OMAN INSURANCE COMPANY P.S.C.
AND SUBSIDIARIES

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

OMAN INSURANCE COMPANY P.S.C. AND SUBSIDIARIES

Contents	**Pages**

Deloitte.

Deloitte & Touche (M.E.)
UAB Tower - Level 13
Al Buhairah Corniche
P.O. Box 5470
Sharjah, United Arab Emirates

Tel : +971 (0) 6 517 9500
Fax: +971 (0) 6 517 9501
www.deloitte.com

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Oman Insurance Company P.S.C. (the "Company") and its Subsidiaries (together referred to as the "Group") as at 30 September 2014 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the nine months period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard (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 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
12 November 2014

Condensed consolidated statement of financial position
At 30 September 2014

	Notes	30 September 2014 (unaudited) AED'000	31 December 2013 (audited) AED'000
ASSETS			
Property and equipment		**70,780**	44,866
Investment properties		**538,677**	464,759
Goodwill		**26,588**	26,588
Deferred tax assets		**16,142**	12,505
Financial investments	5	**1,644,005**	1,379,971
Statutory deposits		**23,538**	23,538
Reinsurance contract assets	6	**1,654,802**	1,194,814
Insurance receivables		**1,230,266**	1,079,162
Prepayments and other receivables		**125,433**	149,934
Bank balances and cash		**591,361**	670,318
Total assets		**5,921,592**	5,046,455
EQUITY AND LIABILITIES			
Equity			
Share capital	7	**461,872**	461,872
Reserves	8	**1,376,256**	1,376,256
Cumulative changes in fair value of securities		**(285,495)**	(315,723)
Foreign currency translation reserve		**(3,013)**	(609)
Retained earnings		**360,081**	249,368
Equity attributable to the Owners of the Company		**1,909,701**	1,771,164
Non-controlling interests		**35,457**	23,461
Total equity		**1,945,158**	1,794,625
Liabilities			
End of service benefits		**32,082**	31,597
Bank borrowings	9	**25,771**	85,216
Insurance contract liabilities	6	**3,313,503**	2,621,323
Reinsurance deposits retained		**68,662**	82,849
Insurance payables		**497,825**	367,912
Other payables		**38,591**	62,933
Total liabilities		**3,976,434**	3,251,830
Total equity and liabilities		**5,921,592**	5,046,455

....

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

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

Condensed consolidated income statement (unaudited)
for the nine months period ended 30 September 2014

	Three months period ended 30 September		Nine months period ended 30 September	
	2014	2013	**2014**	2013
	AED '000	AED '000	**AED '000**	AED '000
Gross insurance premium	**667,428**	736,288	**2,482,619**	2,322,596
Less: Insurance premium ceded to reinsurers	**(342,752)**	(299,099)	**(1,310,931)**	(1,135,396)
Net retained premium	**324,676**	437,189	**1,171,688**	1,187,200
Net change in unearned premium	**22,762**	(62,174)	**(115,688)**	(196,254)
Net insurance premium	**347,438**	375,015	**1,056,000**	990,946
Gross claims settled	**(477,955)**	(509,356)	**(1,439,936)**	(1,370,685)
Insurance claims recovered from reinsurers	**236,912**	239,166	**674,331**	661,305
Net claims settled	**(241,043)**	(270,190)	**(765,605)**	(709,380)
Net change in outstanding claims and additional reserves	**(25,047)**	(17,414)	**(21,758)**	1,777
Net claims incurred	**(266,090)**	(287,604)	**(787,363)**	(707,603)
Reinsurance commission income	**74,453**	43,263	**247,810**	138,766
Commission expenses	**(87,466)**	(45,928)	**(296,170)**	(168,356)
Other income relating to underwriting activities	**14,479**	8,595	**37,642**	30,275
Net commission and other income/(expenses)	**1,466**	5,930	**(10,718)**	685
General and administrative expenses relating to underwriting activities	**(64,617)**	(62,115)	**(203,347)**	(211,435)
Net underwriting profit	**18,197**	31,226	**54,572**	72,593

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

Condensed consolidated income statement (unaudited)
for the nine months period ended 30 September 2014 (continued)

	Three months period ended 30 September		Nine months period ended 30 September	
	2014	2013	**2014**	2013
	AED '000	AED '000	**AED '000**	AED '000
Net underwriting profit	**18,197**	31,226	**54,572**	72,593
Net investment income	**9,135**	12,529	**107,581**	109,467
Finance cost	**(35)**	1,327	**(589)**	(6,240)
Allowance for doubtful debts	**-**	(237)	**-**	(27,086)
Other expenses - net	**(3,422)**	(3,946)	**(14,768)**	(11,882)
Profit before tax	**23,875**	40,899	**146,796**	136,852
Income tax credit/(expenses)	**261**	-	**4,543**	(1,608)
Profit for the period	**24,136**	40,899	**151,339**	135,244
Attributable to:				
Owners of the Company	**23,813**	44,757	**147,108**	144,376
Non-controlling interests	**323**	(3,858)	**4,231**	(9,132)
	24,136	40,899	**151,339**	135,244
Basic earnings per share (AED) (Note 10)	**0.05**	0.10	**0.32**	0.31

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

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

	Three months period ended 30 September		Nine months period ended 30 September	
	2014	2013	**2014**	2013
	AED '000	AED '000	**AED '000**	AED '000
Profit for the period	**24,136**	40,899	**151,339**	135,244
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss:				
Net fair value gains on revaluation of investments designated at FVTOCI	**26,164**	28,987	**31,340**	10,082
Gain on sale of investments designated at FVTOCI	**427**	3,457	**8,680**	4,612
	26,591	32,444	**40,020**	14,694
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	**(4,387)**	2,997	**(4,714)**	(171)
Total other comprehensive income for the period	**22,204**	35,441	**35,306**	14,523
Total comprehensive income for the period	**46,340**	76,340	**186,645**	149,767
Attributable to:				
Owners of the Company	**48,167**	78,392	**184,724**	158,700
Non-controlling interests	**(1,827)**	(2,052)	**1,921**	(8,933)
	46,340	76,340	**186,645**	149,767

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

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

	Share capital AED ’000	Reserves AED ’000	Cumulative changes in fair value of securities AED ’000	Foreign currency translation reserve AED ’000	Retained earnings AED ’000	Equity attributable to Owners of the Company AED ’000	Non-controlling interests AED ’000	Total AED ’000
Balance at 1 January 2013 (audited)	461,872	1,300,714	(349,235)	28	126,007	1,539,386	3,206	1,542,592
Profit for the period	-	-	-	-	144,376	144,376	(9,132)	135,244
Other comprehensive income/(loss) for the period	-	-	10,082	(370)	4,612	14,324	199	14,523
Total comprehensive income for the period	-	-	10,082	(370)	148,988	158,700	(8,933)	149,767
Cash dividend (Note 18)	-	-	-	-	(23,094)	(23,094)	-	(23,094)
Additional contribution	-	-	-	-	-	-	7,884	7,884
Transfer to retained earnings on disposal of investments at FVTOCI	-	-	(8,176)	-	8,176	-	-	-
Balance at 30 September 2013 (unaudited)	461,872	1,300,714	(347,329)	(342)	260,077	1,674,992	2,157	1,677,149

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

Condensed consolidated statement of changes in equity (continued)
for the nine months period ended 30 September 2014

	Share capital AED '000	Reserves AED '000	Cumulative changes in fair value of securities AED '000	Foreign currency translation reserve AED '000	Retained earnings AED '000	Equity attributable to Owners of the Company AED '000	Non-controlling interests AED '000	Total AED '000
Balance at 1 January 2014 (audited)	461,872	1,376,256	(315,723)	(609)	249,368	1,771,164	23,461	1,794,625
Profit for the period	-	-	-	-	147,108	147,108	4,231	151,339
Other comprehensive income/(loss) for the period	-	-	31,340	(2,404)	8,680	37,616	(2,310)	35,306
Total comprehensive income for the period	-	-	31,340	(2,404)	155,788	184,724	1,921	186,645
Cash dividend (Note 18)	-	-	-	-	(46,187)	(46,187)	-	(46,187)
Additional contribution	-	-	-	-	-	-	10,075	10,075
Transfer to retained earnings on disposal of investments at FVTOCI	-	-	(1,112)	-	1,112	-	-	-
Balance at 30 September 2014 (unaudited)	**461,872**	**1,376,256**	**(285,495)**	**(3,013)**	**360,081**	**1,909,701**	**35,457**	**1,945,158**

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

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

	Nine months period ended 30 September	
	2014	2013
	AED'000	AED'000
Cash flows from operating activities		
Profit before tax	**146,796**	136,852
Adjustments for:		
Depreciation of property and equipment	**9,192**	6,412
Fair value adjustments on investment properties	**(73,918)**	(62,681)
Unrealised (gains)/losses on financial investments at FVTPL	**(21,996)**	3,786
Provision for end of service benefits	**4,784**	4,957
Allowance for doubtful debts	**-**	27,086
Dividends income from financial investments at FVTPL and FVTOCI	**(25,142)**	(21,396)
Interest income from deposits and financial investments at FVTPL and amortised cost	**(29,286)**	(26,511)
Realised losses/(gains) on sale of financial investments at FVTPL	**85**	(1,983)
Realised losses on sale of financial investments at amortised cost	**5,320**	368
Finance costs	**589**	6,078
Foreign currency exchange loss on investments at amortised cost	**2,177**	5,398
Operating cash flows before changes in operating assets and liabilities	**18,601**	78,366
Increase in reinsurance contract assets	**(459,988)**	(195,713)
Increase in insurance and other receivables	**(126,603)**	(187,237)
Increase in insurance contract liabilities	**692,180**	449,021
Increase/(decrease) in insurance and other payables	**105,571**	(58,160)
Decrease in reinsurance deposits retained	**(14,187)**	(40,069)
Net cash generated from operations	**215,574**	46,208
End of service benefits paid	**(4,299)**	(6,706)
Finance costs paid	**(589)**	(6,120)
Income tax paid	**-**	(1,608)
Net cash generated from operating activities	**210,686**	31,774

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

Condensed consolidated statement of cash flows (unaudited)
for the nine months period ended 30 September 2014 (continued)

	Nine months period ended 30 September	
	2014	2013
	AED'000	AED'000
Cash flows from investing activities		
Purchases of financial investments at FVTOCI	**(168,516)**	(274,371)
Proceeds from sale of financial investments at FVTOCI	**163,468**	210,767
Purchases of financial investments at FVTPL	**(237,518)**	(459,997)
Proceeds from sale of financial investments at FVTPL	**195,143**	458,002
Purchase of financial investments designated at amortised cost	**(186,561)**	(317,619)
Proceeds from sale of financial investments at amortised cost	**29,040**	132,510
Dividends income from financial investments at FVTPL and FVTOCI	**25,142**	21,396
Interest income from deposits and financial investments at FVTPL and amortised cost	**24,630**	19,069
Purchase of property and equipment	**(35,106)**	(20,989)
Decrease/(increase) in term deposits maturing after 3 months	**85,414**	(19,615)
Net cash used in investing activities	**(104,864)**	(250,847)
Cash flows from financing activities		
Dividends paid	**(46,187)**	(23,094)
Additional contribution by non-controlling interests	**10,075**	7,884
Net decrease in bank borrowings	**-**	(55,080)
Net cash used in financing activities	**(36,112)**	(70,290)
Net increase/(decrease) in cash and cash equivalents	**69,710**	(289,363)
Cash and cash equivalents at beginning of the period	**318,904**	406,389
Effects of exchange rate changes on the balances of cash held in foreign currency	**(3,808)**	(171)
Cash and cash equivalents at end of the period (Note 11)	**384,806**	116,855

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

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

1. General information

Oman Insurance Company P.S.C., (the "Company") which was established by an Amiri Decree issued by His Highness, The Ruler of Dubai, is a public shareholding company and is registered under Federal Law No. 8 of 1984 (as amended) relating to commercial companies in U.A.E. The Company is subject to the regulations of U.A.E. Federal Law No. 6 of 2007, on Establishment of Insurance Authority and Organization of Its Operations and is registered in the Insurance Companies Register of Insurance Authority of U.A.E. under registration number 9. The Company is a subsidiary of Mashreq Bank (PSC) incorporated in the Emirate of Dubai. Its registered head office is at P.O. Box 5209, Dubai, United Arab Emirates. The Group comprises of Oman Insurance Company P.S.C. and its Subsidiaries (Note 3.3). The Company's ordinary shares are listed on the Dubai Financial Market, United Arab Emirates.

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

The Group also operates in Sultanate of Oman and State of Qatar.

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 consolidated financial statements

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

New and revised IFRSs	Effective for annual periods beginning on or after
• Amendments to IAS 32 Financial Instruments: Presentation relating to application guidance on the offsetting of financial assets and financial liabilities.	1 January 2014
• Amendments to IAS 36 recoverable amount disclosures The amendments restrict the requirements to disclose the recoverable amount of an asset or CGU to the period in which an impairment loss has been 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.	1 January 2014

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

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 consolidated financial statements (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
• IFRIC 21 – Levies: Interpretation was developed to address the concerns about how to account for levies that are based on financial data of a period that is different from that in which the activity that give rise to the payment of the levy occurs.	1 January 2014
• Amendments to IFRS 10, IFRS 12 and IAS 27 – Guidance on Investment Entities. On 31 October 2012, the IASB published a standard on investment entities, which amends IFRS 10, IFRS 12, and IAS 27 and introduces the concept of an investment entity in IFRSs.	1 January 2014

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

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

New and revised IFRSs	Effective for annual periods beginning on or after
• IFRS 15 Revenue from Contracts with Customers: IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.	1 January 2017
• Annual Improvements to IFRSs 2012 - 2014 Cycle that include amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.	1 July 2016
• Amendments to IAS 16 and IAS 38 to clarify the acceptable methods of depreciation and amortization.	1 January 2016
• Amendments to IFRS 11 to clarify accounting for acquisitions of Interests in Joint Operations.	1 January 2016

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

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

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

New and revised IFRSs	Effective for annual periods beginning on or after
• Amendments to IAS 16 and IAS 41 require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16.	1 January 2016
• Amendments to IFRS 10 and IAS 28 clarify that the recognition of the gain or loss on the sale or contribution of assets between an investor and its associate or joint venture depends on whether the assets sold or contributed constitute a business.	1 January 2016
• Amendments to IAS 27 allow an entity to account for investments in subsidiaries, joint ventures and associates either at cost, in accordance with IFRS 9 or using the equity method in an entity's separate financial statements.	1 January 2016
• Annual Improvements to IFRSs 2010 - 2012 Cycle that includes amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38 and IAS 24.	1 July 2014
• Annual Improvements to IFRSs 2011 - 2013 Cycle that includes amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.	1 July 2014
• Amendments to IAS 19 Employee Benefits clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.	1 July 2014

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

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

3. Summary of significant accounting policies

3.1 Basis of preparation

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

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

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

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

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

3.2 Significant accounting policies

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

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

3.3 Basis of consolidation

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

Control is achieved when the Company:

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

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

3. Summary of significant accounting policies (continued)

3.3 Basis of consolidation (continued)

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

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

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

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

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

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

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

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

3. Summary of significant accounting policies (continued)

3.3 Basis of consolidation (continued)

Details of the Company's subsidiary at 30 September 2014 are as follows:

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

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

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

3.4 Investment properties

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

3. Summary of significant accounting policies (continued)

3.4 Investment properties (continued)

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

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

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

3.5 Property and equipment

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

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

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

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The useful lives considered in the calculation of depreciation for the assets are as follows:

	Years
Furniture and equipments	3 - 5
Motor vehicles	5

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

3. Summary of significant accounting policies (continued)

3.6 Financial assets

All financial assets are recognised and derecognised on trade date when the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL), which are initially measured at fair value. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

3.6.1 Classification of financial assets

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

3.6.2 Financial assets at amortised cost and the effective interest method

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

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

3.6.3 Cash and cash equivalents

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

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

3. Summary of significant accounting policies (continued)

3.6 Financial assets (continued)

3.6.4 Insurance receivables, other receivables and statutory deposits

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

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

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the cumulative changes in fair value of securities reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the investments.

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

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with IAS 18 Revenue, unless the dividends clearly represent a recovery of part of the cost of the investment.

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

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

Debt instruments that do not meet the amortised cost criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria but are designated as at FVTPL are measured at FVTPL.

3. Summary of significant accounting policies (continued)

3.6 Financial assets (continued)

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

A debt instrument may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

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

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

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

3.6.7 Foreign exchange gains and losses

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

- for financial assets that are classified as at FVTPL, the foreign exchange component is recognised in profit or loss; and
- for financial assets that designated as at FVTOCI, any foreign exchange component is recognised in other comprehensive income.

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

3.6.8 Impairment of financial assets

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

Objective evidence of impairment could include:

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

3. Summary of significant accounting policies (continued)

3.6 Financial assets (continued)

3.6.8 Impairment of financial assets (continued)

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

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

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

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

3.6.9 Derecognition of financial assets

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

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

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

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

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

The preparation of condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2013.

5. Financial investments

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

	30 September 2014 (unaudited) AED '000	31 December 2013 (audited) AED '000
At fair value through profit or loss	**374,820**	310,534
At fair value through other comprehensive income	**528,698**	483,630
Measured at amortised cost	**740,487**	585,807
	1,644,005	1,379,971

Financial investments measured at amortised cost include quoted bonds. These bonds carry interests at coupon rates of 3% to 9% per annum. The Group holds these investments until their maturity so as to collect the contractual cash flows that are solely payments of principal and interests on the principal amount outstanding. The fair value of these bonds at 30 September 2014 is AED 747,542 thousand (31 December 2013: AED 567,691 thousand).

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

5. Financial investments (continued)

The movements in investments are as follows:

	Fair value through profit or loss AED'000	Fair value through OCI AED'000	Amortised cost AED'000	Total AED'000
At 1 January 2013 (audited)	710,750	433,705	45,497	1,189,952
Purchases	492,492	348,416	358,418	1,199,326
Disposals	(537,146)	(292,217)	(155,869)	(985,232)
Reclassification	(352,391)	-	352,391	-
Amortisation	-	-	(7,236)	(7,236)
Foreign currency exchange differences	-	-	(7,394)	(7,394)
Changes in fair value	(3,171)	(6,274)	-	(9,445)
At 31 December 2013 (audited)	310,534	483,630	585,807	1,379,971
Purchases	237,518	168,516	186,561	592,595
Disposals	(195,228)	(154,788)	(34,360)	(384,376)
Changes in fair value	21,996	31,340	-	53,336
Amortisation	-	-	4,656	4,656
Foreign currency exchange differences	-	-	(2,177)	(2,177)
At 30 September 2014 (unaudited)	**374,820**	**528,698**	**740,487**	**1,644,005**

5.1 Reclassification of financial investments measured at FVTPL

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

These bonds carried effective interests at the rates of 2% to 9% per annum at the date of reclassification. The interest income recognized on these investments for the period ended 30 September 2014 is AED 3,993 thousand (30 September 2013: AED 7,281 thousand).

The fair value gain recognised in profit or loss during the reporting period would have been increased by AED 5,648 thousand (30 September 2013: 6,214 thousand) if these financial assets had not been reclassified.

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

6. Insurance contract liabilities and reinsurance contract assets

	30 September 2014 (unaudited) AED '000	31 December 2013 (audited) AED '000
Insurance contract liabilities		
- Outstanding claims	**1,380,558**	1,070,944
- Additional reserve	**103,440**	104,472
- Life assurance fund	**186,677**	156,659
- Unearned premiums	**1,285,387**	1,031,711
- Unit linked liabilities	**357,441**	257,537
	3,313,503	2,621,323
Recoverable from reinsurers		
- Outstanding claims	**988,125**	698,846
- Unearned premiums	**666,677**	495,968
	1,654,802	1,194,814
Insurance contract liabilities – net		
- Outstanding claims	**392,433**	372,098
- Additional reserve	**103,440**	104,472
- Life assurance fund	**186,677**	156,659
- Unearned premiums	**618,710**	535,743
- Unit linked liabilities	**357,441**	257,537
	1,658,701	1,426,509

7. Share capital

	30 September 2014 (unaudited) AED '000	31 December 2013 (audited) AED '000
Authorized, issued and fully paid 461,872,125 shares of AED 1 each	**461,872**	461,872

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

8. Reserves

	Statutory reserve AED '000	Strategic reserve AED '000	General reserve AED '000	Contingency reserve AED '000	Total AED '000
Balance at 1 January 2013 (audited)	216,705	303,750	776,103	4,156	1,300,714
Transfer from retained earnings	14,231	-	60,456	855	75,542
Balance at 31 December 2013 (audited)	230,936	303,750	836,559	5,011	1,376,256
Balance 30 September 2014 (unaudited)	**230,936**	**303,750**	**836,559**	**5,011**	**1,376,256**

9. Bank borrowings

	30 September 2014 (unaudited) AED '000	31 December 2013 (audited) AED '000
Bank overdrafts	**25,771**	85,216

Bank overdraft carries interest at base lending rate + 1% margin and is repayable or renewable on yearly basis.

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

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

10. Basic earnings per share

	Three months period ended 30 September		Nine months period ended 30 September	
	2014 (unaudited)	2013 (unaudited)	**2014 (unaudited)**	2013 (unaudited)
Profit for the period attributable to the Owners of the Company (AED ’000)	**23,813**	44,757	**147,108**	144,376
Weighted average number of shares	**461,872,125**	461,872,125	**461,872,125**	461,872,125
Basic earnings per share (AED)	**0.05**	0.10	**0.32**	0.31

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

11. Cash and cash equivalents

	30 September 2014 (unaudited) AED ’000	30 September 2013 (unaudited) AED ’000
Deposits with banks maturing within 3 months	**302,194**	33,595
Bank balances and cash maturing within 3 months	**108,383**	157,844
	410,577	191,439
Less: Bank overdrafts	**(25,771)**	(74,584)
	384,806	116,855

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

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

12. Related party transactions

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

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

	30 September 2014 (unaudited) AED '000	31 December 2013 (audited) AED '000
Bank balances and cash	**282,657**	284,294
Statutory deposits held by a related party	**10,000**	10,000
Insurance receivable	**62,500**	45,299
Insurance payable	**5,306**	2,808
Bank overdraft	**25,771**	85,216

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

	Three months period ended 30 September		**Nine months period ended 30 September**	
	2014 (unaudited) AED '000	2013 (unaudited) AED '000	**2014 (unaudited) AED '000**	2013 (unaudited) AED '000
Premium	**38,398**	22,846	**138,186**	137,326
Claims	**23,856**	20,381	**75,152**	56,017
Finance cost	**35**	27	**589**	163

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

12.3 *Compensation of key management personnel*

	Three months period ended 30 September		**Nine months period ended 30 September**	
	2014 (unaudited) AED '000	2013 (unaudited) AED '000	**2014 (unaudited) AED '000**	2013 (unaudited) AED '000
Directors' fees	**-**	-	**2,100**	2,250
Salaries and benefits	**661**	501	**2,449**	2,735
End of service benefits	**36**	24	**91**	79
	697	525	**4,640**	5,064

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

13. Contingent liabilities

At 30 September 2014, the Group had contingent liabilities in respect of bank guarantees and other matters arising in the ordinary course of business amounting to AED 53,923 thousand (31 December 2013: AED 60,075 thousand).

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

14. Commitments

	30 September 2014 (unaudited) AED '000	31 December 2013 (audited) AED '000
14.1 Purchase commitments		
Commitments in respect of uncalled subscription of certain shares held as investments	**11,236**	6,175

14.2 Operating lease commitments

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

	30 September 2014 (unaudited) AED '000	31 December 2013 (audited) AED '000
Within one year	**3,476**	10,858
Second to fifth year	**2,793**	-

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

15. Location of assets

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

	30 September 2014 (unaudited)			31 December 2013 (audited)		
	In U.A.E.	**In other countries**	**Total**	In U.A.E.	In other countries	Total
	AED '000	**AED '000**	**AED '000**	AED '000	AED '000	AED '000
Property and equipment	**66,612**	**4,168**	**70,780**	42,042	2,824	44,866
Investment properties	**538,677**	**-**	**538,677**	464,759	-	464,759
Financial investments designated at fair value through other comprehensive income (FVTOCI)	**295,834**	**232,864**	**528,698**	284,415	199,215	483,630
Financial investments at FVTPL	**-**	**374,820**	**374,820**	-	310,534	310,534
Financial investments measured at amortised cost	**369,268**	**371,219**	**740,487**	288,425	297,382	585,807
Bank balances and cash	**329,973**	**261,388**	**591,361**	400,347	269,971	670,318
	1,600,364	**1,244,459**	**2,844,823**	1,479,988	1,079,926	2,559,914

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

16. Segment information

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

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

Segmental information is presented below:

16.1 Premiums and results by operating segments

	Nine months period ended 30 September (unaudited)					
	General insurance		**Life assurance and medical**		**Total**	
	2014	2013	**2014**	2013	**2014**	2013
	AED '000	AED '000	**AED '000**	AED '000	**AED '000**	AED '000
Gross insurance premium	**1,150,698**	1,042,601	**1,331,921**	1,279,995	**2,482,619**	2,322,596
Net underwriting profit	**42,232**	61,494	**12,340**	11,099	**54,572**	72,593
Net investment income					**107,581**	109,467
Finance cost					**(589)**	(6,240)
Allowance for doubtful debts					**-**	(27,086)
Other expenses – net					**(14,768)**	(11,882)
Profit before tax					**146,796**	136,852
Income tax credit/ (expenses)					**4,543**	(1,608)
Profit for the period					**151,339**	135,244
Attributable to:						
Owners of the Company					**147,108**	144,376
Non-controlling interests					**4,231**	(9,132)
Profit for the period					**151,339**	135,244

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

16. Segment information (continued)

16.2 Segment results by geographical distribution

The Group operates mainly through two principal geographical areas – GCC Countries (UAE, Oman and Qatar) and Turkey. The Group's results by the principle geographical areas are detailed below:

For the nine months period ended 30 September 2014 (unaudited)

	GCC countries AED '000	**Turkey AED '000**	**Total AED '000**
Gross premium	**2,334,205**	**148,414**	**2,482,619**
Net underwriting profit/(loss)	**54,593**	**(21)**	**54,572**
Net investment income	**103,070**	**4,511**	**107,581**
Finance cost	**(589)**	**-**	**(589)**
Allowance for doubtful debts	**-**	**-**	**-**
Other expenses – net	**(14,368)**	**(400)**	**(14,768)**
Profit for the period	**142,706**	**4,090**	**146,796**
Income tax credit	**-**	**4,543**	**4,543**
	142,706	**8,633**	**151,339**

For the nine months period ended 30 September 2013 (unaudited)

	GCC countries AED '000	Turkey AED '000	Total AED '000
Gross premium	2,222,710	99,886	2,322,596
Net underwriting profit/(loss)	98,209	(25,616)	72,593
Net investment income	105,134	4,333	109,467
Finance cost	(6,240)	-	(6,240)
Allowance for doubtful debts	(27,086)	-	(27,086)
Other expenses - net	(14,528)	2,646	(11,882)
Profit for the period	155,489	(18,637)	136,852
Income tax expenses	(1,608)	-	(1,608)
	153,881	(18,637)	135,244

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

16. Segment information (continued)

16.3 Segment assets and liabilities by operating segments.

	30 September 2014 (unaudited)			
	General insurance AED '000	Life assurance and medical AED '000	Investment AED '000	Total AED '000
Segment assets	**2,156,140**	**1,444,056**	**2,321,396**	**5,921,592**
Segment liabilities	**2,503,287**	**1,473,147**	**-**	**3,976,434**
Capital expenditure	**35,106**	**-**	**-**	**35,106**
Depreciation	**8,960**	**232**	**-**	**9,192**

	31 December 2013 (audited)			
	General insurance AED '000	Life assurance and medical AED '000	Investment AED '000	Total AED '000
Segment assets	1,477,158	1,459,839	2,109,458	5,046,455
Segment liabilities	2,023,551	1,228,279	-	3,251,830
Capital expenditure	37,693	-	-	37,693
Depreciation	11,808	530	-	12,338

16.4 Geographical information of segment assets and liabilities.

	30 September 2014 (unaudited)		
	GCC countries AED '000	Turkey AED '000	Total AED '000
Segment assets	**5,528,016**	**393,576**	**5,921,592**
Segment liabilities	**3,655,918**	**320,516**	**3,976,434**
Capital expenditure	**35,106**	**-**	**35,106**
Depreciation	**8,793**	**399**	**9,192**

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

16. Segment information (continued)

16.4 Geographical information of segment assets and liabilities (continued)

	31 December 2013 (audited)		
	GCC AED '000	Turkey AED '000	Total AED '000
Segment assets	4,800,612	245,843	5,046,455
Segment liabilities	3,053,866	197,964	3,251,830
Capital expenditure	33,594	4,099	37,693
Depreciation	11,248	1,090	12,338

17. Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

17.1 Fair value of financial instruments carried at amortised cost

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

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

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

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

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

17. Fair value measurements (continued)

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

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

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

Financial assets	Fair value as at 30 September 2014 (Unaudited) AED'000	31 December 2013 (Audited) AED'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
Quoted equity investments – FVTOCI	**357,803**	306,956	Level 1	Quoted bid prices in an active market.	None.	NA
Unquoted equity investments – FVTOCI	**170,895**	176,674	Level 3	Net assets valuation method due to the unavailability of market and comparable financial information. Net assets values were determined based on the latest available audited/historical financial information.	Net assets value.	Higher the net assets value of the investees, higher the fair value.
Quoted debt instruments – FVTPL	**17,092**	52,919	Level 1	Quoted bid prices in an active market.	None.	NA
Unquoted equity instruments - FVTPL	**357,728**	257,615	Level 3	Net assets valuation method as the net assets value of underlying mutual funds are used in arriving at the fair value of unit linked investments.	Net assets value.	Higher the net assets value of the investees, higher the fair value.
Quoted debt instruments – amortized cost	**747,542**	567,691	Level 1	Quoted bid prices in an active market.	None.	NA

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

17. Fair value measurements (continued)

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

17.2.3 Fair value hierarchy

The following table provides an analysis of financial instruments and non-financial items 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.

At 30 September 2014

	Level 1 (unaudited) AED'000	Level 2 (unaudited) AED'000	Level 3 (unaudited) AED'000	Total (unaudited) AED'000
At fair value through profit or loss				
Investments in bonds	17,092	-	-	17,092
Unit linked investments	-	-	357,728	357,728
	17,092	-	357,728	374,820
At fair value through other comprehensive income				
Quoted equity instruments	357,803	-	-	357,803
Unquoted equity instruments	-	-	170,895	170,895
	357,803	-	170,895	528,698
Investment properties	-	-	538,677	538,677
Total	374,895	-	1,067,300	1,442,195

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

17. Fair value measurements (continued)

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

17.2.3 Fair value hierarchy (continued)

At 31 December 2013

	Level 1 (unaudited) AED'000	Level 2 (unaudited) AED'000	Level 3 (unaudited) AED'000	Total (unaudited) AED'000
At fair value through profit or loss				
Investments in bonds	52,919	-	-	52,919
Unit linked investments	-	-	257,615	257,615
	52,919	-	257,615	310,534
At fair value through other comprehensive income				
Quoted equity instruments	306,956	-	-	306,956
Unquoted equity instruments	-	-	176,674	176,674
	306,956	-	176,674	483,630
Investment properties	-	-	464,759	464,759
Total	359,875	-	899,048	1,258,923

Level 2 and level 3 fair values for the investment properties were derived from market prices obtained from independent evaluators and brokers' quotes. The most significant input used in the valuation is the price per square foot.

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

17. Fair value measurements (continued)

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

17.2.4 Reconciliation of level 3 fair value measurements

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

	201	2013
	AED’00	AED ’000
Balance at 1 January (audited)	**257,615**	175,633
Additions during the period/year	**237,51**	188,354
Disposals during the period/year	**(158,69**	(99,373
Fair value changes	**21,286**	(6,999
Balance at 30 September (unaudited)/31 December (audited)	**357,728**	257,615

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

	2014	2013
	AED’000	AED ’000
Balance at 1 January (audited)	**176,674**	167,038
Additions during the period/year	**1,007**	34,400
Disposals during the period/year	**(8,552)**	(959)
Gains/(losses) recognised in other comprehensive income	**1,766**	(23,805)
Balance at 30 September (unaudited)/31 December (audited)	**170,895**	176,674

18. Dividends

At the Annual General Meeting held on 16 March 2014, the shareholders approved a cash dividend distribution of 10% amounting to AED 46,187 thousand (AED 10 fils per share) for 2013. A cash dividend of 5% amounting to AED 23,094 thousand (AED 5 fils per share) was declared in the Annual General Meeting held on 31 March 2013 for the year 2012.

19. Seasonality of results

Net investment income includes dividend income of AED 25,142 thousand for the nine months period ended 30 September 2014 (30 September 2013: AED 21,396 thousand), which is of a seasonal nature.

20. Comparative information

The following amounts in the condensed consolidated statement of financial position for the year ended 31 December 2013 have been reclassified to conform to the current period presentation.

	As previously reported at 31 December 2013 (audited) AED '000	Reclassifications (audited) AED '000	As reclassified at 31 December 2013 (audited) AED '000
Insurance contract liabilities - gross			
- Additional reserve	95,156	9,316	104,472
- Life assurance fund	195,961	(39,302)	156,659
- Unearned premiums - gross	1,001,725	29,986	1,031,711
Insurance contract liabilities - net			
- Additional reserve	95,156	9,316	104,472
- Life assurance fund	195,961	(39,302)	156,659
- Unearned premiums	505,757	29,986	535,743

The following amounts in the condensed consolidated income statement for the nine months period ended 30 September 2013 have been reclassified to conform to the current period presentation.

	As previously reported for the nine months period ended 30 September 2013 (unaudited) AED '000	Reclassifications (unaudited) AED'000	As reclassified for the nine months period ended 30 September 2013 (unaudited) AED '000
Commission expenses	(172,450)	4,094	(168,356)
General and administrative expenses relating to underwriting activities	(211,597)	162	(211,435)
Net investment income	103,389	6,078	109,467
Finance costs	-	(6,240)	(6,240)
Other expenses - net	(7,788)	(4,094)	(11,882)
	(288,446)	**-**	**(288,446)**

There was no impact on the reported profit for the nine months period ended 30 September 2013 due to the above reclassifications.

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

20. Comparative information (continued)

The following amounts in the condensed consolidated income statement for the three months period ended 30 September 2013 have been reclassified to conform to the current period presentation.

	As previously reported for the three months period ended 30 September 2013 (unaudited) AED '000	Reclassifications (unaudited) AED'000	As reclassified for the three months period ended 30 September 2013 (unaudited) AED '000
Commission expenses	(48,181)	2,253	(45,928)
General and administrative expenses relating to underwriting activities	(61,433)	(682)	(62,115)
Net investment income	14,447	(1,918)	12,529
Finance cost	-	1,327	1,327
Other expenses - net	(2,966)	(980)	(3,946)
	(98,133)	-	(98,133)

There was no impact on the reported profit for the three months period ended 30 September 2013 due to the above reclassifications.

21. Approval of the condensed consolidated financial statements

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 12 November 2014.