

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

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

30 SEPTEMBER 2014

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

BOARD OF DIRECTORS' REPORT

30 SEPTEMBER 2014



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

## Board of Directors Report on the Company Business For the Period Ending 30<sup>th</sup> September, 2014

The Board of Directors is pleased to submit the quarterly report of the company's activities accompanied by the financial statement for the period ending 30/9/2014.

Reflective of the previous quarter's performance, a continuity of growth is seen in various sectors of the local economy as an extension of the economic performance of previous year. Local financial markets have seen positive results in the banking sector and listed companies. The significant improvement in the real estate sector also had a positive impact in terms of rental revenue in addition to real estate, which is also witnessing a growth in demand with particular to the Emirate of Dubai.

The positive development in the local economy was reflected in the performance of local insurance companies including Al Wathba National Insurance Company. For the period ending 30/9/2014, the company posted a net profit of AED 159.326 million with a growth rate of 37% compared to AED 116.059 million for the same period of the previous year.

The contribution of investment operations comprise a major share of the total profit which reached AED 147.989 million compared to AED 96.995 million of the previous year. The company achieved a net underwriting income of AED 11.337 million, and had achieved gross premium written of AED 378.645 million for the year 2014 until the end of the third quarter compared to AED 358.482 million for the year 2013 in the same period.

رأس المال المدفوع والمصرح به (١٢٠) مليون درهم خاضعة لأحكام القانون الإتحادي رقم ٩ لسنة ١٩٨٤ ومقيدة بسجل شركات التأمين رقم (١٠)

المكتب الرئيسي: ص.ب. ٤٥١٥٤، أبوظبي، ا.ع.م.، هاتف: ٤١٨٥٣٠٠ (٢) +٩٧١، فاكس: ٦٧٧٦٦٢٨ (٢) +٩٧١  
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Web: [www.awnic.com](http://www.awnic.com)



Shareholders' equity increased to AED 915.201 million compared to AED 728.154 million for the year 2013 with a growth rate of 26%. Concurrently, the total comprehensive income grew by AED 49.321 million bringing the total comprehensive income for the period to AED 208.647 million.

Finally, the Board of Directors hereby seizes this opportunity to express its highest thanks and appreciation to H.H Shiekh Khalifa Bin Zayed Al Nahyan, President of UAE and Ruler of Abu Dhabi and H.H Shiekh 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, and likewise also extends its appreciation and gratitude to all the company's shareholders and customers for their trust and continued support to Al Wathba National Insurance Company.

**Shiekh Saif Bin Mohamed Bin Butti Al Hamed**  
Chairman

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

INTERIM CONDENSED FINANCIAL  
STATEMENTS (UNAUDITED)

30 SEPTEMBER 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 September 2014 comprising of the interim statement of financial position as at 30 September 2014, and the related interim statements of income and comprehensive income for the three-month and nine-month periods then ended and the changes in equity and cash flows for the nine-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 nine month period ended 30 September 2013 were reviewed by another auditor who expressed an unmodified conclusion on those interim condensed financial statements on 5 November 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

4 November 2014  
Abu Dhabi

# Al Wathba National Insurance Company (PJSC)

## INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 September 2014 (unaudited)

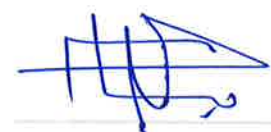
	<i>Notes</i>	<b>30 September 2014 (Unaudited) AED 000</b>	<b>31 December 2013 (Audited) AED 000</b>
<b>ASSETS</b>			
Property and equipment		6,895	5,349
Investment properties		326,321	304,254
Investments at amortised cost	4	9,771	9,771
Investment in associates		23,341	23,341
Investments carried at fair value through other comprehensive income	5	281,234	311,188
Investments carried at fair value through profit or loss	6	399,715	237,085
Insurance receivables and prepayments	7	85,156	64,951
Reinsurance contracts assets	8	203,635	160,010
Cash and bank balances	9	<u>129,612</u>	<u>58,794</u>
<b>TOTAL ASSETS</b>		<b><u>1,465,680</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		150,492	124,457
Retained earnings		<u>417,972</u>	<u>283,960</u>
<b>Total equity</b>		<b><u>915,201</u></b>	<b><u>728,154</u></b>
<b>LIABILITIES</b>			
Employees' end of service benefits		7,806	7,179
Insurance contract liabilities	8	370,100	295,064
Bank overdrafts	9	65,098	46,545
Trade and other payables	11	<u>107,475</u>	<u>97,801</u>
<b>Total liabilities</b>		<b><u>550,479</u></b>	<b><u>446,589</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>1,465,680</u></b>	<b><u>1,174,743</u></b>



Sheikh Saif Bin Mohamed  
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 September 2014 (unaudited)

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2014 AED 000	2013 AED 000	2014 AED 000	2013 AED 000
Gross written premium		66,984	57,066	378,645	358,482
Change in unearned premium provision		<u>33,095</u>	<u>49,868</u>	<u>(73,225)</u>	<u>(13,361)</u>
<b>Premium income earned</b>		<b><u>100,079</u></b>	<b><u>106,934</u></b>	<b><u>305,420</u></b>	<b><u>345,121</u></b>
Reinsurance premium ceded		(34,769)	(29,509)	(178,913)	(182,369)
Reinsurance share of change in unearned premium provision		<u>(11,688)</u>	<u>(15,870)</u>	<u>26,856</u>	<u>20,853</u>
Reinsurance ceded		<u>(46,457)</u>	<u>(45,379)</u>	<u>(152,057)</u>	<u>(161,516)</u>
<b>Net premium earned</b>		<b><u>53,622</u></b>	<b><u>61,555</u></b>	<b><u>153,363</u></b>	<b><u>183,605</u></b>
Gross claims incurred		(66,673)	(101,122)	(222,788)	(250,070)
Reinsurance share of claims incurred		<u>27,713</u>	<u>53,020</u>	<u>98,387</u>	<u>100,418</u>
<b>Net claims incurred</b>		<b><u>(38,960)</u></b>	<b><u>(48,102)</u></b>	<b><u>(124,401)</u></b>	<b><u>(149,652)</u></b>
Gross commission earned		7,971	5,465	25,920	29,160
Less: commission incurred		<u>(4,587)</u>	<u>(4,529)</u>	<u>(15,865)</u>	<u>(17,005)</u>
<b>Net commission earned</b>		<b><u>3,384</u></b>	<b><u>936</u></b>	<b><u>10,055</u></b>	<b><u>12,155</u></b>
<b>Underwriting income</b>		<b><u>18,046</u></b>	<b><u>14,389</u></b>	<b><u>39,017</u></b>	<b><u>46,108</u></b>
General and administrative expenses relating to underwriting activities		<u>(9,699)</u>	<u>(8,563)</u>	<u>(27,680)</u>	<u>(27,044)</u>
<b>Net underwriting income</b>		<b><u>8,347</u></b>	<b><u>5,826</u></b>	<b><u>11,337</u></b>	<b><u>19,064</u></b>
Other expenses		(1,038)	(3,756)	(3,772)	(6,812)
Net investment income	12	30,648	72,827	153,068	105,209
Finance costs		<u>(544)</u>	<u>(454)</u>	<u>(1,307)</u>	<u>(1,402)</u>
<b>PROFIT FOR THE PERIOD</b>		<b><u>37,413</u></b>	<b><u>74,443</u></b>	<b><u>159,326</u></b>	<b><u>116,059</u></b>
Basic and diluted earnings per share	13	<u>0.18</u>	<u>0.36</u>	<u>0.77</u>	<u>0.56</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 September 2014 (unaudited)

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</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>
<b>Profit for the period</b>	<b>37,413</b>	<b>74,443</b>	<b>159,326</b>	<b>116,059</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>475</b>	<b>5,501</b>	<b>18,961</b>	<b>16,288</b>
Changes in fair value relating to investments carried at fair value through other comprehensive income, net	<b><u>19,257</u></b>	<b><u>32,911</u></b>	<b><u>30,360</u></b>	<b><u>85,493</u></b>
<b>Other comprehensive income for the period</b>	<b><u>19,732</u></b>	<b><u>38,412</u></b>	<b><u>49,321</u></b>	<b><u>101,781</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>57,145</u></b>	<b><u>112,855</u></b>	<b><u>208,647</u></b>	<b><u>217,840</u></b>

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 September 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	-	-	-	-	-	-	116,059	116,059
Other comprehensive income	-	-	-	-	-	85,493	16,288	101,781
Total comprehensive income	-	-	-	-	-	85,493	132,347	217,840
Transfer on disposal of investments carried at fair value through other comprehensive income	-	-	-	-	-	(9,488)	9,488	-
Dividends paid	-	-	-	-	-	-	(18,000)	(18,000)
Balance at 30 September 2013	<u>180,000</u>	<u>46,578</u>	<u>33,921</u>	<u>23,323</u>	<u>9,959</u>	<u>96,598</u>	<u>258,270</u>	<u>648,649</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	-	-	-	-	-	-	159,326	159,326
Other comprehensive income	-	-	-	-	-	30,360	18,961	49,321
Total comprehensive income	-	-	-	-	-	30,360	178,287	208,647
Transfer on disposal of investments carried at fair value through other comprehensive income	-	-	-	-	-	(4,325)	4,325	-
Issuance of bonus shares (note 10)	27,000	-	-	-	-	-	(27,000)	-
Dividends paid (note 10)	-	-	-	-	-	-	(21,600)	(21,600)
Balance at 30 September 2014	<u>207,000</u>	<u>61,455</u>	<u>45,000</u>	<u>23,323</u>	<u>9,959</u>	<u>150,492</u>	<u>417,972</u>	<u>915,201</u>

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

# AI Wathba National Insurance Company (PJSC)

## INTERIM STATEMENT OF CASH FLOWS

Period ended 30 September 2014 (unaudited)

	Note	Nine months ended 30 September	
		2014 AED 000	2013 AED 000
<b>OPERATING ACTIVITIES</b>			
Profit for the period		159,326	116,059
Adjustments for:			
Unearned premiums, net		46,369	(7,492)
Outstanding claims		1,811	17,137
Reinsurance share of outstanding claims		(16,769)	(24,056)
Changes in fair value of investment properties		-	13,500
Provision on insurance receivable, net		(1,323)	(1,522)
Increase in fair value of investments carried at fair value through profit or loss		(57,725)	(54,025)
Gain on disposal of investments carried at fair value through profit or loss		(64,554)	(37,287)
Provision for employees' end of service benefits		772	1,263
Gain on disposal of property and equipment		(32)	-
Depreciation of property and equipment		877	560
Finance costs		1,307	1,402
Dividend income		(20,092)	(14,348)
Interest income		(656)	(631)
		49,311	10,560
Working capital changes:			
Insurance receivables and prepayments		(18,882)	1,696
Trade and other payables		9,674	25,711
Cash from operations		40,103	37,967
Finance costs paid		(1,307)	(1,402)
Employees' end of service benefits paid		(145)	(571)
Net cash from operating activities		38,651	35,994
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(2,423)	(696)
Proceeds from disposal of property and equipment		32	-
Purchase of investment properties		(22,067)	-
Purchase of investments carried at fair value through profit or loss		(389,990)	(225,586)
Proceeds from disposal of investments carried at fair value through profit or loss		349,639	175,493
Purchase of investments carried at fair value through other comprehensive income		(7,355)	-
Proceeds from disposal of investment carried at fair value through other comprehensive income		86,630	48,477
Purchase of investments carried at amortised cost		-	(1,101)
Term deposits		(51,135)	(14,504)
Interest received		656	669
Dividends received		20,092	14,348
Net cash used in investing activities		(15,921)	(2,900)
<b>FINANCING ACTIVITY</b>			
Dividends paid		(21,600)	(18,000)
Cash used in financing activity		(21,600)	(18,000)
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at the beginning of the period		(9,030)	14,044
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	9	<u>(7,900)</u>	<u>29,138</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 September 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 4 November 2014

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### *Basis of preparation*

The interim condensed financial statements for the nine months ended 30 September 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 nine-months period ended 30 September 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

#### *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 interpretations 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.

# Al Wathba National Insurance Company (PJSC)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2014 (unaudited)

### 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).

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

	<i>30 September 2014 (Unaudited) AED 000</i>	<i>31 December 2013 (Audited) AED 000</i>
Quoted securities	255,233	297,755
Unquoted securities	<u>26,001</u>	<u>13,433</u>
	<u>281,234</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	(67,669)	(49,693)
Increase in fair value	<u>30,360</u>	<u>119,374</u>
Fair value at the end of the period/year	<u>281,234</u>	<u>311,188</u>

The geographical distribution of investments is as follows:

Within UAE	270,834	307,605
Outside UAE	<u>10,400</u>	<u>3,583</u>
	<u>281,234</u>	<u>311,188</u>

# Al Wathba National Insurance Company (PJSC)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2014 (unaudited)

### 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 September 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	389,990	316,085
Disposals	(285,085)	(179,194)
Increase in fair value	<u>57,725</u>	<u>62,204</u>
Fair value at end of the period/year	<u>399,715</u>	<u>237,085</u>

### 7 INSURANCE RECEIVABLES AND PREPAYMENTS

	<i>30 September 2014 (Unaudited) AED 000</i>	<i>31 December 2013 (Audited) AED 000</i>
<i>Insurance receivables:</i>		
Due from policy holders	62,668	46,353
Due from policy holders - related parties	<u>15,848</u>	<u>13,685</u>
	78,516	60,038
Less: allowance for doubtful receivables	<u>(11,710)</u>	<u>(13,033)</u>
	66,806	47,005
Due from insurance and reinsurance companies	4,724	10,588
Prepayments	2,436	935
Accrued income	2,890	2,061
Other receivables	<u>8,300</u>	<u>4,362</u>
	<u>85,156</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	2,054	1,758
Amounts written off during the period / year	(37)	(1,856)
Amount recovered during the period / year	<u>(3,340)</u>	<u>(3,590)</u>
Balance at end of the period / year	<u>11,710</u>	<u>13,033</u>

# Al Wathba National Insurance Company (PJSC)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2014 (unaudited)

### 8 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

	<i>30 September 2014 (Unaudited) AED 000</i>	<i>31 December 2013 (Audited) AED 000</i>
<b>Insurance liabilities</b>		
Claims reported unsettled	201,522	199,711
Claims incurred but not reported	5,000	5,000
Unearned premiums	<u>163,578</u>	<u>90,353</u>
	<b><u>370,100</u></b>	<b><u>295,064</u></b>
<b>Recoverable from re-insurers</b>		
Claims reported unsettled	139,354	122,585
Unearned premiums	<u>64,281</u>	<u>37,425</u>
	<b><u>203,635</u></b>	<b><u>160,010</u></b>
<b>Insurance liabilities - net</b>		
Claims reported unsettled	62,168	77,126
Claims incurred but not reported	5,000	5,000
Unearned premiums	<u>99,297</u>	<u>52,928</u>
	<b><u>166,465</u></b>	<b><u>135,054</u></b>

### 9 CASH AND CASH EQUIVALENTS

	<i>30 September 2014 (Unaudited) AED 000</i>	<i>30 September 2013 (Unaudited) AED 000</i>
Bank and cash	54,014	35,478
Statutory deposit	6,000	6,000
Term deposits	<u>69,598</u>	<u>63,413</u>
Cash and bank balances	129,612	104,891
Less: bank overdraft	(65,098)	(26,257)
Less: term deposits with original maturity over 3 months	(66,414)	(43,496)
Less: statutory deposits	<u>(6,000)</u>	<u>(6,000)</u>
	<b><u>(7,900)</u></b>	<b><u>29,138</u></b>

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 2.60% 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 September 2014 (unaudited)

### 9 CASH AND CASH EQUIVALENTS continued

Geographical concentration of cash and bank balances is as follows:

	<i>30 September 2014 AED 000</i>	<i>30 September 2013 AED 000</i>
Within UAE	<u>64,514</u>	<u>78,634</u>

### 10 SHARE CAPITAL

	<i>30 September 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 September 2014 (Unaudited) AED 000</i>	<i>31 December 2013 (Audited) AED 000</i>
Trade payables	15,282	10,674
Due to related parties	2,979	2,261
Insurance and reinsurance balances payable	55,835	45,932
Accrued expenses	13,956	19,205
Dividends payable	4,805	4,904
Other payables	<u>14,618</u>	<u>14,825</u>
	<u>107,475</u>	<u>97,801</u>



# Al Wathba National Insurance Company (PJSC)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2014 (unaudited)

### 12 NET INVESTMENT INCOME

	<i>30 September 2014 (Unaudited) AED 000</i>	<i>30 September 2013 (Unaudited) AED 000</i>
Rental income, net	9,982	9,748
Changes in fair value of investment properties	-	(13,500)
Gain on disposal of investments carried at fair value through profit or loss	64,554	37,287
Increase in fair value of investments carried at fair value through profit or loss	57,725	54,025
Interest income	656	631
Dividend income	20,092	14,348
Other income	<u>59</u>	<u>2,670</u>
	<b><u>153,068</u></b>	<b><u>105,209</u></b>

### 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 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>
Profit for the period (AED '000)	<u>37,413</u>	<u>74,443</u>	<u>159,326</u>	<u>116,059</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>0.18</u>	<u>0.36</u>	<u>0.77</u>	<u>0.56</u>

# Al Wathba National Insurance Company (PJSC)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS 30 September 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

	2014				2013			
	Marine and aviation AED'000	Fire and general accident AED'000	Medical AED'000	Total AED'000	Marine and aviation AED'000	Fire and general accident AED'000	Medical AED'000	Total AED'000
Gross premiums written	18,256	241,447	118,942	378,645	15,599	240,896	101,987	358,482
Reinsurance premium ceded	(16,688)	(153,721)	(8,504)	(178,913)	(14,424)	(161,487)	(6,458)	(182,369)
Movement in provision for unearned premiums	106	(19,554)	(26,921)	(46,369)	(129)	(393)	8,014	7,492
Net claims incurred	371	(49,137)	(75,635)	(124,401)	(427)	(59,103)	(90,122)	(149,652)
Net commission earned	2,698	14,736	(7,379)	10,055	2,413	18,151	(8,409)	12,155
Rental income	-	-	-	9,982	-	-	-	9,748
Net investment income	-	-	-	141,779	-	-	-	94,059
Segment profit (loss) before allocated expenses	4,743	33,771	503	190,778	3,032	38,064	5,012	149,915
Allocated expenses	(1,565)	(19,681)	(6,434)	(27,680)	(1,051)	(18,786)	(7,207)	(27,044)
Segment profit (loss)	3,178	14,090	(5,931)	163,098	1,981	19,278	(2,195)	122,871
Unallocated expenses	-	-	-	(3,772)	-	-	-	(6,812)
Profit for the period	-	-	-	159,326	-	-	-	116,059

# Al Wathba National Insurance Company (PJSC)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2014 (unaudited)

### 14 SEGMENT REPORTING continued

#### 14.2 Segment assets and liabilities

	<i>As at 30 September 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	333,043	1,115,981	1,449,024	235,061	927,604	1,162,665
Unallocated assets			<u>16,656</u>			<u>12,078</u>
Total assets			<u>1,465,680</u>			<u>1,174,743</u>
Segment liabilities	444,590	78,293	522,883	360,103	54,243	414,346
Unallocated liabilities			<u>27,596</u>			<u>32,243</u>
Total liabilities			<u>550,479</u>			<u>446,589</u>
Capital expenditures	<u>2,345</u>	<u>-</u>	<u>2,345</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.