AL KHAZNA INSURANCE COMPANY P.S.C.

Review report and interim financial information for the period ended 30 September 2013

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Report of the Board of Directors
for the period ended 30 September 2013

The Board of Directors of Al Khazna Insurance Company P.S.C. is pleased to submit its third quarterly report of 2013 together with the interim financial information for the nine months ended 30 September 2013.

The main highlights of Al Khazna Insurance Company P.S.C. and its subsidiaries ("the Group") financial results are summarized as follows:

	AED Million	
	September 2013	September 2012
Gross premiums written	80.1	127.6
Net underwriting loss	(8.5)	(7.3)
Net (loss)/profit for the period	(98.4)	15.6

	AED Million	
	September 2013	Dec 2012
Total assets	938.5	1,048.9
Total shareholders' equity	535.9	627.8

Director
12 November 2013

Deloitte

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of
Al Khazna Insurance Company P.S.C.
Abu Dhabi, UAE

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Al Khazna Insurance Company P.S.C. (the "Company") and its subsidiaries (the "Group") as of 30 September 2013 and the related condensed consolidated statements of income, comprehensive income, changes in equity and 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.

Basis for qualified conclusion

1. As disclosed in note 4, during the period, all of the Group's investment properties were revalued by another valuation expert, and their fair value was determined to be AED 358.8 million as at 30 September 2013. The impact of this change in fair value estimate as at 30 September 2013 resulted in a decrease in investment properties by AED 101.4 million compared to their carrying amount as of 31 December 2012 with the corresponding loss recognized in the condensed consolidated income statement for the 9 month period ended 30 September 2013. As of the date of this report, Management is still in the process of assessing whether the full fair value loss relates to the current period or prior periods. As there is no sufficient evidence available at the date of this report, we were unable to determine whether the comparative figures presented should be restated. Accordingly, we were unable to satisfy ourselves that the fair value loss amounting to AED 101.4 million recorded in the condensed consolidated income statement for the 9 months period ended 30 September 2013 is fairly stated nor whether the Group's net equity and carrying amount of investment properties as at 31 December 2012, the net profit for the 3 month and 9 month periods ended 30 September 2012 and opening retained earnings as at 1 January 2012 are fairly stated.

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION (continued)

Basis for qualified conclusion (continued)

2. Insurance and other receivables include a balance of prepaid rent of AED 15.3 million (31 December 2012: AED 18.9 million) relating to a leased building which management intends to use for a university project. The future economic benefits from the leased property will flow to the Group only if the university project materializes. At the date of this report, the project status and documentation in place do not provide sufficient evidence that future economic benefits will probably flow to the Group. Accordingly, we were unable to satisfy ourselves that the prepaid rent reflected in the accompanying condensed consolidated statement of financial position is fairly stated.

Qualified conclusion

Based on our review, except for possible effects of the matters described in the basis for qualified conclusion paragraph, 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 *Interim Financial Reporting*.

Emphasis of matter

Without qualifying our conclusion, we draw attention to the fact, as explained in Note 14, that the Group has been granted a bank facility which currently has a carrying amount of AED 76.7 million, for which the Group is disputing the interest charged by the Bank since 2009. The dispute arose when the Bank changed the interest charged on the facility to a rate higher than that stated in the loan agreement. The excess interest charged up to 30 September 2013 is approximately AED 23.4 million. This has not been recorded by the Group as a finance cost. The Group is currently in negotiations with the Bank to adjust the interest being charged on the Bank loan; however no formal consent has been obtained from the Bank. Thus, the final outcome of the matter cannot presently be determined.

Other Matters

The Group's interim financial information as at 30 September 2012 were reviewed by another auditor whose report dated 11 November 2012 expressed a qualified conclusion in relation with the prepaid rent described in the basis for qualified conclusion paragraph above.

The Group's consolidated financial statements as at 31 December 2012 were audited by another auditor whose report dated 31 March 2013 expressed a qualified audit opinion in relation with the prepaid rent described in the basis for qualified conclusion paragraph above.

Deloitte & Touche (M.E.)

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Registration No. 717
12 November 2013

Condensed consolidated statement of financial position as at 30 September 2013

	Notes	30 September 2013 (unaudited) AED	31 December 2012 (audited) AED
ASSETS			
Property and equipment		7,444,829	8,317,477
Investment properties	4	358,793,400	460,240,400
Investments in securities			
- Available-for-sale (AFS) investments	5	69,692,739	63,701,643
- Investments designated at fair value through profit or loss (FVTPL)	5	281,147,775	282,359,551
Statutory deposit	6	10,000,000	10,000,000
Re-insurance contract assets	7	91,493,718	85,869,186
Insurance and other receivables	8	80,984,422	93,098,600
Prepayments		2,292,255	1,128,142
Deferred acquisition costs		1,105,814	1,445,767
Term deposits		1,738,020	1,692,500
Bank and cash	9	33,829,762	41,065,532
Total assets		938,522,734	1,048,918,798
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	10	420,000,000	410,000,000
Share premium		1,788,422	1,785,315
Legal reserve	11	62,145,349	62,145,349
Regulatory reserve	12	60,103,225	60,103,225
Fair value reserve		24,646,948	18,161,686
Revaluation reserve		11,736,841	11,736,841
(Accumulated loss)/retained earnings		(44,522,161)	63,869,119
Total capital and reserves		535,898,624	627,801,535
LIABILITIES			
Provision for end of service benefit		4,174,818	3,765,749
Insurance contract liabilities	7	126,971,187	143,798,901
Insurance and other payables	13	86,170,860	81,979,590
Bank borrowings	14	174,038,644	176,498,096
Re-insurance deposit retained		4,231,131	6,556,438
Unearned reinsurance commission		3,374,812	2,783,948
Accruals and deferred income		3,662,658	5,734,541
Total liabilities		402,624,110	421,117,263
Total equity and liabilities		938,522,734	1,048,918,798

Director **Chief Executive Officer**

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

Condensed consolidated statement of income (unaudited)
for the period ended 30 September 2013

		3 months ended 30 September		9 months ended 30 September	
		2013	2012	2013	2012
	Notes	AED	AED	AED	AED
Gross premiums written		31,061,443	33,562,277	80,122,712	127,597,248
Change in unearned premium provision		(8,274,012)	3,446,159	(4,238,799)	(23,345,731)
Premium income earned		22,787,431	37,008,436	75,883,913	104,251,517
Reinsurance premiums ceded		(24,262,763)	(20,615,863)	(54,503,775)	(55,584,979)
Change in unearned premium Provision		10,963,183	4,266,133	11,744,197	7,369,067
Re-insurance ceded		(13,299,580)	(16,349,730)	(42,759,578)	(48,215,912)
Net earned premiums		9,487,851	20,658,706	33,124,335	56,035,605
Gross claims incurred		(9,672,523)	(24,620,315)	(37,755,033)	(58,633,713)
Reinsurance share of claims incurred		6,177,806	7,410,321	16,890,511	20,965,087
Net claims incurred		(3,494,717)	(17,209,994)	(20,864,522)	(37,668,626)
Commission expenses - net	15	(565,249)	(1,465,552)	(2,139,621)	(4,616,852)
Commission income		1,595,257	1,876,448	4,790,799	5,813,520
Operating expenses		(6,258,939)	(7,827,089)	(23,426,019)	(26,825,441)
Net underwriting income/(loss)		764,203	(3,967,481)	(8,515,028)	(7,261,794)
Net investment (loss)/income	16	(85,122,739)	13,562,716	(83,947,297)	39,265,568
Operating expenses		(1,314,232)	(2,749,856)	(4,187,261)	(7,419,942)
Finance costs - net		(2,369,836)	(3,147,374)	(2,018,032)	(9,229,412)
Other income - net		416,375	103,892	276,338	205,244
(Loss)/profit for the period attributable to equity holders of the parent company	18	(87,626,229)	3,801,897	(98,391,280)	15,559,664
Basic and diluted (loss)/earnings per share	19	(0.2086)	0.0091	(0.2343)	0.0370

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

Condensed consolidated statement of comprehensive income (unaudited) for the period ended 30 September 2013

		3 months ended 30 September		9 months ended 30 September	
		2013	2012	2013	2012
	Notes	AED	AED	AED	AED
(Loss)/profit for the period		(87,626,229)	3,801,897	(98,391,280)	15,559,664
Other comprehensive income/(loss):					
Items that will be reclassified subsequently to profit or loss:					
Net fair value gain on AFS investments	5	332,665	(519,571)	6,485,262	418,368
Total comprehensive (loss)/income for the period attributable to equity holders of the parent company		(87,293,564)	3,282,326	(91,906,018)	15,978,032

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

Condensed consolidated statement of changes in equity for the period ended 30 September 2013

	Share capital AED	Share premium AED	Legal reserve AED	Regulatory reserve AED	Revaluation reserves AED	Retained earnings AED	Attributable to the equity holders of the company AED
Balance at 1 January 2012 (audited)	400,000,000	1,783,413	60,106,478	58,064,354	28,181,049	66,036,686	614,171,980
Profit for the period	-	-	-	-	-	15,559,664	15,559,664
Other comprehensive income	-	-	-	-	418,368	-	418,368
Total comprehensive income for the period	-	-	-	-	418,368	15,559,664	15,978,032
Dividends distribution through issuance of bonus shares	10,000,000	1,902	-	-	-	(10,000,000)	1,902
Balance at 30 September 2012 (unaudited)	410,000,000	1,785,315	60,106,478	58,064,354	28,599,417	71,596,350	630,151,914
Balance at 1 January 2013 (audited)	410,000,000	1,785,315	62,145,349	60,103,225	29,898,527	63,869,119	627,801,535
Loss for the period	-	-	-	-	-	(98,391,280)	(98,391,280)
Other comprehensive income	-	-	-	-	6,485,262	-	6,485,262
Total comprehensive loss for the period	-	-	-	-	6,485,262	(98,391,280)	(91,906,018)
Dividends distribution through issuance of bonus shares (note 10)	10,000,000	3,107	-	-	-	(10,000,000)	3,107
Balance at 30 September 2013 (unaudited)	**420,000,000**	**1,788,422**	**62,145,349**	**60,103,225**	**36,383,789**	**(44,522,161)**	**535,898,624**

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

Condensed consolidated statement of cash flows (unaudited)
for the period ended 30 September 2013

	9 months ended 30 September	
	2013 AED	2012 AED
Cash flows from operating activities		
(Loss)/profit for the period	(98,391,280)	15,559,664
Adjustments for:		
Depreciation of property and equipment	1,081,949	1,389,725
Net fair value loss on investment properties	101,447,000	14,454,424
Impairment on AFS investments	494,166	993,022
Net fair value loss/(gain) on investments at FVTPL	1,211,776	(35,631,963)
Dividends from investments in securities	(11,880,577)	(10,930,580)
Interest income	(74,891)	(63,899)
Finance costs – net of reversals	2,018,032	9,229,412
Loss on disposal of property, plant and equipment	52,095	-
Allowance for doubtful debts	1,673,285	4,355,882
Provision for employees' end of service benefit	859,247	801,463
Cash flow (used in)/generated from operating activities before movement in working capital	(1,509,198)	157,150
Net movement in deferred acquisition costs	339,953	(1,058,902)
Net movement in reinsurance contract assets	(5,624,532)	2,204,307
Net movement in insurance contract liabilities	(16,827,714)	26,169,859
Net movement in unearned reinsurance commissions	590,864	506,356
Decrease/(increase) in insurance and other receivables	10,426,199	(3,597,951)
(Increase)/ decrease in prepayments	(1,164,113)	687,390
Decrease in insurance and other payables	(286,214)	(5,164,342)
Decrease in reinsurance deposit retained	(2,325,307)	(1,173,767)
(Decrease)/increase in accruals and deferred income	(2,071,883)	1,856,065
Cash (used in)/generated by operating activities	(18,451,945)	20,586,165
Employees' end of service benefit paid	(450,178)	(187,046)
Net cash (used in)/generated by operating activities	(18,902,123)	20,399,119
Cash flows from investing activities		
Movement in term deposits with original maturity of greater than three months	(45,520)	(58,045)
Payments to acquire property and equipment	(261,396)	(295,605)
Dividends received	11,880,577	10,930,580
Interest income received	89,585	63,899
Proceeds from sale of investments at FVTPL	-	57,285
Net cash generated from investing activities	11,663,246	10,698,114
Cash flows from financing activity		
Proceeds from issuance of ordinary shares	3,107	1,902
Net (decrease)/increase in cash and cash equivalents	(7,235,770)	31,099,135
Cash and cash equivalents at beginning of the period	41,065,532	13,894,602
Cash and cash equivalents at end of the period (note 20)	33,829,762	44,993,737

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

Notes to the condensed consolidated financial statements for the period ended 30 September 2013

1 General

Al Khazna Insurance Company P.S.C. (the "Company") is a public shareholding company. The Company and its subsidiaries (together the "Group") are incorporated in the Emirate of Abu Dhabi by virtue of the Emiri Decree No. (4) dated 11 September 1996.

The Company's principal activity is the writing of general insurance and re-insurance business of all classes.

The Company operates through its head office in Abu Dhabi and branch offices in Dubai and Al Ain. The Company is domiciled in the United Arab Emirates and its registered office address is P.O. Box 73343, Abu Dhabi, United Arab Emirates.

The Company's ordinary shares are listed on Abu Dhabi Securities Exchange.

As of 30 September 2013, the Group's subsidiaries, Pearl Capital Investments LLC and National Publishers LLC have incurred a profit of AED 354 thousand (31 December 2012: a loss of AED 4.1 million) and a profit of AED 8 thousand (31 December 2012: a loss of AED 0.9 million) respectively and reported a net liabilities of AED 37 million (31 December 2012: AED 36.5 million) and AED 6.4 million (31 December 2012: AED 6.4 million), respectively. The Company has confirmed the shareholders' intention to continue to arrange funding for the subsidiaries to enable each to meet their liabilities as they fall due and carry on their businesses without a significant curtailment of operations. Furthermore, as the accumulated losses amounting to AED 43.9 million (31 December 2012: AED 44.2 million) and AED 9.2 million (31 December 2012: AED 9.2 million), respectively, exceeded half of the share capital of each of the subsidiaries as of 30 September 2013, to comply with the provisions of Article 289 of UAE Federal Law No. (8) of 1984, as amended, the shareholders of each subsidiary were required to vote on a resolution for the continuation of each of the subsidiaries at their own Annual General Assemblies. Thus the subsidiaries continue to be in breach of the provisions of Article 289 of the UAE Federal Law No. (8) of 1984, as amended.

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

At the date of authorisation of these condensed financial statements, the following new and revised IFRSs were in issue but not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 32 *Financial Instruments: Presentation* relating to offsetting financial assets and liabilities	1 January 2014
Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 27 *Separate Financial Statements* relating to investment entities and exemption of consolidation of particular subsidiaries.	1 January 2014

Notes to the condensed consolidated financial statements for the period ended 30 September 2013 (continued)

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

New and revised IFRSs	Effective for annual periods beginning on or after
IAS 36 *Impairment of Assets* – Amendments arising from recoverable amount disclosures for financial assets	1 January 2014
Amendments to IAS 39 *Financial instruments – Recognition and Measurement* relating to for novations of derivatives and continuation of hedge accounting	1 January 2014
IFRIC 21 – *Levies*	1 January 2014

Management anticipates that the adoption of these IFRSs in future period will have no material impact on the financial statements of the Group in the period of initial application.

3 Summary of significant accounting policies

3.1 Statement of compliance

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, "*Interim Financial Reporting*" and also comply with the applicable requirements of the laws in the UAE.

3.2 Basis of preparation

The condensed consolidated financial statements are presented in UAE Dirhams (AED) since that is the currency in which the majority of the Group's transactions are denominated.

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

As required by the Securities and Commodities Authority ("SCA") notification dated 12 October 2008, accounting policies relating to investment securities and investment properties have been disclosed in Notes 3.4 to 3.5 below.

The accounting policies and estimates used in the preparation of these condensed consolidated financial statements are consistent with those used in the audited annual consolidated financial statements for the year ended 31 December 2012, except for the adoption of new standards and interpretations effective 1 January 2013.

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

Notes to the condensed consolidated financial statements for the period ended 30 September 2013 (continued)

3 Summary of significant accounting policies (continued)

3.2 Basis of preparation (continued)

New and revised IFRSs	Summary of requirement
IAS 19 *Employee Benefits* (as revised in 2011)	IAS 19 includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognised in other comprehensive income (OCI) and permanently excluded from profit and loss; expected returns on plan assets that are no longer recognised in profit or loss, instead, there is a requirement to recognise interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now recognised in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognised.
IAS 27 *Separate Financial Statements* (as revised in 2011)	The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, or in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*. The Standard also deals with the recognition of dividends, certain group reorganisations and includes a number of disclosure requirements.
IAS 28 *Investments in Associates and Joint Ventures* (as revised in 2011)	This standard prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment.
Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* relating to accounting for government loans at below market interest rate	Amends IFRS 1 *First-time Adoption of International Financial Reporting Standards* to address how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRSs. The amendments mirror the requirements for existing IFRS preparers in relation to the application of amendments made to IAS 20 *Accounting for Government Grants* and Disclosure of Government Assistance in relation to accounting for government loans.

3 Summary of significant accounting policies (continued)

3.2 Basis of preparation (continued)

New and revised IFRSs	Summary of requirement
Amendments to IFRS 7 *Financial Instruments: Disclosures* relating to offsetting financial assets and liabilities	Amends the disclosure requirements in IFRS 7 *Financial Instruments: Disclosures* to require information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32 *Financial Instruments: Presentation*.
IFRS 10 *Consolidated Financial Statements*	The Standard identifies the principles of control, determines how to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements. The Standard introduces a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e. whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in 'special purpose entities').
IFRS 11 *Joint Arrangements*	Replaces IAS 31 *Interests in Joint Ventures*. Requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement.
IFRS 12 *Disclosure of Interests in Other Entities*	Requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

Notes to the condensed consolidated financial statements for the period ended 30 September 2013 (continued)

3 Summary of significant accounting policies (continued)

3.2 Basis of preparation (continued)

New and revised IFRSs	Summary of requirement
IFRS 13 *Fair Value Measurement*	IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements). With some exceptions, the standard requires entities to classify these measurements into a 'fair value hierarchy' based on the nature of the inputs, Level 1 - quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date, Level 2 - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, Level 3 - unobservable inputs for the asset or liability. Entities are required to make various disclosures depending upon the nature of the fair value measurement (e.g. whether it is recognised in the financial statements or merely disclosed) and the level in which it is classified.
Annual Improvements 2009 – 2011 Cycle covering amendments to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34	Makes amendments to the following standards: IFRS 1 - Permit the repeated application of IFRS 1, borrowing costs on certain qualifying assets, IAS 1 - Clarification of the requirements for comparative information, IAS 16 - Classification of servicing equipment, IAS 32 - Clarify that tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 12 Income Taxes, IAS 34 - Clarify interim reporting of segment information for total assets in order to enhance consistency with the requirements in IFRS 8 *Operating Segments*
IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*	Clarifies the requirements for accounting for stripping costs associated with waste removal in surface mining, including when production stripping costs should be recognised as an asset, how the asset is initially recognised, and subsequent measurement.

Estimates

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

In preparing these condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies, and the key sources of estimates uncertainty were the same as those were applied to the consolidated financial statements as at and for the year ended 31 December 2012.

3 Summary of significant accounting policies (continued)

3.3 Basis of consolidation

The condensed consolidated financial statements incorporate the financial statements of the Company and the following entities:

Name of subsidiary	Proportion of ownership		Country of incorporation	Principal activities
	2013	2012		
The Best Tenants LLC ***	99%	99%	UAE	To market, promote and deliver property management and advisory services.
Pearl Capital Investments LLC ***	100%	100%	UAE	To invest in securities and real estate.
National Publishers LLC	100%	100%	UAE	Publishing of periodicals.
Real Estate Academy Est. (Al Akarya Academy) **	100%	100%	UAE	To market, promote and delivery management and advisory services in respect of real estate.
Al Khazna Real Estate Est. *	100%	100%	UAE	To market, promote and deliver management and advisory services in respect of real estate.
Modern Academy Administrative Training LLC *	100%	100%	UAE	To provide business management training.
IT Academy LLC *	100%	100%	UAE	To provide business management training.
Real Estate Academy for Training LLC *	100%	100%	UAE	To provide business management training.
Academy of Tourism and Holidays LLC *	100%	100%	UAE	To provide training in the field of travel, tourism and hotel management.
First Deal Real Estate LLC ***	100%	100%	UAE	To manage investments in real estate.
Academy for Investment Est. *	100%	100%	UAE	To manage investments in real estate.
Under Writing Electronics Solutions Est. *	100%	100%	UAE	Data formatting, computer system and instruments filling services.
Tadawel Electronics Solutions Est. *	100%	100%	UAE	Software consultancy, storing and retrieving data.
Tel Fast Recruitment Agencies LLC *	99%	99%	UAE	Employment services – recruitment
Tel Fast Manpower Supply LLC *	99%	99%	UAE	Labourers supply services.

* These subsidiaries have not yet commenced operations and their trade licenses have expired and not been renewed.

** These subsidiaries have not yet commenced operations and do not have trade licenses.

***These subsidiaries have commenced operations but their trade licenses have expired and not been renewed.

The ownership is held by the Company and its subsidiaries.

3 Summary of significant accounting policies (continued)

3.4 Investments in securities

3.4.1 Investments at FVTPL

Financial assets are classified as at FVTPL where the financial assets is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

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

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair values of financial assets at fair value through profit or loss are determined by reference to quoted market prices.

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* and is included in the 'net investment income' line item in the profit and loss.

Notes to the condensed consolidated financial statements for the period ended 30 September 2013 (continued)

3 Summary of significant accounting policies (continued)

3.4 Investment in securities (continued)

3.4.2 Available for sale (AFS) investments

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as loans and receivables, held to maturity, or financial assets at FVTPL. Available-for-sale investments are measured at subsequent reporting dates at fair value unless the latter cannot be reliably measured. Gain and losses arising from changes in fair value are recognized directly in equity, until the security disposed of or is determined to be impaired, at which time the cumulative gains or losses previously recognized in equity are included in the net profit or loss for the period. Impairment losses recognized in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss.

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. Dividends earned are recognised in profit or loss and are included in 'net investment income' in the profit or loss.

3.5 Investment properties

Investment properties comprise completed properties which are held to earn rentals and/or for capital appreciation and properties under development which are properties being constructed or developed for future use as an investment property.

Investment property is measured initially at cost including transaction costs and for properties under development all direct costs attributable to the design and construction including related staff costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in the profit or loss in the period in which they arise.

Upon completion of construction or development, a property is transferred from properties under development to completed properties.

Notes to the condensed consolidated financial statements for the period ended 30 September 2013 (continued)

4 Investment properties

Investment properties represent the fair value of lands with a total value of AED 162.2 million (31 December 2012: AED 227.3 million), and buildings with a value of AED 196.6 million (31 December 2012: AED 233 million) owned by the Group in Abu Dhabi, Al Ain and Mussaffah.

The fair value of the investment properties as of 30 September 2013 has been arrived at on the basis of valuations carried out by M/s Colliers International P.O. Box 71591, Dubai, United Arab Emirates, Chartered Surveyors that are not related to the Group. The valuations were arrived at by reference to market evidence of transactions of similar properties and income approach.

The fair value of the investment properties as of 31 December 2012 has been arrived at on the basis of valuations carried out by M/s Continental Surveying & evaluation P.O. Box 115367, Dubai, United Arab Emirates, Chartered Surveyors that are not related to the Group. The valuations were arrived at by reference to market evidence of transactions of similar properties and income approach.

The impact of the change in fair value estimate as at 30 September 2013 resulted in a decrease in investment properties by AED 101.4 million compared to their carrying value as of 31 December 2012 As of date of the issuance of these condensed consolidated financial statements, Management is still in the process of assessing whether this decrease in fair value came as a result of changes in circumstances or failure to use reliable information that was available when financial statements for prior periods were authorized for issue. As the assessment is not complete yet, the decrease in fair value amounting to AED 101.4 million has been charged to profit or loss for the 9 months period ended 30 September 2013.

A building with a carrying value of AED 172.5 million (2012: AED 212 million) is mortgaged in favour of First Gulf Bank against the bank loan (note 14).

Included within investment property are two plots of land with a carrying value of AED 83.7 million (2012: AED 133.5 million) whose title was not transferred to the name of the Group, pending the settlement of the last installment. Also included within investment property is a plot of land valued at AED 11.6 million (2012: AED 11.3 million) whose transfer of title is currently being processed.

All investment properties are located in the United Arab Emirates.

The property rental income earned by the Group from its investment properties, part of which is leased out under operating leases and the direct operating expenses arising on the investment properties are as follows:

	9 months ended 30 September	
	2013 (unaudited) AED	2012 (unaudited) AED
Rental income	**8,409,548**	8,453,464
Direct operating expenses	**(736,429)**	(725,513)
Net income from investment properties (note 16)	**7,673,119**	7,727,951

Notes to the condensed consolidated financial statements for the period ended 30 September 2013 (continued)

5 Investments in securities

	30 September 2013 (unaudited) AED	31 December 2012 (audited) AED
AFS investments		
Quoted UAE equity securities	**5,162,153**	5,039,660
Unquoted UAE equity securities	**64,530,586**	58,661,983
	69,692,739	63,701,643
Investments at FVTPL		
Quoted UAE securities	**210,674,068**	203,129,289
Quoted foreign equity securities	**70,473,707**	79,230,262
	281,147,775	282,359,551

The movement in the investments in securities is as follows:

	AED	AED
AFS investments		
Fair value at 1 January	**63,701,643**	63,087,384
Increase in fair value taken to other comprehensive income	**6,485,262**	1,717,478
Impairment losses on unlisted UAE equity securities	**(494,166)**	(1,103,219)
Fair value at the end of the reporting period/year	**69,692,739**	63,701,643
Investments at FVTPL		
Fair value at 1 January	**282,359,551**	248,927,782
Proceeds on disposal	-	(57,286)
Realised loss on disposal	-	(91,832)
(Decrease)/increase in fair value taken to profit or loss	**(1,211,776)**	33,580,887
Fair value at the end of the reporting period/year	**281,147,775**	282,359,551

The geographical distribution of investments is as follows:

	30 September 2013 (unaudited) AED	31 December 2012 (audited) AED
Within UAE	**280,366,807**	266,830,932
Outside UAE	**70,473,707**	79,230,262
	350,840,514	346,061,194

Notes to the condensed consolidated financial statements for the period ended 30 September 2013 (continued)

6 Statutory deposit

In accordance with the requirements of UAE Federal Law No.6/2007 covering insurance companies and agencies, the Company maintains a bank deposit of AED 10,000,000 (31 December 2012: AED 10,000,000) which cannot be utilised without the consent of the UAE Insurance Authority.

7 Insurance contract liabilities and re-insurance contract assets

	30 September 2013 (unaudited) AED	31 December 2012 (audited) AED
Insurance liabilities		
- Claims reported unsettled	**70,857,328**	91,767,841
- Claims incurred but not reported	**2,665,000**	2,821,000
- Unearned premiums	**53,448,859**	49,210,060
	126,971,187	143,798,901
Recoverable from re-insurers		
- Claims reported unsettled	**54,808,165**	60,660,602
- Claims incurred but not reported	**996,244**	1,263,472
- Unearned premiums	**35,689,309**	23,945,112
	91,493,718	85,869,186
Insurance liabilities - net		
- Claims reported unsettled	**16,049,163**	31,107,239
- Claims incurred but not reported	**1,668,756**	1,557,528
- Unearned premiums	**17,759,550**	25,264,948
	35,477,469	57,929,715

Notes to the condensed consolidated financial statements for the period ended 30 September 2013 (continued)

8 Insurance and other receivables

	30 September 2013 (unaudited) AED	31 December 2012 (audited) AED
Due from policy holders	**51,624,147**	52,507,699
Due from agents, brokers and intermediaries	**20,940,774**	21,050,059
Less: provision for impairment of receivables	**(26,539,407)**	(24,866,122)
	46,025,514	48,691,636
Deposits and other receivables	**11,511,544**	11,474,260
Less: provision for impairment of other receivables	**(5,400,000)**	(5,400,000)
	6,111,544	6,074,260
Due from insurance companies	**11,790,676**	16,558,878
Prepaid rent	**15,340,667**	18,880,821
Rent receivables	**1,716,021**	2,893,005
	80,984,422	93,098,600

Prepaid rent represents a 5 year lease agreement that commenced on 19 November 2011 for a five storey building in Dubai World Center which management intends to use for a university project.

The Group signed a Memorandum of Understanding (MoU) with Abu Dhabi Holding, a related party, on 27 March 2013. As per the MoU, both parties agreed to enter into a partnership to establish and operate the university, whereby the Group contribution would be providing the leased premises to the partnership for which the prepaid rent of AED 15.3 million is outstanding as at 30 September 2013 (31 December 2012: AED 18.9 million). The partnership has not been established as at 30 September 2013, and is subject to obtaining regulatory approvals and finalisation of legal documentation.

9 Bank and cash

	30 September 2013 (unaudited) AED	31 December 2012 (audited) AED
Balances held at UAE banks	**32,344,374**	38,929,679
Balances held at foreign banks abroad	**1,330,233**	1,883,986
Cash on hand	**155,155**	251,867
	33,829,762	41,065,532

Notes to the condensed consolidated financial statements for the period ended 30 September 2013 (continued)

10 Share capital

	30 September 2013 (unaudited) AED	31 December 2012 (audited) AED
Authorised:		
420,000,000 shares of AED 1 each (2012: 410,000,000 shares of AED 1 each)	**420,000,000**	410,000,000
Allotted, issued and fully paid:		
420,000,000 shares of AED 1 each (2012: 410,000,000 shares of AED 1 each)	**420,000,000**	410,000,000

At the Annual General Meeting held on 23 April 2013, the Shareholders approved to distribute dividends for an amount of AED 10 million through the issuance of bonus shares and increasing the number of issued shares from 410 million shares to 420 million shares (at the annual general meeting held on 17 April 2012 – issuance of bonus shares and increasing the number of issued shares from 400 million shares to 410 million shares) (note 19).

11 Legal reserve

In accordance with the UAE Federal Law number (8) of 1984 (as amended) concerning Commercial Companies and the Company's Articles of Association, 10% of profit is to be transferred to a non-distributable legal reserve until the balance of the legal reserve equals 50% of the Company's paid up share capital. This reserve is not available for dividend distribution.

12 Regulatory reserve

In accordance with Article 57 of the Company's Articles of Association, 10% of the Company's annual net profit is transferred to the regulatory reserve. This reserve may be used for such purposes as the Directors deem fit.

13 Insurance and other payables

	30 September 2013 (unaudited) AED	31 December 2012 (audited) AED
Due to insurance companies	**22,893,016**	19,824,297
Other insurance payables	**33,711,585**	30,630,593
Dividends payable	**18,054,302**	18,072,857
Accruals and other payables	**11,511,957**	13,451,843
	86,170,860	81,979,590

Notes to the condensed consolidated financial statements for the period ended 30 September 2013 (continued)

14 Bank borrowings

	30 September 2013 (unaudited) AED	31 December 2012 (audited) AED
Bank loan	**76,694,491**	104,799,992
Bank overdrafts	**97,344,153**	71,698,104
	174,038,644	176,498,096

The loan is from First Gulf Bank and is repayable in semi-annual installments of AED 15.8 million each up to 2017. The loan carries interests at a rate of 6 month EIBOR + 1.50%. The Group has provided First Gulf Bank with a primary mortgage over AKIC Tower, classified under the investment properties, fair valued at AED 172.5 million (31 December 2012: AED 212 million).

Beginning 2009, the bank changed the interest rates on the bank loan and charged the Group interest rate greater than what was stipulated in the loan agreement. As per the agreement, changes in interest rate need to be mutually agreed by both parties through a written confirmation. The Group did not acknowledge any change in interest rate and requested the justification from the bank for the change in interest rate.

The bank has opened a bank overdraft facility in the name of the Group for the repayment of the six due installments on which the group defaulted from 2011 to 2013. The outstanding overdraft balance as at 30 September 2013 amounted to AED 97.3 million (31 December 2012: AED 69 million). The Bank charged an interest at a rate of 10% on this overdraft facility.

Management believes that the 10% interest charged on the overdraft facility is excessive and the bank would not be eligible for more than 3% interest over the overdraft facility as a penalty for the due payments as per the original agreement.

The excess interest charged to date on the loan and the overdraft facility is approximately AED 23.4 million (31 December 2012: AED 17.8 million).

The Group is currently in the process of finalizing negotiation with the bank to adjust the interest being charged on the bank loan to the originally mandated interest as per the agreement.

During the year 2011, an adjustment of AED 9.4 million was reflected in the books to decrease the interest expense charged on the bank loan for the period from January 2009 to 31 December 2011. For the year ended 31 December 2012 and the nine months ended 30 September 2013, management has continued to recognise only the interest charge on the bank loan as per the original agreement which is lower than the interest charged by the bank by AED 3.5 million and AED 1.1 million, respectively.

During the nine months period ended 30 September 2013, an adjustment of AED 9.3 million was reflected in the books to decrease the interest expense charged on the overdraft facility for the period from March 2011 to 30 September 2013.

The final consent has not yet obtained from the bank but management is confident that the bank will adjust the interest according to the original terms of the contract.

**Notes to the condensed consolidated financial statements
for the period ended 30 September 2013 (continued)**

15 Commission expenses – net

	3 months ended 30 September		9 months ended 30 September	
	2013 (unaudited) AED	2012 (unaudited) AED	**2013 (unaudited) AED**	2012 (unaudited) AED
Commissions paid during the period	**754,718**	1,157,541	**2,094,101**	5,290,391
Deferred acquisition costs at beginning of the period	**-**	-	**1,445,767**	1,604,106
Deferred acquisition costs at end of the period	**(134,653)**	283,712	**(1,105,813)**	(2,663,008)
Other acquisition (income)/costs - net	**(54,816)**	24,299	**(294,434)**	385,363
	565,249	1,465,552	**2,139,621**	4,616,852

16 Net investment income

	3 months ended 30 September		9 months ended 30 September	
	2013 (unaudited) AED	2012 (unaudited) AED	**2013 (unaudited) AED**	2012 (unaudited) AED
Interest on term deposits	**9,991**	12,239	**74,891**	63,899
Net income from investment properties (note 4)	**2,165,111**	2,001,818	**7,673,119**	7,727,951
Net fair value loss on investment properties	**(105,888,650)**	(13,725,001)	**(101,447,000)**	(14,454,424)
Impairment on available for sale investments	**(446,558)**	(243,827)	**(494,166)**	(993,022)
Net fair value gain/(loss) on investments at FVTPL	**19,239,940**	24,620,473	**(1,211,776)**	35,631,963
Dividends from investments in securities	**2,897**	695,393	**11,880,577**	10,930,580
Other investment (loss)/income – net	**(205,470)**	201,621	**(422,942)**	358,621
	(85,122,739)	13,562,716	**(83,947,297)**	39,265,568

Notes to the condensed consolidated financial statements
for the period ended 30 September 2013 (continued)

17 Related parties

Related parties comprise the major Shareholders, the Directors and key management personnel of the Group and those entities in which they have the ability to control or exercise significant influence in financial and operation decisions. The Group maintains significant balances with these related parties which arise from commercial transactions as follows:

	30 September 2013 (unaudited) AED	31 December 2012 (audited) AED
Due from policyholders	**2,031,609**	876.991
Other receivables	**1,079,486**	-
Due to policyholders	**2,311,779**	2,578,039

Transactions

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

	3 months ended 30 September		**9 months ended 30 September**	
	2013 (unaudited) AED	2012 (unaudited) AED	**2013 (unaudited) AED**	2012 (unaudited) AED
Net premiums written	**466,588**	1,375.062	**16,056,479**	25,239,791
Claims paid	**2,296,643**	3,028,897	**4,635,787**	13,197,128
Remuneration of key management personnel	**1,753,871**	2.097.391	**5,587,552**	5,515.021

The remuneration of key management personnel is based on the remuneration agreed in their employment contract as approved by the Board of Directors.

Notes to the condensed consolidated financial statements for the period ended 30 September 2013 (continued)

18 (Loss)/profit for the period

(Loss)/profit for the period is arrived after charging the following:

	3 months ended 30 September		9 months ended 30 September	
	2013 (unaudited) AED	2012 (unaudited) AED	**2013 (unaudited) AED**	2012 (unaudited) AED
Staff costs	**5,049,094**	5,168,081	**16,217,048**	16,132,777
Depreciation on property and equipment	**350,389**	388,541	**1,081,949**	1,389,725
Rental expenses	**1,777,548**	2,548,666	**5,319,114**	5,964,075

19 Basic and diluted (loss)/earnings per share

(Loss)/earnings per share are calculated by dividing the (loss)/profit for the period the weighted average number of ordinary shares outstanding during the period as follows:

	3 months ended 30 September		9 months ended 30 September	
	2013 (unaudited) AED	2012 (unaudited) AED	**2013 (unaudited) AED**	2012 (unaudited) AED
(Loss)/profit for the period (AED)	**(87,626,229)**	3,801,897	**(98,391,280)**	15,559,664
Weighted number of ordinary shares in issue throughout the period	**420,000,000**	420,000,000	**420,000,000**	420,000,000
Basic and diluted earnings per share (AED)	**(0.2086)**	0.0091	**(0.2343)**	0.0370

As mentioned in note 10 to the financial statements, a distribution of dividends for an amount of AED 10 million was approved by the Shareholders in the Annual General Meeting held on 23 April 2013 through issuance of bonus shares and increasing the number of issued shares from 410 million shares to 420 million shares.

The earnings per share for the nine months period ended 30 September 2013 and 30 September 2012 were adjusted for the bonus shares declared in the above Annual General Meeting.

As of 30 September 2013, the Group has not issued any instruments that have an impact on earnings per share when exercised and accordingly diluted earnings per share are the same as basic earnings per share.

Notes to the condensed consolidated financial statements for the period ended 30 September 2013 (continued)

20 Cash and cash equivalents

	9 months ended 30 September	
	2013 (unaudited) AED	2012 (unaudited) AED
Term deposits	**1,738,020**	1,692,500
Bank balances and cash	**33,829,762**	47,489,902
Less: Term deposits with original maturity of greater than three months	**(1,738,020)**	(1,692,500)
Bank overdraft facilities	-	(2,496,165)
	33,829,762	44,993,737

For the purpose of the statement of cash flows, bank overdraft amounting to AED 97.3 million (30 September 2012: AED 67.3 million) was excluded from cash and cash equivalents since it relates to the financing of the bank loan (note 14) and is included within the financing activities.

21 Seasonality of results

No income of seasonal nature was recorded in the income statement for the nine-month period ended 30 September 2013 and 2012.

22 Contingent liabilities

At 30 September 2013, the Group had contingent liabilities in respect of outstanding letters of guarantee issued in the normal course of business, amounting to AED 12.0 million (31 December 2012: AED 11.5 million).

23 Segment information

The segments disclosed in the current period were revised based on the new measure reported to the chief operating decision maker for purposes of resource allocation and segments performance.

For operating purposes, the Group is organised into two main business segments:

Underwriting of general insurance business – incorporating all classes of general insurance such as; fire, marine, motor, general accident and miscellaneous.

Investments – Incorporating investments in marketable equity securities, term deposits with banks and investment properties and other securities.

Notes to the condensed consolidated financial statements for the period ended 30 September 2013 (continued)

23 Segment information (continued)

Primary segment information- business segment

The following is an analysis of the Group's revenue and results by operating segment:

	30 September (unaudited)					
	Underwriting		Investments		Total	
	2013	2012	**2013**	2012	**2013**	2012
	AED	AED	**AED**	AED	**AED**	AED
Segment revenue	**84,913,511**	133,410,768	**(83,210,868)**	39,991,081	**1,702,643**	173,401,849
Segment result	**(8,515,028)**	(7,261,794)	**(88,134,558)**	31,845,626	**(96,649,586)**	24,583,832
Unallocated expenses					**(1,741,694)**	(9,024,168)
Loss/(profit) for the period					**(98,391,280)**	15,559,664

The following is an analysis of the Group's assets and liabilities by operating segment:

	Underwriting		Investments		Total	
	30 September 2013 (unaudited) AED	31 December 2012 (audited) AED	**30 September 2013 (unaudited) AED**	31 December 2012 (audited) AED	**30 September 2013 (unaudited) AED**	31 December 2012 (audited) AED
Segment assets	**183,321,038**	189,859,172	**721,371,934**	817,994,094	**904,692,972**	1,007,853,266
Unallocated assets					**33,829,762**	41,065,532
Total assets					**938,522,734**	1,048,918,798
Segment liabilities	**206,868,501**	220,811,768	**177,701,307**	182,232,637	**384,569,808**	403,044,405
Unallocated liabilities					**18,054,302**	18,072,858
Total liabilities					**402,624,110**	421,117,263

There were no transactions between the business segments during the period.

Notes to the condensed consolidated financial statements for the period ended 30 September 2013 (continued)

23 Segment information (continued)

Secondary segment information-revenue from underwriting departments

The following is an analysis of the Group's revenues (gross written premiums and commission income) classified by major underwriting departments.

	9 months ended 30 September	
	2013 (unaudited) AED	2012 (unaudited) AED
Motor	**18,472,578**	19,902,199
Engineering	**6,800,882**	9,894,985
Fire and General Accidents	**34,098,046**	32,059,566
Marine and Aviation	**16,870,728**	15,963,987
Employee Benefits, Medical and Personal Assurance	**8,671,277**	55,590,031
	84,913,511	133,410,768

24 Fair value of financial instruments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value 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 (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – fair value measurement are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30 September 2013 (unaudited)	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
Available-for-sale investments				
Equities	5,162,152	8,400,606	56,129,981	69,692,739
Financial assets designated at FVTPL				
Equities	281,147,775	-	-	281,147,775
Total	286,309,927	8,400,606	56,129,981	350,840,514

During the period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

24 Fair value of financial instruments (continued)

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the period:

	30 September 2013 (unaudited) AED
Opening balance	**52,095,257**
Net change in fair value	**4,034,724**
Closing balance	**56,129,981**

No gains and losses on level 3 financial instruments is included in profit or loss for the period ended 30 September 2013.

Set out below is a comparison of the carrying amount and fair values of financial instruments as at 30 September 2013:

	Fair value (unaudited) AED	Carrying amount (unaudited) AED
Financial assets		
Statutory deposit	10,000,000	10,000,000
Available-for-sale (AFS)investments	69,692,739	69,692,739
Investments designated at fair value through profit or loss (FVTPL)	281,147,775	281,147,775
Insurance and other receivables	80,984,422	80,984,422
Term deposits	1,738,020	1,738,020
Bank and cash	33,829,762	33,829,762
	477,392,718	**477,392,718**
Financial liabilities		
Insurance and other payables	86,170,860	86,170,860
Re-insurance deposits retained	4,231,131	4,231,131
Bank borrowings	174,038,644	174,038,644
	264,440,635	**264,440,635**

Notes to the condensed consolidated financial statements
for the period ended 30 September 2013 (continued)

25 Comparative figures

Certain reclassifications have been made to the comparative figures as of 31 December 2012 and the nine months ended 30 September 2012 to comply with the current period classification. These reclassifications did not have any impact on net profit, earning per share or retained earnings of the prior period. Accordingly the condensed consolidated statements of financial position and income for the years ended 31 December 2012 and nine month period ended 30 September 2012 have not been separately presented.
The main reclassifications were:

Condensed consolidated statement of financial position:

a) *statutory deposit* is now disclosed in a separate line in the statement of financial position instead of being clubbed with *bank deposits.*
b) recoveries of claims from other insurance companies were reclassified from *insurance and other receivables* to *re-insurance contract assets.*
c) *prepayments* is now disclosed in a separate line in the statement of financial position instead of being clubbed under *insurance and other receivables.*
d) *insurance and other payables, Re-insurance deposit retained. and Accruals and deferred income* were previously clubbed together under *Trade and other payables* and now disclosed in separate lines in the statement of financial position.

Condensed consolidated statement of income:

e) presentation of premium income earned was changed to show the *gross premium written* and the *change in unearned premium provision* instead of the *insurance premium revenue* in net basis.
f) presentation of re-insurance ceded was changed to show the *reinsurance premiums ceded* and the *change in unearned premium provision* instead of the *insurance premium ceded to reinsurance* in net basis
g) the amount of the *change in outstanding claims recoveries* was reflected in the *reinsurance share of claims incurred* instead of being reflected as part of *gross claims incurred.*
h) *expenses for marketing and administrative* and *amortization of prepaid rent* were clubbed together under *operating expenses.*
i) *Investment income, net fair value gain on investment properties, net realised loss on financial assets, net fair value gain on financial assets at FVTPL net rental income from investment properties* and other income/(expenses) were clubbed together under *net investment income* to comply with the current period classifications. Details are provided under note 15 to the financial statements.
j) *other (expense)/income* are now disclosed in a separate line in the income statement instead of being clubbed under *expenses for marketing and administration.*

Segment information:

- *Other (expense)/income* were allocated previously under the corporate segment but now reported as unallocated in the current period.
- Bank and cash balances were allocated previously between insurance and corporate segments but now reported as unallocated in the current period.

Notes to the condensed consolidated financial statements for the period ended 30 September 2013 (continued)

25 Comparative figures (continued)

		As previously reported AED	Reclassifications AED	As reclassified AED
Consolidated statement of financial position as at 31 December 2012				
Statutory deposit	(a)	-	10,000,000	10,000,000
Bank deposits with an original maturity of more than 3 months	(a)	11,692,500	(10,000,000)	1,692,500
Insurance and other receivables	(b)	100,084,100	(6,985,500)	93,098,600
Reinsurance contract assets	(b)	80,011,828	5,857,358	85,869,186
Prepayments	(c)	-	1,128,142	1,128,142
Trade and other payables	(d)	94,270,569	(94,270,569)	-
Insurance and other payables	(d)	-	81,979,590	81,979,590
Re-insurance deposit retained	(d)	-	6,556,438	6,556,438
Accruals and deferred income	(d)	-	5,734,541	5,734,541
Consolidated income statement for the period ended 30 September 2012				
Gross premium written	(e)	-	127,597,248	127,597,248
Change in unearned premium provision of gross premiums	(e)	-	(23,345,731)	(23,345,731)
Insurance premium revenue	(e)	104,251,517	(104,251,517)	-
Reinsurance premiums ceded	(f)	-	(55,584,979)	(55,584,979)
Change in unearned premium provision of reinsurance premiums	(f)	-	7,369,067	7,369,067
Income premium ceded to reinsurers	(f)	(48,215,912)	48,215,912	-
Gross claims incurred (insurance claims and loss adjustment expenses)	(g)	(63,208,273)	4,574,560	(58,633,713)
Reinsurance share of claims incurred (insurance claims and loss adjustment expenses recovered from reinsurers)	(g)	25,539,647	(4,574,560)	20,965,087
Operating expenses	(h)	-	(34,245,383)	(34,245,383)
Other expenses	(j)	-	205,244	205,244
Expenses for marketing and administration	(h)&(j)	(30,589,983)	30,589,983	-
Amortisation of prepaid rent	(h)	(3,450,156)	3,450,156	-
Net investment income	(i)	-	39,265,568	39,265,568
Investment income	(i)	11,196,479	(11,196,479)	-
Net fair value loss on investment properties	(i)	(14,454,424)	14,454,424	-
Net realised loss on financial assets	(i)	(993,022)	993,022	-
Net fair value gain on financial assets at fair value through profit or loss	(i)	35,631,963	(35,631,963)	-
Net rental income for investment property	(i)	7,727,951	(7,727,951)	-
Other income/(expenses)	(i)	156,621	(156,621)	-

26 Approval of condensed consolidated financial statements

The condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 12 November 2013.