

**Dubai Insurance Company
(Public Shareholding Company)**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 SEPTEMBER 2013 (UNAUDITED)

REPORT ON REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF DUBAI INSURANCE COMPANY (PSC)

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Dubai Insurance Company (PSC) as at 30 September 2013, comprising the interim consolidated statement of financial position as at 30 September 2013 and the related interim consolidated statements of income and comprehensive income for the three-month and nine-month periods then ended, and the related interim consolidated statements of changes in equity and cash flows for the nine-month period then ended and explanatory information. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard, IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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. Consequently, it 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.



Signed by
Ashraf Abu-Sharkh
Partner
Registration number: 690

28 October 2013

Dubai, United Arab Emirates

Dubai Insurance Company (PSC)

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the period ended 30 September 2013 (Unaudited)

		<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>Note</i>	<i>2013 AED '000</i>	<i>2012 AED '000</i>	<i>2013 AED '000</i>	<i>2012 AED '000</i>
UNDERWRITING INCOME					
Gross premium		48,434	61,021	235,218	260,754
Movement in provision for unearned premium		15,074	42	(19,484)	(23,979)
Insurance premium revenue		<u>63,508</u>	<u>61,063</u>	<u>215,734</u>	<u>236,775</u>
Reinsurance share of premium		(31,780)	(38,562)	(164,977)	(200,116)
Movement in provision for reinsurance share of unearned premium		(10,731)	946	14,689	22,491
		<u>(42,511)</u>	<u>(37,616)</u>	<u>(150,288)</u>	<u>(177,625)</u>
Net insurance premium revenue		20,997	23,447	65,446	59,150
Reinsurance commission income		2,462	2,544	14,873	11,631
Other income (expense)		(510)	852	(903)	2,529
Total underwriting income		<u>22,949</u>	<u>26,843</u>	<u>79,416</u>	<u>73,310</u>
UNDERWRITING EXPENSES					
Claims incurred		30,990	23,953	115,911	91,236
Reinsurers' share of claims incurred		(21,108)	(20,135)	(85,273)	(66,676)
Net claims incurred		9,882	3,818	30,638	24,560
Commission expenses		6,799	14,226	20,683	21,041
Excess of loss reinsurance premium		767	250	1,326	749
General and administrative expenses relating to underwriting activities		3,122	2,702	9,396	8,294
Total underwriting expenses		<u>20,570</u>	<u>20,996</u>	<u>62,043</u>	<u>54,644</u>
NET UNDERWRITING INCOME		<u>2,379</u>	<u>5,847</u>	<u>17,373</u>	<u>18,666</u>
INVESTMENT INCOME					
Realised (loss) gain on disposal of investment		(6)	53	1	21
Fair value gain (loss) on financial assets at fair value through profit or loss		126	45	(283)	473
Other investment income		1,034	848	14,217	11,526
Other investment costs		(55)	(57)	(160)	(215)
		<u>1,099</u>	<u>889</u>	<u>13,775</u>	<u>11,805</u>
OTHER INCOME AND EXPENSES					
General and administrative expenses not allocated		(1,581)	(940)	(3,736)	(3,385)
Other (expenses) income		(7)	(38)	401	98
		<u>(1,588)</u>	<u>(978)</u>	<u>(3,335)</u>	<u>(3,287)</u>
PROFIT FOR THE PERIOD		<u>1,890</u>	<u>5,758</u>	<u>27,813</u>	<u>27,184</u>
Basic and diluted earnings per share (AED)	3	<u>0.019</u>	<u>0.058</u>	<u>0.278</u>	<u>0.272</u>

The attached explanatory notes 1 to 14 form part of these interim condensed consolidated financial statements.

Dubai Insurance Company (PSC)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2013 (Unaudited)

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2013 AED '000</i>	<i>2012 AED '000</i>	<i>2013 AED '000</i>	<i>2012 AED '000</i>
Profit for the period	1,890	5,758	27,813	27,184
OTHER COMPREHENSIVE INCOME				
<i>Other comprehensive income that could not be reclassified to profit or loss in subsequent periods :</i>				
Net unrealized gain on financial assets at fair value through other comprehensive income	15,744	8,393	86,716	11,832
Other comprehensive income for the period	15,744	8,393	86,716	11,832
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	17,634	14,151	114,529	39,016

The attached explanatory notes 1 to 14 form part of these interim condensed consolidated financial statements.

Dubai Insurance Company (PSC)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2013 (Unaudited)

		30 September 2013 AED '000	Audited 31 December 2012 AED '000
	Notes		
ASSETS			
Property and equipment	4	45,297	44,226
Investment property	5	2,260	1,670
Financial instruments	6	344,621	229,568
Reinsurance assets		142,431	114,482
Insurance receivables		95,753	100,290
Prepayments and other receivables		5,730	5,361
Statutory deposits		10,000	10,000
Cash and cash equivalents	7	30,788	49,445
TOTAL ASSETS		676,880	555,042
EQUITY AND LIABILITIES			
Equity			
Share capital	9	100,000	100,000
Statutory reserve	10	50,000	50,000
General reserve	10	10,000	10,000
Retained earnings		110,040	82,227
Cumulative changes in fair value of investments	10	104,956	18,240
Proposed dividends – cash	11	-	20,000
Total equity		374,996	280,467
Liabilities			
Bank loan	8	18,413	18,416
Employees' end of service benefits		2,086	1,864
Insurance contract liabilities		194,764	157,086
Amounts held under reinsurance treaties		14,514	12,014
Reinsurance balances payable		49,630	56,885
Insurance and other payables		22,477	28,310
Total liabilities		301,884	274,575
TOTAL EQUITY AND LIABILITIES		676,880	555,042

The interim condensed consolidated financial statements were authorised by the management on 28 October 2013.


Buti Obaid Almulla
Chairman


Abdellatif Abuqurah
Chief Executive Officer

The attached explanatory notes 1 to 14 form part of these interim condensed consolidated financial statements.

Dubai Insurance Company (PSC)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2013 (Unaudited)

	Share capital AED '000	Statutory reserve AED '000	General reserve AED '000	Retained earnings AED '000	Proposed dividend AED '000	Cumulative changes in fair value of investments AED '000	Total AED '000
Balance at 1 January 2013	100,000	50,000	10,000	82,227	20,000	18,240	280,467
Profit for the period	-	-	-	27,813	-	-	27,813
Other comprehensive income	-	-	-	-	-	86,716	86,716
Total comprehensive income for the period	-	-	-	27,813	-	86,716	114,529
Cash dividend paid (Note 11)	-	-	-	-	(20,000)	-	(20,000)
Balance at 30 September 2013	100,000	50,000	10,000	110,040	-	104,956	374,996
Balance at 1 January 2012	100,000	50,000	3,500	83,021	18,000	9,901	264,422
Profit for the period	-	-	-	27,184	-	-	27,184
Other comprehensive income	-	-	-	-	-	11,832	11,832
Total comprehensive income for the period	-	-	-	27,184	-	11,832	39,016
Cash dividend paid (Note 11)	-	-	-	(2,000)	(18,000)	-	(20,000)
Balance at 30 September 2012	100,000	50,000	3,500	108,205	-	21,733	283,438

The attached explanatory notes 1 to 14 form part of these interim condensed consolidated financial statements.

Dubai Insurance Company (PSC)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 September 2013 (Unaudited)

		<i>Nine month period ended 30 September</i>	
	<i>Note</i>	<i>2013 AED '000</i>	<i>2012 AED '000</i>
OPERATING ACTIVITIES			
Profit for the period		27,813	27,184
Adjustments for:			
Depreciation on property and equipment		405	486
Interest income		1,737	1,474
Provision for employees' end of service benefits		312	300
Gain on sale of investments in debt instruments at amortised cost		(1)	-
		<u>30,266</u>	<u>29,444</u>
Changes in operating assets and liabilities:			
Reinsurance assets		(27,949)	(25,492)
Insurance receivables		4,537	7,537
Prepayments and other receivables		(369)	(497)
Insurance contract liabilities		37,678	29,406
Amounts held under reinsurance treaties		2,500	1,933
Reinsurance balances payable		(7,255)	(7,729)
Insurance and other payables		(5,833)	(7,805)
		<u>33,575</u>	<u>26,797</u>
Cash generated from operations		(90)	(52)
Employees' end of service paid			
Net cash generated from operating activities		<u>33,485</u>	<u>26,745</u>
INVESTING ACTIVITIES			
Interest income		(1,737)	(1,474)
Investments held at amortised cost		10,296	492
Financial investments at fair value through profit or loss		(38,632)	(6,861)
Purchase of property and equipment		(1,476)	(387)
Additions to investment property		(590)	-
		<u>(32,139)</u>	<u>(8,230)</u>
Net cash used in investing activities			
FINANCING ACTIVITIES			
Dividends paid		(20,000)	(20,000)
Bank loan		(3)	(57)
		<u>(20,003)</u>	<u>(20,057)</u>
Net cash used in financing activities			
DECREASE IN CASH AND CASH EQUIVALENTS		<u>(18,657)</u>	<u>(1,542)</u>
Cash and cash equivalents at 1 January		49,445	31,584
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	7	<u>30,788</u>	<u>30,042</u>

The attached explanatory notes 1 to 14 form part of these interim condensed consolidated financial statements.

Dubai Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2013 (Unaudited)

1 CORPORATE INFORMATION

Dubai Insurance Company (PSC) (the "Company") is a public shareholding Company registered under the Federal Law No. 8 of 1984 (as amended) and the UAE Federal Law No. (6) of 2007 relating to commercial companies in the UAE. The Company mainly issues short term insurance contracts in connection with motor, marine, fire, engineering, general accident and medical risks (collectively known as general insurance) and group life and individual life risk (collectively referred to as life assurance). The Company also invests its funds in investment securities and properties. The registered address of the Company is P.O. Box 3027, Dubai, United Arab Emirates. The Company operates in United Arab Emirates and most of the insurance policies are issued in the United Arab Emirates. The shares of the Company are listed on the Dubai Financial Market.

During the previous year, the Company established a new subsidiary for investment purposes. These interim consolidated financial statements incorporate the financial statements of the Company and its subsidiary (collectively referred to as the "Group").

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting ("IAS 34").

Interim reporting

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2012 except for the adoption of the new and amended IFRS and IFRIC interpretations which became effective as of 1 January 2013. The adoption of these standards and interpretations did not have an impact on the financial position or performance of the Group during the period.

These condensed consolidated financial statements do not include all disclosure and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2012. In addition, results for the nine months ended 30 September 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

2.2 BASIS OF CONSOLIDATION

The Group comprises of the Company and the under-mentioned subsidiary company.

<u>Subsidiary</u>	<u>Principal activity</u>	<u>Country of incorporation</u>	<u>Ownership</u>
Vattaun Limited	Investment	British Virgin Island	100%

Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Group and its subsidiary as at 30 September 2013.

Subsidiary companies are those companies in which the Company, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has the power to exercise control over their operations. The subsidiary is fully consolidated from the date of formation, being the date on which the Group obtained control and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiary are prepared for the same reporting year as the parent company, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profit and losses resulting from intra-group transactions, are eliminated in full.

2.2 BASIS OF CONSOLIDATION (continued)

Basis of consolidation (continued)

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2.3 ACCOUNTING POLICIES

The accounting policies adopted by the Group relating to Investments and Cash and cash equivalents, which are consistent with the policies adopted during the previous year, are reproduced below:

Investment properties

The Group has elected to adopt the cost model for investment properties. Accordingly, investment properties are carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

Building	25 years
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No depreciation is charged on freehold land.

Fair value of financial instruments

The fair value of financial instruments that are actively traded in organised 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 reporting date. If quoted market prices are not available, reference can also be made to broker or dealer price quotations.

The fair values of floating rate and overnight deposits with credit institutions are their carrying values. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date.

Financial assets

At initial recognition, all financial assets are measured at fair value.

Equity investments

For subsequent measurements, all financial assets that are equity investments are measured at fair value either through Other Comprehensive Income (OCI) or through profit or loss. This is an irrevocable choice that the Group has made on early adoption of IFRS 9 or will make on subsequent acquisition of equity investments unless the equity investments are held for trading, in which case, they must be measured at fair value through profit or loss.

Gain or loss on disposal of equity investments at fair value through Other Comprehensive Income (OCI) are not recycled.

Dividend income for all equity investments at fair value through Other Comprehensive Income (OCI) are recorded through profit or loss.

2.3 ACCOUNTING POLICIES (continued)

Financial assets (continued)

Debt instruments

Debt instruments are also measured at fair value through profit or loss unless they are classified at amortised cost. They are classified at amortised cost only if:

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

Derecognition of financial instruments

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement
- The Group has transferred its rights to receive cash flows from the asset and either:
 - has transferred substantially all the risks and rewards of the asset, or
 - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment and uncollectibility of financial assets

An assessment is made at each reporting 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 consolidated statement of income. Impairment is determined as follows:

- (a) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
- (b) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Impairment of non-financial assets (excluding goodwill)

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using discount rates that reflect current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less in the statement of financial position.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2013 (Unaudited)

3 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of shares outstanding during the period as follows:

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
Profit for the period (AED '000)	<u>1,890</u>	<u>5,758</u>	<u>27,813</u>	<u>27,184</u>
Weighted average number of shares outstanding during the period ('000)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Earnings per share (AED)	<u>0.019</u>	<u>0.058</u>	<u>0.278</u>	<u>0.272</u>

No figures for diluted earnings has been presented because the Group has not issued any instruments which would have an impact on earnings per share when exercised.

4 PROPERTY AND EQUIPMENT

Included in property and equipment is a land situated in the Emirate of Dubai, United Arab Emirates with a carrying value of AED 43,307 thousand. The Group's Board of Directors has resolved to construct the Group's head office on the land in the foreseeable future.

5 INVESTMENT PROPERTY

Investment property represent the Group's investments in freehold land and building situated in the Emirate of Dubai, United Arab Emirates.

6 FINANCIAL INSTRUMENTS

	<i>Carrying value</i>		<i>Fair value</i>	
	<i>30 September 2013 AED'000 (Unaudited)</i>	<i>31 December 2012 AED'000 (Audited)</i>	<i>30 September 2013 AED'000 (Unaudited)</i>	<i>31 December 2012 AED'000 (Audited)</i>
Financial instruments				
At fair value through profit or loss (Note 6.1)	65,157	47,116	65,157	47,116
At fair value through other comprehensive income (Note 6.2)	231,298	144,582	231,298	144,582
Investments held at amortised cost (Note 6.3)	48,166	37,870	49,864	39,802
	<u>344,621</u>	<u>229,568</u>	<u>346,319</u>	<u>231,500</u>

6 FINANCIAL INSTRUMENTS (continued)**6.1 FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<i>30 September 2013 AED'000</i>	<i>31 December 2012 AED'000 (Audited)</i>
a) <i>Shares - quoted</i>	3,472	3,755
b) <i>Designated upon initial recognition</i> Bank deposits with maturity over three months (unquoted)	61,685	43,361
	<u>65,157</u>	<u>47,116</u>

The entire shares and bank deposits are within United Arab Emirates.

6.2 FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (OCI)

	<i>30 September 2013 AED'000</i>	<i>31 December 2012 AED'000 (Audited)</i>
Shares – quoted (within UAE)	221,098	134,382
Shares – unquoted (within UAE)	10,200	10,200
	<u>231,298</u>	<u>144,582</u>

6.3 DEBT INSTRUMENTS AT AMORTISED COST

	<i>30 September 2013 AED'000</i>	<i>31 December 2012 AED'000 (Audited)</i>
<i>Amortised cost</i>		
Debt securities (within UAE)	13,673	3,675
Debt securities (outside UAE)	34,493	34,195
	<u>48,166</u>	<u>37,870</u>

Debt securities amounting to AED 34,493 thousand (2012: AED 34,195 thousand) are pledged against bank loan (Note 11). The investments carry interest at an effective rate of 3.9% per annum. The maturity profile of these debt instruments is shown below:

	<i>30 September 2013</i>		
	<i>Less than 5 years AED'000</i>	<i>More than 5 years AED'000</i>	<i>Total AED'000</i>
Debt securities (within UAE)	13,673	-	13,673
Debt securities (outside UAE)	17,086	17,407	34,493
	<u>30,759</u>	<u>17,407</u>	<u>48,166</u>

6 FINANCIAL INSTRUMENTS (continued)**6.3 DEBT INSTRUMENTS AT AMORTISED COST (continued)**

<i>31 December 2012 (Audited)</i>		
	<i>Less than 5 years AED '000</i>	<i>More than 5 years AED '000</i>
		<i>Total AED '000</i>
Debt securities (within UAE)	3,675	-
Debt securities (outside UAE)	18,073	16,122
	<u>21,748</u>	<u>16,122</u>
		<u>37,870</u>

7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	<i>30 September 2013 AED '000</i>	<i>30 September 2012 AED '000</i>
Bank balances and cash	<u>30,788</u>	<u>30,042</u>

The entire bank balances are within United Arab Emirates.

8 BANK LOAN

The Group entered into a credit facility agreement with an international bank for USD 5 million (equivalent AED 18,413 thousand). The loan facility is secured against investments in debt instruments held at amortised cost amounting to AED 34,493 thousand (31 December 2012: AED 34,195 thousand) (Note 6.3) used for the Group's investment operation. The loan carries interest at 3 months LIBOR plus 0.85% per annum and the tenure of the loan is directly linked to the maturity period of the debt instruments which are financed by the loan. The debt instruments have maturity periods of 2 to 10 years.

9 SHARE CAPITAL

	<i>30 September 2013 AED '000</i>	<i>31 December 2012 AED '000 (Audited)</i>
<i>Issued and fully paid</i>		
100,000,000 shares of AED 1 each		
(2012: – 100,000,000 shares of AED 1 each)	<u>100,000</u>	<u>100,000</u>

10 RESERVES**NATURE AND PURPOSE OF RESERVES**

- STATUTORY RESERVE**

In accordance with the UAE Commercial Companies Law and the Group's Article of Association, the Group has resolved not to increase the statutory reserve above an amount equal to 50% of its paid up share capital. Accordingly, no transfers have been made during the nine months period to 30 September 2013, as this will be based on the results for the year. The reserve is not available for distribution except in the circumstances stipulated by the law.

- GENERAL RESERVE**

Transfers to the general reserve are made on the recommendation of the Board of Directors. This reserve may be used for such purposes as deemed appropriate by the Board of Directors.

- CUMULATIVE CHANGES IN FAIR VALUE OF INVESTMENTS**

This reserve records fair value changes on financial instrument held at fair value through other comprehensive income.

11 PROPOSED AND PAID DIVIDENDS

	<i>30 September 2013 AED'000</i>	<i>31 December 2012 AED'000 (Audited)</i>
<i>Declared and paid:</i>		
Cash dividend for 2012 of AED 0.20 per share	20,000	-
Cash dividend for 2011 of AED 0.20 per share	-	20,000
	<u>20,000</u>	<u>20,000</u>
<i>Proposed for approval at Annual General Meeting:</i>		
(2012: Cash dividend of AED 0.20 per share)	-	20,000
	<u>-</u>	<u>20,000</u>

12 SEGMENTAL INFORMATION**Primary segment information**

For management purposes, the Group is organised into business units based on its products and services and has three reportable operating segments as follows:

- The general insurance segment, comprises motor, marine, fire, engineering, general accident and medical.
- The life assurance segment, includes individual and group life insurance.
- Investment comprises investment and cash management for the Group's own account.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2013 (Unaudited)

12 SEGMENTAL INFORMATION (continued)

Transactions between operating segments are conducted at estimated market rates on an arm's length basis. Operating segment information is presented below:

	<i>Three months ended 30 September</i>					
	<i>General insurance</i>		<i>Life assurance</i>		<i>Total</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
UNDERWRITING INCOME						
Insurance premium revenue	57,033	53,756	6,475	7,307	63,508	61,063
Reinsurers' share of premium	(37,629)	(31,939)	(4,882)	(5,677)	(42,511)	(37,616)
Net insurance premium revenue	19,404	21,817	1,593	1,630	20,997	23,447
Reinsurance commission income	2,457	2,522	5	22	2,462	2,544
Other income	(545)	583	35	269	(510)	852
	21,316	24,922	1,633	1,921	22,949	26,843
UNDERWRITING EXPENSES						
Claims incurred	23,894	23,214	7,096	739	30,990	23,953
Reinsurers' share of claims incurred	(14,777)	(19,470)	(6,331)	(665)	(21,108)	(20,135)
Net claims incurred	9,117	3,744	765	74	9,882	3,818
Commission expenses	6,051	13,279	748	947	6,799	14,226
Excess of loss premium	767	250	-	-	767	250
General and administration expenses relating to underwriting activities	2,727	2,363	395	339	3,122	2,702
	18,662	19,636	1,908	1,360	20,570	20,996
NET UNDERWRITING INCOME	2,654	5,286	(275)	561	2,379	5,847
TOTAL INVESTMENT INCOME					1,099	889
Unallocated other expenses					(1,588)	(978)
PROFIT FOR THE PERIOD					1,890	5,758

Dubai Insurance Company (PSC)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 30 September 2013 (Unaudited)

12 SEGMENTAL INFORMATION (continued)

Nine months ended 30 September

	<i>General insurance</i>		<i>Life assurance</i>		<i>Total</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
UNDERWRITING INCOME						
Insurance premium revenue	198,144	216,675	17,590	20,100	215,734	236,775
Reinsurers' share of premium	(136,168)	(160,851)	(14,120)	(16,774)	(150,288)	(177,625)
Net insurance premium revenue	61,976	55,824	3,470	3,326	65,446	59,150
Commission income	13,327	10,500	1,546	1,131	14,873	11,631
Other income	(943)	2,228	40	301	(903)	2,529
	74,360	68,552	5,056	4,758	79,416	73,310
UNDERWRITING EXPENSES						
Claims incurred	107,826	88,695	8,085	2,541	115,911	91,236
Reinsurers' share of claims incurred	(78,071)	(64,347)	(7,202)	(2,329)	(85,273)	(66,676)
Net claims incurred	29,755	24,348	883	212	30,638	24,560
Commission expenses	19,399	19,449	1,284	1,592	20,683	21,041
Excess of loss reinsurance premium	1,326	749	-	-	1,326	749
General and administration expenses relating to underwriting activities	8,566	7,605	830	689	9,396	8,294
	59,046	52,151	2,997	2,493	62,043	54,644
NET UNDERWRITING INCOME	15,314	16,401	2,059	2,265	17,373	18,666
TOTAL INVESTMENT INCOME					13,775	11,805
Unallocated other expenses					(3,335)	(3,287)
PROFIT FOR THE PERIOD					27,813	27,184

For operational and management reporting purposes, the Group is organised as one geographical segment.

13 SEASONALITY OF RESULTS

Dividend income of AED nil and AED 11,083 thousand for three month and nine month periods ended 30 September 2013, respectively, and AED nil and AED 8,726 thousand for three month and nine month periods ended 30 September 2012, respectively, is of seasonal nature.

14 COMMITMENTS AND CONTINGENCIES

Guarantees

At 30 September 2013, the Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, amounting to AED 10,234 thousand (31 December 2012: AED 10,204 thousand).

Legal claims

The Group, in common with the significant majority of insurers, is subject to litigation in the normal course of its business. The Group, based on independent legal advice, does not believe that the outcome of these court cases will have a material impact on the Group's income or financial condition.

Commitment

During the year, the Group entered into a contract for the partial renovation of its investment property. The outstanding commitment amount as of 30 September 2013 amounts to AED 1,377 thousand.