

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

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

30 JUNE 2014

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

BOARD OF DIRECTORS' REPORT

30 JUNE 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 30 June 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 30 June 2014.

An upward trend on various aspects of the global economy is apparent during the second quarter of the year. Concurrently, positive results posted by local companies listed in the Abu Dhabi Securities Market and Dubai Financial Market reflects the level of economic activity in the region which remains positive, with particular to the banking and real estate sectors.

With the ongoing trend showing encouraging results, the positive impact is also observed to affect the insurance sector where a number of insurance companies announced positive results where investment results were considered to be a significant factor for a number of companies whom had posted record highs. In the insurance aspect of the business, the high level of competition still exists posing a detrimental impact on general results despite the positive growth of the insurance sector.

Al Wathba National Insurance achieved a 3% growth in gross premium written for the period of up to AED 311,661 million with a net underwriting income of AED 2,990 million dirhams.

The total profit of the company stood at AED 121,913 million dirhams, a significant increase compared to AED 41,616 in the year 2013 for the same period as driven by the company's investment activities which reached new heights as it achieved AED 118,923 million compared to AED 28,378 million in the previous year for the same period. The positive development is seen to be contributed by the company's investment activities in the local capital markets as well as real estate investments.

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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The total comprehensive income for the company increased up to AED 151,502 million compared to AED 104,985 million in the previous year for the same period.

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)

30 JUNE 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 30 June 2014 comprising of the interim statement of financial position as at 30 June 2014, and the related interim statements of income and comprehensive income for the three-month and six-month periods then ended and the changes in equity and cash flows for the six-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.

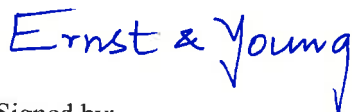
Conclusion

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 six month period ended 30 June 2013 were reviewed by another auditor who expressed an unmodified conclusion on those interim condensed financial statements on 6 August 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

23 July 2014
Abu Dhabi

Al Wathba National Insurance Company (PJSC)


INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2014 (unaudited)

	<i>Notes</i>	30 June 2014 (Unaudited) AED 000	31 December 2013 (Audited) AED 000
ASSETS			
Property and equipment		7,126	5,349
Investment properties		326,321	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	279,904	311,188
Investments carried at fair value through profit or loss	6	355,511	237,085
Insurance receivables and prepayments	7	93,371	64,951
Reinsurance contracts assets	8	216,161	160,010
Cash and bank balances	9	<u>145,040</u>	<u>58,794</u>
TOTAL ASSETS		<u>1,456,546</u>	<u>1,174,743</u>
EQUITY AND LIABILITIES			
Capital and reserves			
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		132,687	124,457
Retained earnings		<u>378,632</u>	<u>283,960</u>
Total equity		<u>858,056</u>	<u>728,154</u>
LIABILITIES			
Employees' end of service benefits		7,607	7,179
Insurance contract liabilities	8	406,784	295,064
Bank overdrafts	9	65,679	46,545
Trade and other payables	11	<u>118,420</u>	<u>97,801</u>
Total liabilities		<u>598,490</u>	<u>446,589</u>
TOTAL EQUITY AND LIABILITIES		<u>1,456,546</u>	<u>1,174,743</u>


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 30 June 2014 (unaudited)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2014 AED 000	2013 AED 000	2014 AED 000	2013 AED 000
Gross premiums written		65,971	71,908	311,661	301,416
Change in unearned premium provision		<u>41,859</u>	<u>46,483</u>	<u>(106,320)</u>	<u>(63,229)</u>
Premium income earned		<u>107,830</u>	<u>118,391</u>	<u>205,341</u>	<u>238,187</u>
Reinsurance premium ceded		(31,210)	(38,897)	(144,144)	(152,860)
Reinsurance share of change in unearned premium provision		<u>(21,661)</u>	<u>(18,491)</u>	<u>38,544</u>	<u>36,723</u>
Reinsurance ceded		<u>(52,871)</u>	<u>(57,388)</u>	<u>(105,600)</u>	<u>(116,137)</u>
Net premium earned		<u>54,959</u>	<u>61,003</u>	<u>99,741</u>	<u>122,050</u>
Gross claims incurred		(80,222)	(81,143)	(156,115)	(148,948)
Reinsurance share of claims incurred		<u>35,216</u>	<u>34,458</u>	<u>70,674</u>	<u>47,398</u>
Net claims incurred		<u>(45,006)</u>	<u>(46,685)</u>	<u>(85,441)</u>	<u>(101,550)</u>
Gross commission earned		5,277	8,743	17,949	23,695
Less: commission incurred		<u>(4,148)</u>	<u>(5,162)</u>	<u>(11,278)</u>	<u>(12,476)</u>
Net commission earned		<u>1,129</u>	<u>3,581</u>	<u>6,671</u>	<u>11,219</u>
Underwriting income		<u>11,082</u>	<u>17,899</u>	<u>20,971</u>	<u>31,719</u>
General and administrative expenses relating to underwriting		<u>(9,732)</u>	<u>(9,323)</u>	<u>(17,981)</u>	<u>(18,481)</u>
Net underwriting income		<u>1,350</u>	<u>8,576</u>	<u>2,990</u>	<u>13,238</u>
Other expenses		(1,200)	(2,329)	(2,734)	(3,056)
Net investment income	12	47,489	24,655	122,420	32,382
Finance costs		<u>(384)</u>	<u>(455)</u>	<u>(763)</u>	<u>(948)</u>
PROFIT FOR THE PERIOD		<u>47,255</u>	<u>30,447</u>	<u>121,913</u>	<u>41,616</u>
Basic and diluted earnings per share	13	<u>0,23</u>	<u>0,15</u>	<u>0,59</u>	<u>0,20</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 30 June 2014 (unaudited)

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
	<i>AED 000</i>	<i>AED 000</i>	<i>AED 000</i>	<i>AED 000</i>
Profit for the period	47,255	30,447	121,913	41,616
Other comprehensive income				
Items that will not be reclassified to statement of income:				
Gain on sale of investments carried at fair value through other comprehensive income	17,429	14,015	18,486	10,787
Changes in fair value relating to investments carried at fair value through other comprehensive income, net	(24,732)	<u>10,787</u>	11,103	<u>52,582</u>
Other comprehensive income for the period	(7,303)	<u>24,802</u>	29,589	<u>63,369</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>39,952</u>	<u>55,249</u>	<u>151,502</u>	<u>104,985</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

Period ended 30 June 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	-	-	-	-	-	-	41,616	41,616
Other comprehensive income	-	-	-	-	-	<u>52,582</u>	<u>10,787</u>	<u>63,369</u>
Total comprehensive income	-	-	-	-	-	52,582	52,403	104,985
Transfer on disposal of investments carried at fair value through other comprehensive income	-	-	-	-	-	(8,123)	8,123	-
Dividends paid	-	-	-	-	-	-	<u>(18,000)</u>	<u>(18,000)</u>
Balance at 30 June 2013	<u>180,000</u>	<u>46,578</u>	<u>33,921</u>	<u>23,323</u>	<u>9,959</u>	<u>65,052</u>	<u>176,961</u>	<u>535,794</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	-	-	-	-	-	-	121,913	121,913
Other comprehensive income	-	-	-	-	-	<u>11,103</u>	<u>18,486</u>	<u>29,589</u>
Total comprehensive income	-	-	-	-	-	11,103	140,399	151,502
Transfer on disposal of investments carried at fair value through other comprehensive income	-	-	-	-	-	(2,873)	2,873	-
Issuance of bonus shares (note 10)	27,000	-	-	-	-	-	(27,000)	-
Dividends paid (note 10)	-	-	-	-	-	-	<u>(21,600)</u>	<u>(21,600)</u>
Balance at 30 June 2014	<u>207,000</u>	<u>61,455</u>	<u>45,000</u>	<u>23,323</u>	<u>9,959</u>	<u>132,687</u>	<u>378,632</u>	<u>858,056</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 30 June 2014 (unaudited)

	<i>Note</i>	<i>Six months ended 30 June 2014 AED 000</i>	<i>Six months ended 30 June 2013 AED 000</i>
OPERATING ACTIVITIES			
Profit for the period		121,913	41,616
Adjustments for:			
Unearned premiums, net		67,776	26,506
Outstanding claims		7,400	(12,988)
Reinsurance share of outstanding claims		(17,607)	3,931
Release of claims incurred but not reported		(2,000)	-
Changes in fair value of investment properties		-	10,000
Provision on insurance receivable, net		(1,578)	(815)
Increase in fair value of investments carried at fair value through profit or loss		(34,749)	(15,519)
Gain on disposal of investments carried at fair value through profit or loss		(61,306)	(5,979)
Provision for employees end of service benefits		514	1,054
Gain on disposal of property and equipment		(9)	-
Depreciation of property and equipment		530	365
Finance costs		763	948
Dividend income		(19,072)	(13,587)
Interest income		(543)	(473)
		<u>62,032</u>	<u>35,059</u>
Working capital changes:			
Insurance receivables and prepayments		(26,842)	(9,278)
Trade and other payables		<u>20,619</u>	<u>52,373</u>
Cash from operations		55,809	78,154
Finance costs paid		(763)	(948)
Employees' end of service benefits paid		<u>(86)</u>	<u>(395)</u>
Net cash from operating activities		<u>54,960</u>	<u>76,811</u>
INVESTING ACTIVITIES			
Purchase of property and equipment		(2,307)	(425)
Proceeds from disposal of property and equipment		9	-
Purchase of investment properties		(22,067)	-
Purchase of investments carried at fair value through profit or loss		(356,059)	(145,617)
Proceeds from disposal of investments carried at fair value through profit or loss		333,688	78,186
Purchase of investments carried at fair value through other comprehensive income		(7,355)	-
Proceeds from disposal of investments carried at fair value through other comprehensive income		68,228	34,376
Purchase of investments carried at amortised cost		-	(1,101)
Term deposits		(51,135)	(56,900)
Interest received		543	607
Dividends received		<u>19,072</u>	<u>13,587</u>
Net cash used in investing activities		<u>(17,383)</u>	<u>(77,287)</u>
FINANCING ACTIVITY			
Dividends paid		<u>(21,600)</u>	<u>(18,000)</u>
Cash used in financing activity		<u>(21,600)</u>	<u>(18,000)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		15,977	(18,476)
Cash and cash equivalents at the beginning of the period		<u>(9,030)</u>	<u>14,044</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	9	<u>6,947</u>	<u>(4,432)</u>

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

Al Wathba National Insurance Company (PJSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 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 23 July 2014.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The interim condensed financial statements for the six months ended 30 June 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 six-months period ended 30 June 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 interpretations 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 carries 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 carries interest at 6.375% per annum (31 December 2013: 6.375% per annum).

Al Wathba National Insurance Company (PJSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2014 (unaudited)

5 INVESTMENTS CARRIED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<i>30 June 2014 (Unaudited) AED 000</i>	<i>31 December 2013 (Audited) AED 000</i>
Quoted securities	254,861	297,755
Unquoted securities	<u>25,043</u>	<u>13,433</u>
	<u>279,904</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
Additions	7,355	-
Disposals	(49,742)	(49,693)
Increase in fair value	<u>11,103</u>	<u>119,374</u>
Fair value at the end of the period/year	<u>279,904</u>	<u>311,188</u>

The geographical distribution of investments is as follows:

Within UAE	269,515	307,605
Outside UAE	<u>10,389</u>	<u>3,583</u>
	<u>279,904</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>30 June 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	356,059	316,085
Disposals	(272,382)	(179,194)
Increase in fair value	<u>34,749</u>	<u>62,204</u>
Fair value at end of the period/year	<u>355,511</u>	<u>237,085</u>

Al Wathba National Insurance Company (PJSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2014 (unaudited)

7 INSURANCE RECEIVABLES AND PREPAYMENTS

	<i>30 June 2014 (Unaudited) AED 000</i>	<i>31 December 2013 (Audited) AED 000</i>
<i>Insurance receivables:</i>		
Due from policy holders	63,955	46,353
Due from policy holders - related parties	<u>21,633</u>	<u>13,685</u>
	85,588	60,038
Less: allowance for doubtful receivables	<u>(11,455)</u>	<u>(13,033)</u>
	74,133	47,005
Due from insurance and reinsurance companies	5,597	10,588
Prepayments	3,363	935
Accrued income	2,997	2,061
Other receivables	<u>7,279</u>	<u>4,362</u>
	<u>93,369</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	1,138	1,758
Amounts written off during the period / year	(37)	(1,856)
Amount recovered during the period / year	<u>(2,679)</u>	<u>(3,590)</u>
Balance at end of the period / year	<u>11,455</u>	<u>13,033</u>

Al Wathba National Insurance Company (PJSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2014 (unaudited)

8 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

	<i>30 June 2014 (Unaudited) AED 000</i>	<i>31 December 2013 (Audited) AED 000</i>
Insurance liabilities		
Claims reported unsettled	207,111	199,711
Claims incurred but not reported	3,000	5,000
Unearned premiums	<u>196,673</u>	<u>90,353</u>
	406,784	295,064
Recoverable from re-insurers		
Claims reported unsettled	140,192	122,585
Unearned premiums	<u>75,969</u>	<u>37,425</u>
	216,161	160,010
Insurance liabilities - net		
Claims reported unsettled	66,919	77,126
Claims incurred but not reported	3,000	5,000
Unearned premiums	<u>120,704</u>	<u>52,928</u>
	190,623	135,054

9 CASH AND CASH EQUIVALENTS

	<i>30 June 2014 (Unaudited) AED 000</i>	<i>30 June 2013 (Unaudited) AED 000</i>
Bank and cash	59,445	30,494
Statutory deposit	6,000	6,000
Term deposits	<u>79,595</u>	<u>99,261</u>
Cash and bank balances	145,040	135,755
Less: bank overdrafts	(65,679)	(48,295)
Less: term deposits with original maturity over 3 months	(66,414)	(85,892)
Less: statutory deposits	<u>(6,000)</u>	<u>(6,000)</u>
	6,947	(4,432)

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

30 June 2014 (unaudited)

9 CASH AND CASH EQUIVALENTS continued

Geographical concentration of cash and cash equivalents is as follows:

	<i>30 June 2014 AED 000</i>	<i>30 June 2013 AED 000</i>
Within UAE	<u>79,361</u>	<u>87,460</u>

10 SHARE CAPITAL

	<i>30 June 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>30 June 2014 (Unaudited) AED 000</i>	<i>31 December 2013 (Audited) AED 000</i>
Trade payables	14,683	10,674
Due to related parties	1,442	2,261
Insurance and reinsurance balances payable	72,790	45,932
Accrued expenses	8,232	19,205
Dividends payable	4,806	4,904
Other payables	<u>16,467</u>	<u>14,825</u>
	<u>118,420</u>	<u>97,801</u>

12 NET INVESTMENT INCOME

	<i>30 June 2014 (Unaudited) AED 000</i>	<i>30 June 2013 (Unaudited) AED 000</i>
Rental income, net	6,725	6,504
Changes in fair value of investment properties	-	(10,000)
Gain on disposal of investments carried at fair value through profit or loss	61,306	15,519
Increase in fair value of investments carried at fair value through profit or loss	34,749	5,979
Interest income	543	473
Dividend income	19,072	13,587
Other income	<u>25</u>	<u>320</u>
	<u>122,420</u>	<u>32,382</u>

Al Wathba National Insurance Company (PJSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 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</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
Profit for the period (AED '000)	<u>47,255</u>	<u>30,447</u>	<u>121,913</u>	<u>41,616</u>
Weighted average number of ordinary shares outstanding during the period	<u>207,000,000</u>	<u>207,000,000</u>	<u>207,000,000</u>	<u>207,000,000</u>
Basic and diluted earnings per share (AED)	<u>0.23</u>	<u>0.15</u>	<u>0.59</u>	<u>0.20</u>

Al Wathba National Insurance Company (PJSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 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, marine, aviation and investments.

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

	Six months ended 30 June (unaudited)									
	2014		2013							
	Marine and aviation AED'000	Fire and general accident AED'000	Medical AED'000	Investments AED'000	Total AED'000	Marine and aviation AED'000	Fire and general accident AED'000	Medical AED'000	Investments AED'000	Total AED'000
Gross premiums written	15,139	190,385	106,137	-	311,661	11,446	196,683	93,287	-	301,416
Reinsurance premium ceded	(13,841)	(126,379)	(3,924)	-	(144,144)	(10,498)	(137,326)	(5,036)	-	(152,860)
Movement in provision for unearned premiums	5	(19,369)	(48,412)	-	(67,776)	(288)	(7,360)	(18,858)	-	(26,506)
Net claims incurred	487	(31,795)	(54,133)	-	(85,441)	(132)	(42,392)	(59,026)	-	(101,550)
Net commission earned	1,975	10,609	(5,913)	-	6,671	1,950	15,794	(6,525)	-	11,219
Rental income	-	-	-	6,725	6,725	-	-	-	6,504	6,504
Net investment income	-	-	-	114,932	114,932	-	-	-	24,930	24,930
Segment profit (loss) before allocated expenses	3,765	23,451	(6,245)	121,657	142,628	2,478	25,399	3,842	31,434	63,153
Allocated expenses	(570)	(12,983)	(4,428)	-	(17,981)	(740)	(12,997)	(4,744)	-	(18,481)
Segment profit (loss)	3,195	10,468	(10,673)	121,657	124,647	1,738	12,402	(902)	31,434	44,672
Unallocated expenses	-	-	-	-	(2,734)	-	-	-	-	(3,056)
Profit for the period	-	-	-	-	121,913	-	-	-	-	41,616

Al Wathba National Insurance Company (PJSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 June 2014 (unaudited)

14 SEGMENT REPORTING continued

14.2 Segment assets and liabilities

	<i>As at 30 June 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	358,509	1,080,443	1,438,952	235,061	927,604	1,162,665
Unallocated assets			<u>17,594</u>			<u>12,078</u>
Total assets			<u>1,456,546</u>			<u>1,174,743</u>
Segment liabilities	491,202	78,806	570,008	360,103	54,243	414,346
Unallocated liabilities			<u>28,481</u>			<u>32,243</u>
Total liabilities			<u>598,490</u>			<u>446,589</u>
Capital expenditures	<u>2,266</u>	<u>=</u>	<u>2,266</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.