AL DHAFRA INSURANCE COMPANY P.S.C.

Review report and interim financial information for the period ended 30 September 2015

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Review report and interim financial information for the period ended 30 September 2015

The Board of Director's Report
for the period ended 30 September 2015

The Board of Directors takes pleasure in presenting the unaudited results for the period ended 30 September 2015.

As noted below, net underwriting income decreased by 84.45% and profit has decreased by 99.58% as compared to the same period in the prior year.

Particulars	9 months ended 30 September		
	2015 (unaudited) AED	2014 (unaudited) AED	Variance %
Condensed statement of profit or loss			
Gross written premium	**309,286,254**	288,476,790	7.21%
Net underwriting income	**8,086,586**	51,998,612	(84.45%)
Administrative and other operating expenses	**25,590,761**	26,564,072	(3.66%)
Net investment and other income	**17,751,820**	33,016,771	(46.23%)
Profit for the period	**247,645**	58,451,311	(99.58%)
Basic and diluted earnings per share (AED)	**0.002**	0.58	
	30 September 2015 (unaudited) AED	31 December 2014 (audited) AED	Variance %
Condensed statement of financial position			
Shareholders' equity	**365,487,847**	405,804,073	(9.93%)
Total assets	**886,556,326**	855,319,940	3.65%

Chairman
3 November 2015

Deloitte.

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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 30 September 2015 and the related condensed statements of profit or loss, other comprehensive income, changes in equity and cash flows for the nine-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
3 November 2015

Condensed statement of financial position as at 30 September 2015

	Notes	30 September 2015 (unaudited) AED	31 December 2014 (audited) AED
ASSETS			
Non-current assets			
Property and equipment		**1,833,277**	1,521,170
Investment properties	5	**82,000,000**	82,000,000
Intangible assets	6	**3,245,162**	3,794,279
Investments at fair value through other comprehensive income (FVTOCI)	7	**177,267,884**	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		**280,926,601**	278,318,219
Current assets			
Investments designated at fair value through profit or loss (FVTPL)	7	**105,715,047**	116,066,116
Reinsurance contract assets	9	**119,635,615**	118,786,649
Trade and other receivables	11	**169,641,641**	118,834,349
Prepayments		**2,209,625**	2,450,704
Bank and cash balances	19	**208,427,797**	220,863,903
Total current assets		**605,629,725**	577,001,721
Total assets		**886,556,326**	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		**(14,714,917)**	(14,151,046)
Retained earnings		**85,202,764**	124,955,119
Total shareholders' equity		**365,487,847**	405,804,073
Non-current liability			
Provision for end of service benefit		**7,452,495**	7,462,006
Current liabilities			
Insurance contract liabilities	9	**353,629,597**	281,741,774
Trade and other payables	15	**159,986,387**	160,312,087
Total current liabilities		**513,615,984**	442,053,861
Total liabilities		**521,068,479**	449,515,867
Total equity and liabilities		**886,556,326**	855,319,940

AL DHAFRA INSURANCE CO. P.S.C. FAD 1 ABU DHABI

....	....	....
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 30 September 2015

	Notes	3 months ended 30 September		9 months ended 30 September	
		2015	2014	**2015**	2014
		AED	AED	**AED**	AED
Gross written premium		**69,486,132**	84,850,605	**309,286,254**	288,476,790
Change in unearned premium provision		**6,733,209**	(9,558,560)	**(10,829,295)**	(10,933,170)
Premium income earned		**76,219,341**	75,292,045	**298,456,959**	277,543,620
Reinsurance premium ceded		**(24,556,173)**	(29,417,954)	**(99,236,242)**	(102,418,409)
Change in unearned premium provision		**(1,711,969)**	184	**(1,573,245)**	305,445
Reinsurance ceded		**(26,268,142)**	(29,417,770)	**(100,809,487)**	(102,112,964)
Net premium earned		**49,951,199**	45,874,275	**197,647,472**	175,430,656
Net claims incurred		**(83,349,239)**	(41,861,034)	**(206,067,565)**	(128,335,451)
Gross commission earned		**13,184,637**	8,899,062	**33,119,213**	20,924,566
Less: commission incurred		**(5,193,266)**	(6,426,686)	**(16,612,534)**	(16,021,159)
Net commission earned		**7,991,371**	2,472,376	**16,506,679**	4,903,407
Net underwriting (loss)/income		**(25,406,669)**	6,485,617	**8,086,586**	51,998,612
Administrative expenses		**(6,780,334)**	(6,621,059)	**(20,145,464)**	(18,904,486)
Other operating expenses		**(1,637,355)**	(2,493,728)	**(5,445,297)**	(7,659,586)
Net investment and other income	16	**(1,411,158)**	16,748,721	**17,751,820**	33,016,771
(Loss)/profit for the period	17	**(35,235,516)**	14,119,551	**247,645**	58,451,311
Basic and diluted (loss)/earnings per ordinary share	18	**(0.35)**	0.14	**0.002**	0.58

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

Condensed statement of comprehensive income (unaudited) for the period ended 30 September 2015

	3 months ended 30 September		9 months ended 30 September	
	2015	2014	**2015**	2014
	AED	AED	**AED**	AED
(Loss)/profit for the period	**(35,235,516)**	14,119,551	**247,645**	58,451,311
Other comprehensive income:				
Items not to be reclassified to profit or loss in subsequent period:				
Gain on disposal of investments at FVTOCI	-	-	-	7,132
Net fair value (loss)/gain on investments at FVTOCI (note 7.2)	**(11,991,666)**	30,275,642	**(563,871)**	38,395,891
Total other comprehensive (loss)/income for the period	**(11,991,666)**	30,275,642	**(563,871)**	38,403,023
Total comprehensive (loss)/income for the period	**(47,227,182)**	44,395,193	**(316,226)**	96,854,334

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

Condensed statement of changes in equity for the period ended 30 September 2015

	Share capital AED	Legal reserve AED	General reserve AED	Investment revaluation reserve AED	Retained earnings AED	Total AED
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	-	-	-	-	58,451,311	58,451,311
Other comprehensive income	-	-	-	38,395,891	7,132	38,403,023
Total comprehensive income for the period	-	-	-	38,395,891	58,458,443	96,854,334
Dividends (note 12)	-	-	-	-	(40,000,000)	(40,000,000)
Transfer to retained earnings on disposal of investments at FVTOCI	-	-	-	(523,815)	523,815	-
Balance at 30 September 2014 (unaudited)	**100,000,000**	**50,000,000**	**145,000,000**	**22,239,809**	**141,022,559**	**458,262,368**
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	-	-	-	-	247,645	247,645
Other comprehensive loss	-	-	-	(563,871)	-	(563,871)
Total comprehensive income/(loss) for the period	-	-	-	(563,871)	247,645	(316,226)
Dividends (note 12)	-	-	-	-	(40,000,000)	(40,000,000)
Balance at 30 September 2015 (unaudited)	**100,000,000**	**50,000,000**	**145,000,000**	**(14,714,917)**	**85,202,764**	**365,487,847**

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

Condensed statement of cash flows (unaudited)
for the period ended 30 September 2015

	Notes	9 months ended 30 September 2015 AED	2014 AED
Operating activities			
Profit for the period		**247,645**	58,451,311
Adjustments for:			
Depreciation of property and equipment		**606,686**	536,112
Amortisation of intangible assets		**1,110,571**	1,249,227
Investment income		**(17,185,235)**	(32,328,126)
(Gain)/loss on disposal of property and equipment	16	**(25,581)**	1,298
Net transfer to provision for end of service benefit		**(9,511)**	110,072
Operating cash flows before movements in working capital		**(15,255,425)**	28,019,894
(Increase)/decrease in reinsurance contract assets		**(848,966)**	3,090,408
Increase in insurance contract liabilities		**71,887,823**	23,375,694
Increase in trade and other receivables		**(50,179,107)**	(17,681,860)
Decrease/(increase) in prepayments		**241,079**	(704,265)
(Decrease)/increase in trade and other payables		**(325,700)**	48,158
Net cash generated from operating activities		**5,519,704**	36,148,029
Investing activities			
Movement in bank deposits with original maturities of greater than three months		**(100,764,701)**	(40,894,182)
Interest received		**2,546,870**	2,409,776
Dividends received	16	**9,079,507**	8,516,389
Net rental proceeds on investment properties	16	**3,028,100**	2,850,890
Proceeds from disposal of investments at FVTOCI		**-**	1,253,806
Proceeds from disposal of investments at FVTPL	7/2	**87,782,986**	68,187,029
Proceeds from redemption of investment at amortised cost		**-**	9,914,400
Proceeds from disposal of property and equipment		**35,750**	301
Payment of investment expenses	16	**(674,869)**	(381,528)
Payments for purchase of property and equipment		**(920,962)**	(880,187)
Payments for purchase of intangible assets		**(569,454)**	(497,769)
Payments for purchase of investments at FVTPL	7/2	**(77,824,753)**	(91,753,916)
Payments for purchase of investments at FVTOCI		**(438,985)**	-
Net cash used in investing activities		**(78,720,511)**	(41,274,991)
Financing activity			
Dividends paid		**(40,000,000)**	(40,000,000)
Decrease in cash and cash equivalents		**(113,200,807)**	(45,126,962)
Cash and cash equivalents at the beginning of the period		**159,704,648**	153,585,141
Cash and cash equivalents at the end of period	19	**46,503,841**	108,458,179

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

Notes to the condensed financial statements
for the period ended 30 September 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 condensed 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 authorisation 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 2018

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 as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9 (2014) and IFRS 15, may have no material impact on the financial statements of the Company in the period of initial application.

Management anticipates that IFRS 15 and IFRS 9 (2014) will be adopted in the Company's financial statements for the annual period beginning 1 January 2018. The application of IFRS 15 and IFRS 9 (2014) may have significant impact on amounts reported and disclosures made in the financial statements in respect of revenue from contracts with customers and the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of effects of the application of these standards until the Company performs a detailed review.

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

2.3 Standards adopted before effective date

During the year 2009, the Company adopted IFRS 9 *Financial Instruments* (2009) 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) 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.

3 Summary of significant accounting policies (continued)

3.3 Investment in securities (continued)

3.3.1 Investments at amortised cost (continued)

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.

3.3.2 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.

3 Summary of significant accounting policies (continued)

3.3 Investment in securities (continued)

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

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 31 December 2014 (audited) and 30 September 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 30 September 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 30 September 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 30 September 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.

7 Investments

7.1 Composition of investments

	30 September 2015 (unaudited) AED	31 December 2014 (audited) AED
Investments at FVTOCI		
Quoted UAE equity securities	**177,267,884**	177,392,770
Investments at FVTPL		
Investment funds	**105,715,047**	116,066,116
Investments at amortised cost		
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 30 September 2015 (31 December 2014: AED 14,750,000).

The geographical distribution of investments is as follows:

	30 September 2015 (unaudited) AED	31 December 2014 (audited) AED
Within UAE	**289,563,209**	297,068,886

7.2 Movement in investments

The movement in the investments is as follows:

	30 September 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	**438,985**	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	**(563,871)**	2,005,036
Fair value at end of period/year	**177,267,884**	177,392,770

7 Investments (continued)

7.2 Movement in investments (continued)

	30 September 2015 (unaudited) AED	31 December 2014 (audited) AED
Investments at FVTPL		
Fair value at start of period/year	**116,066,116**	91,548,315
Additions during the period/year	**77,824,753**	104,357,372
Proceeds from disposals during the period/year	**(87,782,986)**	(84,322,886)
(Loss)/gain on disposal during the period/year (note 16)	**(2,908,258)**	3,769,957
Increase in fair value taken to profit or loss (note 16)	**2,515,422**	713,358
Fair value at end of period/year	**105,715,047**	116,066,116
Investments at amortised cost		
Amortised cost at start of period/year	**3,610,000**	13,524,400
Reversal of impairment (note 16)	**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.

9 Insurance contract liabilities and reinsurance contract assets

	30 September 2015 (unaudited) AED	31 December 2014 (audited) AED
Insurance liabilities – Gross		
Reported claims	**197,704,422**	143,761,619
Claims incurred but not reported	**10,237,313**	3,121,589
Unearned premiums	**145,687,862**	134,858,566
	353,629,597	281,741,774
Recoverable from reinsurers		
Reported claims	**78,527,048**	77,332,135
Claims incurred but not reported	**1,747,978**	520,680
Unearned premiums	**39,360,589**	40,933,834
	119,635,615	118,786,649
Insurance liabilities – Net		
Reported claims	**119,177,374**	66,429,484
Claims incurred but not reported	**8,489,335**	2,600,909
Unearned premiums	**106,327,273**	93,924,732
	233,993,982	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 30 September		9 months ended 30 September	
	2015 (unaudited) AED	2014 (unaudited) AED	**2015 (unaudited) AED**	2014 (unaudited) AED
Premiums written	**3,779,651**	2,726,125	**54,777,153**	9,559,546
Claims paid	**22,163,979**	6,149,770	**24,915,237**	29,158,060
Directors' remuneration	-	750,000	-	2,250,000
Key management remuneration	**2,387,132**	1,895,398	**6,758,855**	5,787,646

10 Related parties (continued)

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

	30 September 2015 (unaudited) AED	31 December 2014 (audited) AED
Due from related party policyholders (note 11)	**35,042,348**	11,896,303

The remuneration of Directors is paid as an appropriation out of the profits for the year 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

	30 September 2015 (unaudited) AED	31 December 2014 (audited) AED
Due from external policyholders	**116,431,993**	101,610,924
Due from related party policyholders (note 10)	**35,042,348**	11,896,303
Less: allowance for doubtful debts	**(6,957,479)**	(6,992,119)
Net due from policyholders	**144,516,862**	106,515,108
Due from insurance companies	**5,824,753**	4,798,707
Due from reinsurance companies	**14,553,465**	5,938,802
Interest receivable	**1,493,336**	865,151
Other receivables	**3,253,225**	716,581
	169,641,641	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

	30 September 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 30 September 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

	30 September 2015 (unaudited) AED	31 December 2014 (audited) AED
Due to policy holders	**59,169,289**	26,471,944
Due to insurance companies	**26,942,895**	24,187,293
Due to reinsurance companies	**37,930,489**	49,856,084
Premium reserve withheld	**24,214,176**	15,794,896
Commissions payable	**-**	17,500,000
Deferred income	**1,786,591**	10,822,473
Directors' remuneration payable	**-**	3,000,000
Other payables	**9,942,947**	12,679,397
	159,986,387	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 30 September 2015 (continued)

16 Net investment and other income

	3 months ended 30 September		9 months ended 30 September	
	2015	2014	**2015**	2014
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
	AED	AED	**AED**	AED
Rental income:				
Gross rental income	**1,109,927**	1,254,690	**3,454,887**	3,358,977
Less: building expenses	**(167,850)**	(174,735)	**(426,787)**	(508,087)
Net rental income	**942,077**	1,079,955	**3,028,100**	2,850,890
Net interest income on:				
Bank deposits	**1,322,286**	1,359,170	**3,369,442**	2,634,854
Interest paid to reinsurers	**(194,387)**	(750,634)	**(194,387)**	(225,078)
Net interest income	**1,127,899**	608,536	**3,175,055**	2,409,776
Dividend income on:				
Investments at FVTOCI	**-**	950,957	**7,881,067**	6,867,738
Investments at FVTPL	**706,427**	603,159	**1,198,440**	1,648,651
	706,427	1,554,116	**9,079,507**	8,516,389
Reversal of impairment of investment at amortised cost	**-**	-	**2,970,278**	-
(Loss)/gain on disposal of investments (note 7.2)	**(457,573)**	3,041,590	**(2,908,258)**	5,341,150
(Decrease)/ increase in fair value of investments at FVTPL (note 7.2)	**(3,853,785)**	10,574,288	**2,515,422**	13,591,449
Investment expenses	**(232,132)**	(185,705)	**(674,869)**	(381,528)
Gain on disposal of property and equipment	**1,992**	(567)	**25,581**	(1,298)
Other income	**353,937**	76,508	**541,004**	689,943
	(1,411,158)	16,748,721	**17,751,820**	33,016,771

17 Profit for the period

Profit for the period is stated after charging:

	3 months ended 30 September		9 months ended 30 September	
	2015 (unaudited) AED	2014 (unaudited) AED	**2015 (unaudited) AED**	2014 (unaudited) AED
Staff costs	**5,805,162**	5,540,783	**17,401,428**	16,675,026
Depreciation of property and equipment	**221,345**	175,381	**606,686**	536,112
Amortisation of intangible assets	**353,310**	396,765	**1,110,571**	1,249,227

18 Earnings per ordinary share

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

	3 months ended 30 September		9 months ended 30 September	
	2015 (unaudited)	2014 (unaudited)	**2015 (unaudited)**	2014 (unaudited)
(Loss)/profit for the period (AED)	**(35,235,516)**	14,119,551	**247,645**	58,451,311
Ordinary shares in issue throughout the period	**100,000,000**	100,000,000	**100,000,000**	100,000,000
Basic and diluted (loss)/earnings per share (AED)	**(0.35)**	0.14	**0.002**	0.58

As of 30 September 2015 and 2014, the Company has not issued any instruments that have an impact on earnings per share when exercised.

19 Cash and cash equivalents

	30 September 2015 (unaudited) AED	30 September 2014 (unaudited) AED
Cash on hand	**17,201**	18,082
Call accounts	**46,486,640**	108,440,097
Term deposits	**161,923,956**	93,093,029
Bank balances and cash	**208,427,797**	201,551,208
Less: deposits with original maturities of greater than three months	**(161,923,956)**	(93,093,029)
Cash and cash equivalents	**46,503,841**	108,458,179

The interest rate on fixed deposits and call accounts with banks ranges between 0.55% and 2.75% (2014: 0.91% and 2.25%) 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 30 September 2015 (continued)

20 Segment information (continued)

20.1 Segment revenue and results

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

	9 months ended 30 September 2015 (unaudited)			9 months ended 30 September 2014 (unaudited)		
	Underwriting AED	**Investments AED**	**Total AED**	Underwriting AED	Investments AED	Total AED
Direct revenues	**342,405,467**	**12,995,578**	**355,401,045**	309,401,356	19,851,370	329,252,726
Direct costs	**(334,318,881)**	**(1,296,043)**	**(335,614,924)**	(257,402,744)	(1,114,693)	(258,517,437)
Administrative expenses	**(20,145,464)**	**-**	**(20,145,464)**	(18,904,486)	-	(18,904,486)
Depreciation expense	**(606,686)**	**-**	**(606,686)**	(536,112)	-	(536,112)
Amortisation expense	**(1,110,571)**	**-**	**(1,110,571)**	(1,249,227)	-	(1,249,227)
Other expenses	**(3,728,040)**	**-**	**(3,728,040)**	(5,874,247)	-	(5,874,247)
Non-cash investment gains	**-**	**5,485,700**	**5,485,700**	-	13,591,449	13,591,449
Segment (loss)/ profit	**(17,504,175)**	**17,185,235**	**(318,940)**	25,434,540	32,328,126	57,762,666
Other income	**-**	**-**	**566,585**	-	-	688,645
(Loss)/ profit for the period	**(17,504,175)**	**17,185,235**	**247,645**	25,434,540	32,328,126	58,451,311

Revenue reported above represents revenue generated from external customers and third parties. There were no inter-segment revenues in the nine-month period ended 30 September 2015 and 2014.

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

Notes to the condensed financial statements
for the period ended 30 September 2015 (continued)

20 Segment information (continued)

20.2 Segment assets and liabilities

	As at 30 September 2015 (unaudited)			As at 31 December 2014 (audited)		
	Underwriting AED	**Investments AED**	**Total AED**	Underwriting AED	Investments AED	Total AED
Segment assets	**296,565,320**	**543,487,165**	**840,052,485**	245,387,151	450,228,141	695,615,292
Unallocated assets	-	-	**46,503,841**	-	-	159,704,648
Total assets	**296,565,320**	**543,487,165**	**886,556,326**	245,387,151	450,228,141	855,319,940
Segment liabilities	**512,486,621**	**1,798,931**	**514,285,552**	439,515,848	1,410,444	440,926,292
Unallocated liabilities	-	-	**6,782,927**	-	-	8,589,575
Total liabilities	**512,486,621**	**1,798,931**	**521,068,479**	439,515,848	1,410,444	449,515,867
Capital expenditure	**1,490,416**	-	**1,490,416**	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 nine-month period ended 30 September 2015 and 2014.

22 Fair value of financial instruments

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**
30 September 2015 (unaudited)				
Investments at FVTOCI	**177,267,884**	-	-	**177,267,884**
Investments at FVTPL	**27,973,885**	-	**77,741,162**	**105,715,047**
	205,241,769	-	**77,741,162**	**282,982,931**

	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 30 September 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:

	30 September 2015 (unaudited) AED	31 December 2014 (audited) AED
Opening balance	**88,133,310**	91,548,315
Investments purchased during the period/year	**66,714,330**	59,352,646
Investments disposed during the period/year	**(79,099,338)**	(65,282,990)
Net change in fair value	**1,992,860**	2,515,339
Closing balance	**77,741,162**	88,133,310

The Company's management considers that the fair values of financial assets and financial liabilities that are not measured at fair value approximates to their carrying amounts as stated in the condensed financial statements and are classified as level 2 in accordance with the IFRS 13 hierarchy.

23 Contingent liabilities

	30 September 2015 (unaudited) AED	31 December 2014 (audited) AED
Bank guarantees	**13,054,024**	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 3 November 2015.