**	**13,808,875**	**-**	**13,808,875**
Deferred ceded commission	**3,047,999**	**537,882**	**-**	**3,585,881**
Total liabilities	**198,068,417**	**75,291,297**	**-**	**273,359,714**

	Less than one year	More than one year	No term	Total
Year ended 31 March 2008	USD	USD	USD	USD
Liabilities arising from insurance contracts				
Unearned premiums	59,292,854	10,463,445	-	69,756,299
Outstanding claims	57,407,072	19,135,690	-	76,542,762
Other liabilities	981,407	-	-	981,407
Reinsurance payable	28,408,347	-	-	28,408,347
Reinsurance deposits	-	11,116,376	-	11,116,376
Deferred ceded commission	779,662	137,588	-	917,250
Total liabilities	146,869,342	40,853,099	-	187,722,441

Maturity analysis of assets and liabilities

The table below shows analysis of assets and liabilities analysed according to when they are expected to be recovered or settled:

	31 December 2008			
	Less than one year	More than one year	No term	Total
ASSETS				
Premises and equipment	-	1,657,747	-	1,657,747
Intangible assets	-	560,480	-	560,480
Investment in associated companies	-	10,197,712	-	10,197,712
Investment property	-	-	7,905,040	7,905,040
Financial assets held to maturity	-	1,690,141	-	1,690,141
Financial assets hold for Trading	3,889,747	-	-	3,889,747
Financial assets available-for-sale	2,815,946	41,948,211	47,664,218	92,428,375
Deferred policy acquisition costs	15,362,427	2,711,017	-	18,073,444
Receivables arising from insurance contracts	88,173,971	26,789,863	-	114,963,834
Other receivables	2,817,514	-	-	2,817,514
Reinsurers' share of unearned premiums	11,010,407	2,416,919	-	13,427,326
Reinsurers' share of outstanding claims	37,750,383	11,921,173	-	49,671,556
Cash and short term deposits	109,415,441	-	-	109,415,441
TOTAL ASSETS	**271,235,836**	**99,893,263**	**55,569,258**	**426,698,357**
EQUITY AND LIABILITIES				
Equity				
Share capital	-	-	143,375,678	143,375,678
Foreign currency translation adjustment	-	-	(231,658)	(231,658)
Cumulative changes in fair values	-	-	(5,010,043)	(5,010,043)
Retained earnings	-	-	14,674,685	14,674,685
Total equity	-	-	152,808,662	152,808,662
Minority interest	-	-	529,981	529,981
Total equity	-	-	153,338,643	153,338,643
Liabilities				
Liabilities arising from insurance contracts				
Unearned premiums	66,931,806	11,811,495	-	78,743,301
Outstanding claims	91,899,136	49,133,045	-	141,032,181
Other liabilities	1,856,695	-	-	1,856,695
Reinsurance payable	34,332,781	-	-	34,332,781
Reinsurance deposit	-	13,808,875	-	13,808,875
Deferred ceded commission	3,047,999	537,882	-	3,585,881
Total liabilities	198,068,417	75,291,297	-	273,359,714
TOTAL EQUITY AND LIABILITIES	**198,068,417**	**75,291,297**	**153,338,643**	**426,698,357**

	31 March 2008			
	Less than one year	More than one year	No term	Total
ASSETS				
Premises and equipment	-	1,292,975	-	1,292,975
Intangible assets	-	622,312	-	622,312
Investment in associated companies	-	7,417,111	-	7,417,111
Financial assets available-for-sale	16,760,238	52,064,334	36,352,105	105,176,677
Financial assets held to maturity	-	1,690,141	-	1,690,141
Deferred policy acquisition costs	10,980,114	1,937,667	-	12,917,781
Receivables arising from insurance contracts	66,644,042	27,319,062	-	93,963,104
Other receivables	2,384,242	-	-	2,384,242
Reinsurers' share of unearned premiums	8,512,000	1,868,698	-	10,380,698
Reinsurers' share of outstanding claims	17,526,433	5,337,970	-	22,864,403
Cash and short term deposits	115,679,069	-	-	115,679,069
TOTAL ASSETS	238,486,138	99,550,270	36,352,105	374,388,513
EQUITY AND LIABILITIES				
Equity				
Paid in capital	-	-	143,375,678	143,375,678
Foreign currency translation adjustment	-	-	8,764	8,764
Cumulative changes in fair values	-	-	15,560,227	15,560,227
Retained earnings	-	-	27,217,954	27,217,954
	-	-	186,162,623	186,162,623
Minority interest	-	-	503,449	503,449
Total equity	-	-	186,666,072	186,666,072
Liabilities				
Liabilities arising from insurance contracts Unearned premiums	59,292,854	10,463,445	-	69,756,299
Outstanding claims	57,407,072	19,135,690	-	76,542,762
Other liabilities	981,407	-	-	981,407
Reinsurance payable	28,408,347	-	-	28,408,347
Reinsurance deposit	-	11,116,376	-	11,116,376
Deferred ceded commission	779,662	137,588	-	917,250
Total liabilities	146,869,342	40,853,099	-	187,722,441
TOTAL EQUITY AND LIABILITIES	146,869,342	40,853,099	186,666,072	374,388,513

Capital management

The Group manages its capital by 'Enterprise Risk Management' techniques, using a dynamic financial analysis model. The Asset Liability match is reviewed and monitored on regular basis to maintain a strong credit rating and healthy capital adequacy ratios to support its business objectives and maximise shareholders' value.

Adjustments to capital levels are made in light of changes in market conditions and risk characteristics of the Group's activities.

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  President

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  Executive Vice President

- **Ms. Rachel A Butler**
  Senior Vice President Operations

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