

**ARABIAN SCANDINAVIAN INSURANCE
COMPANY P.L.C.**

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

ARABIAN SCANDINAVIAN INSURANCE COMPANY P.L.C.

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The Board of Directors
Arabian Scandinavian Insurance Company P.L.C.
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying condensed statement of financial position of Arabian Scandinavian Insurance Company P.L.C., Dubai, United Arab Emirates, as at 30 June 2013 and the related condensed statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34: *"Interim Financial Reporting"*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34: *"Interim Financial Reporting"*.

Deloitte & Touche (M.E.)



Samir Madbak
Registration No. 386
28 July 2013

**Condensed statement of financial position
at 30 June 2013**

	Notes	30 June 2013 (unaudited) AED	31 December 2012 (audited) AED
ASSETS			
Non-current assets			
Property and equipment	4	259,646	290,281
Investment properties	5	205,819,426	205,595,226
Financial investments designated at fair value through other comprehensive income (FVTOCI)	6	8,702,750	12,881,703
Statutory deposits	7	10,000,000	10,000,000
Total non-current assets		224,781,822	228,767,210
Current assets			
Re-insurance contract assets	8	24,413,451	19,613,580
Insurance and other receivables		24,275,188	17,949,060
Due from related parties		4,437,562	2,876,704
Financial investments at FVTPL	6	24,765,807	18,655,590
Bank balances and cash	9	83,610,792	88,467,447
Total current assets		161,502,800	147,562,381
Total assets		386,284,622	376,329,591
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	10	140,000,000	140,000,000
Statutory reserve		48,423,287	48,423,287
General reserve		40,533,087	40,533,087
Cumulative change in fair value		1,454,494	(2,420,006)
Retained earnings		56,592,244	62,823,946
Total equity		287,003,112	289,360,314
Non-current liabilities			
Provision for employees' end of service indemnity		1,560,966	1,580,010
Current liabilities			
Insurance contract liabilities	8	59,910,322	54,278,269
Insurance and other payables		37,733,603	30,945,823
Due to related parties		76,619	165,175
Total current liabilities		97,720,544	85,389,267
Total liabilities		99,281,510	86,969,277
Total equity and liabilities		386,284,622	376,329,591



Ahmad M. A. Al Kazim
Managing Director

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

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

		Three month period ended 30 June		Six month period ended 30 June	
	Notes	2013 AED	2012 AED	2013 AED	2012 AED
Insurance premium revenue	11	19,848,270	16,719,992	41,181,086	37,527,241
Insurance premium ceded to re-insurers	11	(7,490,724)	(6,489,733)	(17,379,080)	(16,562,987)
Net insurance premium revenue	11	12,357,546	10,230,259	23,802,006	20,964,254
Gross claims incurred		(12,135,552)	(7,189,074)	(25,718,402)	(14,435,357)
Insurance claims recovered from re-insurers		5,473,051	2,657,108	12,335,367	4,582,757
Net claims incurred		(6,662,501)	(4,531,966)	(13,383,035)	(9,852,600)
Gross commission earned		1,643,256	1,701,099	3,185,488	6,072,997
Less: commission incurred		(1,481,135)	(1,753,218)	(3,753,245)	(3,861,217)
Net commission earned/(incurred)		162,121	(52,119)	(567,757)	2,211,780
Underwriting profit		5,857,166	5,646,174	9,851,214	13,323,434
General and administrative expenses relating to underwriting activities		(3,164,805)	(3,277,179)	(6,778,524)	(6,461,785)
Net underwriting profit		2,692,361	2,368,995	3,072,690	6,861,649
Investment and other income		6,761,936	3,808,200	13,253,444	11,374,405
Profit for the period		9,454,297	6,177,195	16,326,134	18,236,054
Basic earnings per share (AED)	12	0.07	0.04	0.12	0.13

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

**Condensed statement of comprehensive income (unaudited)
for the period ended 30 June 2013**

	Three month period ended 30 June		Six month period ended 30 June	
	2013	2012	2013	2012
	AED	AED	AED	AED
Profit for the period	9,454,297	6,177,195	16,326,134	18,236,054
Other comprehensive income/(loss)	<u></u>	<u></u>	<u></u>	<u></u>
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Net fair value gain/(loss) on investments designated at FVTOCI	1,904,031	(1,188,060)	1,976,000	(225,880)
Gain on sale of investments designated at FVTOCI	1,906,146	-	1,940,664	310,800
Board of Directors' remuneration paid	-	-	(1,600,000)	(900,000)
Other comprehensive income/(loss) for the period	<u>3,810,177</u>	<u>(1,188,060)</u>	<u>2,316,664</u>	<u>(815,080)</u>
Total comprehensive income for the period	<u>13,264,474</u>	<u>4,989,135</u>	<u>18,642,798</u>	<u>17,420,974</u>

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

**Condensed statement of changes in equity
for the period ended 30 June 2013**

	Share capital AED	Statutory reserve AED	General reserve AED	Cumulative change in fair value AED	Retained earnings AED	Total AED
Balance at 1 January 2012 (Audited)	140,000,000	45,172,928	37,282,728	(3,978,978)	52,392,148	270,868,826
Profit for the period	-	-	-	-	18,236,054	18,236,054
Other comprehensive loss for the period	-	-	-	(225,880)	(589,200)	(815,080)
Total comprehensive income for the period	-	-	-	(225,880)	17,646,854	17,420,974
Dividend (Note 14)	-	-	-	-	(14,000,000)	(14,000,000)
Transfer to retained earnings on sale of FVTOCI	-	-	-	881,577	(881,577)	-
Balance at 30 June 2012 (Unaudited)	140,000,000	45,172,928	37,282,728	(3,323,281)	55,157,425	274,289,800
Balance at 1 January 2013 (Audited)	140,000,000	48,423,287	40,533,087	(2,420,006)	62,823,946	289,360,314
Profit for the period	-	-	-	-	16,326,134	16,326,134
Other comprehensive income for the period	-	-	-	1,976,000	340,664	2,316,664
Total comprehensive income for the period	-	-	-	1,976,000	16,666,798	18,642,798
Dividend (Note 14)	-	-	-	-	(21,000,000)	(21,000,000)
Transfer to retained earnings on sale of FVTOCI	-	-	-	1,898,500	(1,898,500)	-
Balance at 30 June 2013 (Unaudited)	140,000,000	48,423,287	40,533,087	1,454,494	56,592,244	287,003,112

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

**Condensed statement of cash flows (unaudited)
for the period ended 30 June 2013**

	Six month period ended 30 June	
	2013	2012
	AED	AED
Cash flows from operating activities		
Profit for the period	16,326,134	18,236,054
Adjustments for:		
Depreciation of property and equipment	78,120	72,077
Provision for employees' end of service indemnity	90,415	103,233
Gain on investment at FVTPL	(5,456,681)	(2,534,434)
Gain on sale of investment property	-	(909,015)
Other investment income	(7,795,621)	(7,928,174)
Operating cash flows before changes in operating assets and liabilities	3,242,367	7,039,741
Increase in reinsurance contract assets	(4,799,871)	(1,237,384)
Increase in insurance and other receivables	(6,155,328)	(3,126,767)
Increase in due from related parties	(1,560,858)	(1,828,143)
Increase in insurance contract liabilities	5,632,053	3,796,656
Increase in insurance and other payables	6,787,780	3,929,097
(Decrease)/increase in due to related parties	(88,556)	72,097
Cash generated from operations	3,057,587	8,645,297
Employees' end of service indemnity paid	(109,459)	(131,037)
Net cash generated from operating activities	2,948,128	8,514,260
Cash flows from investing activities		
Purchase of property and equipment	(47,485)	(15,690)
Purchase of investment property	(224,200)	(2,217,966)
Increase in fixed deposits under lien	(76,517)	(76,511)
Decrease/(increase) in fixed deposits with maturity over 3 months	15,500,000	(6,000,000)
Purchase of investments in securities	(38,990,166)	(27,681,615)
Proceeds from sale of investments in securities	46,432,247	48,919,079
Proceeds from sale of investment property	-	6,350,000
Income from investment property	6,676,175	6,480,161
Interest on fixed deposits	225,967	194,754
Dividend received	722,679	1,253,259
Net cash generated from investing activities	30,218,700	27,205,471
Cash flows from financing activities		
Dividend paid	(21,000,000)	(14,000,000)
Board of directors' remuneration paid	(1,600,000)	(900,000)
Cash used in financing activities	(22,600,000)	(14,900,000)
Net increase in cash and cash equivalents	10,566,828	20,819,731
Cash and cash equivalents at the beginning of the period	34,316,903	7,664,713
Cash and cash equivalents at the end of the period (Note 13)	44,883,731	28,484,444
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The accompanying notes form an integral part of these condensed financial statements.

**Notes to the condensed financial statements
for the period ended 30 June 2013**

1. General information

Arabian Scandinavian Insurance Company P.L.C. - Dubai (the "Company") is a public shareholding company and was registered in 1992 under U.A.E. Federal Commercial Companies Law No. 8 of 1984 (as amended) relating to commercial companies in U.A.E. The Company is subject to the regulations of U.A.E. Federal Law No. 6 of 2007, on Establishment of Insurance Authority and Organization of its Operations and is registered in the Insurance Companies Register of Insurance Authority of U.A.E under registration number 6. The address of the Company's registered office is P.O. Box 1993, Dubai, United Arab Emirates.

The principal activity of the Company is the writing of all classes of general insurance business and life assurance and till date the Company has written general insurance business only. The Company operates through its Dubai and Abu Dhabi offices.

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

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

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 32 <i>Financial Instruments: Presentation</i> relating to application guidance on the offsetting of financial assets and financial liabilities.	1 January 2014
Amendments to IFRS 10, IFRS 12 and IAS 27 – Guidance on Investment Entities On 31 October 2012, the IASB published a standard on investment entities, which amends IFRS 10, IFRS 12, and IAS 27 and introduces the concept of an investment entity in IFRSs. The amendments establish an exception to IFRS 10's general consolidation principle for investment entities, requiring them to "measure particular subsidiaries at fair value through profit or loss, rather than consolidate them." In addition, the amendments outline required disclosures for reporting entities that meet the definition of an investment entity.	1 January 2014
Amendments to IAS 36 Impairment of Assets: The amendments restrict the requirements to disclose the recoverable amount of an asset or CGU to period in which an impairment loss has been recognized or reversed. They also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal.	1 January 2014

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

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

New and revised IFRSs	Effective for annual periods beginning on or after
• IFRIC 21 – Levies: Interpretation was developed to address the concerns about how to account for levies that are based on financial data of a period that is different from that in which the activity that give rise to the payment of the levy occurs.	1 January 2014

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements for the period beginning 1 January 2014 or as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

3. Summary of significant accounting policies

3.1 Basis of preparation

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

The condensed financial statements are presented in U.A.E. Dirhams (AED) since that is the currency in which the majority of the Company's transactions are denominated.

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

The accounting policies, presentation and methods in these condensed financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2012.

These condensed financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements as at and for the year ended 31 December 2012. In addition, results for the six month period ended 30 June 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

The accounting policies in respect of investment properties, investment in securities and property and equipment disclosed in the annual audited financial statements are stated below as required by Securities and Commodities Authority notification dated 12 October 2008.

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

3. Summary of significant accounting policies (continued)

3.2 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is stated at its fair value at the end of each reporting period. Gains or losses arising from changes in the fair value of investment property are included in the profit or loss.

3.3 Investment in securities

Investment in securities of the Company are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Investments of the Company are classified as either as financial assets at fair value through profit or loss (FVTPL) or as “financial assets at fair value through other comprehensive income (FVTOCI)”.

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

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

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

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

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

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

A financial asset is held for trading if:

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

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

3. Summary of significant accounting policies (continued)

3.3 Investment in securities (continued)

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

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

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

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

3.4 Property and equipment

Property and equipment are carried at cost less any accumulated depreciation and any identified impairment losses.

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

The gain or loss arising on disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The useful life considered in the calculations of depreciation of all assets is 4 years.

4. Property and equipment

All the properties and equipment are located in U.A.E.

5. Investment properties

Investment property represents the fair value of the properties located in U.A.E.

Investment property amounting to AED 13,786,517 (31 December 2012: AED 13,786,517) is registered in the name of related parties on trust and for the benefit of the Company.

6. Financial investments

All financial investments are held in U.A.E.

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

7. Statutory deposits

Statutory deposits represent fixed deposits with a bank under lien against the guarantees issued in favour of Insurance Authority of U.A.E. in accordance with the requirements of U.A.E. Federal Law No. 6 of 2007, on Establishment of Insurance Authority and Organization of its operations.

8. Insurance contract liabilities and re-insurance contract assets

	30 June 2013 (unaudited) AED	31 December 2012 (audited) AED
Gross		
Insurance contract liabilities:		
Claims reported unsettled	24,913,861	19,305,827
Claims incurred but not reported	4,600,000	4,600,000
Unearned premiums	30,396,461	30,372,442
Total insurance contract liabilities, gross	59,910,322	54,278,269
Recoverable from re-insurers		
Claims reported unsettled	14,353,178	8,619,906
Unearned premiums	10,060,273	10,993,674
Total re-insurers' share of insurance liabilities	24,413,451	19,613,580
Net		
Claims reported unsettled	10,560,683	10,685,921
Claims incurred but not reported	4,600,000	4,600,000
Unearned premiums	20,336,188	19,378,768
	35,496,871	34,664,689

9. Bank balances and cash

	30 June 2013 (unaudited) AED	31 December 2012 (audited) AED
Cash on hand	21,132	48,609
Bank balances:		
Current accounts	19,694,812	9,100,390
Call accounts	167,787	167,904
Fixed deposits	63,727,061	79,150,544
	83,610,792	88,467,447

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

9. Bank balances and cash (continued)

Fixed deposits amounting to AED 4,227,061 (31 December 2012: AED 4,150,544) are under lien against the credit facility granted to the Company.

Bank balances and cash represents

	30 June 2013 (unaudited) AED	31 December 2012 (audited) AED
Within U.A.E.	83,439,327	88,295,864
Outside U.A.E.	171,465	171,583
	83,610,792	88,467,447

10. Share capital

	30 June 2013 (unaudited) AED	31 December 2012 (audited) AED
Issued and fully paid: 140 million ordinary shares of AED 1 each	140,000,000	140,000,000

11. Net insurance premium revenue

	Three month period ended 30 June		Six month period ended 30 June	
	2013 (unaudited) AED	2012 (unaudited) AED	2013 (unaudited) AED	2012 (unaudited) AED
Gross premium written				
Gross premium written	20,906,285	18,244,239	41,205,105	41,148,975
Change in unearned premium	(1,058,015)	(1,524,247)	(24,019)	(3,621,734)
	19,848,270	16,719,992	41,181,086	37,527,241
Reinsurance premium ceded				
Reinsurance premium ceded	(7,347,706)	(7,735,970)	(16,445,679)	(18,738,053)
Change in unearned premium	(143,018)	1,246,237	(933,401)	2,175,066
	(7,490,724)	(6,489,733)	(17,379,080)	(16,562,987)
Net insurance premium revenue	12,357,546	10,230,259	23,802,006	20,964,254

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

12. Basic earnings per share

	Three month period ended 30 June		Six month period ended 30 June	
	2013 (unaudited)	2012 (unaudited)	2013 (unaudited)	2012 (unaudited)
Profit for the period (in AED)	9,454,297	6,177,195	16,326,134	18,236,054
Number of shares	140,000,000	140,000,000	140,000,000	140,000,000
Basic earnings per share (in AED)	0.07	0.04	0.12	0.13

13. Cash and cash equivalents

	30 June	
	2013 (unaudited) AED	2012 (unaudited) AED
Bank balances and cash	83,610,792	75,634,988
Fixed deposits under lien	(4,227,061)	(4,150,544)
Fixed deposit with maturity over 3 months	(34,500,000)	(43,000,000)
	44,883,731	28,484,444

14. Dividend

At the Annual General Meeting held on 20 March 2013, the Shareholders approved a cash dividend of 15% (2011: 10%) which is AED 0.15 per share (2011: AED 0.10 per share) amounting to AED 21,000,000 for 2012 (2011: AED 14,000,000). The Shareholders also approved the Board of Director's remuneration for 2012 of AED 1,600,000 (2011: AED 900,000).

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

15. Related party transactions

Transactions:

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

	Three month period ended		Six month period ended	
	2013	30 June	2013	30 June
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	AED	AED	AED	AED
Premium written	54,394	65,422	332,883	260,528
Management expenses (net)	386,256	80,741	1,131,649	842,603
Premiums written through a related party broker	2,400,748	2,391,246	8,131,225	8,019,187
Commission paid	338,024	332,823	1,151,369	1,107,374
Directors' and key management personnel remuneration including benefits	617,739	501,113	1,255,275	1,061,139
Board of Directors remuneration	-	-	1,600,000	900,000
Claims paid	21,105	-	38,070	3,725
Claims paid through a related party broker	2,477,755	697,093	2,477,775	783,360

Transactions with related parties are entered into at terms agreed with the management.

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

16. Segment information

	Six month period ended 30 June 2013			Six month period ended 30 June 2012		
	Underwriting (unaudited) AED	Investments (unaudited) AED	Total (unaudited) AED	Underwriting (unaudited) AED	Investments (unaudited) AED	Total (unaudited) AED
Segment revenue	41,205,105	-	41,205,105	41,148,975	-	41,148,975
Profit for the period	3,072,690	13,253,444	16,326,134	6,861,649	11,374,405	18,236,054
	30 June 2013			31 December 2012		
	(unaudited) AED	(unaudited) AED	(unaudited) AED	(audited) AED	(audited) AED	(audited) AED
Segment assets	63,126,201	303,015,044	366,141,245	50,439,344	316,283,063	366,722,407
Unallocated assets	-	-	20,143,377	-	-	9,607,184
Total assets	63,126,201	303,015,044	386,284,622	50,439,344	316,283,063	376,329,591
Segment liabilities	97,720,544	-	97,720,544	85,389,267	-	85,389,267
Unallocated liabilities	-	-	1,560,966	-	-	1,580,010
Total liabilities	97,720,544	-	99,281,510	85,389,267	-	86,969,277

There are no transactions between the business segments.

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

17. Contingent liabilities

	30 June 2013 (unaudited) AED	31 December 2012 (audited) AED
Letters of guarantees	10,894,202	11,094,202

18. Seasonality of results

Investment revenues includes dividend income of AED 893,479 for the six month period ended 30 June 2013 (30 June 2012: AED 1,253,259), which is of a seasonal nature.

19. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

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

The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended 31 December 2012.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- 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 (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

19. Fair value of financial instruments (continued)

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
30 June 2013 (Unaudited)				
Financial assets at FVTOCI				
Quoted equities	5,434,000	-	-	5,434,000
Unquoted equities	-	-	3,268,750	3,268,750
Financial assets carried at FVTPL				
Quoted equities	24,765,807	-	-	24,765,807
	<u>30,199,807</u>	<u>-</u>	<u>3,268,750</u>	<u>33,468,557</u>
31 December 2012 (Audited)				
Financial assets at FVTOCI				
Quoted equities	9,612,953	-	-	9,612,953
Unquoted equities	-	-	3,268,750	3,268,750
Financial assets at FVTPL				
Quoted equities	18,655,590	-	-	18,655,590
	<u>28,268,543</u>	<u>-</u>	<u>3,268,750</u>	<u>31,537,293</u>

There were no transfers between the levels during the period. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

20. Approval of condensed financial statements

These condensed financial statements were approved and authorised for issue on 28 July 2013.