

United Insurance Company P.S.C.

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

United Insurance Company P.S.C.

Table of contents	<u>Page</u>
Report on review of interim financial information	1
Condensed statement of financial position	2
Condensed statement of income (unaudited)	3
Condensed statement of comprehensive income (unaudited)	4
Condensed statement of changes in equity	5
Condensed statement of cash flows (unaudited)	6
Notes to the condensed financial statements	7 - 18

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., Ras Al Khaimah, United Arab Emirates**, as at 30 September 2014 and the related condensed statements of income, comprehensive income, changes in equity and cash flows for the nine month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 - *Interim Financial Reporting ("IAS 34")*. 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.

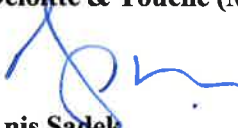
Conclusion

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 IAS 34.

Emphasis of matter

During the nine month period ended 30 September 2014, the Company has made a net loss of AED 38 million (2013: net profit of AED 5 million) and as of 30 September 2014 the Company had accumulated losses of AED 59 million (31 December 2013: AED 14 million) and negative working capital (excess of current liabilities over current assets) of AED 12 million. As per Article 285 of the Federal law no. 8 of 1984 as amended by Federal law no. 13 of 1988 Commercial Companies, when the Company sustains loss amounting to one half of the capital, the Board of Directors shall convene an Extra-Ordinary General Meeting and resolve whether the Company shall be maintained or dissolved. The Board of Directors expect the accumulated losses to be reduced in the last quarter of 2014 and will assess this legal requirement on the basis of the full year results for 2014. Our conclusion is not qualified in respect of the above matter.

Deloitte & Touche (M.E.)



**Anis Sadek
Registration No. 521
9 November 2014**

United Insurance Company P.S.C.
Condensed statement of financial position
at 30 September 2014

2

	Notes	30 September 2014 AED Unaudited	31 December 2013 AED Audited
ASSETS			
Non-current assets			
Property and equipment		1,473,199	1,692,612
Investment properties	4	53,010,000	53,010,000
Available-for-sale investments	5.1	54,992,573	33,780,393
Statutory deposit	6	6,000,000	6,000,000
Total non-current assets		115,475,772	94,483,005
Current assets			
Reinsurance contract assets	7	64,796,716	45,669,933
Insurance and other receivables	8	74,878,704	73,184,393
Investments held for trading	5.2	2,367,833	3,638,985
Bank balances and cash	9	57,653,681	98,726,093
Total current assets		199,696,934	221,219,404
Total assets		315,172,706	315,702,409
EQUITY AND LIABILITIES			
Equity			
Share capital	10	100,000,000	100,000,000
Statutory reserve		28,813,026	28,813,026
General reserve		2,969,044	2,969,044
Investments revaluation reserve		29,570,420	21,787,916
Accumulated losses		(59,298,067)	(14,326,758)
Total equity		102,054,423	139,243,228
Non-current liabilities			
End of service benefits		1,651,095	1,700,567
Current liabilities			
Insurance contract liabilities	7	127,867,220	119,143,259
Insurance and other payables		83,599,968	55,615,355
Total current liabilities		211,467,188	174,758,614
Total liabilities		213,118,283	176,459,181
Total equity and liabilities		315,172,706	315,702,409


.....
Chairman


.....
General Manager

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

United Insurance Company P.S.C.
Condensed statement of income (unaudited)
for the nine month period ended 30 September 2014

3

		Three month period ended 30 September		Nine month period ended 30 September	
		2014	2013	2014	2013
	Notes	AED	AED	AED	AED
Insurance premium revenue	11	34,522,129	35,698,454	135,645,877	98,827,068
Reinsurance premium ceded	11	(10,332,035)	(10,203,679)	(37,547,940)	(30,679,731)
Net insurance premium revenue	11	24,190,094	25,494,775	98,097,937	68,147,337
Gross claims incurred		(57,558,393)	(29,031,490)	(150,286,311)	(80,338,954)
Insurance claims recovered from re-insurers		15,922,031	4,359,561	27,658,689	15,991,355
Net claims incurred		(41,636,362)	(24,671,929)	(122,627,622)	(64,347,599)
Gross commission earned		3,121,097	4,057,160	14,345,662	12,582,061
Less: commission incurred		(2,170,407)	(4,166,497)	(13,953,824)	(10,188,973)
Net commission earned/(incurred)		950,690	(109,337)	391,838	2,393,088
Underwriting (loss)/profit		(16,495,578)	713,509	(24,137,847)	6,192,826
Allowance for doubtful insurance Receivables		-	-	-	(51,999)
General and administrative expenses relating to underwriting activities		(5,666,556)	(5,002,712)	(18,339,570)	(14,372,718)
Sundry income		4,306	23,976	107,269	1,669,255
Net underwriting loss		(22,157,828)	(4,265,227)	(42,370,148)	(6,562,636)
Investment income		959,528	1,738,172	5,624,076	12,302,717
Finance costs		-	(7,579)	-	(61,638)
Unallocated general and administrative expenses		(298,236)	(263,298)	(965,237)	(756,459)
(Loss)/profit for the period		(21,496,536)	(2,797,932)	(37,711,309)	4,921,984
Basic (loss)/earnings per share (AED)	12	(0.215)	(0.028)	(0.380)	0.049

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

United Insurance Company P.S.C.
Condensed statement of comprehensive income (unaudited)
for the nine month period ended 30 September 2014

4

	Three month period ended		Nine month period ended	
	30 September		30 September	
	2014	2013	2014	2013
	AED	AED	AED	AED
(Loss)/profit for the period	(21,496,536)	(2,797,932)	(37,711,309)	4,921,984
Other comprehensive (loss)/income items				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net gain on revaluation of available-for-sale investments	3,725,468	3,951,863	7,782,504	14,044,800
<i>Transfer to profit or loss:</i>				
Transfer to condensed statement of income on sale of available-for-sale investments	-	(274,103)	-	(1,009,970)
Total other comprehensive income for the period	3,725,468	3,677,760	7,782,504	13,034,830
Total comprehensive (loss)/income for the period	(17,771,068)	879,828	(29,928,805)	17,956,814

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

**United Insurance Company P.S.C.
Condensed statement of changes in equity
for the nine month period ended 30 September 2014**

	Share Capital AED	Statutory reserve AED	General reserve AED	Investment revaluation reserve AED	Accumulated losses AED	Total AED
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	-	-	-	-	4,921,984	4,921,984
Other comprehensive income for the period	-	-	-	13,034,830	-	13,034,830
Total comprehensive income for the period	-	-	-	13,034,830	4,921,984	17,956,814
Balance at 30 September 2013 (unaudited)	100,000,000	27,968,564	2,969,044	20,857,670	(17,004,936)	134,790,342
Balance at 31 December 2013 (audited)	100,000,000	28,813,026	2,969,044	21,787,916	(14,326,758)	139,243,228
Loss for the period	-	-	-	-	(37,711,309)	(37,711,309)
Other comprehensive income for the period	-	-	-	7,782,504	-	7,782,504
Total comprehensive income/(loss) for the period	-	-	-	7,782,504	(37,711,309)	(29,928,805)
Dividend paid (Note 15)	-	-	-	-	(7,000,000)	(7,000,000)
Director's fee paid	-	-	-	-	(260,000)	(260,000)
Balance at 30 September 2014 (unaudited)	100,000,000	28,813,026	2,969,044	29,570,420	(59,298,067)	102,054,423

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

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

	Nine month period ended 30 September	
	2014 AED	2013 AED
Cash flows from operating activities		
(Loss)/profit for the period	(37,711,309)	4,921,984
Adjustments for:		
Investment income	(5,624,076)	(11,191,800)
Increase in fair value of investments held for trading	-	(344,522)
Allowance for doubtful debts	-	51,999
Depreciation of property and equipment	483,695	418,502
Finance cost	-	61,638
Gain on disposal of investment property	-	(1,079,990)
Provision for employees' end of service indemnity	316,916	401,477
	<hr/>	<hr/>
Operating cash flows before changes in operating assets and liabilities	(42,534,774)	(6,760,712)
Increase in reinsurance contract assets	(19,126,783)	(1,492,671)
Increase in insurance contract liabilities	8,723,961	23,934,929
Increase in insurance and other receivables	(1,694,311)	(18,724,008)
Increase/(decrease) in insurance and other payables	27,984,613	(3,023,237)
	<hr/>	<hr/>
Cash used in operations	(26,647,294)	(6,065,699)
Interest paid	-	(61,638)
Employees' end of service indemnity paid	(366,388)	(162,003)
	<hr/>	<hr/>
Net cash used in operating activities	(27,013,682)	(6,289,340)
	<hr/>	<hr/>
Cash flows from investing activities		
Increase in fixed deposits	(698,812)	(932,261)
Purchase of property and equipment	(264,282)	(609,980)
Proceeds on disposal of investment properties	-	21,079,990
Purchase of investments held for trading	-	(148,885)
Proceeds on disposal of investments held for trading	1,429,017	23,246,824
Proceeds on disposal of available-for-sale investments	-	9,545,171
Purchase of available-for-sale investments	(13,429,676)	(4,037,204)
Interest received	679,056	649,802
Income from investment properties received	2,050,148	2,755,649
Dividend received	2,737,007	3,375,904
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(7,497,542)	54,925,010
	<hr/>	<hr/>
Cash flows from financing activities		
Repayment of bank loan	-	(4,051,327)
Directors' fee paid	(260,000)	-
Dividend paid	(7,000,000)	-
	<hr/>	<hr/>
Net cash used in financing activities	(7,260,000)	(4,051,327)
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(41,771,224)	44,584,343
Cash and cash equivalents at the beginning of the period	79,662,839	17,636,598
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Cash and cash equivalents at the end of the period (Note 13)	37,891,615	62,220,941
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The accompanying notes form an integral part of these condensed financial statements.

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

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 H.H. Sheikh Saqr Bin Mohammed Al Qasimi on 15 June 1976, which was amended by 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 ("IFRS")

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

The following new and revised IFRS have been adopted in these condensed financial statements. The application of these revised and new IFRS 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.

<u><i>New and revised IFRS</i></u>	<u><i>Effective for annual periods beginning on or after</i></u>
<ul style="list-style-type: none"> • Amendments to IAS 32 Financial Instruments: Presentation relating to application guidance on the offsetting of financial assets and financial liabilities. 	1 January 2014
<ul style="list-style-type: none"> • Amendments to IAS 36 recoverable amount disclosures <p>The amendments restrict the requirements to disclose the recoverable amount of an asset or CGU to the period in which an impairment loss has been recognized or reversed. They also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal.</p>	1 January 2014
<ul style="list-style-type: none"> • Amendments to IAS 39 Financial Instruments: Recognition and Measurement, Novation of Derivatives and Continuation of Hedge Accounting <p>The amendment allows the continuation of hedge accounting when a derivative is novated to a clearing counterparty and certain conditions are met.</p>	1 January 2014
<ul style="list-style-type: none"> • IFRIC 21 - Levies: <p>Interpretation was developed to address the concerns about how to account for levies that are based on financial data of a period that is different from that in which the activity that give rise to the payment of the levy occurs.</p>	1 January 2014

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

2. Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)

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

New and revised IFRS

- 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 IFRS. 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.

2.2 New and revised IFRS 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 IFRS

- Amendments to IFRS 7 *Financial Instruments*: Disclosures relating to disclosures about the initial application of IFRS 9.
- IFRS 7 *Financial Instruments*: Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.
- IFRS 9 *Financial Instruments (2009)* issued in November 2009 introduces new requirements for the classification and measurement of financial assets. *IFRS 9 Financial Instruments (2010)* revised in October 2010 includes the requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 *Financial Instruments: Recognition and Measurement*.

IFRS 9 *Financial Instruments (2013)* was revised in November 2013 to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the own credit gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9.

IFRS 9 (2009) and IFRS 9 (2010) were superseded by IFRS 9 (2013) and IFRS 9 (2010) also superseded IFRS 9 (2009). The various standards also permit various transitional options. Accordingly, entities can effectively choose which parts of IFRS 9 they apply, meaning they can choose to apply: (1) the classification and measurement requirements for financial assets (2) the classification and measurement requirements for both financial assets and financial liabilities (3) the classification and measurement requirements and the hedge accounting requirements.

***Effective for
annual periods
beginning on or after***

1 January 2014

***Effective for
annual periods
beginning on or after***

When IFRS 9 is first applied

When IFRS 9 is first applied

1 January 2018

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

2. Application of new and revised International Financial Reporting Standards (“IFRS”) (continued)

2.2 New and revised IFRS in issue but not yet effective and not early adopted (continued)

<u>New and revised IFRS</u>	<u>Effective for annual periods beginning on or after</u>
• Amendments to IAS 19 <i>Employee Benefits</i> - to 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 IFRS 2010 - 2012 Cycle	1 July 2014
▪ IFRS 2 Share Based Payments - definition of 'vesting condition'.	
▪ IFRS 3 Business Combinations - accounting for contingent consideration.	
▪ IFRS 8 Operating Segments - aggregation of segments, reconciliation of segment assets.	
▪ IAS 16 Property Plant and Equipment - proportionate restatement of accumulated depreciation on revaluation.	
▪ IAS 24 Related Party Disclosures - management entities.	
▪ IAS 38 Intangible Assets - proportionate restatement of accumulated depreciation on revaluation.	
• Annual Improvements to IFRS 2011 - 2013 Cycle	1 July 2014
▪ IFRS 1 First Time Adoption of International Financial Reporting Standards - meaning of effective IFRS.	
▪ IFRS 3 Business Combinations - scope exception for joint ventures.	
▪ IFRS 13 Fair Value Measurement - scope of the portfolio exception.	
▪ IAS 40 Investment Property - interrelationship between IFRS 3 and IAS 40.	
• IFRS 14 Regulatory Deferral Accounts	1 January 2016
• IFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2017

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements for the period beginning 1 January 2015 or as and when they are applicable and except for IFRS 9 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.

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

3. Summary of significant accounting policies

Basis of preparation

These condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) No. 34, “*Interim Financial Reporting*” issued by the International Accounting Standards Board (IASB) 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. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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 2013.

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

The 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 2013.

4. Investment properties

Investment properties represent the fair value of the properties which are located in U.A.E.

Investment properties are stated at fair value, which has been principally determined based on valuations performed by management at the end of the period. Fair value represents the amounts at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm’s length transaction at the date of the valuation. Valuations are performed on a periodic basis, at least annually, and the fair value gains and losses are recorded in the profit or loss.

The fair value of the Company’s investment properties is based on unobservable inputs that is level 3.

5. Investments in securities

5.1 Available-for-sale investments

Available-for-sale investments comprise the following:

	30 September 2014 AED Unaudited	31 December 2013 AED Audited
Within U.A.E.	50,378,853	31,465,139
Outside U.A.E.	4,613,720	2,315,254
	54,992,573	33,780,393

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

5. Investments in securities (continued)

5.2 Investments held for trading

Investments held for trading comprise the following:

	30 September 2014 AED Unaudited	31 December 2013 AED Audited
Within U.A.E.	10,000	1,220,619
Outside U.A.E.	2,357,833	2,418,366
	2,367,833	3,638,985

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 reinsurance contract assets

	30 September 2014 AED Unaudited	31 December 2013 AED Audited
<i>Insurance contract liabilities:</i>		
Claims reported unsettled	38,748,566	33,027,412
Claims incurred but not reported	5,317,291	5,307,648
Unearned premiums	83,801,363	80,808,199
	127,867,220	119,143,259
<i>Recoverable from reinsurers</i>		
Claims reported unsettled	29,740,404	23,286,998
Claims incurred but not reported	1,435,771	1,346,383
Unearned premiums	33,620,541	21,036,552
	64,796,716	45,669,933
<i>Insurance contract liabilities - net</i>		
Claims reported unsettled	9,008,162	9,740,414
Claims incurred but not reported	3,881,520	3,961,265
Unearned premiums	50,180,822	59,771,647
	63,070,504	73,473,326

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

8. Insurance and other receivables

	30 September 2014 AED Unaudited	31 December 2013 AED Audited
<i>Receivables arising from insurance and re-insurance contracts</i>		
Due from policyholders	73,660,078	74,088,116
Allowance for doubtful debts	<u>(18,931,527)</u>	<u>(18,931,527)</u>
	54,728,551	55,156,589
Due from insurance companies	6,817,651	7,502,998
Due from re-insurance companies	10,386,717	7,796,063
<i>Other receivables</i>		
Advance to suppliers	842,312	462,175
Prepayments and others	2,103,473	2,266,568
	<u>74,878,704</u>	<u>73,184,393</u>

9. Bank balances and cash

	30 September 2014 AED Unaudited	31 December 2013 AED Audited
Cash on hand	16,500	16,500
Bank balances:		
Current accounts	12,897,168	19,207,345
Call accounts	4,977,947	30,421,289
Fixed deposits	39,762,066	49,080,959
	<u>57,653,681</u>	<u>98,726,093</u>

Bank balances are maintained with banks in U.A.E. The annual interest rate on fixed deposits ranges from 1.2% to 2.8% (31 December 2013: ranges from 0.7% to 3.8%).

10. Share capital

At 30 September 2014, the issued and fully paid share capital comprised 100,000,000 shares of AED 1 each (31 December 2013: 100,000,000 shares of AED 1 each).

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

11. Net insurance premium revenue

	Three month period ended 30 September		Nine month period ended 30 September	
	2014	2013	2014	2013
	AED	AED	AED	AED
	Unaudited	Unaudited	Unaudited	Unaudited
<i>Insurance premium revenue</i>				
Gross premium written	22,241,564	50,486,635	138,639,041	124,773,854
Change in unearned premium	12,280,565	(14,788,181)	(2,993,164)	(25,946,786)
	<u>34,522,129</u>	<u>35,698,454</u>	<u>135,645,877</u>	<u>98,827,068</u>
<i>Reinsurance premium ceded</i>				
Reinsurance premium ceded	(9,035,749)	(9,948,475)	(50,131,929)	(34,834,489)
Change in unearned premium	(1,296,286)	(255,204)	12,583,989	4,154,758
	<u>(10,332,035)</u>	<u>(10,203,679)</u>	<u>(37,547,940)</u>	<u>(30,679,731)</u>
Net insurance premium revenue	<u><u>24,190,094</u></u>	<u><u>25,494,775</u></u>	<u><u>98,097,937</u></u>	<u><u>68,147,337</u></u>

12. Basic (loss)/earnings per share

	Three month period ended 30 September		Nine month period ended 30 September	
	2014	2013	2014	2013
	Unaudited	Unaudited	Unaudited	Unaudited
(Loss)/profit for the period (AED)	(21,496,536)	(2,797,932)	(37,711,309)	4,921,984
Less: Directors' fee paid (AED)	-	-	(260,000)	-
Adjusted (loss)/profit for the period (AED)	<u><u>(21,496,536)</u></u>	<u><u>(2,797,932)</u></u>	<u><u>(37,971,309)</u></u>	<u><u>4,921,984</u></u>
Number of shares	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
Basic (loss)/earnings per share (in AED)	<u><u>(0.215)</u></u>	<u><u>(0.028)</u></u>	<u><u>(0.380)</u></u>	<u><u>0.049</u></u>

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

13. Cash and cash equivalents

	Nine month period ended 30 September	
	2014	2013
	AED	AED
	Unaudited	Unaudited
Bank balances and cash	57,653,681	81,284,195
Fixed deposits with original maturity over three months	(19,762,066)	(19,063,254)
	<u>37,891,615</u>	<u>62,220,941</u>

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

14. Contingent liabilities

	30 September 2014 AED Unaudited	31 December 2013 AED Audited
Letters of guarantee	<u><u>5,446,833</u></u>	<u><u>6,441,553</u></u>

15. Dividends

During the period, the annual general meeting held on 20 March 2014, the shareholders approved a cash dividend distribution of 7% amounting to AED 7 million (AED 7 Fils per share) for the year ended 31 December 2013 (for the year ended 31 December 2012: Nil) and also approved the remuneration for the Board of Directors of AED 260,000 (for the year ended 31 December 2012: Nil).

16. Related party transactions

The Company 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, their partners and key management personnel. The management decides on the terms and conditions of the transactions with related parties. At the reporting date, amounts due from/to related parties were included in the following accounts.

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

	30 September 2014 AED Unaudited	31 December 2013 AED Audited
Due from policyholders	<u><u>5,611,662</u></u>	<u><u>7,099,531</u></u>
Due to policyholders	<u><u>67,162</u></u>	<u><u>56,822</u></u>

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

Transactions:

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

	Three month period ended 30 September		Nine month period ended 30 September	
	2014 Unaudited	2013 Unaudited	2014 Unaudited	2013 Unaudited
Gross premium	322,794	4,151,398	11,173,702	13,959,561
Claims paid	2,512,820	2,294,929	7,548,583	6,315,271
Remuneration of key management Personnel	285,000	360,000	855,000	1,029,370
Board of directors' remuneration	-	-	260,000	-

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

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

17. 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 nine month period ended 30 September 2014 (continued)

17. Segment information (continued)

	Nine month period ended 30 September 2014		Nine month period ended 30 September 2013	
	Underwriting Unaudited AED	Investments Unaudited AED	Total Unaudited AED	Total Unaudited AED
Segment revenue – Gross	138,639,041	-	138,639,041	124,773,854
Segment result	(42,370,148)	5,624,076	(36,746,072)	5,678,443
Unallocated costs (net)			(965,237)	(756,459)
(Loss)/profit for the period			(37,711,309)	4,921,984
	As at 30 September 2014		As at 31 December 2013	
	Underwriting Unaudited AED	Investments Unaudited AED	Total Unaudited AED	Total Audited AED
Segment assets	145,675,420	150,132,472	295,807,892	264,364,663
Unallocated assets			19,364,814	51,337,746
Total assets			315,172,706	315,702,409
Segment liabilities	211,467,188	-	211,467,188	174,758,614
Unallocated liabilities			1,651,095	1,700,567
Total liabilities			213,118,283	176,459,181

There are no inter-segment transactions.

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

17. Segment information (continued)

Revenue from underwriting departments

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

	Three month period ended 30 September		Nine month period ended 30 September	
	2014	2013	2014	2013
	AED	AED	AED	AED
	Unaudited	Unaudited	Unaudited	Unaudited
Motor	7,969,429	35,838,983	82,197,439	70,888,320
Marine	751,246	878,353	2,901,398	2,722,901
Medical	8,198,900	10,140,231	28,553,824	31,954,538
Fire	2,278,579	2,479,582	11,725,220	10,092,787
Engineering, property, general accidents and others	3,043,410	1,149,486	13,261,160	9,115,308
	22,241,564	50,486,635	138,639,041	124,773,854

18. Seasonality of results

Investment income includes dividend income of AED 2,737,007 (2013: AED 3,375,904), which is of a seasonal nature.

19. 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 2013.

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

19. 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
<i>30 September 2014 (Unaudited)</i>				
<i>Available-for-sale investments</i>				
Quoted investments	54,992,573	-	-	54,992,573
<i>Investments held for trading</i>				
Unquoted investments	-	-	2,367,833	2,367,833
	<u>54,992,573</u>	<u>-</u>	<u>2,367,833</u>	<u>57,360,406</u>
<i>31 December 2013 (Audited)</i>				
<i>Available-for-sale investments</i>				
Quoted investments	33,780,393	-	-	33,780,393
<i>Investments held for trading</i>				
Unquoted investments	-	-	3,638,985	3,638,985
	<u>33,780,393</u>	<u>-</u>	<u>3,638,985</u>	<u>37,419,378</u>

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.

Reconciliation of Level 3 fair value measurement of financial assets measured at fair value:

	30 September 2014 AED Unaudited	31 December 2013 AED Audited
Opening balance	3,638,985	24,408,797
Additions during the period/year	-	148,885
Disposal during the period/year	(1,243,345)	(21,433,531)
Fair value adjustment	(27,807)	514,834
	<u>2,367,833</u>	<u>3,638,985</u>

20. Approval of the condensed financial statements

The condensed financial statements were approved by the Management and authorised for issue on 9 November 2014.