# Al-Sagr National Insurance Company
# (Public Shareholding Company)
# and its subsidiary

## Condensed consolidated interim financial information

*for the three-month period ended 31 March 2015*

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## Condensed consolidated interim financial information
*for the three month period ended 31 March 2015*

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

The Shareholders
Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary

### Introduction

We have reviewed the accompanying condensed consolidated interim financial information of Al-Sagr National Insurance Company ("the Company") and its subsidiary (collectively referred as the "Group"), which comprises:

- the condensed consolidated interim statement of financial position as at 31 March 2015;
- the condensed consolidated interim statement of profit or loss for the three-month period ended 31 March 2015;
- the condensed consolidated interim statement of comprehensive income for the three-month period ended 31 March 2015;
- the condensed consolidated interim statement of changes in equity for the three-month period ended 31 March 2015;
- the condensed consolidated interim statement of cash flows for the three-month period ended 31 March 2015; and
- notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 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 the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2015 interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG 14 MAY 2015

KPMG Lower Gulf Limited
Austin Alan Henry Rudman
Registration No: 844



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# Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary

## Condensed consolidated interim statement of financial position

*as at 31 March 2015*

| | Note | 31 March 2015 AED (Unaudited) | 31 December 2014 AED (Audited) |
|---|---|---|---|
| **ASSETS** | | | |
| Property and equipment | | **10,559,786** | 10,514,500 |
| Investment properties | *6* | **172,809,138** | 172,809,138 |
| Investments | *7* | **242,636,283** | 240,131,419 |
| Reinsurance contract assets | *10* | **194,470,127** | 192,139,324 |
| Insurance and other receivables | | **269,757,944** | 245,446,830 |
| Due from related parties | *15* | **188,647,630** | 183,385,991 |
| Cash and bank balances | *11* | **353,390,429** | 357,418,551 |
| **TOTAL ASSETS** | | **1,432,271,337** | 1,401,845,753 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | *12* | **230,000,000** | 230,000,000 |
| Statutory reserve | | **63,115,259** | 63,115,259 |
| General reserve | | **200,000,000** | 200,000,000 |
| Investments revaluation reserve | | **(1,361,523)** | (1,361,523) |
| Retained earnings | | **173,744,826** | 169,794,298 |
| **Equity attributable to shareholders of the Company** | | **665,498,562** | 661,548,034 |
| **Non-controlling interests** | | **1,107,110** | 1,107,110 |
| **Total equity** | | **666,605,672** | 662,655,144 |
| **Liabilities** | | | |
| Due to related parties | *15* | **495,136** | 520,824 |
| Provision for employees' end of service indemnity | | **13,523,057** | 13,401,749 |
| Insurance contract liabilities | *10* | **371,325,203** | 360,081,618 |
| Bank borrowings | | **251,372,487** | 258,262,057 |
| Insurance and other payables | | **128,949,782** | 106,924,361 |
| **Total liabilities** | | **765,665,665** | 739,190,609 |
| **Total equity and liabilities** | | **1,432,271,337** | 1,401,845,753 |

The notes on pages 8 to 18 form an integral part of these condensed consolidated interim financial information.

These condensed consolidated financial information were approved and authorised for issue by the Board of Directors on 14-05-2015 and signed on their behalf by:

Director and CEO

The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1.

# Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary

## Condensed consolidated interim statement of profit or loss

*for the three-month period ended 31 March 2015*

| | *Note* | **Three-month period ended 31 March 2015 AED (Un-audited)** | Three-month period ended 31 March 2014 AED (Un-audited) |
|---|---|---|---|
| **UNDERWRITING RESULTS** | | | |
| **Underwriting income** | | | |
| Gross insurance premium | | **111,058,567** | 119,910,508 |
| Less: insurance premium ceded to reinsurers | | **(45,682,973)** | (59,044,944) |
| Net retained premium | | **65,375,594** | 60,865,564 |
| Net change in unearned premium reserve | | **(12,338,375)** | (5,414,923) |
| **Net insurance premium** | | **53,037,219** | 55,450,641 |
| Gross claims incurred | | **(77,399,500)** | (72,573,730) |
| Insurance claims recovered from reinsurers | | **17,623,060** | 16,031,550 |
| Net claims paid | | **(59,776,440)** | (56,542,180) |
| Net change in outstanding claims | | **3,425,592** | 8,209,517 |
| **Net claims incurred** | | **(56,350,848)** | (48,332,663) |
| **Net commission income** | *16* | **15,397,767** | 13,375,784 |
| **Underwriting profit** | | **12,084,138** | 20,493,762 |
| Net investments (loss) / income | | **(240,023)** | 23,088,093 |
| General and administrative expenses | | **(7,893,587)** | (10,517,395) |
| **Profit for the period** | | **3,950,528** | 33,064,460 |
| **Attributable to:** | | | |
| Shareholders of the Company | | **3,950,528** | 33,061,518 |
| Non-controlling interest | | **-** | 2,942 |
| | | **3,950,528** | 33,064,460 |
| **Earnings per share** | *13* | **0.02** | 0.14 |

The notes on pages 8 to 18 form an integral part of these condensed consolidated interim financial information.

The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1.

# Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary

## Condensed consolidated interim statement of comprehensive income

*for the three-month period ended 31 March 2015*

| | **Three-month period ended 31 March 2015 AED (Un-audited)** | Three-month period ended 31 March 2014 AED (Un-audited) |
|---|---|---|
| **Profit for the period** | **3,950,528** | 33,064,460 |
| **Other comprehensive income** | | |
| *Items that will not be reclassified to profit or loss :* | | |
| Net change in investment in financial assets at fair value through other comprehensive income | **-** | - |
| **Other comprehensive income for the period** | **-** | - |
| **Total comprehensive income for the period** | **3,950,528** | 33,064,460 |
| **Attributable to:** | | |
| Shareholders | **3,950,528** | 33,061,518 |
| Non-controlling interest | **-** | 2,942 |
| | **3,950,528** | 33,064,460 |

The notes on pages 8 to 18 form an integral part of these condensed consolidated interim financial information.

The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1.

# Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary

## Condensed consolidated interim statement of changes in equity (Un-audited)

*for the three-month period ended 31 March 2015*

| | Attributable to the equity holders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital AED | Statutory reserve AED | General reserve AED | Investment revaluation reserve AED | Retained earnings AED | Total AED | Non-controlling interest AED | Total equity AED |
| Balance at 1 January 2014 | 230,000,000 | 57,505,110 | 200,000,000 | (1,298,925) | 136,915,271 | 623,121,456 | 1,282,199 | 624,403,655 |
| **Total comprehensive income for the period** | | | | | | | | |
| Profit for the period | - | - | - | - | 33,061,518 | 33,061,518 | 2,942 | 33,064,460 |
| **Other comprehensive income** | | | | | | | | |
| Movement in net change in investment in financial assets at fair value through other comprehensive income | - | - | - | - | - | - | - | - |
| Total other comprehensive income | - | - | - | - | - | - | - | - |
| **Total comprehensive income for the period** | - | - | - | - | 33,061,518 | 33,061,518 | 2,942 | 33,064,460 |
| **Balance at 31 March 2014** | 230,000,000 | 57,505,110 | 200,000,000 | (1,298,925) | 169,976,789 | 656,182,974 | 1,285,141 | 657,468,115 |

The notes on pages 8 to 18 form an integral part of these condensed consolidated interim financial information.

# Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary

## Condensed consolidated interim statement of changes in equity (Un-audited)

*for the three-month period ended 31 March 2015*

| | Attributable to the equity holders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital AED | Statutory reserve AED | General reserve AED | Investment revaluation reserve AED | Retained earnings AED | Total AED | Non-controlling interest AED | Total equity AED |
| Balance at 1 January 2015 | 230,000,000 | 63,115,259 | 200,000,000 | (1,361,523) | 169,794,298 | 661,548,034 | 1,107,110 | 662,655,144 |
| **Total comprehensive income for the period** | | | | | | | | |
| Profit for the period | - | - | - | - | 3,950,528 | 3,950,528 | - | 3,950,528 |
| **Other comprehensive income** | | | | | | | | |
| Movement in net change in investment in financial asset at fair value through other comprehensive income | - | - | - | - | - | - | - | - |
| Total other comprehensive income | - | - | - | - | - | - | - | - |
| **Total comprehensive income for the period** | - | - | - | - | 3,950,528 | 3,950,528 | - | 3,950,528 |
| **Transactions with owners directly recorded in equity** | | | | | | | | |
| Dividend paid | - | - | - | - | - | - | - | - |
| Directors' fee paid during the period | - | - | - | - | - | - | - | - |
| **Balance at 31 March 2015** | **230,000,000** | **63,115,259** | **200,000,000** | **(1,361,523)** | **173,744,826** | **665,498,562** | **1,107,110** | **666,605,672** |

The notes on pages 8 to 18 form an integral part of these condensed consolidated interim financial information.

# Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary

## Condensed consolidated interim statement of cash flows

*for the three-month period ended 31 March 2015*

| | **Three-month period ended 31 March 2015 AED (Un-audited)** | Three-month period ended 31 March 2014 AED (Un-audited) |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit for the period | **3,950,528** | 33,064,460 |
| *Adjustment for:* | | |
| Depreciation | **319,380** | 357,662 |
| Net unrealised income from investments | **(907,668)** | (28,260,378) |
| Interest income | **(2,442,717)** | (2,375,596) |
| Dividend income | **(773,697)** | (695,756) |
| Provision for employees' end of service indemnity | **203,756** | 1,042,539 |
| Finance costs | **2,256,645** | 2,311,507 |
| **Operating cash flows before movements in working capital** | **2,606,227** | 5,444,438 |
| Increase in reinsurance contract assets | **(2,330,803)** | (25,574,223) |
| Increase in insurance and other receivables | **(24,311,114)** | (34,942,252) |
| (Increase) / decrease in due from related parties | **(5,261,639)** | 3,566,819 |
| Decrease / (increase) in fixed deposits with bank | **(2,689,209)** | 27,345,676 |
| Increase in insurance contract liabilities | **11,243,585** | 22,779,631 |
| Increase in insurance and other payables | **22,025,421** | 5,740,141 |
| (Decrease) / increase in due to related parties | **(25,688)** | 1,340,965 |
| **Net cash generated from operations** | **1,256,780** | 5,701,195 |
| Interest paid | **(2,256,645)** | (2,311,507) |
| Employees' end of service indemnity paid | **(82,448)** | (117,395) |
| **Net cash (used in) / generated from operating activities** | **(1,082,313)** | 3,272,293 |
| **Cash flows from investing activities** | | |
| Net proceeds (used in acquiring investments) / from sale of securities | **(1,597,196)** | 10,110,226 |
| Net proceeds from disposal of investment properties | **-** | - |
| Purchase of property and equipment | **(364,666)** | (1,702,507) |
| Dividends received | **773,697** | 695,756 |
| Interest received | **2,442,717** | 2,375,596 |
| **Net cash generated from investing activities** | **1,254,552** | 11,479,071 |
| **Cash flows from financing activities** | | |
| (Decrease) / increase in bank borrowings | **(6,889,570)** | 9,642,842 |
| **Net cash (used in) / generated from financing activities** | **(6,889,570)** | 9,642,842 |
| Net (decrease) / increase in cash and cash equivalents | **(6,717,331)** | 24,394,206 |
| Cash and cash equivalents at 1 January | **63,325,594** | 25,145,712 |
| Cash and cash equivalents at 31 March (note 11) | **56,608,263** | 49,539,918 |

The notes on pages 8 to 18 form an integral part of these condensed consolidated interim financial information.

The independent auditors’ report on review of condensed consolidated interim financial information is set out on page 1.

Notes

*(forming part of the condensed consolidated interim financial information)*

**1 Legal status and activities**

AI-Sagr National Insurance Company (Public Share holding Company), Dubai (the "Company") was incorporated on 25 December 1979 as a public shareholding company by an Emiri Decree from His Highness, The Ruler of Dubai, and is registered with the Ministry of Economy of the United Arab Emirates under registration No. (16). The Company's address in Dubai is P.O. Box 14614, Dubai, U.A.E. The Company is a subsidiary of Gulf General Investments Company (the "Parent Company"), a public company incorporated in U.A. E.

The principal activity of the Company is the writing of insurance of all types. The Company operates through its Head Office in Dubai and its branches in Dubai, Sharjah, Abu Dhabi, Al Ain, Ras Al Khaima and Ajman in the U.A.E.

The condensed consolidated interim financial information incorporate the condensed interim financial information of the Company and its subsidiary (collectively referred to as "the Group"). Details of subsidiary are as follows:

| | | **Group's Ownership** | | |
|---|---|---|---|---|
| **Name of subsidiary** | **Activity** | **31 March 2015** | 31 December 2014 | **Country of incorporation** |
| Jordan Emirates Insurance Company PSC | Underwriting of insurance of all types | **92.83%** | 92.83% | Jordan |

**2 Basis of preparation**

**a) Statement of compliance**

These condensed consolidated interim financial information have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all of the information required for full annual audited financial statements, and should be read in conjunction with the annual financial statements as at and for the year ended 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards (IFRSs).

**b) Basis of measurement**

These condensed consolidated interim financial information have been prepared on the historical cost basis except for the following which are measured at fair value.

i) Financial instruments at fair value through profit and loss ("FVTPL");
ii) Financial instruments at fair value through other comprehensive income ("FVTOCI"); and
iii) Investment properties.

**c) Functional and presentation currency**

These condensed consolidated interim financial information are presented in UAE Dirham (AED), which is the functional currency. Except as otherwise indicated, financial information are presented in AED.

**2 Basis of preparation** (continued)

**d) Use of estimates and judgements**

The preparation of these condensed consolidated interim financial information in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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

In preparing these condensed consolidated interim financial information, the significant judgments 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 annual audited financial statements as at and for the year ended 31 December 2014.

**3 Summary of significant accounting policies**

The accounting policies applied by the Group in preparation of these condensed consolidated interim financial statements are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2014 except for the adoption of new IFRSs which became effective as of 1 January 2015.

The adoption of the new and amended standards and interpretations have been reflected in these condensed consolidated interim financial statements as appropriate in terms of disclosures but do not have an impact on the financial position or performance of the Group during the period.

## 4 Financial risk management

Aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements for the year ended 31 December 2014.

## 5 Interim measurement

The nature of the Group's business is such that income and expense are incurred in a manner, which is not materially impacted by any form of seasonality. These condensed consolidated interim financial information were prepared based upon an accrual concept, which requires income and expense to be recorded as earned or incurred and not as received or paid throughout the year. However, the results may not represent a proportionate share of the annual profits due to variability in contributions and investment income and uncertainty of claims occurrences.

## 6 Investment properties

| | **(Un-audited)** | (Audited) |
|---|---|---|
| | **31 March 2015** | 31 December 2014 |
| | **AED** | AED |
| At the beginning of the period / year | **172,809,138** | 170,000,000 |
| Additions during the period / year | **-** | 2,809,138 |
| | **172,809,138** | 172,809,138 |

As at 31 March 2015, the Group has three investment properties out of which one property is Meydan Tower (property is under development), located in Dubai controlled by GGICO Real Estate Development Co. L.L.C. in which the Group has 10% ownership. The carrying value of the property is AED 80 million (10% share of AED 800 million) as at 31 March 2015 *(31 December 2014: AED 80 million)*. The other property is located in Al Barsha First, Dubai which has a carrying value of AED 90 million *(31 December 2014: AED 90 million)*. The company has assessed the fair vlaue of properties internally and they are not materially different from their carrying value.

## 7 Investments

| | **(Un-audited)** **31 March 2015** **AED** | (Audited) 31 December 2014 AED |
|---|---|---|
| Investment in financial assets at fair value through profit or loss ("FVTPL") (note 7.1) | **222,039,467** | 202,339,603 |
| Derivative financial instrument at fair value through profit or loss ("FVTPL") (note 7.2) | **17,805,000** | 35,000,000 |
| Investment in financial asset at fair value through other comprehensive income ("FVTOCI") | **2,538,147** | 2,538,147 |
| Investment in associates (note 7.3) | **253,669** | 253,669 |
| **Total** | **242,636,283** | 240,131,419 |

**7.1** As at 31 March 2015, the revaluation of investment securities resulted in net unrealised gain of AED 0.9 million (net) for the three-month period ended 31 March 2015 *(three-month period ended 31 March 2014: AED 23.8 million)*. During the period, Group has received dividend income of AED 0.77 million *(three-month period ended 31 March 2014: AED 0.69 million)* on its investments in securities.

**7.2** In the prior year, the Group had entered into an arrangement with a third party to sell its entire holdings in a listed investment (put option) classified as FVTPL. The arrangement was valid for a 6 month period. During the current period, management has assessed the fair value internally after considering probability of exercise of the put option together with the market conditions existing at the reporting date and has valued the put option at AED 17.8 million *(31 December 2014: AED 35 million)*.

**7.3** The Group holds 50% ownership in Green Air Technology L.L.C., a limited liability company incorporated in Dubai, United Arab Emirates. The remaining 50% ownership is owned equally by the Parent Company and the CEO of the Company. The 50% share is registered in the name of the Parent Company on behalf and for the benefit of the Company.

The Group holds 50% ownership in Sogour Al Khaleej General Trading L.L.C., a limited liability company incorporated in Dubai, United Arab Emirates. The main activity of the Company is general trading. The remaining 50% ownership is owned by the Parent Company.

Although, the Group holds 50% equity in 2 associates, these are controlled by the Parent Company. The Group does not participate in financial and reporting policy decisions of these associates. Consequently, the Group does not exercise any control on these entities.

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

The table below sets out the classification of each class of financial assets and liabilities along with their fair values. For financial assets and liabilities carried at amortised cost, management believes that the amortised cost of those instruments approximates to their fair values.

**At 31 March 2015 (Un-audited)**

| **Financial assets** | **FVTPL** | **FVTOCI** | **Amortised cost** | **Total** |
|---|---|---|---|---|
| | **AED** | **AED** | **AED** | **AED** |
| Investments | 239,844,467 | 2,538,147 | - | 242,382,614 |
| Reinsurance contract assets | - | - | 194,470,127 | 194,470,127 |
| Insurance and other receivables | - | - | 266,798,934 | 266,798,934 |
| Due from related parties | - | - | 188,647,630 | 188,647,630 |
| Cash and bank balances | - | - | 353,390,429 | 353,390,429 |
| | **239,844,467** | **2,538,147** | **1,003,307,120** | **1,245,689,734** |

| **Financial liabilities** | **FVTPL** | **FVTOCI** | **Amortised cost** | **Total** |
|---|---|---|---|---|
| | **AED** | **AED** | **AED** | **AED** |
| Due to related parties | - | - | 495,136 | 495,136 |
| Insurance contract liabilities | - | - | 371,325,203 | 371,325,203 |
| Bank borrowings | - | - | 251,372,487 | 251,372,487 |
| Insurance and other payables | - | - | 128,949,782 | 128,949,782 |
| | **-** | **-** | **752,142,608** | **752,142,608** |

At 31 December 2014 (Audited)

| Financial assets | FVTPL | FVTOCI | Amortised cost | Total |
|---|---|---|---|---|
| | AED | AED | AED | AED |
| Investments | 237,339,603 | 2,538,147 | - | 239,877,750 |
| Reinsurance contract assets | - | - | 192,139,324 | 192,139,324 |
| Insurance and other receivables | - | - | 244,610,297 | 244,610,297 |
| Due from related parties | - | - | 183,385,991 | 183,385,991 |
| Cash and bank balances | - | - | 357,418,551 | 357,418,551 |
| | 237,339,603 | 2,538,147 | 977,554,163 | 1,217,431,913 |

| Financial liabilities | FVTPL | FVTOCI | Amortised cost | Total |
|---|---|---|---|---|
| | AED | AED | AED | AED |
| Due to related parties | - | - | 520,824 | 520,824 |
| Insurance contract liabilities | - | - | 360,081,618 | 360,081,618 |
| Bank borrowings | - | - | 258,262,057 | 258,262,057 |
| Insurance and other payables | - | - | 106,924,361 | 106,924,361 |
| | - | - | 725,788,860 | 725,788,860 |

## 9 Fair value of financial instruments

'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 in the principal or, in its absence, the most advantageous market to which the Partnership has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

**31 March 2015 (Un-audited)**

| **Financial assets** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| | **AED** | **AED** | **AED** | **AED** |
| FVTPL - financial assets | **222,039,467** | **-** | **17,805,000** | **239,844,467** |
| FVTOCI - financial assets | **-** | **-** | **2,538,147** | **2,538,147** |
| | **222,039,467** | **-** | **20,343,147** | **242,382,614** |
| **Non financial assets** | | | | |
| Investment properties | **-** | **-** | **172,809,138** | **172,809,138** |
| | **-** | **-** | **172,809,138** | **172,809,138** |

31 December 2014 (Audited)

| Financial assets | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | AED | AED | AED | AED |
| FVTPL - financial assets | 202,339,603 | - | 35,000,000 | 237,339,603 |
| FVTOCI - financial assets | - | - | 2,538,147 | 2,538,147 |
| | 202,339,603 | - | 37,538,147 | 239,877,750 |
| Non financial assets | | | | |
| Investment properties | - | - | 172,809,138 | 172,809,138 |
| | - | - | 172,809,138 | 172,809,138 |

## 10 Insurance contract liabilities and reinsurance contract assets

| | (Un-audited) 31 March 2015 AED | (Audited) 31 December 2014 AED |
|---|---|---|
| **Gross** | | |
| Insurance contract liabilities | | |
| Claims reported unsettled | **197,031,600** | 196,213,622 |
| Claims incurred but not reported | **17,478,091** | 17,478,089 |
| Unearned premiums | **156,815,512** | 146,389,907 |
| **Total insurance contract liabilities (gross)** | **371,325,203** | 360,081,618 |
| **Recoverable from reinsurers** | | |
| Claims reported unsettled | **(146,193,043)** | (141,949,475) |
| Deferred reinsurance premiums | **(48,277,084)** | (50,189,849) |
| **Total reinsurance** | **(194,470,127)** | (192,139,324) |
| **Net** | | |
| Claims reported unsettled | **50,838,557** | 54,264,147 |
| Claims incurred but not reported | **17,478,091** | 17,478,089 |
| Unearned premiums | **108,538,428** | 96,200,058 |
| | **176,855,076** | 167,942,294 |

## 11 Cash and bank balances

| | (Un-audited) 31 March 2015 AED | (Audited) 31 December 2014 AED |
|---|---|---|
| Cash in hand | **291,040** | 293,923 |
| Bank balances: | | |
| Current accounts | **11,655,431** | 16,648,765 |
| Fixed deposits | **341,443,958** | 340,475,863 |
| | **353,390,429** | 357,418,551 |

Fixed deposits with banks as at 31 March 2015 include AED 10.3 million *(31 December 2014: AED 10.3 million)* deposited in the name of the Company to the order of the Ministry of Economy and Trade of the United Arab Emirates as required by the Federal Law Number (6) of 2007 relating to Insurance Authority.

Fixed deposits amounting to AED 283 million *(31 December 2014: AED 317 million)* are under lien in respect of bank credit facilities granted to the Company.

All fixed deposits with banks mature within different periods not exceeding one year from the financial date of deposit and carry interest rates between 2.75% to 3.25% per annum *(31 December 2014: 2.75% to 5.9% per annum)* .

**11 Cash and bank balances (continued)**

For cash flow purposes, the cash and cash equivalents analysed as follows;

| | **(Un-audited) 31 March 2015 AED** | (Un-audited) 31 December 2014 AED |
|---|---|---|
| Bank balances and cash | **353,390,429** | 357,418,551 |
| Long term fixed deposits | **(296,782,166)** | (294,092,957) |
| **Cash and cash equivalents (for cash flow statement)** | **56,608,263** | 63,325,594 |

**12 Share capital**

| | **(Un-audited) 31 March 2015 AED** | (Audited) 31 December 2014 AED |
|---|---|---|
| Issued and fully paid: | | |
| 230,000,000 shares of AED 1 each | **230,000,000** | 230,000,000 |

**13 Earnings per share**

| | **Three-month period ended 31 March** | |
|---|---|---|
| | **(Un-audited) 2015 AED** | (Un-audited) 2014 AED |
| Profit for the period attributable to equity holders of the Parent | **3,950,528** | 33,061,518 |
| Weighted average number of shares | **230,000,000** | 230,000,000 |
| Basic earnings per share | **0.02** | 0.14 |

Basic earnings per share are calculated by dividing the profit for the period attributable to shareholders by the weighted average number of shares outstanding at reporting date. There is no dilution impact on basic earning per share.

**14 Contingent liabilities and commitments**

| | **(Un-audited) 31 March 2015 AED** | (Audited) 31 December 2014 AED |
|---|---|---|
| Letters of guarantee | **11,316,214** | 12,177,515 |

**15 Related party transactions**

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard (IAS) 24: Related Party Disclosures. Related parties comprise companies and entities under common ownership and/or common management and control, shareholders, directors and key management personnel of the Group, their close family members and entities controlled, jointly controlled or significantly influenced by such parties.

At the reporting date, amounts due from/to related parties were as follows:

| | **(Un-audited) 31 March 2015 AED** | (Audited) 31 December 2014 AED |
|---|---|---|
| **Included in due from related parties** | | |
| Due from related parties | **236,147,630** | 230,885,991 |
| Allowance for doubtful debts | **(47,500,000)** | (47,500,000) |
| | **188,647,630** | 183,385,991 |
| **Included in due to related parties** | | |
| Due to shareholders | **416,546** | 520,824 |
| **Included in insurance contract liabilities** | | |
| Gross outstanding claims | **280,010** | 761,628 |

These amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

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

| | **Three-month period ended 31 March** | |
|---|---|---|
| | **(Un-audited) 2015 AED** | (Un-audited) 2014 AED |
| Gross premium | **6,820,572** | 7,258,609 |
| Claims paid | **682,152** | 251,743 |
| **Compensation of key management personnel** | | |
| Salaries and benefits | **1,766,448** | 1,569,231 |
| | **1,766,448** | 1,569,231 |

## 16 Net commission income

| | Three-month period ended 31 March 2015 AED (Un-audited) | Three-month period ended 31 March 2014 AED (Un-audited) |
|---|---|---|
| Gross commission earned | **22,433,117** | 23,557,031 |
| Less: commission incurred | **(7,035,350)** | (10,181,247) |
| | **15,397,767** | 13,375,784 |

## 17 Segment information

The Group has adopted IFRS 8 Operating Segments with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments.

Management has determined the segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. There are no transactions between the business segments.

***Business segments***

The Group has the following main business segments:

a) Underwriting

- Accident and Liability: Covers damages resulting from work accidents, burglary, motor, civil responsibilities, engineering insurance, medical, life, personal and breach of trust.

- Fire: Covers insurance against damages caused by Fire, explosions, natural phenomena and all kinds of commotions.

- Marine and aviation: Covers the insurance of cargo and other movables, freight charges, ship and aircraft hulls, machinery and the insurance against risks incidental to its construction, operations, repairs and docking including damages which afflict others.

b) Investment and treasury comprising of investment in securities, fixed deposits and investment property.

| | **For the three-month period ended 31 March 2015** | | | For the three-month period ended 31 March 2014 | | |
|---|---|---|---|---|---|---|
| | **Underwriting** | **Investment and treasury** | **Total** | Underwriting | Investment and treasury | Total |
| | **AED** | **AED** | **AED** | AED | AED | AED |
| | | **(Un-audited)** | | | (Un-audited) | |
| **Segment revenue** | **111,058,567** | **-** | **111,058,567** | 119,910,508 | - | 119,910,508 |
| **Segment results** | **12,084,138** | **(8,133,610)** | **3,950,528** | 20,493,762 | 12,570,698 | 33,064,460 |

**17 Segment information** (continued)

| | **For the three-month period ended 31 March 2015** | | | For the three-month period ended 31 March 2014 | | |
|---|---|---|---|---|---|---|
| | **Underwriting** | **Investment and treasury** | **Total** | Underwriting | Investment and treasury | Total |
| | **AED** | **AED** | **AED** | AED | AED | AED |
| | | **(Un-audited)** | | | (Un-audited) | |
| **Segment assets** | **497,034,328** | **935,237,009** | **1,432,271,337** | 447,886,154 | 953,959,599 | 1,401,845,753 |
| **Segment liabilities** | **513,798,042** | **251,867,623** | **765,665,665** | 480,407,728 | 258,782,881 | 739,190,609 |

## 18 Dividends

At the Annual General Meeting held on 27 April 2015, the Shareholders approved a cash dividend of 10% amounting to AED 23,000,000 for 2014 *(2014: cash dividend of 7.5% amounting to AED 17,250,000)*. The Shareholders also approved the Board of Directors' remuneration for 2014 of AED 600,000 *(2014: AED 600,000)*.

## 19 Comparative figures

Certain comparative figures have been reclassified where appropriate to conform with the presentation and accounting policies adopted in these condensed consolidated interim financial information.