AL DHAFRA INSURANCE COMPANY P.S.C.

Review report and interim financial information for the period ended 31 March 2015

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The Board of Director's Report
for the period ended 31 March 2015

The Board of Directors takes great pleasure in presenting the unaudited results for the first three months of 2015.

As noted below, net underwriting income decreased by 13% and profit has decreased by 24% as compared to the same period in the prior year.

Particulars	3 months ended 31 March 2015 (unaudited) AED	2014 (unaudited) AED	Variance %
Condensed statement of profit or loss			
Gross written premium	**146,697,649**	111,560,837	31%
Net underwriting income	**30,058,783**	34,522,258	-13%
Administrative and other operating expenses	**8,304,526**	8,677,989	-4%
Net investment and other income	**6,635,929**	11,656,330	-43%
Profit for the period	**28,390,186**	37,500,599	-24%
Basic and diluted earnings per share (AED)	**0.28**	0.37	

	31 March 2015 (unaudited) AED	31 December 2014 (audited) AED	Variance %
Condensed statement of financial position			
Shareholders' equity	**385,629,529**	405,804,073	-5%
Total assets	**907,210,236**	855,319,940	6%

We expect improvement in the overall investment segment results in the current year compared to 2014.

Chairman
6 May 2015

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying condensed statement of financial position of Al Dhafra Insurance Company P.S.C. (the "Company") as of 31 March 2015 and the related condensed statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended. Management of the Company is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard IAS 34, "*Interim Financial Reporting (IAS 34)*". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Deloitte & Touche (M.E.)

Mohammad Khamees Al Tah
Registration No. 717
6 May 2015

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Condensed statement of financial position as at 31 March 2015

	Notes	31 March 2015 (unaudited) AED	31 December 2014 (audited) AED
ASSETS			
Non-current assets			
Property and equipment		**1,511,778**	1,521,170
Investment properties	5	**82,000,000**	82,000,000
Intangible assets	6	**3,654,352**	3,794,279
Investments designated at fair value through other comprehensive income (FVTOCI)	7	**168,828,040**	177,392,770
Investments at amortised cost	7	**6,580,278**	3,610,000
Statutory deposit	8	**10,000,000**	10,000,000
Total non-current assets		**272,574,448**	278,318,219
Current assets			
Investments designated at fair value through profit or loss (FVTPL)	7	**114,568,432**	116,066,116
Reinsurance contract assets	9	**120,570,100**	118,786,649
Trade and other receivables	11	**176,359,484**	118,834,349
Prepayments		**2,559,749**	2,450,704
Bank and cash balances	19	**220,578,023**	220,863,903
Total current assets		**634,635,788**	577,001,721
Total assets		**907,210,236**	855,319,940
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	12	**100,000,000**	100,000,000
Legal reserve	13	**50,000,000**	50,000,000
General reserve	14	**145,000,000**	145,000,000
Investment revaluation reserve		**(22,715,776)**	(14,151,046)
Retained earnings		**113,345,305**	124,955,119
Total shareholders' equity		**385,629,529**	405,804,073
Non-current liability			
Provision for end of service benefit		**7,289,917**	7,462,006
Current liabilities			
Insurance contract liabilities	9	**313,459,132**	281,741,774
Trade and other payables	15	**200,831,658**	160,312,087
Total current liabilities		**514,290,790**	442,053,861
Total liabilities		**521,580,707**	449,515,867
Total equity and liabilities		**907,210,236**	855,319,940

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Assistant General Manager - Finance **General Manager** **Board Member**

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

Condensed statement of profit or loss (unaudited) for the period ended 31 March 2015

	Notes	3 months ended 31 March 2015 AED	2014 AED
Gross written premium		**146,697,649**	111,560,837
Change in unearned premium provision		**(18,346,398)**	8,410,617
Premium income earned		**128,351,251**	119,971,454
Reinsurance premium ceded		**(42,003,195)**	(46,588,452)
Change in unearned premium provision		**(1,950,762)**	4,592,485
Reinsurance ceded		**(43,953,957)**	(41,995,967)
Net premium earned		**84,397,294**	77,975,487
Net claims incurred		**(58,983,310)**	(43,843,862)
Gross commission earned		**9,747,818**	5,235,862
Less: commission incurred		**(5,103,019)**	(4,845,229)
Net commission earned		**4,644,799**	390,633
Net underwriting income		**30,058,783**	34,522,258
Administrative expenses		**(6,282,564)**	(6,101,872)
Other operating expenses		**(2,021,962)**	(2,576,117)
Net investment and other income	16	**6,635,929**	11,656,330
Profit for the period	17	**28,390,186**	37,500,599
Basic and diluted earnings per ordinary share	18	**0.28**	0.37

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

Condensed statement of comprehensive income (unaudited)
for the period ended 31 March 2015

	Note	3 months ended 31 March 2015 AED	3 months ended 31 March 2014 AED
Profit for the period		**28,390,186**	37,500,599
Other comprehensive (loss)/income:			
Items not to be reclassified to profit or loss in subsequent period:			
Loss on disposal of investments at FVTOCI		-	(51,230)
Net fair value (loss)/gain on investments at FVTOCI	7	**(8,564,730)**	25,152,743
Total other comprehensive (loss)/income for the period		**(8,564,730)**	25,101,513
Total comprehensive income for the period		**19,825,456**	62,602,112

Condensed statement of changes in equity for the period ended 31 March 2015

	Share capital AED	Legal reserve AED	General reserve AED	Investment revaluation reserve AED	Retained earnings AED	Total AED
Balance at 1 January 2015 (audited)	100,000,000	50,000,000	145,000,000	(14,151,046)	124,955,119	405,804,073
Profit for the period	-	-	-	-	28,390,186	28,390,186
Other comprehensive loss	-	-	-	(8,564,730)	-	(8,564,730)
Total comprehensive (loss)/income for the period	-	-	-	(8,564,730)	28,390,186	19,825,456
Dividends (note 12)	-	-	-	-	(40,000,000)	(40,000,000)
Balance at 31 March 2015 (unaudited)	**100,000,000**	**50,000,000**	**145,000,000**	**(22,715,776)**	**113,345,305**	**385,629,529**
Balance at 1 January 2014 (audited)	100,000,000	50,000,000	145,000,000	(15,632,267)	122,040,301	401,408,034
Profit for the period	-	-	-	-	37,500,599	37,500,599
Other comprehensive income	-	-	-	25,152,743	(51,230)	25,101,513
Total comprehensive income for the period	-	-	-	25,152,743	37,449,369	62,602,112
Dividends (note 12)	-	-	-	-	(40,000,000)	(40,000,000)
Transfer to retained earnings on disposal of investments at FVTOCI	-	-	-	(634,517)	634,517	-
Balance at 31 March 2014 (unaudited)	**100,000,000**	**50,000,000**	**145,000,000**	**8,885,959**	**120,124,187**	**424,010,146**

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

Condensed statement of cash flows (unaudited) for the period ended 31 March 2015

	Notes	3 months ended 31 March 2015 AED	2014 AED
Operating activities			
Profit for the period		**28,390,186**	37,500,599
Adjustments for:			
Depreciation of property and equipment		**183,742**	181,715
Amortisation of intangible assets		**381,404**	433,965
Investment income		**(6,511,717)**	(11,582,421)
(Gain)/loss on disposal of property and equipment	16	**(23,589)**	569
Net transfer to provision for end of service benefit		**(172,089)**	67,176
Operating cash flows before movements in working capital		**22,247,937**	26,601,603
Increase in reinsurance contract assets		**(1,783,451)**	(9,118,494)
Increase in insurance contract liabilities		**31,717,358**	2,885,372
(Increase)/decrease in trade and other receivables		**(57,525,135)**	1,227,289
Increase in prepayments		**(109,045)**	(274,611)
Increase/(decrease) in trade and other payables		**519,571**	(15,570,628)
Net cash (used in)/generated by operating activities		**(4,932,765)**	5,750,531
Investing activities			
Movement in bank deposits with original maturities of greater than three months		**(85,103,064)**	(20,069,276)
Interest received		**607,827**	1,280,428
Dividends received	16	**3,340,001**	274,396
Net rental income on investment properties	16	**1,098,516**	912,521
Proceeds from disposal of property and equipment		**23,950**	-
Payments for property and equipment		**(174,711)**	(615,823)
Payments for intangible assets		**(241,477)**	(198,925)
Payments for purchase of investment at FVTPL		**(44,950,320)**	(44,729,648)
Proceeds from disposal of investment at FVTPL		**45,055,624**	19,120,875
Proceeds from disposal of investment at FVTOCI		**-**	1,195,445
Payment of investment expenses	16	**(112,525)**	(101,999)
Net cash used in investing activities		**(80,456,179)**	(42,932,006)
Decrease in cash and cash equivalents		**(85,388,944)**	(37,181,475)
Cash and cash equivalents at the beginning of the period		**159,704,646**	153,585,141
Cash and cash equivalents at the end of period	19	**74,315,702**	116,403,666

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

Notes to the condensed financial statements for the period ended 31 March 2015

1 General information

Al Dhafra Insurance Company P.S.C. (the "Company") is a public shareholding company incorporated in Abu Dhabi by Emiri Decree No. 8 of 1979.

The Company is domiciled in the United Arab Emirates and its registered office address is P.O. Box 319, Abu Dhabi. The Company's ordinary shares are listed on the Abu Dhabi Securities Exchange.

The Company is engaged in insurance and reinsurance of all classes of business with the exception of endowments and annuities.

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

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

In the current period, the Company has applied a number of new and revised IFRSs issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after 1 January 2015. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for the Company's future transactions or arrangements.

- Annual Improvements to IFRSs 2010 - 2012 Cycle that includes amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38 and IAS 24.

- Annual Improvements to IFRSs 2011 - 2013 Cycle that includes amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.

- Amendments to IAS 19 *Employee Benefits* clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

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

2.2 New and revised IFRSs in issue but not yet effective

As of the date of authorization of these condensed financial statements, the following new and revised have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Annual Improvements to IFRSs 2012 - 2014 Cycle that include amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.	1 July 2016
Amendments to IAS 16 and IAS 38 to clarify the acceptable methods of depreciation and amortization.	1 January 2016
Amendments to IFRS 11 to clarify accounting for acquisitions of *Interests in Joint Operations.*	1 January 2016
Amendments to IAS 16 and IAS 41 require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16.	1 January 2016
Amendments to IFRS 10 and IAS 28 clarify that the recognition of the gain or loss on the sale or contribution of assets between an investor and its associate or joint venture depends on whether the assets sold or contributed constitute a business.	1 January 2016
Amendments to IAS 27 allow an entity to account for investments in subsidiaries, joint ventures and associates either at cost, in accordance with IAS 39/IFRS 9 or using the equity method in an entity's separate financial statements.	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 clarifying certain aspects of applying the consolidation exception for investment entities.	1 January 2016
Amendments to IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports.	1 January 2016
Amendments to IFRS 7 Financial Instruments: Disclosures relating to disclosures about the initial application of IFRS 9.	When IFRS 9 is first applied
IFRS 7 *Financial Instruments*: Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.	When IFRS 9 is first applied

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

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

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 9 *Financial Instruments* (2009) issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 *Financial Instruments* (2010) revised in October 2010 includes the requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 *Financial Instruments: Recognition and Measurement.*	1 January 2018

IFRS 9 *Financial Instruments* (2013) was revised in November 2013 to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the own credit gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9.

Finalised version of IFRS 9 (IFRS 9 *Financial Instruments* (2014)) was issued in July 2014 incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition.

IFRS 9 (2009) and IFRS 9 (2010) were superseded by IFRS 9 (2013) and IFRS 9 (2010) also superseded IFRS 9 (2009). IFRS 9 (2014) supersedes all previous versions of the standard. The various standards also permit various transitional options. Accordingly, entities can effectively choose which parts of IFRS 9 they apply, meaning they can choose to apply: (1) the classification and measurement requirements for financial assets: (2) the classification and measurement requirements for both financial assets and financial liabilities: (3) the classification and measurement requirements and the hedge accounting requirements provided that the relevant date of the initial application is before 1 February 2015.

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

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

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 15 *Revenue from Contracts with Customers*	1 January 2017
In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition: Step 1: Identify the contract(s) with a customer. Step 2: Identify the performance obligations in the contract. Step 3: Determine the transaction price. Step 4: Allocate the transaction price to the performance obligations in the contract. Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.	

Management anticipates that these new standards, interpretations and amendments will be adopted in the financial statements for the period beginning 1 January 2016 or as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

2.3 Standards adopted before effective date

During the year 2009, the Company adopted IFRS 9 *Financial Instruments* in advance of its effective date. Refer to note 3 the accounting policies regarding financial instruments.

3 Summary of significant accounting policies

3.1 Basis of preparation

The condensed financial statements are 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.

The condensed financial statements have been prepared on the historical cost basis, except for the measurement at fair value of certain financial instruments and revaluation of investment properties.

The accounting policies and methods used in the preparation of these condensed financial statements are consistent with those used in the audited annual financial statements for the year ended 31 December 2014, except for the adoption of new standards and interpretations effective 1 January 2015.

As required by the Securities and Commodities Authority ("SCA") notification dated 12 October 2008, accounting policies related to investment properties and financial instruments as disclosed in the annual financial statements have been disclosed in paragraph 3.2 to 3.3 below.

3.2 Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes), are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

3.3 Investment in securities

3.3.1 Investments at amortised cost

Debt instruments are measured at amortised cost if both of the following conditions are met:
- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments meeting these criteria are measured initially at fair value plus transaction costs (except if they are designated as at FVTPL – see note 3.3.2 below). They are subsequently measured at amortised cost using the effective interest method less any impairment.

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

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3 Summary of significant accounting policies (continued)

3.3 Investment in securities (continued)

3.3.2 Investments at fair value through profit and loss (FVTPL)

Debt instrument financial assets that do not meet the amortised cost criteria described in note 3.3.1, or that meet the criteria but the entity has chosen to designate as at FVTPL at initial recognition, are measured at FVTPL. The Company has not designated a debt instrument financial asset as at FVTPL.

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

Investments in equity instruments are mandatorily classified as at FVTPL, unless the Company designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) at initial recognition as described in note 3.3.3 below.

Financial assets at FVTPL are measured at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss is included in the 'net investment and other income' line item in the profit and loss. Fair value is determined with reference to quoted prices.

3.3.3 Financial assets at fair value through other comprehensive income (FVTOCI)

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

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

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

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

4 Estimates

The preparation of these condensed financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed financial statements, the significant judgments made by management in applying the Company's accounting policies, and the key sources of estimates uncertainty were the same as those were applied to the financial statements as at and for the year ended 31 December 2014.

5 Investment properties

	Land AED	Abu Dhabi building AED	Al Ain building AED	Total AED
Fair values as at 1 31 December 2014 (audited) and 31 March 2015 (unaudited)	**52,935,000**	**24,500,000**	**4,565,000**	**82,000,000**

Management has considered recent prices for similar properties in the same location and similar condition and also the prevailing situation of real estate properties in UAE and considered the valuation report from Technical and Loss Adjusting Services LLC, an independent valuer not related to the Company, who have determined the fair values of the land and buildings to be AED 82 million as at 31 December 2014. Technical and Loss Adjusting Services Co. LLC have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value was determined based on the market comparable approach.

Management believes that the net impact due to the changes to the key assumptions used is not material and accordingly there is no change in the fair value of the investment properties as at 31 March 2015. In estimating the fair value of the properties, the highest and best use of the property is considered as their current use. Investment properties as at 31 March 2015 and 31 December 2014 have been classified under Level 3 fair value measurement.

The plots of land in Abu Dhabi and Al Ain on which investment properties are constructed were awarded to the Company free of cost by the Executive Council of the Government of Abu Dhabi on 21 June 1981 and 27 August 1983, respectively. The fair values of the plots of land in Abu Dhabi and Al Ain as at 31 March 2015 amounted to AED 45,000,000 and AED 7,935,000, respectively.

The Company occupies three floors of the building for its Head Office in Abu Dhabi with the remaining fourteen floors available for letting to third parties. The Company is utilizing the first and mezzanine floors for housing its Al Ain Branch office with the remaining space available for letting to third parties.

6 Intangible assets

Intangible assets primarily represent the cost of insurance computer system software purchased and additional costs incurred in the upgrading of the existing computer software system. These are amortized over useful lives of 6 years.

Notes to the condensed financial statements for the period ended 31 March 2015 (continued)

7 Investments

The Company's investments as at the end of the reporting date are detailed below:

7.1 Composition of investments

	31 March 2015 (unaudited) AED	31 December 2014 (audited) AED
Investments at FVTOCI		
Quoted UAE equity securities	**168,828,040**	177,392,770
Investments at FVTPL		
Investment funds	**114,568,432**	116,066,116
Investments at amortised cost – non-current		
Investment funds	**6,580,278**	3,610,000

Investment funds included in investments at FVTPL comprise various mutual funds in the UAE. Included in the investment funds at amortised cost, is an investment of US$ 5 million in Arabian Real Estate Investment Trust, which Management has determined to be impaired by AED 11,779,722 as at 31 March 2015 (31 December 2014: AED 14,750,000).

The geographical distribution of investments is as follows:

	31 March 2015 (unaudited) AED	31 December 2014 (audited) AED
Within UAE	**289,976,750**	297,068,886

7 Investments

7.2 Movement in investments

The movement in the investments is as follows:

	31 March 2015 (unaudited) AED	31 December 2014 (audited) AED
Investments at FVTOCI		
Fair value at start of period/year	**177,392,770**	176,456,409
Additions during the period/year	-	177,999
Proceeds from disposals during the period/year	-	(1,253,806)
Gain on disposal during the period/year	-	7,132
Net (decrease)/increase in fair value taken to other comprehensive income	**(8,564,730)**	2,005,036
Fair value at end of period/year	**168,828,040**	177,392,770
Investments at FVTPL		
Fair value at start of period/year	**116,066,116**	91,548,315
Additions during the period/year	**44,950,320**	104,357,372
Proceeds from disposals during the period/year	**(45,055,624)**	(84,322,886)
(Loss)/gain on disposal during the period/year (note 16)	**(1,954,935)**	3,769,957
Increase in fair value taken to profit or loss (note 16)	**562,555**	713,358
Fair value at end of period/year	**114,568,432**	116,066,116
Investments at amortised cost		
Amortised cost at start of period/year	**3,610,000**	13,524,400
Reversal of impairment	**2,970,278**	-
Proceeds from maturity	-	(9,914,400)
Amortised cost at end of period/year	**6,580,278**	3,610,000

8 Statutory deposit

In accordance with the requirements of Federal Law No.6/2007, concerning the formation of Insurance Authority of UAE, the Company maintains a bank deposit of AED 10,000,000 (31 December 2014: AED 10,000,000) which cannot be utilised without the consent of the UAE Insurance Authority.

Notes to the condensed financial statements
for the period ended 31 March 2015 (continued)

9 Insurance contract liabilities and reinsurance contract assets

	31 March 2015 (unaudited) AED	31 December 2014 (audited) AED
Insurance liabilities – Gross		
Reported claims	**157,318,389**	143,761,619
Claims incurred but not reported	**2,935,779**	3,121,589
Unearned premiums	**153,204,964**	134,858,566
	313,459,132	281,741,774
Recoverable from reinsurers		
Reported claims	**81,252,158**	77,332,135
Claims incurred but not reported	**334,870**	520,680
Unearned premiums	**38,983,072**	40,933,834
	120,570,100	118,786,649
Insurance liabilities – Net		
Reported claims	**76,066,231**	66,429,484
Claims incurred but not reported	**2,600,909**	2,600,909
Unearned premiums	**114,221,892**	93,924,732
	192,889,032	162,955,125

10 Related parties

Related parties comprise the Directors and major Shareholders 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:

	3 months ended 31 March	
	2015 (unaudited) AED	2014 (unaudited) AED
Premiums written	**47,895,218**	4,982,793
Claims paid	**1,714,875**	14,468,005
Directors' remuneration	**-**	750,000
Remuneration of key management personnel	**2,074,117**	1,964,850

10 Related parties (continued)

Balances with related as at the end of the reporting period are as follows:

	31 March 2015 (unaudited) AED	31 December 2014 (audited) AED
Due from related party policyholders (note 11)	**58,022,154**	11,896,303

The remuneration of Directors is accrued and paid as an appropriation out of the profits of the period in accordance with the Federal Law No. 8 applicable to Commercial Companies operating in UAE. The remuneration of key management personnel is based on the remuneration agreed in their employment contracts as approved by the Board of Directors.

11 Trade and other receivables

	31 March 2015 (unaudited) AED	31 December 2014 (audited) AED
Due from external policyholders	**108,569,452**	101,610,924
Due from related party policyholders (note 10)	**58,022,154**	11,896,303
Less: allowance for doubtful debts	**(6,957,479)**	(6,992,119)
Net due from policyholders	**159,634,127**	106,515,108
Due from insurance companies	**3,741,650**	4,798,707
Due from reinsurance companies	**8,601,104**	5,938,802
Interest receivable	**1,225,123**	865,151
Other receivables	**3,157,480**	716,581
	176,359,484	118,834,349

The average credit period on due from policy holders is 90 to 180 days. No interest is charged and no collateral is taken on trade and other receivables.

12 Share capital

	31 March 2015 (unaudited) AED	31 December 2014 (audited) AED
Authorised, issued and fully paid		
100,000,000 ordinary shares of AED 1 each	**100,000,000**	100,000,000

At the Annual General Meeting held on 10 March 2015, the Shareholders approved a cash dividend of AED 40,000,000. At the Annual General Meeting held on 18 March 2014, the Shareholders approved a cash dividend of AED 40,000,000.

Notes to the condensed financial statements
for the period ended 31 March 2015 (continued)

13 Legal reserve

In accordance with the UAE Federal Law number (8) of 1984 (as amended) concerning Commercial Companies and the Company's Articles of Association, 10% of annual profit is to be transferred to a non-distributable legal reserve until the balance of the legal reserve equals 50% of the Company's paid up share capital. This reserve is not available for dividend distribution.

14 General reserve

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

15 Trade and other payables

	31 March 2015 (unaudited) AED	31 December 2014 (audited) AED
Due to policy holders	**25,850,405**	26,471,944
Due to insurance companies	**26,055,420**	24,187,293
Due to reinsurance companies	**56,174,572**	49,856,084
Dividends payable	**40,000,000**	-
Premium reserve withheld	**18,126,333**	15,794,896
Commissions payable	**17,500,000**	17,500,000
Deferred income	**3,285,907**	10,822,473
Directors' remuneration payable	-	3,000,000
Other payables	**13,839,021**	12,679,397
	200,831,658	160,312,087

The average credit period is 60 to 90 days. The Company has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

Notes to the condensed financial statements for the period ended 31 March 2015 (continued)

16 Net investment and other income

	3 months ended 31 March	
	2015 (unaudited) AED	2014 (unaudited) AED
Net rental income (a)	**1,098,516**	912,521
Net interest income (b)	**607,827**	1,173,315
Dividend income (c)	**3,340,001**	274,396
Reversal of impairment of investment in amortised cost	**2,970,278**	-
(Loss)/gain on disposal on investment at FVTPL (note 7.2)	**(1,954,935)**	244,384
Increase in fair value of investments at FVTPL (note .2)	**562,555**	9,079,804
Investment expenses	**(112,525)**	(101,999)
Gain/(loss) on disposal of property and equipment	**23,589**	(569)
Other income	**100,623**	74,478
	6,635,929	11,656,330

Details of major investment income are as follows:

Net rental income:		
Gross rental income	**1,214,559**	1,029,520
Less: building expenses	**(116,043)**	(116,999)
Net rental income (a)	**1,098,516**	912,521
Net interest income on:		
Bank deposits	**607,827**	1,139,365
Investments at amortised cost	-	33,950
Net interest income (b)	**607,827**	1,173,315
Dividend income on:		
Investments at FVTOCI	**3,122,207**	142,206
Investments at FVTPL	**217,794**	132,190
Dividend income (c)	**3,340,001**	274,396

Notes to the condensed financial statements for the period ended 31 March 2015 (continued)

17 Profit for the period

Profit for the period is stated after charging:

	3 months ended 31 March	
	2015 (unaudited) AED	2014 (unaudited) AED
Staff costs	**5,657,244**	5,657,413
Depreciation of property and equipment	**183,742**	181,715
Amortisation of intangible assets	**381,404**	433,965
Foreign exchange loss	**1,816**	8,174

18 Earnings per ordinary share

Earnings per ordinary share are calculated by dividing the profit for the period by the weighted average number of shares outstanding during the period as follows:

	Three months ended 31 March	
	2015 (unaudited)	2014 (unaudited)
Profit for the period (AED)	**28,390,186**	37,500,599
Weighted average number of ordinary shares in issue throughout the period	**100,000,000**	100,000,000
Basic earnings per share (AED)	**0.28**	0.37

As of 31 March 2015 and 2014, the Company has not issued any instruments that have an impact on earnings per share when exercised.

Notes to the condensed financial statements for the period ended 31 March 2015 (continued)

19 Cash and cash equivalents

	31 March 2015 (unaudited) AED	31 March 2014 (unaudited) AED
Cash on hand	**13,315**	13,085
Call accounts	**74,302,387**	116,390,581
Term deposits	**146,262,321**	72,268,123
Bank balances and cash	**220,578,023**	188,671,789
Less: deposits with original maturities of greater than three months	**(146,262,321)**	(72,268,123)
Cash and cash equivalents	**74,315,702**	116,403,666

The interest rate on fixed deposits and call accounts with banks ranges between 0.55% and 2.75% (2014: 0.9% and 2.75%) per annum. All cash and cash equivalents are held in local banks in the United Arab Emirates.

20 Segment information

The Company has two reportable segments, as described below, which are the Company's strategic business units. The strategic business units are managed separately because they require different approach, technology and marketing strategies. For each of the strategic business units, the Chief Operating Decision Maker reviews internal management reports on at least a quarterly basis.

The following summary describes the two main business segments:

- Underwriting of general insurance business – incorporating all classes of general insurance such as fire, marine, motor, medical, general accident and miscellaneous.

- Investments – incorporating investments in marketable equity securities and investment funds, development bonds, term deposits with banks and investment properties and other securities.

Notes to the condensed financial statements
for the period ended 31 March 2015 (continued)

20 Segment information (continued)

20.1 Segment revenue and results

Information regarding the Company's reportable segments is presented below:

	As at 31 March 2015 (unaudited)			As at 31 March 2014 (unaudited)		
	Underwriting AED	**Investments AED**	**Total AED**	Underwriting AED	Investments AED	Total AED
Direct revenues	**156,445,467**	**6,177,730**	**162,623,197**	116,796,699	2,721,615	119,518,314
Direct costs	**(126,386,684)**	**(228,568)**	**(126,615,252)**	(82,274,441)	(218,998)	(82,493,439)
Administrative expenses	**(6,282,564)**	-	**(6,282,564)**	(6,101,872)	-	(6,101,872)
Depreciation expense	**(183,742)**	-	**(183,742)**	(181,715)	-	(181,715)
Amortization expense	**(381,404)**	-	**(381,404)**	(433,965)	-	(433,965)
Other expenses	**(1,456,816)**	-	**(1,456,816)**	(1,960,437)	-	(1,960,437)
Non-cash investment gains	-	**562,555**	**562,555**	-	9,079,804	9,079,804
Segment profit	**21,754,257**	**6,511,717**	**28,265,974**	25,844,269	11,582,421	37,426,690
Other income	-	-	**124,212**	-	-	73,909
Profit for the period	**21,754,257**	**6,511,717**	**28,390,186**	25,844,269	11,582,421	37,500,599

Revenue reported above represents revenue generated from external customers and third parties. There were no inter-segment revenues in the three-month period ended 31 March 2015 and 2014.

The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 3.

20 Segment information (continued)

20.2 Segment assets and liabilities

	As at 31 March 2015 (unaudited)			As at 31 December 2014 (audited)		
	Underwriting AED	**Investments AED**	**Total AED**	Underwriting AED	Investments AED	Total AED
Segment assets	**304,655,463**	**528,239,071**	**832,894,534**	245,387,151	450,228,141	695,615,292
Unallocated assets	**-**	**-**	**74,315,702**	-	-	159,704,648
Total assets	**304,655,463**	**528,239,071**	**907,210,236**	245,387,151	450,228,141	855,319,940
Segment liabilities	**474,295,603**	**1,955,528**	**476,251,131**	439,515,848	1,410,444	440,926,292
Unallocated liabilities	**-**	**-**	**45,329,576**	-	-	8,589,575
Total liabilities	**474,295,603**	**1,955,528**	**521,580,707**	439,515,848	1,410,444	449,515,867
Capital expenditure	**416,188**	**-**	**416,188**	1,740,647	-	1,740,647

21 Seasonality of results

No income of seasonal nature was recorded in the statement of profit or loss for the three-month period ended 31 March 2015 and 2014.

22 Fair value of financial instruments

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value into Levels 1 to 3 based on the degree to which the fair value is observable.

- **Level 1** – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- **Level 3** – fair value measurement are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 AED	**Level 2 AED**	**Level 3 AED**	**Total AED**
31 March 2015 (unaudited)				
Investments at FVTOCI	**168,828,040**	-	-	**168,828,040**
Investments at FVTPL	**27,021,097**	-	**87,547,335**	**114,568,432**
	195,849,137	-	**87,547,335**	**283,396,472**

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
31 December 2014 (audited)				
Investments at FVTOCI	177,392,770	-	-	177,392,770
Investments at FVTPL	27,932,806	-	88,133,310	116,066,116
	205,325,576	-	88,133,310	293,458,886

During the period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

Notes to the condensed financial statements for the period ended 31 March 2015 (continued)

22 Fair value of financial instruments (continued)

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the period:

	31 March 2015 (unaudited) AED	31 December 2014 (audited) AED
Opening balance	**88,133,310**	91,548,315
Investments purchased during the period/year	**26,238,733**	59,352,646
Investments disposed during the period/year	**(28,378,764)**	(65,282,990)
Net change in fair value	**1,554,056**	2,515,339
Closing balance	**87,547,335**	88,133,310

Set out below is a comparison of the carrying amount and fair values of financial instruments which are not carried at fair value as at 31 March 2015 and 31 December 2014:

	31 March 2015 (unaudited)		31 December 2014 (audited)	
	Fair value AED	**Carrying amount AED**	Fair value AED	Carrying amount AED
Financial assets				
Statutory deposit	**10,000,000**	**10,000,000**	10,000,000	10,000,000
Investments at amortised cost	**6,580,278**	**6,580,278**	3,610,000	3,610,000
Reinsurance contract assets	**120,570,100**	**120,570,100**	118,786,649	118,786,649
Insurance and other receivables	**176,359,484**	**176,359,484**	118,834,349	118,834,349
Bank and cash balances	**220,578,023**	**220,578,023**	220,863,903	220,863,903
	534,087,885	**534,087,885**	472,094,901	472,094,901
Financial liabilities				
Insurance contract liabilities	**313,459,132**	**313,459,132**	281,741,774	281,741,774
Insurance and other payables	**197,545,751**	**197,545,751**	149,489,614	149,489,614
	511,004,883	**511,004,883**	431,231,388	431,231,388

23 Contingent liabilities

	31 March 2015 (unaudited) AED	31 December 2014 (audited) AED
Bank guarantees	**13,415,959**	12,855,959

The above bank guarantees were issued in the normal course of business.

24 Approval of interim condensed financial statements

The interim condensed financial statements were approved and authorised for issue by the Board of Directors on 6 May 2015.