# National General Insurance Co. (P.S.C.)

## Condensed interim financial statements

*30 June 2013*

# National General Insurance Co. (P.S.C.)

## Condensed interim financial statements

*30 June 2013*

***Contents*** | ***Page***

**KPMG Lower Gulf Limited**
Level 13, Boulevard Plaza Tower One
Mohammed Bin Rashid Boulevard
PO Box 3800
Downtown Dubai
United Arab Emirates

Telephone +971 (4) 403 0300
Fax +971 (4) 330 1515
Website www.ae-kpmg.com

# Independent auditors' report on review of condensed interim financial information

The Shareholders
National General Insurance Co. (P.S.C.)

*Introduction*

We have reviewed the accompanying 30 June 2013 condensed interim financial information of National General Insurance Co. (P.S.C) ("the Company"), which comprises:

- the condensed interim statement of financial position as at 30 June 2013;
- the condensed interim statements of income for the three month and six month periods ended 30 June 2013;
- the condensed interim statements of comprehensive income for the three month and six month periods ended 30 June 2013;
- the condensed interim statements of changes in equity for the six month period ended 30 June 2013;
- the condensed interim statements of cash flows for the six month period ended 30 June 2013; and
- notes to the condensed interim financial information.

Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed 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 condensed 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 30 June 2013 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Vijendra Nath Malhotra
Registration No: 48 B

05 AUG 2013

**National General Insurance Co. (P.S.C.)**

Condensed interim statement of financial position

*As at 30 June 2013*

| | Note | (Un-audited) 30 June 2013 AED | (Audited) 31 December 2012 AED |
|---|---|---|---|
| **ASSETS** | | | |
| Property and equipment | | **34,115,407** | 35,352,512 |
| Intangible assets | | **1,152,592** | 699,448 |
| Investment properties | | **209,110,399** | 209,110,399 |
| Investment securities | *9* | **243,257,536** | 185,849,931 |
| Reinsurance assets | | **157,276,300** | 219,706,275 |
| Insurance and other receivables | | **164,623,518** | 95,936,043 |
| Cash and cash equivalents | | **94,555,857** | 120,282,062 |
| **Total assets** | | **904,091,609** | 866,936,670 |
| | | | |
| **LIABILITIES** | | | |
| Insurance contract provisions | | **378,146,492** | 383,100,272 |
| Insurance and other payables | | **106,741,375** | 98,890,384 |
| Payable to participants of unit linked products | *11* | **41,034,855** | 39,130,330 |
| **Total liabilities** | | **525,922,722** | 521,120,986 |
| | | | |
| **EQUITY** | | | |
| Share capital | | **149,954,112** | 149,954,112 |
| Legal reserve | | **47,475,696** | 47,475,696 |
| General reserve | | **46,859,710** | 46,859,710 |
| Fair value reserve | | **(2,292,206)** | (1,721,044) |
| Retained earnings | | **136,171,575** | 103,247,210 |
| **Total equity attributable to equity holders of the Company** | | **378,168,887** | 345,815,684 |
| **Total liabilities and equity** | | **904,091,609** | 866,936,670 |

The notes on pages 7 to 13 form an integral part of these condensed interim financial statements.

These condensed interim financial statements were authorised for issue and approved by the board on 05 AUG 2013 and signed on its behalf by :

**Hamad Buamim**
**Chairman**

**Dr. Abdul Zahra A. Ali**
**CEO**

The independent auditor's review report is set out on page 1.

## National General Insurance Co. (P.S.C.)

Condensed interim statement of income

*For the six month period ended 30 June 2013*

| | Note | (Un-audited) For the three month period ended 30 June 2013 AED | (Un-audited) For the three month period ended 30 June 2012 AED | (Un-audited) For the six month period ended 30 June 2013 AED | (Un-audited) For the six month period ended 30 June 2012 AED |
|---|---|---|---|---|---|
| Gross written premium | 10 | 170,360,889 | 140,989,913 | 275,011,415 | 252,677,143 |
| Reinsurance ceded | | (37,758,424) | (32,547,680) | (76,393,768) | (79,917,548) |
| **Net premium** | | 132,602,465 | 108,442,233 | 198,617,647 | 172,759,595 |
| Change in unearned premium provision and payable to policyholders of unit linked product | | (44,037,645) | (34,518,137) | (52,488,086) | (36,898,719) |
| **Net earned premiums** | 10 | 88,564,820 | 73,924,096 | 146,129,561 | 135,860,876 |
| Reinsurance commission earned | | 10,015,978 | 8,134,153 | 19,954,708 | 20,717,371 |
| **Net underwriting income** | 10 | 98,580,798 | 82,058,249 | 166,084,269 | 156,578,247 |
| Claims paid | | (58,935,925) | (72,294,170) | (184,469,030) | (142,091,723) |
| Reinsurance share | | 10,429,250 | 19,650,755 | 86,764,586 | 39,573,648 |
| **Net claims paid** | | (48,506,675) | (52,643,415) | (97,704,444) | (102,518,075) |
| Change in outstanding claims provision | | 1,961,032 | 2,372,216 | (6,401,213) | 3,663,573 |
| **Net incurred claims** | 10 | (46,545,643) | (50,271,199) | (104,105,657) | (98,854,502) |
| Commission paid | | (10,224,493) | (8,955,180) | (18,271,375) | (15,343,741) |
| Administrative expenses | | (10,286,844) | (7,759,061) | (19,831,467) | (16,118,817) |
| **Net underwriting expenses** | | (67,056,980) | (66,985,440) | (142,208,499) | (130,317,060) |
| **Net movement in life assurance fund** | 10 | 1,061,081 | (261,682) | (491,420) | (827,213) |
| **Increase in fair value of investment held for unit linked products** | | (808,257) | (3,871,244) | (996,472) | (3,871,244) |
| **Total underwriting expense** | | (66,804,156) | (71,118,366) | (143,696,391) | (135,015,517) |
| **Underwriting profit** | 10 | 11,394,326 | 10,939,883 | 22,387,878 | 21,562,730 |
| Interest and other income (net) | | 3,038,099 | 1,951,410 | 8,826,723 | 6,452,468 |
| Net income from investment securities | 9.4 | 21,538,708 | (3,620,593) | 38,117,507 | 1,275,794 |
| Administrative expenses | | (1,733,387) | (1,705,183) | (3,454,656) | (2,984,788) |
| **Profit for the period** | | 34,237,746 | 7,565,517 | 65,877,452 | 26,306,204 |
| Basic and diluted earnings per share | | 0.23 | 0.05 | 0.44 | 0.18 |

The notes on pages 7 to 13 form an integral part of these condensed interim financial statements.

The independent auditor's review report is set out on page 1.

## National General Insurance Co. (P.S.C.)

Condensed interim statement of comprehensive income

*For the six month period ended 30 June 2013*

| | **(Un-audited) For the three month period ended 30 June 2013 AED** | (Un-audited) For the three month period ended 30 June 2012 AED | **(Un-audited) For the six month period ended 30 June 2013 AED** | (Un-audited) For the six month period ended 30 June 2012 AED |
|---|---|---|---|---|
| **Profit for the period** | **34,237,746** | 7,565,517 | **65,877,452** | 26,306,204 |
| **Other comprehensive income** | | | | |
| *Items that will not be classified to profit or loss:* | | | | |
| Net change in fair value of investments at fair value through other comprehensive income | **(1,572,693)** | (1,239,409) | **(571,162)** | 1,954,683 |
| *Items that are or maybe reclassified subsequently to profit or loss* | - | - | - | - |
| **Total other comprehensive income** | **(1,572,693)** | (1,239,409) | **(571,162)** | 1,954,683 |
| **Total comprehensive income for the period** | **32,665,053** | 6,326,108 | **65,306,290** | 28,260,887 |

The notes on pages 7 to 13 form an integral part of these condensed interim financial statements.

The independent auditor's review report is set out on page 1.

**National General Insurance Co. (P.S.C.)**

Condensed interim statement of changes in shareholders' equity (Un-audited)

*For the six month period ended 30 June 2013*

| | Share capital AED | Legal reserve AED | General reserve AED | Fair value reserve AED | Retained earnings AED | Total AED |
|---|---|---|---|---|---|---|
| Balance at 1 January 2012 | 149,954,112 | 42,835,656 | 42,219,670 | (12,526,841) | 96,980,885 | 319,463,482 |
| **Total comprehensive income for the period** | | | | | | |
| Profit for the period | - | - | - | - | 26,306,204 | 26,306,204 |
| **Other comprehensive income for the period** | | | | | | |
| Loss on sale of investment at fair value through OCI | - | - | | 6,845,011 | (6,845,011) | - |
| Net change in fair value of investments at fair value through other comprehensive income | - | - | - | 1,954,683 | - | 1,954,683 |
| Total other comprehensive income for the period | - | - | - | 8,799,694 | (6,845,011) | 1,954,683 |
| Total comprehensive income for the period | - | - | - | 8,799,694 | 19,461,193 | 28,260,887 |
| **Transaction with owners :** | | | | | | |
| Director's remuneration | - | - | - | - | (1,515,864) | (1,515,864) |
| Dividends declared and paid | - | - | - | - | (22,493,115) | (22,493,115) |
| **As at 30 June 2012** | 149,954,112 | 42,835,656 | 42,219,670 | (3,727,147) | 92,433,099 | 323,715,390 |
| Balance at 1 January 2013 | 149,954,112 | 47,475,696 | 46,859,710 | (1,721,044) | 103,247,210 | 345,815,684 |
| **Total comprehensive income for the period** | | | | | | |
| Profit for the period | - | - | - | - | 65,877,452 | 65,877,452 |
| **Other comprehensive income for the period** | | | | | | |
| Net change in fair value of investments at fair value through other comprehensive income | - | - | - | (571,162) | - | (571,162) |
| Total other comprehensive income for the period | - | - | - | (571,162) | - | (571,162) |
| Total comprehensive income for the period | - | - | - | (571,162) | 65,877,452 | 65,306,290 |
| **Transaction with owners :** | | | | | | |
| Director's remuneration | - | - | - | - | (2,962,265) | (2,962,265) |
| Dividends paid | - | - | - | - | (29,990,822) | (29,990,822) |
| **As at 30 June 2013** | **149,954,112** | **47,475,696** | **46,859,710** | **(2,292,206)** | **136,171,575** | **378,168,887** |

The notes on pages 7 to 13 form an integral part of these condensed interim financial statements.

The independent auditor's review report is set out on page 1.

**National General Insurance Co. (P.S.C.)**

Condensed interim statement of cash flows

*For the six month period ended 30 June 2013*

| | (Un-audited) For the six month period ended 30 June 2013 AED | (Un-audited) For the six month period ended 30 June 2012 AED |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net profit for the period | 65,877,452 | 26,306,204 |
| *Adjustment for:* | | |
| Depreciation and amortisation | 912,759 | 1,066,052 |
| Realised gain on disposal of property, plant and equipment | (1,090) | - |
| Realised gains on investments fair valued through profit or loss | (2,583,482) | - |
| Unrealised gains on investments fair valued through profit or loss | (35,534,025) | (1,275,794) |
| Change in unearned premium reserve and life assurance fund | 51,074,982 | 40,442,605 |
| Provision for gratuity – net of repayment | 792,297 | 651,477 |
| | 80,538,893 | 67,190,544 |
| Change in insurance and other receivables (including related parties) | (68,687,475) | (5,649,188) |
| Change in insurance and other payables | 7,058,694 | (39,797,682) |
| Change in net outstanding claims | 6,401,214 | (3,663,573) |
| Directors' remuneration paid | (2,962,265) | (1,515,865) |
| *Net cash generated from operating activities* | 22,349,061 | 16,564,236 |
| **Cash flows from investing activities** | | |
| Purchase of property and equipment | (977,567) | (3,218,413) |
| Purchase of investments at ammortised cost | - | (23,868,847) |
| Purchase of investments fair valued through profit or loss | (34,394,919) | (1,309,130) |
| Disposal of property and equipment | 849,859 | - |
| Disposal of investments at ammortised cost | 6,154,036 | - |
| Proceeds from sale of investment at fair value through OCI | - | 11,521,899 |
| Disposal of investments fair valued through profit or loss | 10,284,207 | - |
| Change in bank deposits | 5,712,579 | (106,366,551) |
| *Net cash used in investing activities* | (12,371,805) | (123,241,042) |
| **Cash flows from financing activities** | | |
| Dividends paid | (29,990,882) | (22,493,115) |
| *Net cash used in financing activities* | (29,990,882) | (22,493,115) |
| **Net decrease in cash and cash equivalents** | (20,013,626) | (129,169,921) |
| Cash and cash equivalents at the beginning of the period | 78,638,358 | 133,894,272 |
| **Cash and cash equivalents at the end of the period** | 58,624,732 | 4,724,351 |
| These comprise the following: | | |
| Cash in hand | 125,868 | 1,491,922 |
| Cash at bank | 38,325,087 | 3,232,429 |
| Fixed deposits | 56,104,902 | 106,366,551 |
| | 94,555,857 | 111,090,902 |
| Less: deposits with original maturities of greater than three months | (35,931,125) | (106,366,551) |
| Cash and cash equivalents as at 30 June | 58,624,732 | 4,724,351 |

The notes on pages 7 to 13 form an integral part of these condensed interim financial statements.

The independent auditor's review report is set out on page 1.

**1. Legal status and principal activities**

National General Insurance Co. (P.S.C) ("the Company") is a Public Shareholding Company registered under UAE Federal Law No. (8) of 1984 as amended, in the Emirate of Dubai with effect from 12 September 2001.

The Company was originally incorporated as a Private Limited Liability Company, registered under UAE Federal Law No. (8) of 1984, as amended, in the Emirate of Dubai.

The Company underwrites all classes of life and general insurance business as well as certain reinsurance business in accordance with the provisions of the UAE Federal Law no. 6 of 2007 relating to establishment of insurance authority and regulation of insurance operations.

The registered office of the Company is at the NGI House, P.O. Box 154, Dubai, UAE.

**2. Basis of preparation**

**a) Statement of compliance**

These condensed interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements as at and for the year ended 31 December 2012, which have been prepared in accordance with International Financial Reporting Standards (IFRSs).

**b) Basis of measurement**

The condensed interim financial statements have been prepared on the historical cost basis except for the following which are measured at fair value :

i) financial instruments at fair value through profit or loss;
ii) financial instruments at fair value through other comprehensive income ; and
iii) investment property.

**c) Functional & presentation currency**

These condensed interim financial statements have been prepared in United Arab Emirates Dirham (AED), which is the Company's functional currency.

**d) Use of estimates and judgements**

The preparation of condensed interim financial statements in conformity with IFRS 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.

Estimates and underlying assumptions are reviewed on a ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in the future periods effected.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2012.

**3. Summary of significant accounting policies**

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the Company's audited financial statements for the year ended 31 December 2012 except for the adoption of the new IFRSs which became effective as of 1 January 2013.

The adoption of the new and amended standards and interpretations did not have an impact on the financial position or performance of the Company during the period. However additional disclosures have been included in these condensed interim financial statements.

**4. Financial risk management**

Aspects of the Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2012.

**5. Interim measurement**

The nature of the Company's business is such that income and expense are incurred in a manner, which is not impacted by any form of seasonality. These interim condensed financial statements were prepared based upon an accrual concept, which requires income and expense to be recorded as earned or incurred and not as received or paid throughout the year.

**6. Related party transactions**

The Company, in the normal course of business, collects premiums, settles claims and enters into transactions with other business enterprises that fall within the definition of a related party as defined by International Accounting Standard 24 - (Revised). The Company's management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

a) The following are the details of transactions with related parties:

| | **(Un-audited) For the six month period ended 30 June 2013 AED** | (Un-audited) For the six month period ended 30 June 2012 AED |
|---|---|---|
| **Key management personnel compensation** | | |
| Remuneration and short term benefits | **2,120,087** | 2,315,133 |
| End of service benefits | **430,334** | 283,097 |
| | | |
| **Other related parties** | | |
| Premiums generated from associate companies | **108,021,510** | 88,268,109 |
| Claims paid to associate companies | **46,282,314** | 35,182,666 |
| Dividends paid | **19,535,901** | 14,651,926 |
| Management expenses (net) | **90,000** | 90,000 |
| Interest income | **323,970** | 903,604 |

**6. Related party transactions (continued)**

| | (Un-audited) 30 June 2013 AED | (Audited) 31 December 2012 AED |
|---|---|---|
| **b) Due from related parties** | | |
| Insurance Premium Receivable (included in receivables) | **77,468,294** | 14,603,353 |
| **c) Due to related parties** | | |
| Payable to related party (included in payable) | **2,420,350** | 4,637,265 |

**7. Contingent liabilities and commitments**

**Capital commitments**

Capital commitments as at 30 June 2013 amounted to AED nil (2012: nil).

**Guarantees**

| | (Un-audited) 30 June 2013 AED | (Audited) 31 December 2012 AED |
|---|---|---|
| Letters of guarantees | **8,489,873** | 8,309,873 |

Fixed deposits amounting to AED 14.8 million (2012: AED 14.5 million) are under lien as collateral in respect of above guarantees. Guarantees include an amount of AED 7.5 million (2012: AED 7.5 million) favoring ministry of economy and commerce.

Included in short term deposits with banks operating in the U.A.E., is a deposit amounting to AED 10 million and AED 4.5 million held under lien as collateral in the name of the company to the order of the Ministry of Economy and Trade of the United Arab Emirates as required by the Federal Law number (6) of 2007 relating to Insurance Authority and other performance guarantees respectively.

**Contingent liabilities**

The Company, in common with other insurance companies, is involved as defendant in a number of legal cases in respect of its underwriting activities. A provision is made in respect of each individual case where it is probable that the outcome would result in a loss to the Company in terms of an outflow of economic resources and a reliable estimate of the amount of outflow can be made.

## National General Insurance Co. (P.S.C.)

Notes (continued)

*(forming part of the condensed interim financial statements)*

### 8. Classes and categories of financials assets and financial liabilities

The table below sets out the classification of each class of financial assets and liabilities .

**At 30 June 2013**

| **Financial Assets** | **FVTPL** | **FVTOCI** | **Amortised Cost** | **Total** |
|---|---|---|---|---|
| Investment Securities | 182,069,748 | 45,778,888 | 15,408,900 | 243,257,536 |
| Insurance and other receivables | - | - | 164,623,518 | 164,623,518 |
| Reinsurer's share of outstanding claims | - | - | 89,237,052 | 89,237,052 |
| Cash and cash equivalents | - | - | 94,555,857 | 94,555,857 |
| | 182,069,748 | 45,778,888 | 363,825,327 | 591,673,963 |

| **Financial Liabilities** | | | | |
|---|---|---|---|---|
| Insurance and other payables | - | - | 106,741,375 | 106,741,375 |
| Outstanding claims | - | - | 127,035,502 | 127,035,502 |
| Payable to policyholders of unit linked products | 41,034,855 | - | - | 41,034,855 |
| | 41,034,855 | - | 233,776,877 | 274,811,732 |

At 31 December 2012

| **Financial Assets** | FVTPL | FVTOCI | Amortised Cost | Total |
|---|---|---|---|---|
| Investment Securities | 118,397,058 | 46,350,048 | 21,102,825 | 185,849,931 |
| Insurance and other receivables | - | - | 95,936,043 | 95,936,043 |
| Reinsurer's share of outstanding claims | - | - | 156,071,190 | 156,071,190 |
| Cash and cash equivalents | - | - | 120,282,062 | 120,282,062 |
| | 118,397,058 | 46,350,048 | 393,392,120 | 558,139,226 |

| **Financial Liabilities** | | | | |
|---|---|---|---|---|
| Insurance and other payables | - | - | 98,890,384 | 98,890,384 |
| Outstanding claims | - | - | 177,519,345 | 177,519,345 |
| Payable to policyholders of unit linked products | 39,130,330 | - | - | 39,130,330 |
| | 39,130,330 | - | 276,409,729 | 315,540,059 |

## 9. Investment securities

| | (Un-audited) 30 June 2013 AED | (Audited) 31 December 2012 AED |
|---|---|---|
| Financial assets at fair value through profit or loss | **182,069,748** | 118,397,058 |
| Financial assets at fair value through other comprehensive income | **45,778,888** | 46,350,048 |
| Financial assets at amortised costs | **15,408,900** | 21,102,825 |
| | **243,257,536** | 185,849,931 |

### 9.1 Investments fair valued through profit or loss

| | (Un-audited) 30 June 2013 AED | (Audited) 31 December 2012 AED |
|---|---|---|
| Investments on behalf of policyholders of unit linked products | **41,034,855** | 39,130,330 |
| Equity investments - quoted | **141,034,893** | 79,266,728 |
| **Total** | **182,069,748** | 118,397,058 |

As at 30 June 2013, shares amounting to AED 4.2 million ( 31 December 2012 : AED 3.9 million ) are held in the name of a Director for the beneficial interest of the Company.

### 9.2 Investments - Geographic concentration

| | (Un-audited) 30 June 2013 AED | (Audited) 31 December 2012 AED |
|---|---|---|
| Investments made : | | |
| - Within U.A.E. | **220,506,250** | 181,703,263 |
| -Outside U.A.E. | **22,751,286** | 4,146,668 |
| | **243,257,536** | 185,849,931 |

### 9.3 Fair Value Hierarchy

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised :

| **Investment Securities** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| **At 30 June 2013** | | | | |
| FVTPL | **182,069,748** | - | - | **182,069,748** |
| FVTOCI | **20,118,288** | **25,660,600** | - | **45,778,888** |
| | **202,188,036** | **25,660,600** | - | **227,848,636** |
| 31 December 2012 | | | | |
| FVTPL | 118,397,058 | - | - | 118,397,058 |
| FVTOCI | 21,765,312 | 24,584,736 | - | 46,350,048 |
| | 140,162,370 | 24,584,736 | - | 164,747,106 |

### 9.4 Net income from investment securities

| | (Un-audited) 30 June 2013 AED | (Un-audited) 30 June 2012 AED |
|---|---|---|
| Realised gain on disposal of investments | **2,583,482** | - |
| Revaluation of investments fair valued through profit or loss | **35,534,025** | 1,275,794 |
| | **38,117,507** | 1,275,794 |

**10. Segment information**

*Primary segment information*

For management purposes the Company is organised into two operating segments, general insurance and life assurance. These segments are the basis on which the Company reports its primary segment information.

| | General insurance For the six-month period ended 30 June | | Life assurance For the six-month period ended 30 June | | Total For the six-month period ended 30 June | |
|---|---|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 | **2013** | 2012 |
| | **AED** | AED | **AED** | AED | **AED** | AED |
| **Underwriting income** | | | | | | |
| Gross written premium | **233,682,640** | 202,418,705 | **41,328,775** | 50,258,438 | **275,011,415** | 252,677,143 |
| Reinsurance ceded | **(50,748,416)** | (49,367,036) | **(25,645,352)** | (30,550,512) | **(76,393,768)** | (79,917,548) |
| Net premium | **182,934,224** | 153,051,669 | **15,683,423** | 19,707,926 | **198,617,647** | 172,759,595 |
| Change in unearned premium provision and payable to policyholders of unit linked product | **(49,768,339)** | (38,990,023) | **(2,719,747)** | 2,091,304 | **(52,488,086)** | (36,898,719) |
| Net earned premium | **133,165,885** | 114,061,646 | **12,963,676** | 21,799,230 | **146,129,561** | 135,860,876 |
| Reinsurance commission earned | **11,460,626** | 12,244,450 | **8,494,082** | 8,472,921 | **19,954,708** | 20,717,371 |
| **Total income** | **144,626,511** | 126,306,096 | **21,457,758** | 30,272,151 | **166,084,269** | 156,578,247 |
| **Underwriting expenses** | | | | | | |
| Net incurred claims | **(97,741,505)** | (90,877,002) | **(6,364,152)** | (7,977,500) | **(104,105,657)** | (98,854,502) |
| Commission paid | **(16,752,400)** | (13,290,211) | **(1,518,975)** | (2,053,530) | **(18,271,375)** | (15,343,741) |
| General and administrative expenses | **(14,230,655)** | (13,213,189) | **(5,600,812)** | (2,905,628) | **(19,831,467)** | (16,118,817) |
| **Total expenses** | **(128,724,560)** | (117,380,402) | **(13,483,939)** | (12,936,658) | **(142,208,499)** | (130,317,060) |
| **Profit before movement in life assurance fund** | **15,901,951** | 8,925,694 | **7,973,819** | 17,335,493 | **23,875,770** | 26,261,187 |
| Increase in life assurance fund | **-** | - | **(491,420)** | (827,213) | **(491,420)** | (827,213) |
| Decrease in fair value of investment held for unit linked products | **-** | - | **(996,472)** | (3,871,244) | **(996,472)** | (3,871,244) |
| **Underwriting profit** | **15,901,951** | 8,925,694 | **6,485,927** | 12,637,036 | **22,387,878** | 21,562,730 |
| Income from investments | | | | | **46,944,230** | 7,728,262 |
| Unallocated expenses | | | | | **(3,454,656)** | (2,984,788) |
| Profit for the period | | | | | **65,877,452** | 26,306,204 |

## 11. Payable to participants of unit linked products

*Movement during the period:*

| | **(Un-audited) 30 June 2013** | (Audited) 31 December 2012 |
|---|---|---|
| Opening balance / Balance at the time of acquisition | **39,130,330** | 32,990,242 |
| Amounts invested by policyholders | **4,885,527** | 12,716,822 |
| Amount withdrawn at redemption on lapse / surrender by policyholder | **(1,984,530)** | (7,052,029) |
| Change in fair value | **(996,472)** | 475,295 |
| Balance as at 30 June / 31 December | **41,034,855** | 39,130,330 |

## 12. Comparatives

Certain comparatives have been reclassified / regrouped to conform to the presentation adopted in the condensed interim financial statements.

The Company has adopted IFRS 9 Financial Instruments (IFRS 9) in 2011 in advance of its effective date. The Company had chosen 1 January 2011 as its date of initial application and had applied this standard retrospectively.