UNITED INSURANCE COMPANY P.S.C.

Review report and interim financial information for the three months period ended 31 March 2013

UNITED INSURANCE COMPANY P.S.C.

Contents

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The Board of Directors
United Insurance Company P.S.C.
Ras Al Khaimah - United Arab Emirates

Introduction

We have reviewed the accompanying condensed statement of financial position of **United Insurance Company P.S.C. (the "Company") - Ras Al Khaimah, United Arab Emirates**, as at 31 March 2013 and the related condensed statements of income, comprehensive income, changes in equity and 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 Standard 34: "*Interim Financial Reporting*".

Deloitte & Touche (M.E.)

Samir Madbak
Registration No. 386
2 May 2013

Condensed statement of financial position at 31 March 2013

	Notes	31 March 2013 Unaudited AED	31 December 2012 Audited AED
ASSETS			
Non-current assets			
Property and equipment		1,487,812	1,565,398
Investment properties	4	72,900,000	72,900,000
Available-for-sale investments	5.1	30,977,010	25,010,162
Statutory deposit	6	6,000,000	6,000,000
Total non-current assets		111,364,822	105,475,560
Current assets			
Re-insurance contract assets	7	48,931,953	42,270,269
Insurance and other receivables		71,283,334	59,459,392
Investments held for trading	5.2	23,919,229	24,408,797
Bank balances and cash	8	32,571,345	35,767,591
Total current assets		176,705,861	161,906,049
Total assets		288,070,683	267,381,609
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9	100,000,000	100,000,000
Statutory reserve		27,968,564	27,968,564
General reserve		2,969,044	2,969,044
Investments revaluation reserve		12,953,123	7,822,840
Accumulated losses		(19,293,678)	(21,926,920)
Total equity		124,597,053	116,833,528
Non-current liabilities			
Provision for employees' end of service benefits		1,585,821	1,571,463
Current liabilities			
Insurance contract liabilities	7	99,602,512	88,254,955
Bank loan	10	2,700,000	4,453,232
Insurance and other payables		59,585,297	56,268,431
Total current liabilities		161,887,809	148,976,618
Total liabilities		163,473,630	150,548,081
Total equity and liabilities		288,070,683	267,381,609

Chairman

General Manager

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

Condensed statement of income (unaudited) for the three months period ended 31 March 2013

	Notes	2013 AED	2012 AED
Insurance premium revenue	11	**31,937,228**	27,133,137
Insurance premium ceded to re-insurers	11	**(10,621,554)**	(10,423,678)
Net insurance premium revenue	11	**21,315,674**	16,709,459
Gross claims incurred		**(27,265,028)**	(22,492,089)
Insurance claims recovered from re-insurers		**7,611,796**	5,515,475
Net claims incurred		**(19,653,232)**	(16,976,614)
Gross commission earned		**5,957,314**	7,202,088
Less: commission incurred		**(2,642,846)**	(3,155,560)
Net commission earned		**3,314,468**	4,046,528
Underwriting profit		**4,976,910**	3,779,373
General and administrative expenses relating to underwriting activities		**(6,046,220)**	(5,802,733)
Net underwriting loss		**(1,069,310)**	(2,023,360)
Investment income and other income		**3,980,213**	2,743,377
Finance costs		**(33,967)**	(106,511)
Unallocated general and administrative expenses		**(243,694)**	(228,845)
Profit for the period		**2,633,242**	384,661
Basic earnings per share	12	**0.026**	0.004

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

Condensed statement of comprehensive income (unaudited) for the three months period ended 31 March 2013

	2013 AED	2012 AED
Profit for the period	**2,633,242**	384,661
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Net gain on revaluation of available-for-sale investments	**5,161,554**	1,052,830
Items that will not be reclassified subsequently to profit or loss:		
Transfer to condensed statement of income on sale of available-for-sale investments	**(31,271**	484,794
Total other comprehensive income for the period	**5,130,283**	1,537,624
Total comprehensive income for the period	**7,763,525**	1,922,285

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

Condensed statement of changes in equity
for the three months period ended 31 March 2013

	Share capital AED	Statutory reserve AED	General reserve AED	Investment revaluation reserve AED	(Accumulated losses)/ retained earnings AED	Total AED
Balance at 31 December 2011 (Audited)	50,000,000	27,968,564	15,965,568	7,529,889	37,003,476	138,467,497
Profit for the period	-	-	-	-	384,661	384,661
Other comprehensive income for the period	-	-	-	1,537,624	-	1,537,624
Total comprehensive income for the period	-	-	-	1,537,624	384,661	1,922,285
Balance at 31 March 2012 (Unaudited)	50,000,000	27,968,564	15,965,568	9,067,513	37,388,137	140,389,782
Balance at 31 December 2012 (Audited)	100,000,000	27,968,564	2,969,044	7,822,840	(21,926,920)	116,833,528
Profit for the period	-	-	-	-	2,633,242	2,633,242
Other comprehensive income for the period	-	-	-	5,130,283	-	5,130,283
Total comprehensive income for the period	-	-	-	5,130,283	2,633,242	7,763,525
Balance at 31 March 2013 (Unaudited)	**100,000,000**	**27,968,564**	**2,969,044**	**12,953,123**	**(19,293,678)**	**124,597,053**

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

Condensed statement of cash flows (unaudited)
for the three months period ended 31 March 2013

	2013 AED	2012 AED
Cash flows from operating activities		
Profit for the period	**2,633,242**	384,661
Adjustments for:		
Unrealised gain on investments – held for trading	**(899,420)**	(1,348,417)
Investment revenues	**(2,422,952)**	(1,573,067)
Finance costs	**33,967**	106,511
Depreciation of property and equipment	**136,331**	139,726
Provision for employees' end of service benefits	**107,859**	111,363
Allowance for doubtful debts	**56,152**	-
Operating cash flows before changes in operating assets and liabilities	**(354,821)**	(2,179,223)
Increase in re-insurance contract assets	**(6,661,684)**	(15,582,981)
Increase in insurance contract liabilities	**11,347,557**	34,547,548
Increase in insurance and other receivables	**(11,880,094)**	(22,835,767)
Increase in insurance and other payables	**3,316,866**	12,785,809
Cash (used in) / generated from operations	**(4,232,176)**	6,735,386
Interest paid	**(33,967)**	(106,511)
Employees' end of service benefits paid	**(93,501)**	(60,934)
Net cash (used in) / generated by operating activities	**(4,359,644)**	6,567,941
Cash flows from investing activities		
Increase in fixed deposits	**(932,261)**	(1,130,993)
Purchase of property and equipment	**(58,745)**	(55,389)
Proceeds on disposal of investments held for trading	**1,463,850**	20,155
Proceeds on disposal of available-for-sale investments	**1,844,410**	6,049,776
Purchase of available-for-sale investments	**(2,515,634)**	(3,920,171)
Interest received	**201,016**	247,662
Income from investment properties	**1,123,561**	1,033,131
Dividend received	**858,172**	22,209
Net cash generated from investing activities	**1,984,369**	2,266,380
Cash flows from financing activities		
Repayment of bank loan	**(1,753,232)**	(1,350,000)
Net cash used in financing activities	**(1,753,232)**	(1,350,000)
Net (decrease) / increase in cash and cash equivalents	**(4,128,507)**	7,484,321
Cash and cash equivalents at the beginning of the period	**17,636,598**	11,277,473
Cash and cash equivalents at the end of the period (Note 13)	**13,508,091**	18,761,794

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

Notes to the condensed financial statements
for the three months period ended 31 March 2013

1. General information

United Insurance Company P.S.C. – Ras Al Khaimah (the "Company") is a public shareholding company, registered in the Emirate of Ras Al Khaimah by Emiri decree No. 13/76 issued by Ruler of Ras Al Khaimah on 15 June, 1976, which was amended by the Emiri decree No. 10/77 issued on 15 December, 1977. The Company is subject to the regulations of U.A.E. Federal Law No. 6 of 2007, concerning formation of Insurance Authority of U.A.E., and is registered in the Insurance Companies Register of Insurance Authority of U.A.E. under registration number 8.

The Company is domiciled in the United Arab Emirates and the address of the Company's registered office is P. O. Box 1010, Ras Al Khaimah, United Arab Emirates.

The Company's ordinary shares are listed on Abu Dhabi Securities Exchange, United Arab Emirates.

The principal activity of the Company is the writing of all classes of general insurance other than life assurance. The Company operates through its head office in Ras Al Khaimah and branch offices in Dubai, Abu Dhabi and Sharjah.

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

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

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

- Amendments to IFRS 1 Government Loans provide relief to first-time adopters of IFRSs by amending IFRS 1 to allow prospective application of IAS 39 or IFRS 9 and paragraph 10A of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance to government loans outstanding at the date of transition to IFRSs
- Amendments to IFRS 7 *Financial Instruments: Disclosures* enhancing disclosures about offsetting of financial assets and liabilities
- IFRS 10 *Consolidated Financial Statements* uses control as the single basis for consolidation, irrespective of the nature of the investee. IFRS 10 requires retrospective application subject to certain transitional provisions providing an alternative treatment in certain circumstances. Accordingly, IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures** have been amended for the issuance of IFRS 10.
- IFRS 11 *Joint Arrangements* establishes two types of joint arrangements: Joint operations and joint ventures. The two types of joint arrangements are distinguished by the rights and obligations of those parties to the joint arrangement. Accordingly IAS 28 *Investments in Associates and Joint Ventures* has been amended for the issuance of IFRS 11.
- IFRS 12 *Disclosure of Interests in Other Entities** combines the disclosure requirements for an entity's interests in subsidiaries, joint arrangements, associates and structured entities into one comprehensive disclosure standard.
- IFRS 13 *Fair Value Measurement* issued in May 2011 establishes a single framework for measuring fair value and is applicable for both financial and non-financial items.

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

2.1 New and revised IFRSs applied with no material effect on the condensed financial statements (continued)

- Amendments to IAS 1 -*Presentation of Other Comprehensive Income*. The amendments retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate statements. However, items of other comprehensive income are required to be grouped into those that will and will not subsequently be reclassified to profit or loss with tax on items of other comprehensive income required to be allocated on the same basis.
- Amendments to IAS 19 *Employee Benefits* eliminate the "corridor approach" and therefore require an entity to recognise changes in defined benefit plan obligations and plan assets when they occur.
- Amendments to IFRS 7:*Financial Instruments*: *Disclosures*— Offsetting Financial Assets and Financial Liabilities
- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*.
- Annual Improvements to *IFRSs 2009 - 2011 Cycle*

The annual improvements include the amendments to five IFRSs which have been summarized below:

- *IFRS 1 First Time Adoption of International Financial Reporting Standards* -Repeated application of IFRS 1
- *IFRS 1 First Time Adoption of International Financial Reporting Standards* -Borrowing costs
- *IAS 1 Presentation of Financial Statements* -Clarification of the requirements for comparative information
- *IAS 16 Property, Plant and Equipment* -Classification of serving equipment
- *IAS 32 Financial Instruments: Presentation* - Tax effect of the distribution to the holders of equity instruments.
- *IAS 34 Interim Financial Reporting - Interim financial reporting and segment information for total* assets and liabilities.

2.2 Amendments to IFRSs affecting presentation and disclosure only

The following revised IFRSs have been adopted in these condensed financial statements. The application of these revised IFRSs has affected the presentation and disclosure only and did not result in any impact on the reported amounts.

- Amendments to IAS 1 *Presentation of Financial Statements*

The amendments require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

- Amendments to IAS 34 *Interim Financial Reporting*

The amendments require additional disclosures for the fair value of the financial instruments as required by IFRS 13 *Fair Value Measurement* and IFRS 7 *Financial Instruments*.

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

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

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

New and revised IFRSs	Effective for annual periods beginning on or after
• Amendments to IFRS 7 *Financial Instruments*: Disclosures relating to disclosures about the initial application of IFRS.	1 January 2015 (or otherwise when IFRS 9 is first applied)
• IFRS 9 *Financial Instruments* issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in October 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.	1 January 2015

Key requirements of IFRS 9 are described as follows:

- IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.
- The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

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

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

New and revised IFRSs	Effective for annual periods beginning on or after
• Amendments to IAS 32 *Financial Instruments: Presentation* relating to application guidance on the offsetting of financial assets and financial liabilities.	1 January 2014
• Amendments to IFRS 10, IFRS 12 and IAS 27 – Guidance on Investment Entities On 31 October 2012, the IASB published a standard on investment entities, which amends IFRS 10, IFRS 12, and IAS 27 and introduces the concept of an investment entity in IFRSs. The amendments establish an exception to IFRS 10's general consolidation principle for investment entities, requiring them to "measure particular subsidiaries at fair value through profit or loss, rather than consolidate them." In addition, the amendments outline required disclosures for reporting entities that meet the definition of an investment entity.	1 January 2014

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements for the period beginning 1 January 2014 or as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

3. Summary of significant accounting policies

3.1 Basis of preparation

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

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

These condensed financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and investment properties which are stated at fair value.

The accounting policies, critical accounting judgements and key sources of estimation used in the preparation of these condensed financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2012.

Notes to the condensed financial statements
for the three months period ended 31 March 2013 (continued)

3. Summary of significant accounting policies (continued)

3.1 Basis of preparation (continued)

These condensed financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements as at and for the year ended 31 December 2012. In addition, results for the three months period ended 31 March 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

The Company's insurance and financial risk management objectives and policies are consistent with those disclosed in the audited financial statements for the year ended 31 December 2012.

4. Investment properties

Investment property represents the fair value of the properties located in the U.A.E.

5. Investment in securities

5.1 *Available-for-sale investments*

Available-for-sale investments comprise the following:

	31 March 2013 Unaudited AED	31 December 2012 Audited AED
Within U.A.E.	**28,809,826**	22,754,706
Outside U.A.E.	**2,167,184**	2,255,456
	30,977,010	25,010,162

5.2 *Investments held for trading*

Investments held for trading comprise the following:

	31 March 2013 Unaudited AED	31 December 2012 Audited AED
Within U.A.E.	**19,313,501**	19,936,791
Outside U.A.E.	**4,605,728**	4,472,006
	23,919,229	24,408,797

Notes to the condensed financial statements
for the three months period ended 31 March 2013 (continued)

6. Statutory deposit

Statutory deposit is maintained in accordance with the requirements of U.A.E. Federal Law No. 6 of 2007 concerning the formation of Insurance Authority of U.A.E. and is not available to finance the day to day operations of the Company.

7. Insurance contract liabilities and re-insurance contract assets

	31 March 2013 Unaudited AED	31 December 2012 Audited AED
Gross		
Insurance contract liabilities:		
Claims reported unsettled	**31,505,439**	33,770,033
Claims incurred but not reported	**4,681,261**	3,033,599
Unearned premiums	**63,415,812**	51,451,323
Total insurance contract liabilities, gross	**99,602,512**	88,254,955
Recoverable from re-insurers'		
Re-insurance contract assets:		
Claims reported unsettled	**24,873,493**	25,131,662
Claims incurred but not reported	**823,831**	-
Unearned premiums	**23,234,629**	17,138,607
Total re-insurers' share of insurance liabilities	**48,931,953**	42,270,269
Net		
Claims reported unsettled	**6,631,946**	8,638,371
Claims incurred but not reported	**3,857,430**	3,033,599
Unearned premiums	**40,181,183**	34,312,716
	50,670,559	45,984,686

Notes to the condensed financial statements
for the three months period ended 31 March 2013 (continued)

8. Bank balances and cash

	31 March 2013 Unaudited AED	31 December 2012 Audited AED
Cash on hand	**16,500**	16,500
Bank balances		
Current accounts	**4,562,006**	4,965,391
Call accounts	**8,929,585**	12,654,707
Fixed deposits	**19,063,254**	18,130,993
	32,571,345	35,767,591
Less: Fixed deposits with maturity over 3 months	**(19,063,254)**	(18,130,993)
Cash and cash equivalents	**13,508,091**	17,636,598

Bank balances are maintained with banks in U.A.E. The interest rate on fixed deposits ranges between 2.8% to 3.8% (2012: ranges between 3.8% to 4.9%).

Fixed deposits amounting to AED 9,450,000 (31 December 2012: AED 9,450,000) are under lien against bank loan granted to the Company (see Note 10).

9. Share capital

At 31 March 2013, the issued and fully paid share capital comprised 100,000,000 shares of AED 1 each (31 December 2012: 100,000,000 shares of AED 1 each).

10. Bank loan

The bank loan of AED 45 million was obtained to purchase investment property and is repayable in 60 equal monthly instalments.

The amount outstanding at the end of the reporting period is AED 2,700,000 (31 December 2012: AED 4,453,232).

At 31 March 2013, bank loan is secured by fixed deposit amounting to AED 9,450,000 (31 December 2012: AED 9,450,000) (see Note 8).

Notes to the condensed financial statements
for the three months period ended 31 March 2013 (continued)

11. Net insurance premium revenue

	Three months period ended 31 March	
	2013	2012
	Unaudited	Unaudited
	AED	AED
Gross premium written		
Gross premium written	**43,901,717**	57,281,592
Change in unearned premium	**(11,964,489)**	(30,148,455)
	31,937,228	27,133,137
Reinsurance premium ceded		
Reinsurance premium ceded	**(16,717,576)**	(25,696,821)
Change in unearned premium	**6,096,022**	15,273,143
	(10,621,554)	(10,423,678)
Net insurance premium revenue	**21,315,674**	16,709,459

12. Basic earnings per share

	Three months period ended 31 March	
	2013	2012
	Unaudited	Unaudited
Profit for the period (in AED)	**2,633,242**	384,661
Number of shares	**100,000,000**	100,000,000
Basic earnings per share (in AED)	**0.026**	0.004

Basic earnings per share have been calculated by dividing the profit for the period by the number of shares outstanding at the end of the reporting period.

The denominator for the purpose of calculating basic earnings per share for three months period ended 31 March 2012 has been adjusted to reflect the issue of bonus shares during 2012.

Notes to the condensed financial statements
for the three months period ended 31 March 2013 (continued)

13. Cash and cash equivalents

	Three months period ended 31 March	
	2013	2012
	Unaudited	Unaudited
	AED	AED
Bank balances and cash	**32,571,345**	36,892,787
Fixed deposits with maturity greater than three months	**(19,063,254)**	(18,130,993)
	13,508,091	18,761,794

14. Contingent liabilities

	31 March 2013	31 December 2012
	Unaudited	Audited
	AED	AED
Letters of guarantee	**5,413,553**	5,743,553

15. Related party transactions

Related parties include the Company'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.

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

	31 March 2013	31 December 2012
	Unaudited	Audited
	AED	AED
Due from policyholders	**5,611,862**	1,710,937
Due to policyholders	**-**	8,298

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given and no expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Notes to the condensed financial statements
for the three months period ended 31 March 2013 (continued)

15. Related party transactions (continued)

Transactions:

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

	Three months period ended 31 March	
	2013	2012
	Unaudited	Unaudited
	AED	AED
Gross premium	**5,657,865**	4,909,921
Claims incurred	**1,194,837**	465,657
Remuneration of key managerial personnel	**309,370**	433,750

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

16. Segment information

For management purposes, the Company is organised into two business segments, general insurance and investments.

The general insurance segment comprises property, fire, marine, motor, medical, general accident and miscellaneous risks.

Investment comprises investments held for trading, AFS investments, investment properties and fixed deposits. Finance costs for the loan obtained for purchasing the investment property is reduced from investment income.

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

The accounting policies of the reportable segments are the same as the Company's accounting policies described in Note 3 to the annual audited financial statements of the Company.

Notes to the condensed financial statements
for the three months period ended 31 March 2013 (continued)

16. Segment information

	Three months period ended 31 March 2013			Three months period ended 31 March 2012		
	Underwriting Unaudited AED	Investments Unaudited AED	Total Unaudited AED	Underwriting Unaudited AED	Investments Unaudited AED	Total Unaudited AED
Segment revenue	**43,901,717**	**-**	**43,901,717**	57,281,592	-	57,281,592
Segment result	**(1,069,310)**	**3,946,246**	**2,876,936**	(2,023,360)	2,636,866	613,506
Unallocated costs (net)			**(243,694)**			(228,845)
Profit for the period			**2,633,242**			384,661

	As at 31 March 2013			As at 31 December 2012		
	Underwriting Unaudited AED	Investments Unaudited AED	Total Unaudited AED	Underwriting Audited AED	Investments Audited AED	Total Audited AED
Segment assets	**126,215,287**	**146,859,493**	**273,074,780**	107,729,661	140,449,952	248,179,613
Unallocated assets			**14,995,903**			19,201,996
Total assets			**288,070,683**			267,381,609
Segment liabilities	**159,187,809**	**2,700,000**	**161,887,809**	144,523,386	4,453,232	148,976,618
Unallocated liabilities			**1,585,821**			1,571,463
Total liabilities			**163,473,630**			150,548,081

There are no inter-segment transactions.

Notes to the condensed financial statements
for the three months period ended 31 March 2013 (continued)

16. Segment information (continued)

Revenue from underwriting departments

The following is an analysis of the Company's revenues classified by major underwriting departments:

	Three months period ended 31 March	
	2013	2012
	Unaudited	Unaudited
	AED	AED
Motor	**17,214,012**	18,542,760
Marine	**942,392**	1,633,898
Medical	**16,818,423**	28,370,647
Fire	**4,858,679**	4,852,540
Engineering, property, general accidents and others	**4,068,211**	3,881,747
	43,901,717	57,281,592

17. Seasonality of results

Investment income includes dividend income of AED 858,172 (2012: AED 22,209), which is of a seasonal nature.

18. 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. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

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 financial statements approximate their fair values:

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

The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended 31 December 2012.

Notes to the condensed financial statements
for the three months period ended 31 March 2013 (continued)

18. Fair value of financial instruments (continued)

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
31 March 2013 (Unaudited)				
AFS investments				
Quoted investments	**30,977,010**	-	-	**30,977,010**
Investment held for trading				
Unquoted investments	-	**23,919,229**	-	**23,919,229**
	30,977,010	**23,919,229**	**-**	**54,896,239**
31 December 2012 (Audited)				
AFS investments				
Quoted investments	25,010,162	-	-	25,010,162
Investment held for trading				
Unquoted investments	-	24,408,797	-	24,408,797
	25,010,162	24,408,797	-	49,418,959

There were no transfers between each of level during the period. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table. There are no financial assets that are measured at fair value using Level 3.

19. Approval of condensed financial statements

The condensed financial statements were approved by the Board of Directors and authorised for issue on 2 May 2013.