ARABIAN SCANDINAVIAN INSURANCE COMPANY P.L.C.

Review report and interim financial information for the period ended 30 September 2014

ARABIAN SCANDINAVIAN INSURANCE COMPANY P.L.C.

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The Board of Directors
Arabian Scandinavian Insurance Company P.L.C.
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying condensed statement of financial position of **Arabian Scandinavian Insurance Company P.L.C. (the "Company"), Dubai, United Arab Emirates,** as at 30 September 2014 and the related condensed statements of income, comprehensive income, changes in equity and cash flows for the nine month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34: *"Interim Financial Reporting"*. 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 International Accounting Standard 34: *"Interim Financial Reporting"*.

Deloitte & Touche (M.E.)

Samir Madbak
Registration No. 386
9 November 2014

Condensed statement of financial position
at 30 September 2014

	Notes	30 September 2014 (unaudited) AED	31 December 2013 (audited) AED
ASSETS			
Non-current assets			
Property and equipment	5	**381,187**	489,436
Investment properties	6	**231,681,141**	226,564,194
Financial investments at fair value through other comprehensive income (FVTOCI)	7	**3,172,835**	3,172,835
Statutory deposits	8	**10,000,000**	10,000,000
Total non-current assets		**245,235,163**	240,226,465
Current assets			
Re-insurance contract assets	9	**23,529,915**	27,970,786
Insurance and other receivables		**25,826,107**	26,646,935
Due from related parties		**3,475,465**	3,347,981
Financial investments at fair value through profit or loss (FVTPL)	7	**68,769,119**	21,699,511
Bank balances and cash	10	**29,912,029**	98,039,483
Total current assets		**151,512,635**	177,704,696
Total assets		**396,747,798**	417,931,161
EQUITY AND LIABILITIES			
Equity			
Share capital	11	**154,000,000**	140,000,000
Statutory reserve		**53,502,099**	53,502,099
General reserve		**45,611,899**	45,611,899
Retained earnings		**44,395,089**	82,363,755
Total equity		**297,509,087**	321,477,753
Non-current liabilities			
Provision for employees' end of service indemnity		**1,752,136**	1,622,193
Current liabilities			
Insurance contract liabilities	9	**61,401,703**	63,937,888
Insurance and other payables		**36,084,872**	30,823,617
Due to related parties		-	69,710
Total current liabilities		**97,486,575**	94,831,215
Total liabilities		**99,238,711**	96,453,408
Total equity and liabilities		**396,747,798**	417,931,161

Ahmad M. A. Al Kazim
Managing Director

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

Condensed statement of income (unaudited)
for the period ended 30 September 2014

	Notes	Three month period ended 30 September 2014 AED	Three month period ended 30 September 2013 AED	Nine month period ended 30 September 2014 AED	Nine month period ended 30 September 2013 AED
Insurance premium revenue	12	**18,866,934**	17,230,975	**62,407,203**	58,412,061
Insurance premium ceded to re-insurers	12	**(4,603,508)**	(4,623,232)	**(20,371,455)**	(22,002,312)
Net insurance premium revenue	12	**14,263,426**	12,607,743	**42,035,748**	36,409,749
Gross claims incurred		**(12,678,271)**	(12,495,866)	**(34,581,453)**	(38,214,268)
Insurance claims recovered from re-insurers		**3,534,307**	5,168,854	**9,780,029**	17,504,221
Net claims incurred		**(9,143,964)**	(7,327,012)	**(24,801,424)**	(20,710,047)
Gross commission earned		**941,952**	1,070,794	**4,261,535**	4,256,282
Less: commission incurred		**(1,862,316)**	(1,549,615)	**(5,738,092)**	(5,302,860)
Net commission incurred		**(920,364)**	(478,821)	**(1,476,557)**	(1,046,578)
Underwriting profit		**4,199,098**	4,801,910	**15,757,767**	14,653,124
General and administrative expenses relating to underwriting activities		**(4,647,985)**	(3,829,733)	**(13,679,021)**	(10,608,257)
Net underwriting (loss)/profit		**(448,887)**	972,177	**2,078,746**	4,044,867
Investment and other income	13	**10,053,855**	6,826,918	**3,952,588**	20,080,362
Profit for the period		**9,604,968**	7,799,095	**6,031,334**	24,125,229
Basic earnings per share (AED)	14	**0.06**	0.05	**0.04**	0.16

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

Condensed statement of comprehensive income (unaudited)
for the period ended 30 September 2014

	Three month period ended 30 September		Nine month period ended 30 September	
	2014	2013	**2014**	2013
	AED	AED	**AED**	AED
Profit for the period	**9,604,968**	7,799,095	**6,031,334**	24,125,229
Other comprehensive (loss)/income				
Items that will not be reclassified subsequently to profit or loss				
Net fair value (loss)/gain on investments at FVTOCI	-	(1,293,777)	-	682,223
Gain on sale of investments at FVTOCI	-	1,267,890	-	3,208,554
Board of Directors' remuneration paid (Note 16)	-	-	**(2,000,000)**	(1,600,000)
Other comprehensive (loss)/income for the period	-	(25,887)	**(2,000,000)**	2,290,777
Total comprehensive income for the period	**9,604,968**	7,773,208	**4,031,334**	26,416,006

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

Condensed statement of changes in equity
for the period ended 30 September 2014

	Share capital AED	Statutory reserve AED	General reserve AED	Cumulative changes in fair value AED	Retained earnings AED	Total AED
Balance at 31 December 2012 (audited)	140,000,000	48,423,287	40,533,087	(2,420,006)	62,823,946	289,360,314
Profit for the period	-	-	-	-	24,125,229	24,125,229
Other comprehensive income for the period	-	-	-	682,223	1,608,554	2,290,777
Total comprehensive income for the period	-	-	-	682,223	25,733,783	26,416,006
Dividend (Note 16)	-	-	-	-	(21,000,000)	(21,000,000)
Transfer to retained earnings on sale of investments designated at FVTOCI	-	-	-	2,239,954	(2,239,954)	-
Balance at 30 September 2013 (unaudited)	140,000,000	48,423,287	40,533,087	502,171	65,317,775	294,776,320
Balance at 31 December 2013 (audited)	140,000,000	53,502,099	45,611,899	-	82,363,755	321,477,753
Profit for the period	-	-	-	-	6,031,334	6,031,334
Other comprehensive loss for the period	-	-	-	-	(2,000,000)	(2,000,000)
Total comprehensive income for the period	-	-	-	-	4,031,334	4,031,334
Dividend (Note 16)	-	-	-	-	(28,000,000)	(28,000,000)
Bonus Share issued during the period (Note 11,16)	14,000,000	-	-	-	(14,000,000)	-
Balance at 30 September 2014 (unaudited)	**154,000,000**	**53,502,099**	**45,611,899**	-	**44,395,089**	**297,509,087**

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

Condensed statement of cash flows (unaudited)
for the period ended 30 September 2014

	Nine month period ended 30 September 2014 AED	2013 AED
Cash flows from operating activities		
Profit for the period	**6,031,334**	24,125,229
Adjustments for:		
Depreciation of property and equipment	**120,366**	116,690
Provision for employees' end of service indemnity	**135,269**	206,338
Loss/(gain) on investments at FVTPL	**8,568,732**	(8,287,712)
Fair value loss on investment properties	**2,062,500**	-
Other investment income	**(14,520,917)**	(11,790,408)
Operating cash flows before changes in operating assets and liabilities	**2,397,284**	4,370,137
Decrease/(increase) in reinsurance contract assets	**4,440,871**	(5,239,636)
Decrease/(increase) in insurance and other receivables	**820,828**	(5,626,039)
Increase in due from related parties	**(127,484)**	(89,983)
(Decrease)/increase in insurance contract liabilities	**(2,536,185)**	5,945,747
Increase in insurance and other payables	**5,261,255**	1,925,118
Decrease in due to related parties	**(69,710)**	(89,832)
Cash generated from operations	**10,186,859**	1,195,512
Employees' end of service indemnity paid	**(5,326)**	(187,525)
Net cash generated from operating activities	**10,181,533**	1,007,987
Cash flows from investing activities		
Purchase of property and equipment	**(12,117)**	(69,485)
Purchase of investment properties	**(7,179,447)**	(264,600)
Increase in fixed deposits under lien	**(118,440)**	(76,517)
Decrease in fixed deposits with maturity over 3 months	**17,493,395**	28,645,875
Purchase of investments at FVTPL	**(97,287,663)**	(69,277,906)
Proceeds from sale of investments at FVTPL	**41,649,323**	73,607,627
Income from investment properties	**11,068,049**	10,045,653
Interest on fixed deposits	**145,608**	411,276
Dividend received	**3,307,260**	1,333,479
Net cash (used in)/generated from investing activities	**(30,934,032)**	44,355,402
Cash flows from financing activities		
Dividend paid	**(28,000,000)**	(21,000,000)
Board of directors' remuneration paid	**(2,000,000)**	(1,600,000)
Cash used in financing activities	**(30,000,000)**	(22,600,000)
Net (decrease)/increase in cash and cash equivalents	**(50,752,499)**	22,763,389
Cash and cash equivalents at the beginning of the period	**73,517,759**	34,316,903
Cash and cash equivalents at the end of the period (Note 15)	**22,765,260**	57,080,292

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

Notes to the condensed financial statements
for the period ended 30 September 2014

1. General information

Arabian Scandinavian Insurance Company P.L.C. - Dubai (the "Company") is a public shareholding company and was registered in 1992 under U.A.E. Federal Commercial Companies Law No. 8 of 1984 (as amended) relating to commercial companies in U.A.E. The Company is subject to the regulations of U.A.E. Federal Law No. 6 of 2007, on Establishment of Insurance Authority and Organization of its Operations and is registered in the Insurance Companies Register of Insurance Authority of U.A.E under registration number 6. The address of the Company's registered office is P.O. Box 1993, Dubai, United Arab Emirates.

The principal activity of the Company is the writing of all classes of general insurance business and life assurance and till date the Company has written general insurance business only. The Company operates through its Dubai and Abu Dhabi offices.

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

The following new and revised IFRSs have been adopted in these condensed financial statements. The application of these revised and new IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

New and revised IFRSs	Effective for annual periods beginning on or after
• Amendments to IAS 32 Financial Instruments: Presentation relating to application guidance on the offsetting of financial assets and financial liabilities.	1 January 2014
• Amendments to IAS 36 recoverable amount disclosures: The amendments restrict the requirements to disclose the recoverable amount of an asset or CGU to the period in which an impairment loss has been recognised or reversed. They also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal.	1 January 2014
• IFRIC 21 – Levies: Interpretation was developed to address the concerns about how to account for levies that are based on financial data of a period that is different from that in which the activity that give rise to the payment of the levy occurs.	1 January 2014
• Amendments to IFRS 10, IFRS 12 and IAS 27 – Guidance on Investment Entities: On 31 October 2012, the IASB published a standard on investment entities, which amends IFRS 10, IFRS 12, and IAS 27 and introduces the concept of an investment entity in IFRSs.	1 January 2014

**Notes to the condensed financial statements
for the period ended 30 September 2014 (continued)**

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

2.2 New and revised International Financial Reporting Standards (IFRSs) in issue but not yet effective and not early adopted

The Company has not early applied the following new standards, amendments and interpretations that have been issued but not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
• IFRS 15 Revenue from Contracts with Customers: IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.	1 January 2017
• Annual Improvements to IFRSs 2012 - 2014 Cycle that include amendments to IFRS 5, 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 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
• 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.	1 July 2014
• Annual Improvements to IFRSs 2011 - 2013 Cycle that includes amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.	1 July 2014
• 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

Notes to the condensed financial statements
for the period ended 30 September 2014 (continued)

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

2.2 New and revised International Financial Reporting Standards (IFRSs) in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
• 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.	1 July 2014

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements for the period beginning 1 January 2015 or as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

3. Summary of significant accounting policies

3.1 Basis of preparation

These condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) No. 34, *"Interim Financial Reporting"* and also comply with the applicable requirements of the laws in the U.A.E.

The condensed financial statements are presented in U.A.E. Dirhams (AED) since that is the currency in which the majority of the Company's transactions are denominated.

These condensed financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and investment properties.

The accounting policies, presentation and methods in these condensed financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2013.

These condensed financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements as at and for the year ended 31 December 2013. In addition, results for the nine month period ended 30 September 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

The accounting policies in respect of investment properties, investment in securities and property and equipment disclosed in the annual audited financial statements are stated below as required by Securities and Commodities Authority notification dated 12 October 2008.

Notes to the condensed financial statements
for the period ended 30 September 2014 (continued)

3. Summary of significant accounting policies (continued)

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), is stated at its fair value at the end of each reporting period. Gains or losses arising from changes in the fair value of investment properties are included in the profit or loss.

3.3 Investment in securities

Investment in securities of the Company are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Investments of the Company are classified as either as financial assets at fair value through profit or loss (FVTPL) or as "financial assets at fair value through other comprehensive income (FVTOCI)".

3.3.1 Financial assets at fair value through profit or loss (FVTPL)

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) on initial recognition.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss.

Dividend income on investments in equity instruments at FVTPL is recognised in profit or loss when the Company's right to receive the dividends is established in accordance with IAS 18 Revenue.

3.3.2 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)

3.3.2 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 cumulative changes in fair value reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the investments.

The Company has designated all investments in equity instruments that are not held for trading as at FVTOCI.

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.

3.4 Property and equipment

Property and equipment are carried at cost less any accumulated depreciation and any identified impairment losses.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The useful life considered in the calculations of depreciation of all assets is 4 years.

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of condensed financial statements requires management to make judgements, 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 judgements 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 audited annual financial statements for the year ended 31 December 2013.

5. Property and equipment

All the properties and equipment are located in U.A.E.

Notes to the condensed financial statements
for the period ended 30 September 2014 (continued)

6. Investment properties

	Nine month p 30 September 2014 (unaudited) AED	Year ended 31 December 2013 (audited) AED
Fair value at the beginning of the period/year	**226,564,194**	205,595,226
Additions during the period/year	**7,179,447**	2,371,702
Change in fair value during the period/year	**(2,062,500)**	18,597,266
Fair value at the end of the period/year	**231,681,141**	226,564,194

Investment properties represents the fair value of the properties located in U.A.E. The fair value was determined based on the market comparable approach that reflects recent transactions prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the period.

Investment property amounting to AED 8,974,017 (31 December 2013: AED 11,036,517) is registered in the name of related parties on trust and for the benefit of the Company.

7. Financial investments

Financial investments at FVTOCI:

	30 September 2014 (unaudited) AED	31 December 2013 (audited) AED
Unquoted U.A.E. equity securities	**3,172,835**	3,172,835

Financial investments at FVTPL:

	30 September 2014 (unaudited) AED	31 December 2013 (audited) AED
Quoted U.A.E. equity securities	**68,769,119**	21,699,511

Notes to the condensed financial statements for the period ended 30 September 2014 (continued)

7. Financial investments (continued)

The movement in the investment securities are as follows:

	At fair value through other comprehensive income		At fair value through profit or loss	
	Nine month period ended 30 September 2014 (unaudited) AED	Year ended 31 December 2013 (audited) AED	**Nine month period ended 30 September 2014 (unaudited AED**	Year ended 31 D 2013 (audited) AED
Fair value, at the beginning of the period/year	**3,172,835**	12,881,703	**21,699,511**	18,655,590
Purchased during the period/year	-	-	**97,287,663**	88,143,014
Disposals during the period/year	-	(9,708,868)	**(38,718,902)**	(87,003,143)
Change in fair value	-	-	**(11,499,153)**	1,904,050
Fair value, at the end of the period/year	**3,172,835**	3,172,835	**68,769,119**	21,699,511

8. Statutory deposits

Statutory deposits represent fixed deposits with a bank under lien against the guarantees issued in favour of Insurance Authority of U.A.E. in accordance with the requirements of U.A.E. Federal Law No. 6 of 2007, on Establishment of Insurance Authority and Organization of its operations.

9. Insurance contract liabilities and re-insurance contract assets

	30 September 2014 (unaudited) AED	31 December 2013 (audited) AED
Gross		
Insurance contract liabilities:		
Claims reported unsettled	**22,103,505**	27,108,764
Claims incurred but not reported	**5,600,000**	5,600,000
Unearned premiums	**33,698,198**	31,229,124
Total insurance contract liabilities, gross	**61,401,703**	63,937,888
Recoverable from re-insurers		
Claims reported unsettled	**14,487,382**	18,847,327
Unearned premiums	**9,042,533**	9,123,459
Total re-insurers' share of insurance liabilities	**23,529,915**	27,970,786

Notes to the condensed financial statements
for the period ended 30 September 2014 (continued)

9. Insurance contract liabilities and re-insurance contract assets (continued)

	30 September 2014 (unaudited) AED	31 D 2013 (audited) AED
Net		
Claims reported unsettled	**7,616,123**	8,261,437
Claims incurred but not reported	**5,600,000**	5,600,000
Unearned premiums	**24,655,665**	22,105,665
	37,871,788	35,967,102

10. Bank balances and cash

	30 September 2014 (unaudited) AED	31 December 2013 (audited) AED
Fixed deposits	**14,285,723**	63,727,060
Call accounts	**168,026**	167,873
Current accounts and cash	**15,458,280**	34,144,550
	29,912,029	98,039,483

Fixed deposits amounting to AED 3,248,337 (31 December 2013: AED 3,129,897) are under lien against the credit facility granted to the Company.

Bank balances and cash are maintained as follows:

	30 September 2014 (unaudited) AED	31 December 2013 (audited) AED
Within U.A.E.	**29,740,325**	97,867,933
Outside U.A.E.	**171,704**	171,550
	29,912,029	98,039,483

Notes to the condensed financial statements
for the period ended 30 September 2014 (continued)

11. Share capital

	30 September 2014 (unaudited) AED	31 December 2013 (audited) AED
Issued and fully paid:		
154 million ordinary shares (31 December 2013: 140 million ordinary shares) of AED 1 each	**154,000,000**	140,000,000

During the period, the share capital of the Company was increased by AED 14 million by the issue of 14 million bonus shares of AED 1 each. The issue of bonus shares was approved by the Shareholders at the Annual General Meeting held on 19 March 2014 (see Note 16).

12. Net insurance premium revenue

	Three month period ended 30 September		Nine month period ended 30 September	
	2014 (unaudited) AED	2013 (unaudited) AED	**2014 (unaudited) AED**	2013 (unaudited) AED
Gross premium written				
Gross premium written	**19,680,310**	17,659,624	**64,876,277**	58,864,729
Change in unearned premium	**(813,376)**	(428,649)	**(2,469,074)**	(452,668)
	18,866,934	17,230,975	**62,407,203**	58,412,061
Reinsurance premium ceded				
Reinsurance premium ceded	**(4,863,752)**	(4,218,970)	**(20,290,529)**	(20,664,649)
Change in unearned premium	**260,244**	(404,262)	**(80,926)**	(1,337,663)
	(4,603,508)	(4,623,232)	**(20,371,455)**	(22,002,312)
Net insurance premium revenue	**14,263,426**	12,607,743	**42,035,748**	36,409,749

Notes to the condensed financial statements for the period ended 30 September 2014 (continued)

13. Investment and other income

	Three month period ended 30 September		Nine month period ended 30 September	
	2014 (unaudited) AED	2013 (unaudited) AED	**2014 (unaudited) AED**	2013 (unaudited) AED
(Loss)/profit on disposal of financial investments at FVTPL	**(17,984)**	2,698,330	**2,930,421**	7,804,162
Unrealised gain/(loss) on financial investments at FVTPL	**5,747,507**	132,701	**(11,499,153)**	483,550
Interest on fixed deposit	**27,837**	185,309	**145,608**	411,276
Dividends from financial investments	**1,231,334**	440,000	**3,307,260**	1,333,479
Income from investment properties	**3,662,691**	3,369,478	**11,068,049**	10,045,653
Fair value loss on investment properties	**(687,500)**	-	**(2,062,500)**	-
Other income	**89,970**	1,100	**62,903**	2,242
	10,053,855	6,826,918	**3,952,588**	20,080,362

14. Basic earnings per share

	Three month period ended 30 September		Nine month period ended 30 September	
	2014 (unaudited)	2013 (unaudited)	**2014 (unaudited)**	2013 (unaudited)
Profit for the period (in AED)	**9,604,968**	7,799,095	**6,031,334**	24,125,229
Number of shares (share)	**154,000,000**	154,000,000	**154,000,000**	154,000,000
Basic earnings per share (in AED)	**0.06**	0.05	**0.04**	0.16

Basic earnings per share is calculated by dividing the profit for the period by the number of shares outstanding as of the end of the reporting period.

For the purpose of calculating basic earnings per share for 2013 comparative periods, the denominator has been adjusted to reflect the issue of 14 million bonus shares during the current period (see Note 11, 16).

Notes to the condensed financial statements
for the period ended 30 September 2014 (continued)

15. Cash and cash equivalents

	30 September 2014 (unaudited) AED	2013 (unaudited) AED
Bank balances and cash	**29,912,029**	82,661,478
Fixed deposits under lien	**(3,248,337)**	(4,227,061)
Fixed deposits with maturity over 3 months	**(3,898,432)**	(21,354,125)
	22,765,260	57,080,292

16. Dividend

At the Annual General Meeting held on 19 March 2014, the Shareholders approved a cash dividend of 20% of share capital, AED 20 fils per share, amounting to AED 28 million (2013: cash dividend of 15% of share capital, AED 15 fils per share, amounting to AED 21 million). In addition, the Shareholders approved bonus shares of 10% of share capital, AED 10 fils per share, amounting to AED 14 million (2013: Nil). The Shareholders also approved the Board of Director's remuneration for 2013 of AED 2 million (2012: AED 1.6 million).

17. Related party transactions

Transactions:

During the period, the Company entered into the following transactions with related parties:

	Three month period ended 30 September		Nine month period ended 30 September	
	2014 (unaudited) AED	2013 (unaudited) AED	**2014 (unaudited) AED**	2013 (unaudited) AED
Premium written	**104,186**	83,721	**398,301**	416,604
Management expenses (net)	**35,036**	120,011	**785,094**	1,251,660
Premiums written through a related party broker	**2,256,314**	2,221,705	**10,424,284**	10,352,930
Commission paid	**314,421**	306,786	**1,449,481**	1,458,155
Directors' and key management personnel remuneration including benefits	**492,072**	165,874	**2,816,209**	1,421,149
Board of Directors remuneration	**-**	-	**2,000,000**	1,600,000
Claims paid – net	**5,791**	(10,299)	**94,934**	27,771
Claims paid through a related party broker	**-**	1,212,742	**55,075**	3,690,517

Transactions with related parties are entered into at rates agreed with the management.

Notes to the condensed financial statements
for the period ended 30 September 2014 (continued)

18. Segment information

The Company is organised into three main business segments, motor insurance, medical insurance and other classes of insurance. The other classes of insurance include fire, hull, cargo, engineering and certain other smaller classes of insurance.

These segments are the basis on which the Company reports its primary segment information to the Chief Decision Maker.

Insurance premium represents the total income arising from insurance contracts. The Company does not conduct any business outside U.A.E. There are no transactions between the business segments.
Segmental information is presented below:

Segmental assets and liabilities:

	30 September 2014 (unaudited) AED	31 December 2013 (audited) AED
Investment assets	**313,623,095**	261,436,540
Underwriting assets	**83,124,703**	156,494,621
Total assets	**396,747,798**	417,931,161
Total liabilities	**99,238,711**	96,453,408

Notes to the condensed financial statements
for the period ended 30 September 2014 (continued)

18. Segment information (continued)

	Nine month period ended 30 September 2014 (unaudited)				Nine month period ended 30 September 2013 (unaudited)			
	Motor AED	**Medical AED**	**Others AED**	**Total AED**	Motor AED	Medical AED	Others AED	Total AED
Segment Results:								
Net insurance premium revenue	**17,668,929**	**19,086,482**	**5,280,337**	**42,035,748**	12,818,075	16,000,912	7,590,762	36,409,749
Net claims incurred	**(12,239,367)**	**(11,892,628)**	**(669,429)**	**(24,801,424)**	(9,806,779)	(9,109,627)	(1,793,641)	(20,710,047)
Net commission (incurred)/earned	**(1,826,927)**	**(1,072,800)**	**1,423,170**	**(1,476,557)**	(1,455,625)	(702,841)	1,111,888	(1,046,578)
Underwriting profit	**3,602,635**	**6,121,054**	**6,034,078**	**15,757,767**	1,555,671	6,188,444	6,909,009	14,653,124
General and administrative expenses relating to underwriting activities	**(3,794,214)**	**(5,611,334)**	**(4,273,473)**	**(13,679,021)**	(2,933,492)	(3,447,537)	(4,227,228)	(10,608,257)
Net underwriting (loss)/profit	**(191,579)**	**509,720**	**1,760,605**	**2,078,746**	(1,377,821)	2,740,907	2,681,781	4,044,867
Investment and other income				**3,952,588**				20,080,362
Profit for the period				**6,031,334**				24,125,229

Notes to the condensed financial statements
for the period ended 30 September 2014 (continued)

19. Contingent liabilities and capital commitments

	30 September 2014 (unaudited) AED	31 December 2013 (audited) AED
Letters of guarantee	**10,886,644**	10,720,025
Capital commitments	**8,237,750**	14,298,732

Capital commitments consists of an investment property under construction, which is expected to be completed in October 2014.

20. Seasonality of results

No income of seasonal nature was recorded in the condensed statement of income for the nine month period ended 30 September 2014 and 2013.

21. Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended 31 December 2013.

Notes to the condensed financial statements
for the period ended 30 September 2014 (continued)

21. Fair value measurements (continued)

Fair value of the Company's financial assets that are measured at fair value on recurring basis

Some of the Company's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined;

Financial assets	Fair value as at 30 September 2014 Unaudited AED	31 December 2013 Audited AED	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
Financial assets at FVTOCI						
Unquoted equity securities	**3,172,835**	3,172,835	Level 3	Net assets valuation method due to the unavailability of market and comparable financial information. Net assets were determined based on the latest available audited/historical financial information.	Net asset value	Higher the net assets, value of the investees, higher the fair value.
Financial assets at FVTPL						
Quoted equity securities	**68,769,119**	21,699,511	Level 1	Quoted bid prices in an active market.	None	N/A

Fair value measurements recognised in the condensed statement of financial position

The following table provides an analysis of financial and non-financial instruments that are measured subsequent to initial recognition at fair value, grouped 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 (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the condensed financial statements
for the period ended 30 September 2014 (continued)

21. Fair value measurements (continued)

Fair value measurements recognised in the condensed statement of financial position (continued)

30 September 2014 (unaudited)	**Level 1 AED**	**Level 2 AED**	**Level 3 AED**	**Total AED**
Financial assets at FVTOCI				
Unquoted equities	-	-	**3,172,835**	**3,172,835**
Financial assets at FVTPL				
Quoted equities	**68,769,119**	-	-	**68,769,119**
Investment properties	-	-	**231,681,141**	**231,681,141**
	68,769,119	-	**234,853,976**	**303,623,095**

31 December 2013 (audited)	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
Financial assets at FVTOCI				
Unquoted equities	-	-	3,172,835	3,172,835
Financial assets at FVTPL				
Quoted equities	21,699,511	-	-	21,699,511
Investment properties	-	-	226,564,194	226,564,194
	21,699,511	-	229,737,029	251,436,540

There were no transfers between the levels during the period. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

22. Conversion to Takaful Insurance

The Shareholders Extraordinary General Assembly Meeting held on 19 March 2014 has approved conversion of the Company's business from conventional insurance to Takaful Insurance and authorized the board of Directors to carry out all necessary procedures in this regard. In the same context, in their meeting held after the Extraordinary General Assembly Meeting on 19 March 2014, the Board of Directors has appointed the Sharia committee which will be responsible for overseeing the compliance with Sharia.

23. Approval of condensed financial statements

These condensed financial statements were approved and authorised for issue on 9 November 2014.