

**Al Wathba National Insurance  
Company (PJSC)**

BOARD OF DIRECTORS' REPORT AND  
INTERIM CONDENSED FINANCIAL  
STATEMENTS (UNAUDITED)

31 MARCH 2014

**Al Wathba National Insurance  
Company (PJSC)**

BOARD OF DIRECTORS' REPORT

31 MARCH 2014



شركة الوثبة الوطنية للتأمين ش.م.ع.  
ALWATHBA NATIONAL INSURANCE CO. P.J.S.C.

## Board of Directors' Report on the Company Business For the Period Ending 31 March 2014

The Board of Directors of Al Wathba National Insurance Company (the "Company") is pleased to submit the quarterly report of the Company's activities accompanied by the audited financial statements for the period ending 31 March 2014.

Global economic recovery is apparent with the continued improvement of global financial indicators coupled with anticipated positive growth in worldwide Gross Domestic Products (GDP). This, along with other positive aspects in the global economy are amongst price drivers that had an opposite effect on prices of metals such as gold and silver that decreased during the previous year and has continued through the first quarter of the current year.

Relative to Al Wathba National Insurance Company, the insurance business was able to achieve a positive growth of 7% during the first quarter of the year, having achieved total gross premium written of AED 245.690 million compared to AED 229.508 million in 2013. The net premium earned for the period amounted to AED 44.782 million compared to AED 61.047 million of the previous year. The underwriting income result prior to the deduction of underwriting expenses reached AED 9.889 million, while the net underwriting income for the first quarter of the year is AED 1.640 million compared to AED 4.662 for the year 2013 in the same period.

The decline in underwriting results mainly reflects the high level of competition in the market, primarily in Motor and Health insurance line of business. The Management of the Company however, has taken steps to circumvent any negative impact and expects positive results during the subsequent quarters of the year.

The level of activity of the investment portfolio has made a direct impact on the positive results of the Company; this was achieved by capitalizing on seized investment opportunities in the local markets and through well strategized

رأس المال المدفوع والمصرح به (١٨٠) مليون درهم شركة خاضعة لأحكام القانون الإتحادي رقم (٦) لسنة ٢٠٠٧ في شأن إنشاء هيئة التأمين وتنظيم أعماله ومقيدة بسجل شركات التأمين الرقم (١٠)

المكتب الرئيسي: ص.ب. ٤٥١٥٤، أبوظبي، ا.ع.م.، هاتف: ٤١٨٥٣٠٠ (٢) ٩٧١+، فاكس: ٦٧٧٦٦٢٨ (٢) ٩٧١+

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investment decisions kept in pace with the general market activity, these are the factors which facilitated the achievement of investment income of AED 73.018 million compared to AED 6.507 million in 2013.

The total comprehensive income of the Company increased to AED 111.550 million compared to AED 49.736 million in 2013 which was mainly brought by the strong investment performance of the Company. This in turn led to a positive impact on the shareholders' equity which grew to AED 818.104 million, an increase of 12% in comparison to AED 728.154 million in 2013.

Finally, the Board of Directors hereby seizes this opportunity to express its highest thanks and appreciation to H.H. Sheikh Khalifa Bin Zayed Al Nahyan, President of UAE and Ruler of Abu Dhabi and H.H. Sheikh Mohamed Bin Rashid Al Maktoum, the Vice President , Prime Minister and the ruler of Dubai and H.H. Sheikh Mohammed Bin Zayed Al Nahyan, the Crown Prince and to all the rulers of the Emirates for their continuous support for the pursuit of the country, for all its economic institutions and for Al Wathba National Insurance Company.

The Board of the Directors also wishes to express its gratitude to the shareholders and customers for their trust and continued support to the Company.

**Sheikh Saif Bin Mohammed Bin Butti Al Hamed**  
Chairman of the Board of Directors

**Al Wathba National Insurance  
Company (PJSC)**

INTERIM CONDENSED FINANCIAL  
STATEMENTS (UNAUDITED)

31 MARCH 2014

**REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO  
THE BOARD OF DIRECTORS OF AL WATHBA NATIONAL INSURANCE COMPANY PJSC**

*Introduction*

We have reviewed the accompanying interim condensed financial statements of Al Wathba National Insurance Company PJSC (“the Company”) as at 31 March 2014 comprising of the interim statement of financial position as at 31 March 2014, and the related interim statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed financial statements 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 condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

*Other matters*

The interim condensed financial statements for the three month period ended 31 March 2013 were reviewed by another auditor who expressed an unmodified conclusion on those interim condensed financial statements on 9 May 2013.

The financial statements of the Company for the year ended 31 December 2013 were audited by another auditor who expressed an unmodified opinion on those financial statements on 5 February 2014.



Signed by:  
Mohammad Mobin Khan  
Partner  
Ernst & Young  
Registration No. 532

14 May 2014  
Abu Dhabi

# Al Wathba National Insurance Company (PJSC)

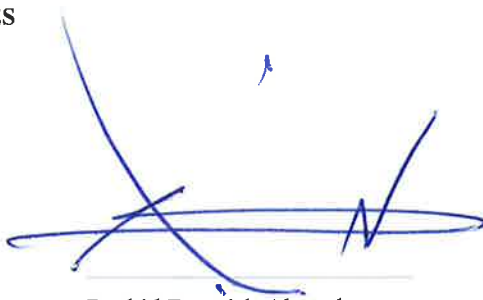
## INTERIM STATEMENT OF FINANCIAL POSITION

Period ended 31 March 2014 (unaudited)

	<i>Notes</i>	<i>31 March 2014 (Unaudited) AED 000</i>	<i>31 December 2013 (Audited) AED 000</i>
<b>ASSETS</b>			
Property and equipment		5,168	5,349
Investment properties		304,254	304,254
Investments at amortised cost	4	9,771	9,771
Investment in associates		23,341	23,341
Investments carried at fair value through other comprehensive income	5	343,338	311,188
Investments carried at fair value through profit or loss	6	242,069	237,085
Insurance receivables and prepayments	7	142,449	64,951
Reinsurance contracts assets	8	236,270	160,010
Cash and bank balances	9	<u>189,523</u>	<u>58,794</u>
<b>TOTAL ASSETS</b>		<b><u>1,496,183</u></b>	<b><u>1,174,743</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	10	207,000	180,000
Legal reserve		61,455	61,455
Statutory reserve		45,000	45,000
General reserve		23,323	23,323
Capital reserve		9,959	9,959
Investment revaluation reserve		159,582	124,457
Retained earnings		<u>311,785</u>	<u>283,960</u>
<b>Total equity</b>		<b><u>818,104</u></b>	<b><u>728,154</u></b>
<b>LIABILITIES</b>			
Employees' end of service benefits		7,428	7,179
Insurance contract liabilities	8	447,686	295,064
Bank overdrafts	9	50,810	46,545
Trade and other payables	11	<u>172,155</u>	<u>97,801</u>
<b>Total liabilities</b>		<b><u>678,079</u></b>	<b><u>446,589</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>1,496,183</u></b>	<b><u>1,174,743</u></b>



H.E. Sheikh Saif Bin Mohammed  
Bin Butti Al Hamed  
CHAIRMAN



Rashid Darwish Ahmed  
Saif Al Ketbi  
MANAGING DIRECTOR



Bassam Adib Chilmeran  
GENERAL MANAGER

The attached notes 1 to 14 form part of these interim condensed financial statements.

# Al Wathba National Insurance Company (PJSC)

## INTERIM INCOME STATEMENT

Period ended 31 March 2014 (unaudited)

	Notes	<i>Three months ended 31 March</i>	
		<i>2014</i>	<i>2013</i>
		<i>AED 000</i>	<i>AED 000</i>
Gross premiums written		<b>245,690</b>	229,508
Change in unearned premium provision		<b>(148,179)</b>	(109,712)
<b>Premium income earned</b>		<b><u>97,511</u></b>	<u>119,796</u>
Reinsurance premium ceded		<b>(112,934)</b>	(113,963)
Change in unearned premium provision		<b>60,205</b>	55,214
Reinsurance ceded		<b>(52,729)</b>	(58,749)
<b>Net premium earned</b>		<b><u>44,782</u></b>	<u>61,047</u>
Gross claims incurred		<b>(75,893)</b>	(67,805)
Reinsurance share of claims incurred		<b>35,458</b>	12,940
<b>Net claims incurred</b>		<b><u>(40,435)</u></b>	<u>(54,865)</u>
Gross commission earned		<b>12,672</b>	14,952
Less: commission incurred		<b>(7,130)</b>	(7,314)
<b>Net commission earned</b>		<b><u>5,542</u></b>	<u>7,638</u>
<b>Underwriting income</b>		<b>9,889</b>	13,820
General and administrative expenses relating to underwriting		<b>(8,249)</b>	(9,158)
<b>Net underwriting income</b>		<b><u>1,640</u></b>	<u>4,662</u>
Other expenses		<b>(1,534)</b>	(727)
Net investment income	12	<b>74,931</b>	7,727
Finance costs		<b>(379)</b>	(493)
<b>PROFIT FOR THE YEAR</b>		<b><u>74,658</u></b>	<u>11,169</u>
Basic and diluted earnings per share	13	<b><u>0.36</u></b>	<u>0.05</u>

The attached notes 1 to 14 form part of these interim condensed financial statements.



# Al Wathba National Insurance Company (PJSC)

## INTERIM STATEMENT OF COMPREHENSIVE INCOME

Period ended 31 March 2014 (unaudited)

	<i>Three months ended 31 March 2014 AED 000</i>	<i>Three months ended 31 March 2013 AED 000</i>
<b>Profit for the period</b>	<b>74,658</b>	<b>11,169</b>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to statement of income:</b>		
Gain on sale of investments carried at fair value through other comprehensive income	<b>1,057</b>	-
Changes in fair value relating to investments carried at fair value through other comprehensive income, net	<u><b>35,835</b></u>	<u><b>38,567</b></u>
<b>Other comprehensive income for the period</b>	<u><b>36,892</b></u>	<u><b>38,567</b></u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u><b>111,550</b></u>	<u><b>49,736</b></u>

The attached notes 1 to 14 form part of these interim condensed financial statements.

# Al Wathba National Insurance Company (PJSC)

## INTERIM STATEMENT OF CHANGES IN EQUITY 31 March 2014 (unaudited)

	<i>Share capital AED 000</i>	<i>Legal reserve AED 000</i>	<i>Statutory reserve AED 000</i>	<i>General reserve AED 000</i>	<i>Capital reserve AED 000</i>	<i>Investment revaluation reserve AED 000</i>	<i>Retained earnings AED 000</i>	<i>Total equity AED 000</i>
Balance at 1 January 2013	180,000	46,578	33,921	23,323	9,959	20,593	134,435	448,809
Profit for the period	-	-	-	-	-	-	11,169	11,169
Other comprehensive income	-	-	-	-	-	38,567	-	38,567
Total comprehensive income	-	-	-	-	-	38,567	11,169	49,736
Dividends declared (note 10)	-	-	-	-	-	-	(18,000)	(18,000)
Balance at 31 March 2013	<u>180,000</u>	<u>46,578</u>	<u>33,921</u>	<u>23,323</u>	<u>9,959</u>	<u>59,160</u>	<u>127,604</u>	<u>480,545</u>
Balance at 1 January 2014	180,000	61,455	45,000	23,323	9,959	124,457	283,960	728,154
Profit for the period	-	-	-	-	-	-	74,658	74,658
Other comprehensive income	-	-	-	-	-	35,835	1,057	36,892
Total comprehensive income	-	-	-	-	-	35,835	75,715	111,550
Transfer on disposal of investments carried at fair value through other comprehensive income	-	-	-	-	-	(710)	710	-
Issuance of bonus shares (note 10)	27,000	-	-	-	-	-	(27,000)	-
Dividends declared (note 10)	-	-	-	-	-	-	(21,600)	(21,600)
Balance at 31 March 2014	<u>207,000</u>	<u>61,455</u>	<u>45,000</u>	<u>23,323</u>	<u>9,959</u>	<u>159,582</u>	<u>311,785</u>	<u>818,104</u>

The attached notes 1 to 14 form part of these interim condensed financial statements.

# Al Wathba National Insurance Company (PJSC)

## INTERIM STATEMENT OF CASH FLOWS

Period ended 31 March 2014 (unaudited)

	<i>Three months ended 31 March 2014 AED 000</i>	<i>Three months ended 31 March 2013 AED 000</i>
<b>OPERATING ACTIVITIES</b>		
Profit for the period	74,658	11,169
Adjustments for:		
Unearned premiums, net	87,974	54,498
Outstanding claims	6,443	(7,779)
Reinsurance share of outstanding claims	(16,055)	1,637
Release of claims incurred but not reported	(2,000)	-
Changes in fair value of investment properties	-	4,000
Provision on insurance receivable, net	(1,788)	(649)
Increase in fair value of investments carried at fair value through profit or loss	(47,570)	(7,452)
Gain on disposal of investments carried at fair value through profit or loss	(20,043)	-
Provision for employees end of service benefits	259	759
Depreciation of property and equipment	225	179
Finance costs	379	493
Dividend income	(3,821)	(488)
Interest income	(78)	(386)
	<u>78,583</u>	<u>55,981</u>
Working capital changes:		
Insurance receivables and prepayments	(75,710)	(20,245)
Trade and other payables	<u>52,754</u>	<u>60,043</u>
Cash from operations	55,627	95,779
Finance costs paid	(379)	(493)
Employees' end of service benefits paid	<u>(10)</u>	<u>(251)</u>
Net cash from operating activities	<u>55,238</u>	<u>95,035</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(44)	(225)
Purchase of investments carried at fair value through profit or loss	(94,781)	(15,811)
Proceeds from disposal of investments carried at fair value through profit or loss	157,410	-
Proceeds from disposal of investments carried at fair value through other comprehensive income	4,742	-
Purchase of investments carried at amortised cost	-	(1,101)
Term deposits	(45,348)	(41,550)
Interest received	78	240
Dividends received	<u>3,821</u>	<u>488</u>
Net cash from (used in) investing activities	<u>25,878</u>	<u>(57,959)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>81,116</b>	<b>37,076</b>
Cash and cash equivalents at the beginning of the period	<u>(9,030)</u>	<u>14,044</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b><u>72,086</u></b>	<b><u>51,120</u></b>

The attached notes 1 to 14 form part of these interim condensed financial statements.

# Al Wathba National Insurance Company (PJSC)

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## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

31 March 2014 (unaudited)

### 1 CORPORATE INFORMATION

Al Wathba National Insurance Company PJSC (the "Company"), incorporated in Abu Dhabi is registered as a public shareholding company in accordance with the UAE Federal Law No. 8 of 1984 (as amended).

The Company is registered in accordance with UAE Federal Law No. 6 of 2007 on Establishment of Insurance Authority and Organisation of its Operations, and is registered in the Insurance Companies Register under registration No. 10.

The Company's principal activity is the transaction 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, Al Ain, and Sharjah. The Company is domiciled in the United Arab Emirates and its registered head office is P.O. Box 45154, Abu Dhabi, United Arab Emirates.

The interim condensed financial statements were approved for issuance by the Board of Directors on 14 May 2014.

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### *Basis of preparation*

The interim condensed financial statements for the three months ended 31 March 2014 have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Company's annual financial statements as at 31 December 2013. In addition, results for the three-months period ended 31 March 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

#### *Significant accounting policies*

The accounting policies used in the preparation of the interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2013, except for the adoption of the following amendments to standards and new standards as of 1 January 2014:

- Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27
- Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32
- Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39
- Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36
- IFRIC 21 Levies

The new standards and amendments to standards listed above had no significant impact on the Company's financial position or performance or disclosures.

### 3 COMMITMENTS AND CONTINGENCIES

The Company's bankers have issued in the normal course of business letters of guarantee in favour of third parties amounting to AED 7.5 million (31 December 2013: AED 7.5 million).

### 4 INVESTMENTS AT AMORTISED COST

Included in investments at amortised cost is a five-year sukuk amounting to AED 5,000,000 (31 December 2013: AED 5,000,000) which bears interest of 6-month EIBOR + 300 bps or 6.25%, whichever is higher, and perpetual sukuk of USD 1,300,000 (equivalent to AED 4,771,000) (31 December 2013: USD 1,300,000) which carry interest at 6.375% per annum.

# Al Wathba National Insurance Company (PJSC)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

31 March 2014 (unaudited)

### 5 INVESTMENTS CARRIED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<i>31 March 2014 (Unaudited) AED 000</i>	<i>31 December 2013 (Audited) AED 000</i>
Quoted securities	328,418	297,755
Unquoted securities	<u>14,920</u>	<u>13,433</u>
	<u>343,338</u>	<u>311,188</u>

The movement in the investments at fair value through other comprehensive income is as follows:

Fair value at the beginning of the period / year	311,188	241,507
Disposals	(3,685)	(49,693)
Increase in fair value	<u>35,835</u>	<u>119,374</u>
Fair value at the end of the period/year	<u>343,338</u>	<u>311,188</u>

The geographical distribution of investments is as follows:

Within UAE	340,152	307,605
Outside UAE	<u>3,186</u>	<u>3,583</u>
	<u>343,338</u>	<u>311,188</u>

### 6 INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments at fair value through profit or loss consist of quoted investments in UAE securities.

The movement in investments at fair value through profit or loss is as follows:

	<i>31 March 2014 (Unaudited) AED 000</i>	<i>31 December 2013 (Audited) AED 000</i>
Fair value at beginning of period/year	237,085	37,990
Additions	94,781	316,085
Disposals	(137,367)	(179,194)
Increase in fair value	<u>47,570</u>	<u>62,204</u>
Fair value at end of the period/year	<u>242,069</u>	<u>237,085</u>

# Al Wathba National Insurance Company (PJSC)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

31 March 2014 (unaudited)

### 7 INSURANCE RECEIVABLES AND PREPAYMENTS

	<i>31 March 2014 (Unaudited) AED 000</i>	<i>31 December 2013 (Audited) AED 000</i>
<i>Insurance receivables:</i>		
Due from policy holders	117,673	46,353
Due from policy holders - related parties	<u>18,948</u>	<u>13,685</u>
	136,621	60,038
Less: allowance for doubtful receivables	(11,245)	(13,033)
	<u>125,376</u>	<u>47,005</u>
Due from insurance and reinsurance companies	4,095	10,588
Prepayments	3,524	935
Accrued income	1,998	2,061
Other receivables	<u>7,456</u>	<u>4,363</u>
	<u>142,449</u>	<u>64,951</u>
Movement in the allowance of doubtful debts is as follows:		
Balance at beginning of the period / year	13,033	16,721
Charge for the period / year	436	1,758
Amounts written off during the period / year	(3)	(1,856)
Amount recovered during the period / year	<u>(2,221)</u>	<u>(3,590)</u>
Balance at end of the period / year	<u>11,245</u>	<u>13,033</u>

# Al Wathba National Insurance Company (PJSC)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

31 March 2014 (unaudited)

### 8 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

	<i>31 March 2014 (Unaudited) AED 000</i>	<i>31 December 2013 (Audited) AED 000</i>
<b>Insurance liabilities</b>		
Claims reported unsettled	206,154	199,711
Claims incurred but not reported	3,000	5,000
Unearned premiums	<u>238,532</u>	<u>90,353</u>
	<u>447,686</u>	<u>295,064</u>
<b>Recoverable from re-insurers</b>		
Claims reported unsettled	138,640	122,585
Unearned premiums	<u>97,630</u>	<u>37,425</u>
	<u>236,270</u>	<u>160,010</u>
<b>Insurance liabilities - net</b>		
Claims reported unsettled	67,514	77,126
Claims incurred but not reported	3,000	5,000
Unearned premiums	<u>140,902</u>	<u>52,928</u>
	<u>211,416</u>	<u>135,054</u>

### 9 CASH AND CASH EQUIVALENTS

	<i>31 March 2014 (Unaudited) AED 000</i>	<i>31 March 2013 (Unaudited) AED 000</i>
Bank and cash	117,481	88,619
Statutory deposit	6,000	6,000
Term deposits	<u>66,042</u>	<u>98,799</u>
Cash and bank balances	189,523	193,418
Less: bank overdrafts	(50,810)	(65,756)
Less: term deposits with original maturity over 3 months	(60,627)	(70,542)
Less: statutory deposits	<u>(6,000)</u>	<u>(6,000)</u>
	<u>72,086</u>	<u>51,120</u>

Term deposits are held with financial institutions in UAE. The original maturity ranges from one to twelve months. Interest is receivable at annual rates ranging from 0.40% to 2.60% per annum (31 December 2013: 0.40% to 2.6% per annum).

In accordance with the requirements of Federal Law No. 6 of 2007, concerning Establishment of Insurance Authority and Organisation of its Operations,, the Company maintains a bank deposit of AED 6 million (31 December 2013: AED 6 million) which cannot be utilised without the consent of the UAE Insurance Authority.

# Al Wathba National Insurance Company (PJSC)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

31 March 2014 (unaudited)

### 10 SHARE CAPITAL

	<i>31 March 2014 (Unaudited) AED 000</i>	<i>31 December 2013 (Audited) AED 000</i>
<i>Authorised, issued and fully paid</i>		
207,000,000 (31 December 2013: 180,000,000) ordinary shares of AED 1 each	<u>207,000</u>	<u>180,000</u>

At the Annual General Meeting held on 17 March 2014, the Shareholders approved the distribution of cash dividends of AED 0.12 per share amounting to AED 21,600,000 (31 December 2012: AED 0.1 per share amounting to AED 18,000,000) and bonus shares of AED 0.15 per share amounting to 27 million shares equivalent to AED 27,000,000 (31 December 2012: nil).

### 11 TRADE AND OTHER PAYABLES

	<i>31 March 2014 (Unaudited) AED 000</i>	<i>31 December 2013 (Audited) AED 000</i>
Trade payables	18,134	10,674
Due to related parties	494	2,261
Insurance and reinsurance balances payable	106,963	45,932
Accrued expenses	5,787	19,205
Dividends payable	26,467	4,904
Other payables	<u>14,310</u>	<u>14,825</u>
	<u>172,155</u>	<u>97,801</u>

### 12 NET INVESTMENT INCOME

	<i>31 March 2014 (Unaudited) AED 000</i>	<i>31 March 2013 (Unaudited) AED 000</i>
Rental income, net	3,381	3,337
Changes in fair value of investment properties	-	(4,000)
Gain on disposal of investments carried at fair value through profit or loss	20,043	-
Increase in fair value of investments carried at fair value through profit or loss	47,570	7,452
Interest income	36	386
Dividend income	3,821	488
Other income	<u>80</u>	<u>64</u>
	<u>74,931</u>	<u>7,727</u>



NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

31 March 2014 (unaudited)

**13 BASIC AND DILUTED EARNINGS PER SHARE**

Basic earnings per share is computed by dividing the profit for the period by the weighted average number of shares outstanding during the period.

Diluted earnings per share are calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period, adjusted for the effects of dilutive instruments.

	<i>Three months ended 31 March 2014</i>	<i>Three months ended 31 March 2013</i>
Profit for the period (AED '000)	<u>74,658</u>	<u>11,169</u>
Weighted average number of ordinary shares outstanding during the period	<u>207,000,000</u>	<u>207,000,000</u>
Basic and diluted earnings per share (AED)	<u>0.36</u>	<u>0.05</u>

# Al Wathba National Insurance Company (PJSC)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS 31 March 2014 (unaudited)

### 14 SEGMENT REPORTING

For management purposes the Company is organised into departments based on the classes of insured risks. The reportable operating segments of the Company are fire and general accident, medical and marine and aviation.

Management monitors the underwriting results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on underwriting profit. The following table presents disclosure of segment revenues, measurement of segment profit for the period and their reconciliation to the Company's income and profit for the period.

#### 14.1 Segment revenue and results

	2014				2013			
	Marine and aviation AED'000	Fire and general accident AED'000	Medical Investments AED'000	Total AED'000	Marine and aviation AED'000	Fire and general accident AED'000	Medical Investments AED'000	Total AED'000
Gross premiums written	6,133	145,437	94,120	245,690	6,303	143,065	80,140	229,508
Reinsurance premium ceded	(5,359)	(104,931)	(2,644)	(112,934)	(5,750)	(106,208)	(2,005)	(113,963)
Movement in provision for unearned premiums	98	(22,783)	(65,289)	(87,974)	(95)	(13,452)	(40,951)	(54,498)
Net claims incurred	686	(17,601)	(23,520)	(40,435)	(48)	(18,442)	(36,375)	(54,865)
Net commission earned	927	8,678	(4,063)	5,542	1,115	11,358	(4,835)	7,638
Rental income	-	-	-	3,381	-	-	-	3,337
Net investment income	-	-	-	71,550	-	-	-	4,390
Segment profit (loss) before allocated expenses	2,485	8,800	(1,396)	84,820	1,525	16,321	(4,026)	21,547
Allocated expenses	(286)	(6,385)	(1,576)	(8,247)	(334)	(6,505)	(2,319)	(9,158)
Segment profit	2,199	2,415	(2,972)	76,573	1,191	9,816	(6,345)	12,389
Unallocated expenses	-	-	-	(1,915)	-	-	-	(1,220)
Profit for the period	-	-	-	74,658	-	-	-	11,169

# Al Wathba National Insurance Company (PJSC)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

31 March 2014 (unaudited)

### 14 SEGMENT REPORTING continued

#### 14.2 Segment assets and liabilities

	<i>As at 31 March 2014 (unaudited)</i>			<i>As at 31 December 2013 (audited)</i>		
	<i>Underwriting AED'000</i>	<i>Investments AED'000</i>	<i>Total AED'000</i>	<i>Underwriting AED'000</i>	<i>Investments AED'000</i>	<i>Total AED'000</i>
Segment assets	487,172	994,815	1,481,987	235,061	927,604	1,162,665
Unallocated assets			<u>14,196</u>			<u>12,078</u>
Total assets			<u>1,496,183</u>			<u>1,174,743</u>
Segment liabilities	578,985	78,929	657,914	360,103	54,243	414,346
Unallocated liabilities			<u>20,165</u>			<u>32,243</u>
Total liabilities			<u>678,079</u>			<u>446,589</u>
Capital expenditures	<u>44</u>	<u>-</u>	<u>44</u>	<u>903</u>	<u>-</u>	<u>903</u>

As the Company's activities are performed on an integrated basis a segmental analysis of assets and liabilities would not be meaningful.