

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2013

(In thousands of Bahraini Dinars)	2013	2012
<b>ASSETS</b>		
Cash and cash equivalents	10,422	11,787
Receivables	6,934	6,400
Investment securities	32,779	28,454
Investment in associates and joint-venture	12,001	11,610
Reinsurers' share of insurance technical reserves	14,296	11,534
Net deferred acquisition cost	145	52
Investment properties	3,505	3,602
Property and equipment	2,982	3,226
Statutory deposits	125	125
<b>Total assets</b>	<b>83,189</b>	<b>76,790</b>
<b>LIABILITIES</b>		
Insurance technical reserves	28,893	25,746
Insurance payables	4,503	3,299
Bank loan	1,000	1,160
Other liabilities	3,537	3,722
<b>Total liabilities</b>	<b>37,933</b>	<b>33,927</b>
<b>Total net assets</b>	<b>45,256</b>	<b>42,863</b>
<b>EQUITY</b>		
Share capital	11,350	11,350
Treasury shares	(1,868)	(1,868)
Statutory reserve	5,675	5,675
Share premium	3,990	3,990
General reserve	13,585	13,585
Investment fair value reserve	3,747	2,673
Retained earnings	6,689	5,365
<b>Equity attributable to shareholders of the parent company</b>	<b>43,168</b>	<b>40,770</b>
Non-controlling interest	2,088	2,093
<b>Total equity</b>	<b>45,256</b>	<b>42,863</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 31 December 2013

(In thousands of Bahraini Dinars)	2013	2012
<b>OPERATING ACTIVITIES</b>		
<b>Insurance operations (including life assurance)</b>		
Premiums received net of acquisition cost	26,760	22,936
Payments to insurance and reinsurance companies	(10,271)	(8,906)
Claims paid to policyholders	(17,139)	(16,691)
Claims recovered from reinsurers and salvage recoveries	7,384	8,284
<b>Cash flows from insurance operations</b>	<b>6,734</b>	<b>5,623</b>
<b>Investment operations</b>		
Dividends and interest received	1,512	1,273
Proceeds from sale and redemptions	9,544	8,085
Payments for purchases	(11,884)	(8,666)
Investment in associates and joint-venture	(144)	(226)
Proceeds from voluntary liquidation of associate	142	2,940
Dividends received from associates	413	450
Payments for development of investment property	(83)	(209)
Rents received	395	282
<b>Cash flows (used in) / from investment operations</b>	<b>(105)</b>	<b>3,929</b>
<b>Other operating expenses paid</b>	<b>(5,660)</b>	<b>(4,708)</b>
<b>Cash flows from operating activities</b>	<b>969</b>	<b>4,844</b>
<b>INVESTMENT ACTIVITIES</b>		
Purchase of property and equipment	(310)	(141)
<b>Cash flows used in investment activities</b>	<b>(310)</b>	<b>(141)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from bank loan	340	1,160
Repayment of bank loan	(500)	-
Finance costs paid	(52)	-
Dividends paid to non-controlling interest	(106)	-
Dividends paid to shareholders	(1,659)	(2,089)
Donations paid	(47)	(31)
<b>Cash flows from financing activities</b>	<b>(2,024)</b>	<b>(960)</b>
<b>TOTAL NET CASH FLOWS DURING THE YEAR</b>	<b>(1,365)</b>	<b>(3,743)</b>
Cash and cash equivalents at 1 January	11,787	8,044
<b>Cash and cash equivalents at 31 December</b>	<b>10,422</b>	<b>11,787</b>
<b>CASH AND CASH EQUIVALENTS at 31 December</b>		
Cash and bank balances	3,636	2,237
Short-term deposits	6,786	9,550
<b>Total as per statement of financial position</b>	<b>10,422</b>	<b>11,787</b>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

For the year ended 31 December 2013

(In thousands of Bahraini Dinars)	2013	2012
<b>GROSS PREMIUMS</b>	<b>24,920</b>	<b>23,308</b>
Reinsurance ceded	(10,642)	(8,704)
Retained premiums	14,278	14,604
Net unearned premiums adjustment	55	(235)
<b>Net premiums earned</b>	<b>14,333</b>	<b>14,369</b>
Gross claims paid	(17,273)	(17,172)
Claims recoveries	8,090	8,314
Net outstanding claims adjustment	176	(218)
<b>Net claims incurred</b>	<b>(9,007)</b>	<b>(9,076)</b>
<b>Gross underwriting profit for the year</b>	<b>5,326</b>	<b>5,293</b>
Other operating expenses	(4,376)	(4,531)
Net commission income	494	479
(Charge) / release from life assurance actuarial reserve	(178)	244
<b>Net underwriting profit for the year</b>	<b>1,266</b>	<b>1,485</b>
Net investment income from portfolio	2,494	1,486
Policy holders' share of investment income	(279)	(181)
Share of profit of associates and joint venture	677	762
Net income from investment properties	128	134
Corporate and financial expenses	(1,264)	(1,361)
<b>Profit for the year</b>	<b>3,022</b>	<b>2,325</b>
<b>profit attributable to:</b>		
Parent company	2,983	2,158
Non-controlling interest	39	167
<b>Profit for the year</b>	<b>3,022</b>	<b>2,325</b>
<b>Basic earnings per share (100 Fils each)</b>	<b>27.8 Fils</b>	<b>20.1 Fils</b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2013

(In thousands of Bahraini Dinars)	2013	2012
<b>NET PROFIT FOR THE YEAR</b>	<b>3,022</b>	<b>2,325</b>
<b>Other comprehensive income: Items that are or may be reclassified subsequently to profit or loss:</b>		
Available-for-sale securities:		
- Change in fair value	1,591	673
- Impairment transferred to income statement	154	25
- Transfer to income statement on disposal of securities	(734)	(189)
Share of other comprehensive income of associate	125	3
<b>Other comprehensive income for the year</b>	<b>1,136</b>	<b>512</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>4,158</b>	<b>2,837</b>
<b>Total comprehensive income attributable to:</b>		
Parent company	4,057	2,661
Non-controlling interest	101	176
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>4,158</b>	<b>2,837</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2013

2013	Attributable to the shareholders of the parent company							Non-controlling Interest	Total Equity	
	Share capital	Treasury shares	Statutory reserve	Share premium	General reserve	Investment fair value reserve	Retained earnings			
Balance at 1 January 2013	11,350	(1,868)	5,675	3,990	13,585	2,673	5,365	40,770	2,093	42,863
<b>Net profit for the year</b>	-	-	-	-	-	-	2,983	2,983	39	3,022
<b>Other comprehensive income:</b>										
Available for sale securities:										
- Change in fair value	-	-	-	-	-	1,501	-	1,501	90	1,591
- Impairment transferred to income statement	-	-	-	-	-	152	-	152	2	154
- Transfer to income statement on disposal of Securities	-	-	-	-	-	(704)	(704)	(704)	(30)	(734)
Share of other comprehensive income of associate	-	-	-	-	-	125	-	125	-	125
<b>Total other comprehensive income</b>	-	-	-	-	-	1,074	-	1,074	62	1,136
<b>Total comprehensive income for the year</b>	-	-	-	-	-	1,074	2,983	4,057	101	4,158
Dividends declared for 2012 for shareholders	-	-	-	-	-	-	(1,609)	(1,609)	-	(1,609)
Dividends declared to non-controlling interest	-	-	-	-	-	-	-	-	(106)	(106)
Donations for 2012	-	-	-	-	-	-	(50)	(50)	-	(50)
<b>Balance at 31 December 2013</b>	<b>11,350</b>	<b>(1,868)</b>	<b>5,675</b>	<b>3,990</b>	<b>13,585</b>	<b>3,747</b>	<b>6,689</b>	<b>43,168</b>	<b>2,088</b>	<b>45,256</b>

2012	Attributable to the shareholders of the parent company							Non-controlling Interest	Total Equity	
	Share capital	Treasury shares	Statutory reserve	Share premium	General reserve	Investment fair value reserve	Retained earnings			
Balance at 1 January 2012	11,350	(1,868)	5,675	3,990	13,585	2,170	5,402	40,304	1,917	42,221
<b>Net profit for the year</b>	-	-	-	-	-	-	2,158	2,158	167	2,325
<b>Other comprehensive income:</b>										
Available for sale securities:										
- Change in fair value	-	-	-	-	-	650	-	650	23	673
- Impairment transferred to income statement	-	-	-	-	-	24	-	24	1	25
- Transfer to income statement on disposal of Securities	-	-	-	-	-	(174)	-	(174)	(15)	(189)
Share of other comprehensive income of associate	-	-	-	-	-	3	-	3	-	3
<b>Total other comprehensive income</b>	-	-	-	-	-	503	-	503	9	512
<b>Total comprehensive income for the year</b>	-	-	-	-	-	503	2,158	2,661	176	2,837
Dividends declared for 2011	-	-	-	-	-	-	(2,145)	(2,145)	-	(2,145)
Donations for 2011	-	-	-	-	-	-	(50)	(50)	-	(50)
<b>Balance at 31 December 2012</b>	<b>11,350</b>	<b>(1,868)</b>	<b>5,675</b>	<b>3,990</b>	<b>13,585</b>	<b>2,673</b>	<b>5,365</b>	<b>40,770</b>	<b>2,093</b>	<b>42,863</b>

Audited by KPMG Fakhro

Farouk Yousif Almoayyed - Chairman

Abdul-Hussain Khalil Dawani - Vice Chairman

Sameer Al Wazzan - Chief Executive



**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2013

(In thousands of Bahraini Dinars)	2013	2012
<b>ASSETS</b>		
Cash and cash equivalents	9,147	9,232
Receivables	5,627	4,593
Investment securities	23,422	21,497
Reinsurers' share of insurance technical reserves	12,755	10,918
Net deferred acquisition cost	156	64
Property and equipment	498	407
Statutory deposits	75	75
<b>Total assets</b>	<b>51,680</b>	<b>46,786</b>
<b>LIABILITIES</b>		
Insurance technical reserves	22,942	20,770
Insurance payables	3,497	2,767
Other liabilities	2,183	2,162
<b>Total liabilities</b>	<b>28,622</b>	<b>25,699</b>
<b>Total net assets</b>	<b>23,058</b>	<b>21,087</b>
<b>EQUITY</b>		
Share capital	6,500	6,500
Statutory reserve	3,250	3,250
General reserve	4,155	4,155
Investment fair value reserve	4,674	3,919
Retained earnings	4,479	3,263
<b>Total equity</b>	<b>23,058</b>	<b>21,087</b>

**STATEMENT OF CASH FLOWS**

For the year ended 31 December 2013

(In thousands of Bahraini Dinars)	2013	2012
<b>OPERATING ACTIVITIES</b>		
Premiums received net of acquisition costs	19,110	17,410
Payments to insurance and reinsurance companies	(6,675)	(6,982)
Claims paid to policyholders	(12,229)	(12,705)
Claims recovered from reinsurers and salvage recovered	5,328	7,042
Payments made for other operating expenses	(3,763)	(2,802)
<b>Cash flows from operating activities</b>	<b>1,771</b>	<b>1,963</b>
<b>INVESTMENT ACTIVITIES</b>		
Dividends and interests received	1,042	1,059
Proceeds from sale and redemption of securities	6,592	4,585
Payments for purchase of securities	(6,963)	(4,936)
Payments for purchase of property and equipment	(272)	(75)
<b>Cash flows from investment activities</b>	<b>399</b>	<b>633</b>
<b>FINANCING ACTIVITIES</b>		
Net proceeds from group companies	-	3,870
Dividend paid to shareholders	(2,255)	(2,695)
<b>Cash flows from financing activities</b>	<b>(2,255)</b>	<b>1,175</b>
<b>(Decrease) / Increase in cash and cash equivalents during the year</b>	<b>(85)</b>	<b>3,771</b>
Cash and cash equivalents at 1 January	9,232	5,461
<b>Cash and cash equivalents at 31 December</b>	<b>9,147</b>	<b>9,232</b>
Cash and bank balances	2,476	1,051
Short-term deposits	6,671	8,181
<b>Cash and cash equivalents as per statement of financial position</b>	<b>9,147</b>	<b>9,232</b>

**STATEMENT OF PROFIT OR LOSS**

For the year ended 31 December 2013

(In thousands of Bahraini Dinars)	2013	2012
<b>GROSS PREMIUMS</b>	<b>18,441</b>	<b>17,154</b>
Reinsurance ceded	(7,305)	(6,778)
Retained premiums	11,136	10,376
Net unearned premiums adjustment	(442)	(109)
<b>Net Premiums Earned</b>	<b>10,694</b>	<b>10,267</b>
Gross claims paid	(12,470)	(13,039)
Reinsurance recoveries	6,114	7,072
Net outstanding claims adjustment	107	(191)
<b>Net Claims Incurred</b>	<b>(6,249)</b>	<b>(6,158)</b>
<b>Gross underwriting profit for the year</b>	<b>4,445</b>	<b>4,109</b>
Net commission income	552	621
Other operating expenses	(3,386)	(3,567)
<b>Underwriting profit for the year</b>	<b>1,611</b>	<b>1,163</b>
<b>Net Investment Income</b>	<b>1,860</b>	<b>1,092</b>
<b>Profit For The Year</b>	<b>3,471</b>	<b>2,255</b>
<b>Earnings per share</b>	<b>53.4 Fils</b>	<b>34.7 Fils</b>

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2013

(In thousands of Bahraini dinars)	2013	2012
<b>PROFIT FOR THE YEAR</b>	<b>3,471</b>	<b>2,255</b>
<b>Other comprehensive income: Items that are or may be reclassified subsequently to profit or loss:</b>		
Available-for-sale securities:		
- Change in fair value	1,228	551
- Impairment transferred to income statement	148	20
- Transfer to income statement on disposal of securities	(621)	(127)
<b>Other comprehensive income for the year</b>	<b>755</b>	<b>444</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>4,226</b>	<b>2,699</b>

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2013

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