OMAN INSURANCE COMPANY P.S.C.
AND SUBSIDIARIES

Review report and interim financial information
for the three months period ended 31 March 2015

OMAN INSURANCE COMPANY P.S.C. AND SUBSIDIARIES

Contents **Pages**

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of
Oman Insurance Company P.S.C.
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Oman Insurance Company P.S.C. (the "Company") and its Subsidiaries (together referred to as the "Group") as at 31 March 2015 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the three months 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 Standards 34, "*Interim Financial Reporting*".

Deloitte & Touche (M.E.)

Samir Madbak
Registration No. 386
3 May 2015

Condensed consolidated statement of financial position
At 31 March 2015

	Notes	31 March 2015 (unaudited) AED'000	31 December 2014 (audited) AED'000
ASSETS			
Property and equipment		**81,516**	78,736
Investment properties		**474,315**	474,315
Goodwill		**18,271**	26,588
Deferred tax assets		**14,699**	16,364
Financial investments	5	**1,796,692**	1,795,689
Statutory deposits		**23,538**	23,538
Reinsurance contract assets	6	**1,826,741**	1,661,325
Deferred acquisition costs		**135,421**	125,196
Insurance receivables		**1,265,183**	1,194,962
Prepayments and other receivables		**130,266**	109,284
Bank balances and cash		**579,839**	517,243
Total assets		**6,346,481**	6,023,240
EQUITY AND LIABILITIES			
Equity			
Share capital	7	**461,872**	461,872
Reserves	8	**1,433,719**	1,433,692
Cumulative changes in fair value of securities		**(291,433)**	(299,922)
Foreign currency translation reserve		**(16,245)**	(3,904)
Retained earnings		**352,632**	376,127
Equity attributable to Owners of the Company		**1,940,545**	1,967,865
Non-controlling interests		**31,277**	35,752
Total equity		**1,971,822**	2,003,617
Liabilities			
Insurance contract liabilities	6	**3,534,878**	3,329,115
End of service benefits		**32,129**	31,545
Bank borrowings	9	**33,489**	-
Deferred commission income		**108,999**	96,407
Reinsurance deposits retained		**79,113**	79,052
Insurance payables		**413,858**	425,195
Other payables		**172,193**	58,309
Total liabilities		**4,374,659**	4,019,623
Total equity and liabilities		**6,346,481**	6,023,240

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Abdul Aziz Abdulla Al Ghurair	**Patrick Choffel**
Chairman	**Chief Executive Officer**

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

Condensed consolidated income statement (unaudited)
for the three months period ended 31 March 2015

	Three months period ended 31 March	
	2015	2014
	AED'000	AED'000
		(Restated)
Gross insurance premium	**1,044,795**	1,025,857
Less: Insurance premium ceded to reinsurers	**(614,451)**	(555,001)
Net retained premium	**430,344**	470,856
Net change in unearned premium	**(70,759)**	(129,650)
Net earned insurance premium	**359,585**	341,206
Gross claims settled	**(510,046)**	(394,068)
Insurance claims recovered from reinsurers	**261,391**	191,143
Net claims settled	**(248,655)**	(202,925)
Net change in outstanding claims and additional reserves	**(11,340)**	(21,254)
Net claims incurred	**(259,995)**	(224,179)
Reinsurance commission income	**73,174**	43,917
Commission expenses	**(84,913)**	(52,899)
Other income relating to underwriting activities	**12,268**	10,217
Net commission and other income	**529**	1,235
General and administrative expenses relating to underwriting activities	**(69,106)**	(72,745)
Net underwriting profit	**31,013**	45,517

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

Condensed consolidated income statement (unaudited)
for the three months period ended 31 March 2015 (continued)

	Three months period ended 31 March	
	2015	2014
	AED'000	AED'000
		(Restated)
Net underwriting profit	**31,013**	45,517
Net investment income	**19,827**	15,678
Finance costs	**(1,781)**	(956)
Allowance for doubtful debts	**(1,384)**	-
Other expenses – net	**(3,785)**	(4,763)
Profit before tax	**43,890**	55,476
Income tax expenses	-	-
Profit for the period	**43,890**	55,476
Attributable to:		
Owners of the Company	**44,470**	59,371
Non-controlling interests	**(580)**	(3,895)
	43,890	55,476
Basic earnings per share (AED) (Note 10)	**0.10**	0.13

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

Condensed consolidated statement of comprehensive income (unaudited) for the three months period ended 31 March 2015

	Three months period ended 31 March	
	2015	2014
	AED'000	AED'000
		(Restated)
Profit for the period	**43,890**	55,476
Other comprehensive (loss)/income:		
Items that will not be reclassified subsequently to profit or loss:		
Net fair value (loss)/gains on revaluation of investments designated at FVTOCI	**(13,262)**	21,391
Items that may be reclassified subsequently to profit or loss:		
Exchange loss on translating foreign operations	**(16,236)**	(1,900)
Total other comprehensive (loss)/income for the period	**(29,498)**	19,491
Total comprehensive income for the period	**14,392**	74,967
Attributable to:		
Owners of the Company	**18,867**	79,793
Non-controlling interests	**(4,475)**	(4,826)
	14,392	74,967

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

Condensed consolidated statement of changes in equity for the three months period ended 31 March 2015

	Share capital AED '000	Reserves AED '000	Cumulative changes in fair value of securities AED '000	Foreign currency translation reserve AED '000	Retained earnings AED '000	Equity attributable to the Owners of the Company AED '000	Non-controlling interests AED '000	Total AED '000
Balance at 1 January 2014 - Restated (audited)	461,872	1,376,256	(315,723)	(609)	250,705	1,772,501	23,461	1,795,962
Profit for the period - Restated	-	-	-	-	59,371	59,371	(3,895)	55,476
Other comprehensive income for the period	-	-	21,391	(969)	-	20,422	(931)	19,491
Total comprehensive income for the period - Restated	-	-	21,391	(969)	59,371	79,793	(4,826)	74,967
Cash dividends (Note 18)	-	-	-	-	(46,187)	(46,187)	-	(46,187)
Transfer to retained earnings on disposal of investments at FVTOCI	-	-	1,295	-	(1,295)	-	-	-
Balance at 31 March 2014 - Restated (unaudited)	461,872	1,376,256	(293,037)	(1,578)	262,594	1,806,107	18,635	1,824,742
Balance at 31 December 2014 (audited)	461,872	1,433,692	(299,922)	(3,904)	376,127	1,967,865	35,752	2,003,617
Profit for the period	-	-	-	-	44,470	44,470	(580)	43,890
Other comprehensive loss for the period	-	-	(13,262)	(12,341)	-	(25,603)	(3,895)	(29,498)
Total comprehensive income for the period	-	-	(13,262)	(12,341)	44,470	18,867	(4,475)	14,392
Cash dividends (Note 18)	-	-	-	-	(46,187)	(46,187)	-	(46,187)
Transfer to contingency reserve	-	27	-	-	(27)	-	-	-
Transfer to retained earnings on disposal of investments at FVTOCI	-	-	21,751		(21,751)	-	-	-
Balance at 31 March 2015 (unaudited)	**461,872**	**1,433,719**	**(291,433)**	**(16,245)**	**352,632**	**1,940,545**	**31,277**	**1,971,822**

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

Condensed consolidated statement of cash flows (unaudited)
for the three months period ended 31 March 2015

	Three months period ended 31 March 2015 AED'000	2014 AED'000 (Restated)
Cash flows from operating activities		
Profit for the period	**43,890**	55,476
Adjustments for:		
Depreciation of property and equipment	**3,808**	3,135
Unrealised gains on financial investments at FVTPL	**(10,259)**	(8,861)
Provision for end of service benefits	**2,959**	2,384
Allowance for doubtful debts	**1,384**	-
Dividends income from financial investments at FVTPL and FVTOCI	**(10,464)**	(8,768)
Interest income from deposits and financial investments	**(9,412)**	(7,143)
Realised loss on sale of financial investments at FVTPL	**-**	83
Realised losses on sale of financial investments at amortised cost	**351**	-
Foreign currency exchange loss on investments at amortised cost	**3,772**	909
Finance costs	**1,781**	956
Other investment expenses	**3,739**	3,864
Rental income from investment properties	**(969)**	(740)
Operating cash flows before changes in operating assets and liabilities	**30,580**	41,295
Increase in reinsurance contract assets	**(165,416)**	(292,572)
Increase in insurance and other receivables	**(92,587)**	(163,075)
Increase in deferred acquisition costs	**(10,225)**	(16,037)
Increase in insurance contract liabilities	**205,933**	444,392
Increase/(decrease) in insurance and other payables	**56,360**	(11,874)
Increase/(decrease) in reinsurance deposits retained	**61**	(1,340)
Increase in deferred commission income	**12,592**	16,069
Net cash generated from operations	**37,298**	16,858
End of service benefits paid	**(2,375)**	(1,494)
Finance costs paid	**(1,781)**	(956)
Net cash generated from operating activities	**33,142**	14,408

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

Condensed consolidated statement of cash flows (unaudited)
for the three months period ended 31 March 2015 (continued)

	Three months period ended 31 March	
	2015	2014
	AED'000	AED'000
		(Restated)
Cash flows from investing activities		
Purchases of financial investments at FVTOCI	**(30,579)**	(62,034)
Proceeds from sale of financial investments at FVTOCI	**47,054**	62,588
Purchases of financial investments at FVTPL	**(20,960)**	(55,648)
Proceeds from sale of financial investments at FVTPL	**30,981**	80,867
(Decrease)/increase in unit linked liabilities	**(170)**	19,429
Proceeds from sale of financial investments at amortised cost	**14,064**	-
Purchase of financial investments at amortised cost	**(49,861)**	-
Dividends income from financial investments at FVTPL and FVTOCI	**10,464**	8,768
Interest income from deposits and financial investments	**10,584**	8,233
Rental income from investment properties	**969**	740
Other investment expenses	**(3,739)**	(3,864)
Purchase of property and equipment	**(6,392)**	(4,976)
(Increase)/decrease in term deposits maturing after 3 months	**(41,200)**	106,042
Net cash (used in)/generated from investing activities	**(38,785)**	160,145
Cash flows from financing activities		
Increase in bank borrowings	**33,489**	-
Dividends paid	-	(46,187)
Cash generated from/(used in) financing activities	**33,489**	(46,187)
Net increase in cash and cash equivalents	**27,846**	128,366
Cash and cash equivalents at the beginning of the period	**341,721**	318,904
Effects of exchange rate changes on the balances of cash held in foreign currency	**(6,450)**	(1,599)
Cash and cash equivalents at the end of the period (note 11)	**363,117**	445,671

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

Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2015

1. General information

Oman Insurance Company P.S.C., (the "Company") which was established by an Amiri Decree issued by His Highness, The Ruler of Dubai, is a public shareholding company and is registered under Federal 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 9. The Company is a subsidiary of Mashreq Bank (PSC) incorporated in the Emirate of Dubai. The Company's registered head office is at P.O. Box 5209, Dubai, United Arab Emirates. The Group comprises Oman Insurance Company P.S.C and its subsidiaries (Note 3.3). The Company's ordinary shares are listed on the Dubai Financial Market, United Arab Emirates.

The licensed activities of the Company are issuing short term and long term insurance contracts and trading securities. The insurance contracts are issued in connection with property, motor, aviation and marine risks (collectively known as general insurance) and individual life (participating and non-participating), group life, personal accident, medical and investment linked products.

The Company also operates in Sultanate of Oman, State of Qatar and Republic of Turkey.

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

2.1 New and revised IFRSs applied with no material effect on the consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2015, have been adopted in these condensed consolidated financial statements. The application of these revised and new IFRSs has not had any material impact on the amounts reported for the current period and prior year 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 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
• 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

Notes to the condensed consolidated financial statements for the three months period ended 31 March 2015 (continued)

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

2.2 New and revised IFRSs in issue but not yet effective and not early adopted

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

New and revised IFRSs	Effective for annual periods beginning on or after
• IFRS 7 Financial Instruments: Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.	When IFRS 9 is first applied
• Finalised version of IFRS 9 (IFRS 9 *Financial Instruments* (2014)) was issued in July 2014 incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition. This amends classification and measurement requirement of financial assets and introduces new expected loss impairment model. A new measurement category of fair value through other comprehensive income (FVTOCI) will apply for debt instruments held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets. A new impairment model based on expected credit losses will apply to debt instruments measured at amortised costs or FVTOCI, lease receivables, contract assets and certain written loan commitments and financial guarantee contract.	1 January 2018
• IFRS 14 *Regulatory Deferral Accounts* issued in January 2014 specifies the financial reporting requirements for 'regulatory deferral account balance' that arise when an entity provides good or services to customers at a price or rate that is subject to rate regulation.	1 January 2016
• 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, IFRS 7 and IAS 19.	1 January 2016
• Amendments to IAS 16 and IAS 38 to clarify the acceptable methods of depreciation and amortisation.	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

Notes to the condensed consolidated financial statements for the three months period ended 31 March 2015 (continued)

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

2.2 New and revised 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 27 allow an entity to account for investments in subsidiaries, joint ventures and associates either at cost, in accordance with IAS 39/IFRS 9 or using the equity method in an entity's separate financial statements.	1 January 2016
• Amendments to IFRS 10, IFRS 12 and IAS 28 clarifying certain aspects of applying the consolidation exception for investment entities.	1 January 2016
• Amendments to IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports.	1 January 2016
• Amendments to 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

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's condensed consolidated financial statements for the period of initial application and adoption of these new standards, interpretations and amendments, except for IFRS 9 (2014) and IFRS 15, may have no material impact on the condensed consolidated financial statements of the Group in the period of initial application.

Management anticipates that IFRS 15 and IFRS 9 (2014) will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2017 and 1 January 2018 respectively. The application of IFRS 15 and IFRS 9 (2014) may have significant impact on amounts reported and disclosures made in the Group's consolidated financial statements in respect of revenue from contracts with customers and the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of effects of the application of these standards until the Group performs a detailed review.

3. Summary of significant accounting policies

3.1 Basis of preparation

These condensed consolidated 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 consolidated financial statements are presented in U.A.E. Dirhams (AED) since that is the currency in which the majority of the Group's transactions are denominated and all values are rounded to the nearest thousand (AED '000) except when otherwise indicated.

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

Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2015 (continued)

3. Summary of significant accounting policies (continued)

3.1 Basis of preparation (continued)

The Group presents its condensed consolidated statement of financial position broadly in order of liquidity.

These condensed consolidated financial statements do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statements as at and for the year ended 31 December 2014. In addition, results for the three months period ended 31 March 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

3.2 Significant accounting policies

The accounting policies, presentation and methods in these condensed consolidated financial statements are consistent with those used in the annual audited consolidated financial statements for the year ended 31 December 2014.

As required by the Securities and Commodities Authority ("SCA") notification dated 12 October 2008, accounting policies relating to investment properties, property and equipment and financial assets have been disclosed in these condensed consolidated financial statements (Notes 3.4 to 3.6).

3.3 Basis of consolidation

The condensed consolidated financial statements of Oman Insurance P.S.C. and Subsidiaries (the "Group") incorporate the financial statements of the Company and the entities controlled by the Company (its Subsidiaries).

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

3. Summary of significant accounting policies (continued)

3.3 Basis of consolidation (continued)

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the condensed consolidated income statement and condensed consolidated statement of other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes to the condensed consolidated financial statements for the three months period ended 31 March 2015 (continued)

3. Summary of significant accounting policies (continued)

3.3 Basis of consolidation (continued)

Details of the Company's subsidiaries at 31 March 2015 are as follows:

Name of subsidiary	Place of incorporation and operation	Proportion of legal ownership interest	Proportion of voting power held	Principal activity
Equator Insurance Services L.L.C**	Dubai - U.A.E.	99.97%	100%	Insurance agency.
Dubai Group Sigorta A.S	Istanbul – Turkey	51%	51%	Issuing short-term and long-term insurance contracts.
Support Management Services Company Limited**	Irbil - Iraq.	99%	100%	Third party administration.
Synergize Services FZ L.L.C*	Dubai - UAE.	100%	100%	Management information technology and transaction processing.

* Synergize Services FZ L.L.C was incorporated on 24 January 2014 in Dubai Outsource Zone, UAE and is engaged in the business of providing management information technology and transaction processing services.

** The Company holds the remaining equity in Equator Insurance Agency L.L.C and Support Management Services Company Limited, beneficially through nominee arrangements.

3.4 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation including properties under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Cost includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the cost of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise.

Notes to the condensed consolidated financial statements for the three months period ended 31 March 2015 (continued)

3. Summary of significant accounting policies (continued)

3.4 Investment properties (continued)

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the profit or loss in the period of retirement or disposal.

Transfer is made to or from investment property only when there is a change in use evidenced by the end of owner-occupation or commencement of an operating lease to another party. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use.

Fair value is determined by open market values based on valuations performed by independent surveyors and consultants or broker's quotes.

3.5 Property and equipment

Capital work in progress is stated at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Other property and equipment are stated at cost less accumulated depreciation and any identified impairment losses.

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

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the 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 lives considered in the calculation of depreciation for the assets are as follows:

	Years
Furniture and equipments	3 - 5
Motor vehicles	5

3.6 Financial assets

All financial assets are recognised and derecognised on trade date when 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. Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL), which are initially measured at fair value. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

3. Summary of significant accounting policies (continued)

3.6 Financial assets (continued)

3.6.1 Classification of financial assets

For the purposes of classifying financial assets, an instrument is an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' for the issuer (under IAS 32 Financial Instruments: Presentation) except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial assets are 'debt instruments'.

3.6.2 Financial assets at amortised cost and the effective interest method

Debt instruments are measured at amortised cost if both of the following conditions are met:

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

Debt instruments meeting these criteria are measured initially at fair value plus transaction costs (except if they are designated as at FVTPL – see below). They are subsequently measured at amortised cost using the effective interest method less any impairment (see 3.6.8 below), with interest income recognised on an effective yield basis in investment income.

Subsequent to initial recognition, the Group is required to reclassify debt instruments from amortised cost to FVTPL if the objective of the business model changes so that the amortised cost criteria are no longer met.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The Group may irrevocably elect at initial recognition to classify a debt instrument that meets the amortised cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortised cost.

3.6.3 Cash and cash equivalents

Cash and cash equivalents, which include cash on hand and deposits held with banks with original maturities of three months or less, are classified as financial assets at amortised cost.

Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2015 (continued)

3. Summary of significant accounting policies (continued)

3.6 Financial assets (continued)

3.6.4 Insurance receivables, other receivables and statutory deposits

Insurance receivables, other receivables and statutory deposits are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short- term receivables when the recognition of interest would be immaterial.

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

On initial recognition, the Group 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 Group 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.

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 of securities reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the investments.

The Group 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 Group'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.

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

Investments in equity instruments are classified as at FVTPL, unless the Group designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) on initial recognition (see above).

Investment linked components of insurance contracts are classified as at FVTPL. Any gains or losses arising on remeasurement of these assets and equivalent movements in reserves attributable to policyholders are offset within the same line in the condensed consolidated income statement.

Debt instruments that do not meet the amortised cost criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria but are designated as at FVTPL are measured at FVTPL. A debt instrument may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Notes to the condensed consolidated financial statements for the three months period ended 31 March 2015 (continued)

3. Summary of significant accounting policies (continued)

3.6 Financial assets (continued)

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

Debt instruments are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of debt instruments that are designated as at FVTPL on initial recognition is not allowed.

Debt instruments are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria is no longer met. Reclassification of debt instruments that are designated as at FVTPL on initial recognition is not allowed.

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 Group's right to receive the dividends is established in accordance with IAS 18 Revenue.

3.6.7 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. The foreign exchange component forms part of its fair value gain or loss. Therefore,

- for financial assets that are classified as at FVTPL, the foreign exchange component is recognised in profit or loss; and

- for financial assets that designated as at FVTOCI, any foreign exchange component is recognised in other comprehensive income.

For foreign currency denominated debt instruments measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the financial assets and are recognised in profit or loss.

3.6.8 Impairment of financial assets

Financial assets that are measured at amortised cost are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

3. Summary of significant accounting policies (continued)

3.6 Financial assets (continued)

3.6.8 Impairment of financial assets (continued)

For certain categories of financial asset, such as insurance receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows reflecting the amount of collateral and guarantee, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of insurance receivables, where the carrying amount is reduced through the use of an allowance account. When an insurance receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3.6.9 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a financial asset that is classified as FVTOCI, the cumulative gain or loss previously accumulated in the cumulative changes in fair value of securities reserve is not reclassified to profit or loss, but is reclassified to retained earnings.

Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2015 (continued)

4. Critical accounting judgements and key sources of estimation of uncertainty

The preparation of condensed consolidated 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 consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

5. Financial investments

The Group's financial investments at the end of reporting period are detailed below.

	31 March 2015 (unaudited) AED '000	31 December 2014 (audited) AED '000
At fair value through profit or loss	**368,350**	368,112
At fair value through other comprehensive income	**474,859**	504,596
Measured at amortised cost	**953,483**	922,981
	1,796,692	1,795,689

Financial investments measured at amortised cost include quoted bonds. These bonds carry interests at coupon rates of 3% to 9% per annum. The Group holds these investments with the objective of receiving the contractual cash flows over the instruments life. The fair value of these bonds at 31 March 2015 is AED 962,224 thousand (31 December 2014: AED 902,808 thousand).

5. Financial investments (continued)

The movements in investments are as follows:

	Fair value through profit or loss AED'000	Fair value through OCI AED'000	Amortised cost AED'000	Total AED'000
At 1 January 2014 (audited)	310,534	483,630	585,807	1,379,971
Purchases	295,022	222,183	398,882	916,087
Disposals	(247,308)	(212,497)	(53,131)	(512,936)
Amortisation	-	-	(5,830)	(5,830)
Foreign currency exchange differences	-	-	(2,747)	(2,747)
Changes in fair value	9,864	11,280	-	21,144
At 31 December 2014 (audited)	368,112	504,596	922,981	1,795,689
Purchases	20,960	30,579	49,861	101,400
Disposals	(30,981)	(39,912)	(14,415)	(85,308)
Amortisation	-	-	(1,172)	(1,172)
Foreign currency exchange differences	-	-	(3,772)	(3,772)
Changes in fair value	10,259	(20,404)	-	(10,145)
At 31 March 2015 (unaudited)	**368,350**	**474,859**	**953,483**	**1,796,692**

5.1 Reclassification of financial investments measured at FVTPL

On 28 March 2013, management revisited the Group's business model for managing the financial investments and changed its business model for managing investments in debt instruments. Accordingly, the Group reclassified AED 352,391 thousand from FVTPL to amortised cost from 1 April 2013. The business model has been changed from realizing the fair value by disposing of the investment to hold the asset until its maturity so as to collect the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

These bonds carry effective interests at the rates of 2% to 9% per annum at the date of reclassification. The interest income recognized on these investments for the reporting period ended 31 March 2015 is AED 1,843 thousand (31 March 2014: AED 2,653 thousand).

The fair value loss recognised in profit or loss during the reporting period would have been increased by AED 4,298 thousand (31 March 2014: AED 2,426 thousand) if these financial assets had not been reclassified.

Notes to the condensed consolidated financial statements for the three months period ended 31 March 2015 (continued)

6. Insurance contract liabilities and reinsurance contract assets

	31 March 2015 (unaudited) AED '000	31 December 2014 (audited) AED '000
Insurance contract liabilities		
- Outstanding claims	**1,433,703**	1,497,915
- Additional reserve	**70,462**	74,722
- Life assurance fund	**202,910**	195,775
- Unearned premiums	**1,477,468**	1,210,198
- Unit linked liabilities	**350,335**	350,505
	3,534,878	3,329,115
Recoverable from reinsurers		
- Outstanding claims	**1,026,880**	1,067,933
- Unearned premiums	**799,861**	593,392
	1,826,741	1,661,325
Insurance contract liabilities – net		
- Outstanding claims	**406,823**	429,982
- Additional reserve	**70,462**	74,722
- Life assurance fund	**202,910**	195,775
- Unearned premiums	**677,607**	616,806
- Unit linked liabilities	**350,335**	350,505
	1,708,137	1,667,790

7. Share capital

	31 March 2015 (unaudited) AED '000	31 December 2014 (audited) AED '000
Authorised, issued and fully paid 461,872,125 shares of AED 1 each (31 December 2014: 461,872,125 shares of AED 1 each)	**461,872**	461,872

Notes to the condensed consolidated financial statements for the three months period ended 31 March 2015 (continued)

8. Reserves

	Statutory reserve AED '000	Strategic reserve AED '000	General reserve AED '000	Contingency reserve AED '000	Total AED '000
Balance at 31 December 2013 (audited)	230,936	303,750	836,559	5,011	1,376,256
Balance at 31 March 2014 (unaudited)	230,936	303,750	836,559	5,011	1,376,256
Balance at 31 December 2014 (audited)	230,936	303,750	892,772	6,234	1,433,692
Transfer from retained earnings	-	-	-	27	27
Balance at 31 March 2015 (unaudited)	**230,936**	**303,750**	**892,772**	**6,261**	**1,433,719**

9. Bank borrowings

	31 March 2015 (unaudited) AED '000	31 December 2014 (audited) AED '000
Short term bank loan	**33,489**	-

Bank borrowings are secured by assignment of certain bank deposits in favor of the banks.

The short term bank loan carries fixed interest rate at 1.05% per annum.

10. Basic earnings per share

	Three months period ended 31 March	
	2015 (unaudited)	2014 (unaudited) (Restated)
Profit for the period attributable to the Owners of the Company (AED '000)	**44,470**	59,371
Number of shares	**461,872,125**	461,872,125
Basic earnings per share (AED)	**0.10**	0.13

Basic earnings per share are calculated by dividing the profit for the period attributable to Owners of the Company by the number of shares outstanding at the end of the reporting period.

Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2015 (continued)

11. Cash and cash equivalents

	Three months period ended 31 March	
	2015 (unaudited) AED '000	2014 (unaudited) AED '000
Deposits with banks maturing within 3 months	**198,666**	479,230
Current accounts and cash	**164,451**	69,090
	363,117	548,320
Less: Bank overdraft	-	(102,649)
	363,117	445,671

Bank borrowings are secured by assignment of certain bank deposits in favor of the banks.

For the purpose of condensed consolidated statement of cash flows, bank overdraft is included in the cash and cash equivalents as they form an integral part of the Group's cash management.

12. Related party transactions

Related parties include the Group's major Shareholders, Directors and businesses controlled by them and their families over which they exercise significant management influence as well as key management personnel.

12.1 At the end of the reporting period, amounts due from/to related parties are included in the following accounts:

	31 March 2015 (unaudited) AED '000	31 December 2014 (audited) AED '000
Cash and bank balances	**166,851**	111,217
Statutory deposits	**10,000**	10,000
Net insurance receivable	**76,366**	78,221
Net insurance payable	**22,268**	4,483

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

	Three months period ended 31 March	
	2015 (unaudited) AED '000	2014 (unaudited) AED '000
Premiums	**39,572**	52,984
Claims	**11,361**	19,761
Finance costs	-	956
Bank borrowings-net	-	17,433
Interest income	**73**	322

Premiums are charged to related parties at rates agreed with management.

12. Related party transactions (continued)

12.3 Compensation of key management personnel

	Three months period ended 31 March	
	2015 (unaudited) AED '000	2014 (unaudited) AED '000
Directors' fees	**2,200**	2,100
Salaries and benefits	**1,368**	533
End of service benefits	**25**	23
Total compensation paid to the key management personnel	**3,593**	2,656

13 Contingent liabilities

At 31 March 2015, the Group had contingent liabilities in respect of bank guarantees and other matters arising in the ordinary course of business amounting to AED 59,858 thousand (31 December 2014: AED 69,328 thousand).

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

14. Commitments

	31 March 2015 (unaudited) AED '000	31 December 2014 (audited) AED '000
14.1 Purchase commitments		
Commitments in respect of uncalled subscription of certain shares held as investments	**11,242**	11,302

14.2. Operating lease commitments

At the end of the reporting period, minimum lease commitments under non-cancellable operating lease agreements are as follows:

	31 March 2015 (unaudited) AED '000	31 December 2014 (audited) AED '000
Within one year	**5,656**	7,785
Second to fifth year	**2,224**	3,545

Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2015 (continued)

15. Locations of assets

As required by Securities and Commodities Authority notification dated 12 October 2008, the locations of assets are disclosed below:

	31 March 2015 (unaudited)			31 December 2014 (audited)		
	In U.A.E. AED '000	**In other countries AED '000**	**Total AED '000**	In U.A.E. AED '000	In other countries AED '000	Total AED '000
Property and equipment	**78,132**	**3,384**	**81,516**	74,848	3,888	78,736
Investment properties	**474,315**	**-**	**474,315**	474,315	-	474,315
Financial investments at FVTOCI	**287,743**	**187,116**	**474,859**	306,522	198,074	504,596
Financial investments at FVTPL	**-**	**368,350**	**368,350**	-	368,112	368,112
Financial investments at amortised cost	**466,743**	**486,740**	**953,483**	452,583	470,398	922,981
Bank balances and cash	**363,288**	**216,551**	**579,839**	268,031	249,212	517,243
	1,670,221	**1,262,141**	**2,932,362**	1,576,299	1,289,684	2,865,983

Notes to the condensed consolidated financial statements for the three months period ended 31 March 2015 (continued)

16. Segment information

For management purposes, the Group is organised into three business segments, general insurance, life insurance including medical and investments. The general insurance segment comprises property, motor, general accident, aviation and marine risks. The life insurance segment includes individual life (participating and non-participating), medical, group life and personal accident as well as investment linked products. Investment comprises investments (financial and non financial), deposits with banks and cash management for the Group's own accounts.

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

Segmental information is presented below:

16.1 Segment premium and results by operating segments

	Three months period ended 31 March (unaudited)					
	General insurance		**Life assurance and Medical**		**Total**	
	2015 AED '000	2014 AED '000	**2015 AED '000**	2014 AED '000	**2015 AED '000**	2014 AED '000 (Restated)
Gross insurance premium	**466,747**	445,787	**578,048**	580,070	**1,044,795**	1,025,857
Net underwriting profit	**33,023**	22,171	**(2,010)**	23,346	**31,013**	45,517
Net investment income					**19,827**	15,678
Finance costs					**(1,781)**	(956)
Allowance for doubtful debts					**(1,384)**	-
Other expenses – net					**(3,785)**	(4,763)
Profit before tax					**43,890**	55,476
Income tax					-	-
Profit for the period					**43,890**	55,476
Attributable to:						
Owners of the Company					**44,470**	59,371
Non-controlling interests					**(580)**	(3,895)
Profit for the period					**43,890**	55,476

Notes to the condensed consolidated financial statements for the three months period ended 31 March 2015 (continued)

16. Segment information (continued)

16.2 Segment results by geographical distribution

	Three months period ended 31 March (unaudited)					
	GCC		Turkey		Total	
	2015 AED '000	2014 AED '000	**2015 AED '000**	2014 AED '000	**2015 AED '000**	2014 AED '000 (Restated)
Gross insurance premium	**976,590**	978,185	**68,205**	47,672	**1,044,795**	1,025,857
Net underwriting profit/(loss)	**30,578**	54,062	**435**	(8,545)	**31,013**	45,517
Net investment income	**18,461**	14,264	**1,366**	1,414	**19,827**	15,678
Finance costs	**(1,781)**	(956)	**-**	-	**(1,781)**	(956)
Allowance for doubtful debts	**-**	-	**(1,384)**	-	**(1,384)**	-
Other expenses – net	**(2,182)**	(3,945)	**(1,603)**	(818)	**(3,785)**	(4,763)
Profit/(loss) before tax	**45,076**	63,425	**(1,186)**	(7,949)	**43,890**	55,476
Income tax	**-**	-	**-**	-	**-**	-
Profit/(loss) for the period	**45,076**	63,425	**(1,186)**	(7,949)	**43,890**	55,476
Attributable to:						
Owners of the Company	**45,076**	63,425	**(606)**	(4,054)	**44,470**	59,371
Non-controlling interests	**-**	-	**(580)**	(3,895)	**(580)**	(3,895)
Profit/(loss) for the period	**45,076**	63,425	**(1,186)**	(7,949)	**43,890**	55,476

16.3 Segment assets and liabilities by operating segments

	31 March 2015 (unaudited)			
	General insurance AED '000	**Life assurance and medical AED '000**	**Investment AED '000**	**Total AED '000**
Segment assets	**1,752,454**	**2,323,020**	**2,271,007**	**6,346,481**
Segment liabilities	**2,756,035**	**1,618,624**	**-**	**4,374,659**
Capital expenditure	**6,392**	**-**	**-**	**6,392**
Depreciation	**3,808**	**-**	**-**	**3,808**

Notes to the condensed consolidated financial statements for the three months period ended 31 March 2015 (continued)

16. Segment information (continued)

16.3 Segment assets and liabilities by operating segments (continued)

	31 December 2014 (audited)			
	General insurance AED '000	Life assurance and medical AED '000	Investment AED '000	Total AED '000
Segment assets	2,297,690	1,406,710	2,318,840	6,023,240
Segment liabilities	2,598,062	1,421,561	-	4,019,623
Capital expenditure	44,833	-	-	44,833
Depreciation	4,734	6,064	-	10,798

16.4 Geographical information of segment assets and liabilities

	31 March 2015 (unaudited)		
	GCC AED '000	**Turkey AED '000**	**Total AED '000**
Segment assets	**6,119,329**	**227,152**	**6,346,481**
Segment liabilities	**4,211,336**	**163,323**	**4,374,659**
Capital expenditure	**6,392**	**-**	**6,392**
Depreciation	**3,611**	**197**	**3,808**

	31 December 2014 (audited)		
	GCC AED '000	Turkey AED '000	Total AED '000
Segment assets	5,620,364	402,876	6,023,240
Segment liabilities	3,689,710	329,913	4,019,623
Capital expenditure	42,933	1,900	44,833
Depreciation	9,565	1,233	10,798

17. 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2015 (continued)

17. Fair value measurements (continued)

17.1 Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the condensed consolidated financial statements approximate their fair values except for financial investments measured at amortised cost of which fair value is determined based on the quoted market prices and disclosed in note 5 of these condensed consolidated financial statements.

17.2 Fair value of financial and non-financial items carried at fair value

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

The fair values of assets and liabilities are determined using similar valuation techniques and assumptions as used in the audited annual consolidated financial statements for the year ended 31 December 2014.

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

Some of the Group'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 31 March 2015 (unaudited) AED'000	Fair value as at 31 December 2014 (audited) AED'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
Quoted equity investments – FVTOCI	**366,382**	374,205	Level 1	Quoted bid prices in an active market.	None.	NA
Unquoted equity investments – FVTOCI	**108,477**	130,391	Level 3	Net assets valuation method due to the unavailability of market and comparable financial information. Net assets values were determined based on the latest available audited/historical financial information.	Net assets value.	Higher the net assets value of the investees, higher the fair value.
Quoted debt instruments – FVTPL	**17,568**	17,293	Level 1	Quoted bid prices in an active market.	None.	NA
Quoted debt instruments – amortized costs	**962,224**	902,808	Level 1	Quoted bid prices in an active market.	None.	NA

Notes to the condensed consolidated financial statements for the three months period ended 31 March 2015 (continued)

17. Fair value measurements (continued)

17.2 Fair value of financial and non-financial items carried at fair value (continued)

17.2.2 Fair value of the Group's financial assets that are measured at fair value on recurring basis (continued)

Financial assets	Fair value as at 31 March 2015 (unaudited) AED'000	Fair value as at 31 December 2014 (audited) AED'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
unquoted equity instruments – FVTPL	**350,782**	350,819	Level 3	Net assets values of the funds.	Net assets value	Higher the net assets value, higher the fair value.

17.2.3 Reconciliation of level 3 fair value measurements

17.2.3.1 Reconciliation of unit linked investments – at fair value through profit or loss, movements in level 3 financial assets measured at fair values:

	2015 AED'000 Unaudited	2014 AED '000 Audited
Balance at the beginning of the period/year	**350,819**	257,615
Additions during the period/year	**20,960**	295,022
Disposals during the period/year	**(30,982)**	(210,770)
Fair value changes	**9,985**	8,952
Balance at the end of the period/year	**350,782**	350,819

17.2.3.2 Reconciliation of unquoted equity instruments – at fair value through other comprehensive income, movements in level 3 financial assets measured at fair values:

	2015 AED '000 Unaudited	2014 AED '000 Audited
Balance at beginning of the period/year	**130,391**	176,674
Additions during the period/year	**257**	1,007
Disposals during the period/year	**(20,054)**	(14,182)
Losses recognised in other comprehensive income	**(2,117)**	(33,108)
Balance at the end of the period/year	**108,477**	130,391

Notes to the condensed consolidated financial statements for the three months period ended 31 March 2015 (continued)

18. Dividends

At the Annual General Meeting held on 22 February 2015, the shareholders approved a cash dividend distribution of 10% amounting to AED 46,187 thousand (AED 10 fils per share) for 2014. A cash dividend of 10% amounting to AED 46,187 thousand (AED 10 fils per share) was declared in the Annual General Meeting held on 16 March 2014 for the year 2013.

19. Seasonality of results

Net investment income includes dividends income of AED 10,464 thousand for the three months period ended 31 March 2015 (31 March 2014: AED 8,768 thousand), which is of a seasonal nature.

20. Comparative information

20.1 Restatement of comparative information for the period ended 31 March 2014

On 1st December 2014, the Group voluntarily changed their accounting policy for commissions and other acquisition costs related to securing new insurance contracts and renewing existing insurance contracts for general insurance business and commission received from reinsurers for the premium ceded. The change in accounting policy has been retrospectively applied by the Group. The financial statements for the three months period ended 31 March 2014 were issued prior to the change in the aforementioned accounting policy. Therefore, the comparative information of these financial statements for the three months period ended 31 March 2014 has been restated to conform to the revised accounting policy.

The effects of change in accounting policy on the condensed consolidated statement of comprehensive income and related notes for the three months period ended 31 March 2014 are mentioned below:

	As previously reported 31 March 2014 (unaudited)	Restatements (unaudited)	As restated at 31 March 2014 (unaudited)
Reinsurance commission income (AED '000)	59,986	(16,069)	43,917
Commission expenses (AED '000)	(68,936)	16,037	(52,899)
Profit for the period (AED '000)	55,508	(32)	55,476
Basic earnings per share (AED)	0.13	-	0.13

21. Approval of the condensed consolidated financial statements

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 3 May 2015.