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

Condensed interim financial statements

For the nine month period ended 30 September 2014

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For the nine month period ended 30 September 2014

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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 September 2014 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 September 2014;
- the condensed interim statements of profit or loss for the three-month and nine-month periods ended 30 September 2014;
- the condensed interim statements of comprehensive income for the three-month and nine-month periods ended 30 September 2014;
- the condensed interim statement of changes in equity for the nine-month period ended 30 September 2014;
- the condensed interim statement of cash flows for the nine-month period ended 30 September 2014; 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 the 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 30 September 2014 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG

KPMG Lower Gulf Limited
Muhammad Tariq
Registration No: 793

0 4 NOV 2014

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

Condensed interim statement of financial position

As at 30 September 2014

	Note	(Un-audited) 30 September 2014 AED	(Audited) 31 December 2013 AED
ASSETS			
Property and equipment		**33,333,727**	33,210,278
Intangible assets		**1,454,378**	1,206,438
Investment properties		**225,672,868**	221,631,292
Investment securities	*9*	**282,572,435**	293,494,816
Reinsurance assets		**153,486,765**	147,110,941
Insurance and other receivables		**149,130,199**	107,671,712
Cash and cash equivalents		**192,621,347**	136,099,485
Total assets		**1,038,271,719**	940,424,962
LIABILITIES			
Insurance contract provisions		**365,868,303**	336,929,634
Insurance and other payables		**140,036,625**	126,069,302
Payable to participants of unit linked products	*11*	**43,987,276**	38,744,863
Total liabilities		**549,892,204**	501,743,799
EQUITY			
Share capital		**149,954,112**	149,954,112
Legal reserve		**59,986,254**	59,986,254
General reserve		**59,370,268**	59,370,268
Fair value reserve		**(31,835)**	(1,213,870)
Retained earnings		**219,100,716**	170,584,399
Total equity attributable to equity holders of the Company		**488,379,515**	438,681,163
Total liabilities and equity		**1,038,271,719**	940,424,962

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 04 NOV 2014 and signed on its behalf by :

Hamad Mubarak Buamim
Chairman

Dr. Abdul Zahra A. Ali
CEO

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

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

Condensed interim statement of profit or loss

For the nine month period ended 30 September 2014

	Note	**(Un-audited) For the three month period ended 30 September 2014 AED**	(Un-audited) For the three month period ended 30 September 2013 AED	**(Un-audited) For the nine month period ended 30 September 2014 AED**	(Un-audited) For the nine month period ended 30 September 2013 AED
Gross written premium	*10*	**100,209,942**	88,708,772	**376,853,598**	363,720,187
Reinsurance ceded		**(32,936,951)**	(34,344,958)	**(108,167,997)**	(110,738,726)
Net premium		**67,272,991**	54,363,814	**268,685,601**	252,981,461
Change in unearned premium provision and payable to policyholders of unit linked product		**21,919,020**	16,432,853	**(20,406,977)**	(36,055,233)
Net earned premiums	*10*	**89,192,011**	70,796,667	**248,278,624**	216,926,228
Reinsurance commission earned		**10,186,751**	6,486,621	**28,483,583**	26,441,329
Net underwriting income	*10*	**99,378,762**	77,283,288	**276,762,207**	243,367,557
Claims paid		**(96,401,482)**	(70,475,674)	**(248,420,736)**	(254,944,704)
Reinsurance share		**21,839,377**	18,747,014	**56,457,979**	105,511,600
Net claims paid		**(74,562,105)**	(51,728,660)	**(191,962,757)**	(149,433,104)
Change in outstanding claims provision		**5,581,463**	1,064,919	**(4,900,929)**	(5,336,294)
Net incurred claims	*10*	**(68,980,642)**	(50,663,741)	**(196,863,686)**	(154,769,398)
Commission paid		**(9,814,875)**	(7,636,783)	**(34,033,338)**	(25,908,158)
Administrative expenses		**(9,941,526)**	(8,671,815)	**(29,446,268)**	(28,503,282)
Net underwriting expenses		**(88,737,043)**	(66,972,339)	**(260,343,292)**	(209,180,838)
Net movement in life assurance fund	*10*	**(2,226,799)**	1,732,435	**(2,497,348)**	(1,241,015)
(Decrease)/increase in fair value of investment held for unit linked products		**(557,591)**	(2,754,802)	**2,622,884**	(3,751,274)
Total underwriting expense		**(91,521,433)**	(67,994,706)	**(260,217,756)**	(214,173,127)
Underwriting profit	*10*	**7,857,329**	6,806,552	**16,544,451**	29,194,430
Interest and other income (net)		**2,164,773**	1,770,362	**11,794,936**	10,597,085
Net income from investment securities	*9.4*	**34,576,544**	13,837,571	**62,013,304**	51,955,078
Administrative expenses		**(1,882,180)**	(1,558,541)	**(7,445,380)**	(5,013,197)
Profit for the period		**42,716,466**	20,855,944	**82,907,311**	86,733,396
Basic and diluted earnings per share		**0.28**	0.14	**0.55**	0.58

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

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

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

Condensed interim statement of comprehensive income

For the nine month period ended 30 September 2014

	(Un-audited) For the three month period ended 30 September 2014 AED	(Un-audited) For the three month period ended 30 September 2013 AED	**(Un-audited) For the nine month period ended 30 September 2014 AED**	(Un-audited) For the nine month period ended 30 September 2013 AED
Profit for the period	**42,716,466**	20,855,944	**82,907,311**	86,733,396
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	**(436,320)**	906,922	**1,411,201**	335,760
items that are or maybe reclassified subsequently to profit or loss	-	-	-	-
Total other comprehensive income	**(436,320)**	906,922	**1,411,201**	335,760
Total comprehensive income for the period	**42,280,146**	21,762,866	**84,318,512**	87,069,156

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

The independent auditors' 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 nine month period ended 30 September 2014

	Attributable to the equity holders of the Company					
	Share capital AED	Legal reserve AED	General reserve AED	Fair value reserve AED	Retained earnings AED	Total AED
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	-	-	-	-	86,733,396	86,733,396
Other comprehensive income for the period						
Loss on sale of investment at fair value through OCI	-	-	-	335,760	-	335,760
Total other comprehensive income for the period	-	-	-	335,760	-	335,760
Total comprehensive income for the period	-	-	-	335,760	86,733,396	87,069,156
Transaction with owners directly recorded in equity :						
Director's remuneration	-	-	-	-	(2,962,265)	(2,962,265)
Dividends declared and paid	-	-	-	-	(29,990,822)	(29,990,822)
As at 30 September 2013	149,954,112	47,475,696	46,859,710	(1,385,284)	157,027,519	399,931,753
Balance at 1 January 2014	**149,954,112**	**59,986,254**	**59,370,268**	**(1,213,870)**	**170,584,399**	**438,681,163**
Total comprehensive income for the period						
Profit for the period	-	-	-	-	82,907,311	82,907,311
Other comprehensive income for the period						
Net change in fair value of investments FVTOCI	-	-	-	1,411,201	-	1,411,201
Net change in fair value of investments FVTOCI transferred to profit or loss	-	-	-	(229,166)	229,166	-
Total other comprehensive income for the period	-	-	-	1,182,035	229,166	1,411,201
Total comprehensive income for the period	-	-	-	1,182,035	83,136,477	84,318,512
Transaction with owners directly recorded in equity :						
Director's remuneration	-	-	-	-	(4,629,338)	(4,629,338)
Dividends paid	-	-	-	-	(29,990,822)	(29,990,822)
As at 30 September 2014	**149,954,112**	**59,986,254**	**59,370,268**	**(31,835)**	**219,100,716**	**488,379,515**

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

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

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

Condensed interim statement of cash flows

For the nine month period ended 30 September 2014

	(Un-audited) For the nine month period ended 30 September 2014 AED	(Un-audited) For the nine month period ended 30 September 2013 AED
Cash flows from operating activities		
Net profit for the period	**82,907,311**	86,733,396
Adjustment for:		
Depreciation and amortisation	**2,767,199**	1,782,347
Realised gains on investments FVTPL	**(34,659,937)**	(22,771,024)
Unrealised gains on investments FVTPL	**(27,656,013)**	(29,185,145)
Change in unearned premium reserve and life assurance fund	**17,661,916**	36,468,806
Provision for gratuity – net of repayment	**1,133,240**	905,546
	42,153,716	73,933,926
Change in insurance and other receivables (including related parties)	**(41,458,486)**	(69,364,299)
Change in insurance and other payables	**12,834,082**	19,598,967
Change in net outstanding claims	**4,900,929**	5,336,294
Directors' remuneration paid	**(4,629,338)**	(2,962,265)
Net cash generated from operating activities	**13,800,903**	26,542,623
Cash flows from investing activities		
Purchase of property and equipment	**(3,150,088)**	(1,496,709)
Purchase of investments FVTPL	**(87,503,415)**	(89,543,734)
Purchase of investments at FVOCI	**(15,178,852)**	(7,342,554)
Proceeds from sale of investments FVTPL	**165,973,594**	61,384,511
Proceeds from sale of investments FVTOCI	**16,598,616**	-
Proceeds from sale of property and equipment	**13,503**	849,897
Proceeds from sale of investments at ammortised cost	**-**	6,154,036
Registration charges paid for land acquisition	**(4,041,576)**	-
Change in bank deposits	**291,415**	16,810,743
Net cash generated from/(used in) investing activities	**73,003,197**	(13,183,810)
Cash flows from financing activities		
Dividends paid	**(29,990,822)**	(29,990,822)
Net cash used in financing activities	**(29,990,822)**	(29,990,822)
Net increase/ (decrease) in cash and cash equivalents	**56,813,278**	(16,632,009)
Cash and cash equivalents at the beginning of the period	**74,318,998**	78,638,358
Cash and cash equivalents at the end of the period	**131,132,276**	62,006,349
These comprise the following:		
Cash in hand	**212,882**	81,367
Cash at bank	**130,919,394**	20,511,039
Fixed deposits	**61,489,071**	66,246,904
	192,621,347	86,839,310
Less: deposits with original maturities of greater than three months	**(61,489,071)**	(24,832,961)
Cash and cash equivalents as at 30 September	**131,132,276**	62,006,349

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

The independent auditors' 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 2013, 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 ("FVTPL");
ii) financial instruments at fair value through other comprehensive income ("FVTOCI"); 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 judgments

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 annual financial statements as at and for the year ended 31 December 2013.

3. Summary of significant accounting policies

The accounting policies used in the preparation of the condensed interim financial statements are consistent with those used in the preparation of the Company's annual financial statements for the year ended 31 December 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.

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 2013.

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 condensed interim 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 nine month period ended 30 September 2014 AED	(Un-audited) For the nine month period ended 30 September 2013 AED
Key management personnel compensation		
Remuneration and short term benefits	**4,483,751**	3,656,402
End of service benefits	**250,453**	469,808
Other related parties		
Premiums generated	**100,867,803**	135,126,842
Claims paid	**74,660,581**	67,658,461
Dividends paid	**19,809,208**	13,704,357
Management expenses (net)	**-**	135,000
Interest income	**820,346**	445,099

6. Related party transactions (continued)

	(Un-audited) 30 September 2014 AED	(Audited) 31 December 2013 AED
b) Due from related parties		
Insurance premium receivable (included in receivables)	**33,826,436**	13,749,064
c) Due to related parties		
Payable to related party (included in payable)	**76,675**	2,298,163

7. Contingent liabilities and commitments

Capital commitments

Capital commitments as at 30 September 2014 amounted to AED nil *(2013: nil).*

Guarantees

	(Un-audited) 30 September 2014 AED	(Audited) 31 December 2013 AED
Letters of guarantees	**8,486,368**	8,215,083

Fixed deposits amounting to AED 15.07 million *(2013: AED 14.83 million)* are under lien as collateral in respect of above guarantees. Guarantees include an amount of AED 7.5 million *(2013: 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.

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 September 2014

Financial Assets	FVTPL AED	FVTOCI AED	Amortised Cost AED	Total AED
Investment securities	230,962,681	36,200,854	15,408,900	282,572,435
Insurance and other receivables	-	-	140,848,273	140,848,273
Cash and cash equivalents	-	-	192,621,347	192,621,347
	230,962,681	36,200,854	348,878,520	616,042,055

Financial Liabilities				
Insurance and other payables	-	-	130,286,311	130,286,311
Payable to policyholders of unit products	43,987,276	-	-	43,987,276
	43,987,276	-	130,286,311	174,273,587

At 31 December 2013

Financial Assets	FVTPL AED	FVTOCI AED	Amortised Cost AED	Total AED
Investment securities	241,876,497	36,209,419	15,408,900	293,494,816
Insurance and other receivables	-	-	105,491,644	105,491,644
Cash and cash equivalents	-	-	136,099,485	136,099,485
	241,876,497	36,209,419	257,000,029	535,085,945

Financial Liabilities				
Insurance and other payables	-	-	117,452,228	117,452,228
Payable to policyholders of unit linked products	38,744,863	-	-	38,744,863
	38,744,863	-	117,452,228	156,197,091

9. Investment securities

	(Un-audited) 30 September 2014 AED	(Audited) 31 December 2013 AED
Financial assets at fair value through profit or loss	**230,962,681**	241,876,497
Financial assets at fair value through other comprehensive income	**36,200,854**	36,209,419
Financial assets at amortised costs	**15,408,900**	15,408,900
	282,572,435	293,494,816

9.1 Investments fair valued through profit or loss

	(Un-audited) 30 September 2014 AED	(Audited) 31 December 2013 AED
Investments on behalf of policyholders of unit linked products	**43,987,276**	38,744,863
Equity investments - quoted	**186,975,405**	203,131,634
Total	**230,962,681**	241,876,497

9.2 Investments - Geographic concentration

	(Un-audited) 30 September 2014 AED	(Audited) 31 December 2013 AED
Investments made :		
- Within U.A.E.	**282,572,435**	292,240,994
- Outside U.A.E.	**-**	1,253,822
	282,572,435	293,494,816

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 At 30 September 2014	**Level 1 AED**	**Level 2 AED**	**Level 3 AED**	**Total AED**
FVTPL	**230,962,681**	**-**	**-**	**230,962,681**
FVTOCI	**36,200,854**	**-**	**-**	**36,200,854**
	267,163,535	**-**	**-**	**267,163,535**
31 December 2013				
FVTPL	241,876,497	-	-	241,876,497
FVTOCI	34,336,982	1,872,437	-	36,209,419
	276,213,479	1,872,437	-	278,085,916

9.4 Net income from investment securities

	(Un-audited) 30 September 2014 AED	(Un-audited) 30 September 2013 AED
Realised gain on disposal of investments	**34,657,938**	22,769,933
Revaluation of investments fair valued through profit or loss	**27,355,366**	29,185,145
	62,013,304	51,955,078

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 nine-month period ended 30 September		Life assurance For the nine-month period ended 30 September		Total For the nine-month period ended 30 September	
	2014	2013	**2014**	2013	**2014**	2013
	AED	AED	**AED**	AED	**AED**	AED
Underwriting income						
Gross written premium	**334,233,627**	310,227,417	**42,619,971**	53,492,770	**376,853,598**	363,720,187
Reinsurance ceded	**(91,037,009)**	(79,832,432)	**(17,130,988)**	(30,906,294)	**(108,167,997)**	(110,738,726)
Net premium	**243,196,618**	230,394,985	**25,488,983**	22,586,476	**268,685,601**	252,981,461
Change in unearned premium provision and payable to policyholders of unit linked product	**(14,221,389)**	(35,261,509)	**(6,185,588)**	(793,724)	**(20,406,977)**	(36,055,233)
Net earned premium	**228,975,229**	195,133,476	**19,303,395**	21,792,752	**248,278,624**	216,926,228
Reinsurance commission earned	**20,044,031**	16,721,517	**8,439,552**	9,719,812	**28,483,583**	26,441,329
Total income	**249,019,260**	211,854,993	**27,742,947**	31,512,564	**276,762,207**	243,367,557
Underwriting expenses						
Net incurred claims	**(181,704,368)**	(143,386,395)	**(15,159,318)**	(11,383,003)	**(196,863,686)**	(154,769,398)
Commission paid	**(30,947,219)**	(23,888,935)	**(3,086,119)**	(2,019,223)	**(34,033,338)**	(25,908,158)
General and administrative expenses	**(25,363,339)**	(20,436,307)	**(4,082,929)**	(8,066,975)	**(29,446,268)**	(28,503,282)
Total expenses	**(238,014,926)**	(187,711,637)	**(22,328,366)**	(21,469,201)	**(260,343,292)**	(209,180,838)
Profit before movement in life assurance fund	**11,004,334**	24,143,356	**5,414,581**	10,043,363	**16,418,915**	34,186,719
Increase in life assurance fund	**-**	-	**(2,497,348)**	(1,241,015)	**(2,497,348)**	(1,241,015)
Increase/(decrease) in fair value of investment held for unit linked products	**-**	-	**2,622,884**	(3,751,274)	**2,622,884**	(3,751,274)
Underwriting profit	**11,004,334**	24,143,356	**5,540,117**	5,051,074	**16,544,451**	29,194,430
Income from investments					**73,808,240**	62,552,163
Unallocated expenses					**(7,445,380)**	(5,013,197)
Profit for the period					**82,907,311**	86,733,396

11. Payable to participants of unit linked products

Movement during the period:

	(Un-audited) 30 September 2014 AED	(Audited) 31 December 2013 AED
Opening balance	**38,744,863**	39,130,330
Net amount invested by policyholders	**2,619,529**	1,209,562
Change in fair value	**2,622,884**	(1,595,029)
Balance as at 30 September / 31 December	**43,987,276**	38,744,863