



دار التَّوْقَفِ
INSURANCE HOUSE
ش.م.ع - P.S.C

ANNUAL REPORT 2015





H.H. SHEIKH KHALIFA BIN ZAYED AL NAHYAN
PRESIDENT OF THE UNITED ARAB EMIRATES



H.H. SHEIKH MOHAMMED BIN RASHID AL MAKTOUM
VICE-PRESIDENT AND PRIME MINISTER OF THE UAE,
AND RULER OF DUBAI



H.H. SHEIKH MOHAMMED BIN ZAYED AL NAHYAN
CROWN PRINCE OF ABU DHABI AND DEPUTY SUPREME
COMMANDER OF THE UAE ARMED FORCES

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MISSION STATEMENT

To be alert to our clients' needs by providing out-of-the-box insurance solutions through experienced and dedicated staff.

VISION STATEMENT

Insurance House aspires to be a leader in its domain by providing superior insurance solutions to its clients in the UAE market.



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I present to you the fourth Annual Report of Insurance House PSC (IH)

At the outset, I would like to take a moment to thank our founders, shareholders and all those who joined forces to further develop and grow Insurance House into an enterprise that is focused on exceeding customers' expectations and maximizing shareholders' wealth.

For the financial year ended 31 December 2015, IH has registered a Net Loss of AED 14.30 million, which is 31.5% lower than the Net Loss of AED 20.86 million registered during the previous financial year ended 31 December 2014. It is gratifying to note

that the core insurance business has staged a robust recovery by registering a Net Underwriting Income of AED 9.87 million during 2015 compared to a Net Underwriting Loss of AED 5.90 million in 2014. This dramatic turnaround in underwriting results is directly attributable to a series of corrective actions initiated since the last calendar quarter of 2014, focused on streamlining underwriting procedures, changing the product mix and improving claims management.

Gross Premiums Written (GPW) during the 12 month period ended 31 December 2015 surged by 29.2% to AED 126.51 million, compared to AED 97.93 million underwritten during the previous reporting period ended 31 December 2014. Net Earned Premiums grew by nearly 11% in 2015 to AED 78.41 million, compared to AED 70.70 million in the previous year. Net Claims Incurred in 2015 as a percentage of GPW dropped significantly to 50.16% compared to 73.86% in the previous year. All of these are very positive and encouraging developments that bear testimony to the fact that the revised strategies put into action are working well as intended.

Since inception, IH's Investment Strategy continues to be well thought out, clearly documented and professionally managed. However, due to severe disruption to local and global equity markets during the year, income from investing activities during 2015 was significantly lower at AED 6.72 million compared to AED 14.73 million in the previous year.

Total Assets as of 31 December 2015 aggregated to AED 242.81 million and Total Shareholders' Equity stood at AED 101.05 million. Liquidity position remained strong with Cash & Cash Equivalents plus bank fixed deposits maturing within 30 days (Liquid Assets) accounting for a healthy 17.44% of Total Assets.

General and Administrative expenses for the 12 month period ended 31 December 2015 were marginally higher at AED 28.35 million compared to AED 26.52 million during the previous reporting period. We believe this is reasonable for a full-fledged insurance operation covering our Abu Dhabi headquarters and 5 operational branches located in Dubai, Sharjah, Al Samha, Mussafah and Mahawi.

Despite tough market conditions, we remain optimistic of our profitable growth potential in the near future. Our strategy is to compete on the basis of innovative product offerings and superior service quality. Going forward, profits from core insurance activities will be driven by continuous fine tuning of our risk underwriting policies & capabilities and through enhanced claims management procedures.

On behalf of the Board of Directors,



Mohammed Abdulla Alqubaisi
Chairman

BOARD OF DIRECTORS



MOHAMMED ABDULLA ALQUBAISI
CHAIRMAN



EISA SAIF RASHID AL QUBAISI
VICE CHAIRMAN



KHALED SALEM AL MUHAIRY
BOARD MEMBER



ALIA ABDULLA AL MAZROUEI
BOARD MEMBER



MOHAMMED WASSIM KHAYATA
BOARD MEMEBER



HAMID UMER TAYLOR
BOARD MEMBER



T.K RAMAN
BOARD MEMBER



MOHAMMED OTHMAN
CHIEF EXECUTIVE OFFICER

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Insurance House - P.S.C - Public Shareholding Company - Abu Dhabi, which comprise the statement of financial position as at 31 December 2015 and the statement of comprehensive income, statement of changes in shareholders equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used

and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Insurance House - P.S.C - Public Shareholding Company - Abu Dhabi** as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other and Legal Regulatory Requirements

We also confirm that in our opinion, the financial statements include in all material respects, the applicable requirements of the UAE Commercial Companies Law of 2015 and UAE Federal Law No. (6) of 2007 concerning insurance companies and agents; that proper books of account has been maintained by the company. We have obtained all the information and explanations which we required for the purpose of our audit, and to the best of our knowledge and belief, no violations of the U.A.E. Commercial Companies Law of 2015 or the Articles of Association of the company and UAE Federal Law No. (6) of 2007 concerning insurance companies and agents have occurred during the year which would have had a material effect on the business of the company or on its financial position.

For Talal Abu Ghazaleh & Co. International

Firas Kilani

Licensed Auditor No. 632

3 February 2016

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

(Amounts are expressed in U.A.E Dirhams)

EXHIBIT A

ASSETS	NOTE	2015	2014
CURRENT ASSETS			
Cash and Cash Equivalents	4	17,191,636	13,275,562
Bank fixed deposit		25,152,083	-
Re-insurance contract assets	13 (a)	16,534,750	10,749,446
Insurance and other receivables	5	54,749,305	57,135,590
Other current assets	6	5,549,324	5,612,157
Investments designated at fair value through profit and loss (FVTPL)	7	10,442,407	17,737,576
Total Current Assets		129,619,505	104,510,331
NON- CURRENT ASSETS			
Investments designated at fair value through other comprehensive income (FVTOCI)	8	72,116,795	18,918,297
Investments designated at amortized cost	9 (a)	32,985,053	127,787,859
Statutory deposit	10	6,000,000	6,000,000
Property and equipment	11	2,087,382	1,898,516
Total Non-Current Assets		113,189,230	154,604,672
Total Assets		242,808,735	259,115,003
LIABILITIES & SHAREHOLDERS EQUITY			
CURRENT LIABILITIES			
Borrowings from banks	12	39,186,525	56,826,525
Insurance contract liabilities	13 (b)	79,311,499	62,242,279
Insurance and other payables	14	22,127,630	19,968,513
Total Current Liabilities		140,625,654	139,037,317
NON- CURRENT LIABILITIES			
End of service benefits obligation		1,131,478	874,098
Total Non-Current Liabilities		1,131,478	874,098
SHAREHOLDERS EQUITY			
Share capital	15	120,000,000	120,000,000
Treasury shares	15	(1,657,687)	(1,657,687)
Statutory reserve		1,710,148	1,710,148
Investment revaluation reserve		(956,035)	2,939,107
Accumulated (losses)		(18,044,823)	(3,787,980)
Net shareholders equity - Exhibit C		101,051,603	119,203,588
Total Liabilities And Shareholders Equity		242,808,735	259,115,003

Mohammed Abdulla Alqubaisi
Chairman

Mohammed Othman
Chief Executive Officer

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

STATEMENT OF INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts are expressed in U.A.E Dirhams)

EXHIBIT B

	NOTE	2015	2014
Gross premium	21 (c)	126,512,052	97,933,427
Reinsurance share of gross premiums		(38,325,689)	(24,316,502)
Reinsurance share of ceded business premiums		(3,329,299)	(2,731,543)
Net premium		84,857,064	70,885,382
Net transfer to unearned premium reserve		(6,445,512)	(185,916)
Net premium earned		78,411,552	70,699,466
Commissions earned		6,499,409	3,158,109
Commissions paid		(11,580,193)	(7,431,178)
Gross underwriting income		73,330,768	66,426,397
Gross claims paid		(70,171,402)	(93,706,529)
Reinsurance share of insurance claims and loss adjustment		12,146,943	26,763,386
Net claims paid		(58,024,459)	(66,943,143)
Provision for outstanding claims		(5,735,697)	(4,195,401)
Reinsurance share of outstanding claims		2,796,295	393,543
(Decrease) in incurred but not reported claims reserve		(800,593)	(1,585,467)
(Decrease) in allocated and unallocated loss adjustment		(1,693,580)	-
Net claims incurred		(63,458,034)	(72,330,468)
Net underwriting income		9,872,734	(5,904,071)
Income from investments	16	6,724,831	14,727,743
Total Income		16,597,565	8,823,672
General and administrative expenses	17	(28,347,019)	(26,524,696)
Bonuses and rebates (net of reinsurance)		1,141,003	-
Other operating expenses		(3,688,192)	(3,158,009)
Net (loss) for the year - Exhibit D		(14,296,643)	(20,859,033)
(Loss) per ordinary share	18	(0.1208)	(0.1763)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts are expressed in U.A.E Dirhams)

CONT. EXHIBIT B

	NOTE	2015	2014
(Loss) for the year		(14,296,643)	(20,859,033)
Other comprehensive income:			
Gain arising during the year from sale of financial assets designated at fair value through other comprehensive income (FVTOCI)		39,800	1,108,325
Fair value (loss) on investments designated at fair value through other comprehensive income (FVTOCI)	8 (b)	(3,895,142)	(453,246)
Other comprehensive (loss) income for the year		(3,855,342)	655,079
Total Comprehensive (loss) for the year - Exhibit C		(18,151,985)	(20,203,954)

STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts are expressed in U.A.E Dirhams)

EXHIBIT C

	SHARE CAPITAL	TREASURY SHARES	STATUTORY RESERVE	REVALUATION RESERVE	INVESTMENT RESERVE	RETAINED EARNINGS / ACCUMULATED (LOSS)	TOTAL
Shareholders equity at 31 December 2013	120,000,000	(794,961)	1,710,148		3,392,353	15,962,728	140,270,268
(Loss) for the year - Exhibit B	-	-	-		-	(20,859,033)	(20,859,033)
Other comprehensive income for the year - Exhibit B	-	-	-		(453,246)	1,108,325	655,079
Shares buyback	-	(862,726)	-		-	-	(862,726)
Shareholders equity at 31 December 2014 - Exhibit A	120,000,000	(1,657,687)	1,710,148		2,939,107	(3,787,980)	119,203,588
(Loss) / for the year - Exhibit B	-	-	-		-	(14,296,643)	(14,296,643)
Other comprehensive loss for the year - Exhibit B	-	-	-		(3,895,142)	39,800	3,855,342
Shareholders Equity at 31 December 2015 - Exhibit A	120,000,000	(1,657,687)	1,710,148		(956,035)	(18,044,823)	101,051,603

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

(Amounts are expressed in U.A.E Dirhams)

EXHIBIT D

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
(Loss) / profit for the year - Exhibit B	(14,296,643)	(20,859,033)
Adjustment to reconcile net income to net cash provided by operating activities		
Net movement in re-insurance contract assets	(5,785,304)	688,822
Net movement in insurance contract liabilities	17,069,220	8,382,356
Realized gain / (loss) from sale of investments	39,800	655,079
Depreciation of property and equipment	1,067,633	1,009,449
Provision for doubtful debts charged / (written back)	955,996	(525,703)
End of service benefits obligation	257,380	468,201
Interest income on fixed deposits and call account	(260,813)	(429,220)
Operating (loss) before working capital changes	(952,731)	(10,610,049)
Changes in the components of working capital:		
Decrease / (increase) in insurance and other receivables	3,377,800	(5,297,644)
Decrease / (increase) in other current assets	62,833	(1,078,400)
Increase in insurance and other payables	2,616,197	4,635,925
Net cash flows/(used in) operating activities	5,104,099	(12,350,168)
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) in bank fixed deposit	(25,152,083)	-
Decrease in investments designated at fair value through profit and loss (FVTPL)	7,295,169	13,005,768
(Increase) in investments designated at fair value through other comprehensive income (FVTOCI)	(975,616)	(4,274,749)
Decrease in investment in associate	-	13,917,944
Purchase of property and equipment	(1,256,499)	(928,007)
Decrease / (increase) in investments designated at amortized cost	38,684,782	(35,441,709)
Interest income on fixed deposits and call account	260,813	429,220
Net cash flows/(used in) from investing activities	18,856,566	(13,291,533)
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Increase) / decrease in related parties - receivables	(1,947,511)	2,750,427
Shares buyback	-	(862,726)
(Decrease) / increase in borrowings from banks	(17,640,000)	10,705,275
(Decrease) / increase in related parties - payables	(457,080)	1,381,411
Net cash flows from / (used in) financing activities	20,044,591	13,974,387
NET CASH FLOWS GENERATED / (USED IN) DURING THE YEAR	3,916,074	(11,667,314)
Cash and cash equivalents at beginning of the year	13,275,562	24,942,876
CASH AND CASH EQUIVALENTS AT END OF THE YEAR - Note 4	17,191,636	13,275,562

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

(Amounts are expressed in U.A.E Dirhams)

1. STATUS AND ACTIVITIES

- a. **Insurance House P.S.C** is a public joint stock company registered and incorporated in the Emirate of Abu Dhabi, United Arab Emirates and is engaged in providing all classes of Non-Life insurance solutions in accordance with UAE Federal Law No 6 of 2007. The company was established on 8 December 2010 and commenced its operations on 10 April 2011. The company performs its activities through its head office in Abu Dhabi and branches located in Al Samha, Dubai, Sharjah, Al Mussafah and Mahawi.
- Compensation, Property, Business Interruption, Money, Engineering, Plant and Equipment, General Accident, Liability, Marine, Travel and Medical insurances.
- b. The registered office of the company is P.O. Box 129921 Abu Dhabi, United Arab Emirates.
- c. The company's ordinary shares are listed in the Abu Dhabi Securities Exchange.

The range of products and services offered by the company include but not limited to Motor, Workmen's

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

- a. In the current year, the company has adopted the new and revised International Financial Reporting Standards (IFRSs) including the International Accounting Standards (IASs) and their interpretations that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2015.
- b. At the date of authorization of these financial statements, the following Standards and Interpretations have been issued but not yet effective:

EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER

IFRS 10 and IAS 28 sale or contribution of assets between an investor and its associate or joint venture.	1 January 2016
IFRS 10, IFRS 12 and IAS 28 investment entities: applying the consolidation exception.	1 January 2016
IFRS 11 accounting for acquisitions of interest in joint operations.	1 January 2016
IFRS 14 regulatory deferral accounts.	1 January 2016
IAS 1 disclosure initiative.	1 January 2016
IAS 16 and IAS 38 clarification of acceptable methods of depreciation and amortization.	1 January 2016

EFFECTIVE FOR ANNUAL PERIODS
BEGINNING ON OR AFTER

IAS 16 and IAS 41 agriculture – bearer plants.	1 January 2016
IAS 27 equity method in separate financial statements.	1 January 2016
IFRS 5 non-current assets held for sale and discontinued operations – change in methods of disposal.	1 January 2016
IFRS 7 financial statements: disclosure – serving contracts.	1 January 2016
IFRS 7 financial statements: disclosure – applicability of the offsetting disclosures to condensed interim financial statements.	1 January 2016
IAS 19 employee benefits – discount rate : regional market issue.	1 January 2016
IAS 34 interim financial reporting – disclosure of information elsewhere in the interim financial report.	1 January 2016
IFRS 15 revenue from contracts with customers.	1 January 2017
IFRS 9 financial instruments.	1 January 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. *Financial Statements Preparation Framework*

The financial statements have been prepared in accordance with International Financial Reporting Standards.

b. *Statement of compliance*

The financial statements have been prepared in accordance with International Financial Reporting standards (IFRS) and applicable requirements of UAE Federal Law No. 6 of 2007 concerning Insurance Companies and Agents.

c. *Basis of preparation*

The financial statements have been prepared on the historical cost basis, except for the measurement / revaluation of certain assets and financial instruments at a basis other than the historical cost. The significant accounting policies are set out below.

d. *Financial assets*

Financial assets are classified into the following specified categories: financial assets designated at fair value through other comprehensive income (FVTOCI), financial assets designated at fair value through profit or loss (FVTPL), financial assets designated at amortized cost, 'loans and receivables and cash and cash equivalents. The classification depends on the nature and purpose of the financial assets

and is determined at the time of initial recognition or subsequent reclassification as the case may be.

i. *Cash and cash equivalents*

Cash comprises unrestricted cash in bank current and call accounts and bank fixed deposit. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

ii. *Insurance receivables*

Insurance receivables are stated at net realizable value. When an insurance receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of income.

iii. *Loans and receivables*

Loans and receivables includes insurance and other receivables. Insurance receivables that either have or do not have a fixed or determinable payments and are not quoted in an active market, and other receivables are stated at net realizable value. The carrying values are not materially different from their fair value.

e. *Related parties*

Related parties are considered to be related because they have the ability to exercise control over the company or to exercise significant influence or joint control over the company's financial and operating decisions. Further, parties are considered related to the company when the company has the ability to exercise control, significant influence, or joint control over the financial and operating decisions of those parties. Transactions with related parties, normally, comprise of transfer of resources, services, or obligations between the parties. At the statement of financial position date, the related parties receivables and payables are stated at net realizable value.

f. *Financial assets designated at fair value through other comprehensive income (FVTOCI) and through profit and loss (FVTPL)*

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 investments is held for trading.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, these are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve.

Financial assets are classified as FVTPL when they are held for trading which means they have been acquired principally for the purpose of selling in the near future. Financial assets of FVTPL are stated at their fair value, subsequent gains and losses arising from changes in fair value are recognized in statement of income.

g. *Financial assets designated at amortized cost*

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition or subsequent reclassification as the case may be.

Financial assets designated at amortized cost include debt instruments with fixed or determinable payments and fixed maturity dates that the company has the positive intent and ability to hold to collect contractual cash flows representing periodic repayments of principal and / or interest.

Investments are measured at amortized cost using the effective interest method less impairment. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant year by discounting estimated future cash inflows through the expected life of the financial asset.

h. *Impairment of financial assets*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each year. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

With the exception of financial assets designated at fair value through other comprehensive income (FVTOCI), if, in a subsequent year, the amount of the impairment loss decreases due to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investments at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of financial assets designated at fair value through other comprehensive income (FVTOCI), if any will be recognized in profit and loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

i. *Property and equipment*

The property and equipment are carried in the statement of financial position at their cost less any accumulated depreciation and any accumulated impairment.

The depreciation charge for each year is recognized in the statement of income. Depreciation is calculated on a straight line basis, which reflects the pattern in which the asset's future economic benefits are expected to be consumed by the company over the estimated useful life of the assets as follows:

Office equipment and decoration	4 years
Computers and software	3 - 4 years
Motor vehicles	4 years

The depreciation charge for each year is recognized in the statement of income. 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 carrying values of property and equipment are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairment losses are calculated in accordance with Note 3 (j).

On the subsequent derecognizing (sale or retirement) of the property and equipment, the resultant gain or loss, being the difference between the net disposal proceeds, if any, and the carrying amount, is included in the statement of income.

j. Impairment of tangible assets

At each statement of financial position date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, being the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of asset's fair value less costs to sell and the value in use. The asset's fair value is the amount for which that asset could be exchanged between knowledgeable, willing parties in arm's length transaction. The value in use is the present value of the future cash flows expected to be derived from the asset. An impairment loss is recognized immediately in the statement of income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is decreased to the revised estimate of its recoverable amount, but the increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognized in prior years. A reversal of an impairment loss is recognized immediately in the statement of income unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation decrease.

k. Financial liabilities

Financial liabilities includes borrowings from banks, insurance contract liabilities and Insurance and other payables. Insurance payables that have fixed or determinable payments that are not quoted in an active market and other payables are stated at cost. The carrying values are not materially different from their fair value.

l. Borrowing costs

Borrowing costs include interest on bank borrowings, amortization of discounts or premiums on borrowings, amortization of ancillary costs incurred in the arrangement of borrowings, and finance charges on finance leases.

Borrowing costs are expensed in the year in which they are incurred.

m. End of service benefits obligation

End of service benefits obligation for employees is accounted for in accordance with U.A.E. Labour Law.

n. Treasury shares

Treasury shares consist of the company's own shares that have been issued, subsequently repurchased by the company and not yet reissued or cancelled. These shares are accounted for using the cost method. Under the cost method the average cost of the share repurchased is shown as deduction from the total shareholder's equity. When these shares are reissued, gains are credited to a separate capital reserve in shareholders' equity, which is non-distributable. Any realized losses are charged directly to retained earnings. Gains realized on the sale of reissued shares are first used to offset any previously recorded losses in the order of retained earning and the capital reserve account. No cash dividend are paid on these shares.

o. Statutory reserve

Pursuant to the Company's Articles of Association, 10% of net profit for the year to be withheld annually and retained in the statutory reserve account. The deduction shall be suspended when the balance in this reserve account amounts to at least 50% of the company's capital and is not available for distribution for shareholders'.

p. *Revenue recognition*

Recognition and Measurement

Insurance contracts are classified into two main categories, depending on the duration of risk and whether or not the terms and constitutions are fixed.

These contracts are casualty and property insurance contracts.

Casualty insurance contracts protect the company's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

For all these insurance contracts, premium are recognized as revenue (earned premiums) proportionally over the year of coverage. The portion of premium received on in force contracts that relates to unexpired risks at the financial position date is reported as the unearned premium liability.

Claims and loss adjustments expenses are charged to profit or loss as incurred based on the estimated liability for compensation owed to contracts holders or third parties damaged by the contracts holders.

Re-insurance contracts held

Contracts entered into by the company with reinsurers under which the company is compensated for losses on one or more contracts issued by the company and that meet the classification requirements of reinsurance contracts are classified as re-insurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the

company under which the contract holder is another insurer are included with insurance contracts. The benefits to which the company is entitled under its re-insurance contract held is recognized as re-insurance contract assets. The company assesses its re-insurance contract assets for impairment on a regular basis. If there is objective evidence that the re-insurance contract asset is impaired, the company reduces the carrying amount of the re-insurance contract assets to its recoverable amount and recognizes that impairment loss in the profit or loss. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract.

Insurance contract liabilities

Insurance contract liabilities towards outstanding claims are made for all claims intimated to the company and still unpaid at the end of the reporting year, in addition to claims incurred but not reported. The unearned premium considered in the insurance contract liabilities comprise the estimated proportion of the gross premiums written which relates to the years of insurance subsequent to the financial position date and is estimated using the time proportionate method. The unearned premium calculated by the above method (after reducing the reinsurance share) complies with the minimum unearned premium amounts to be maintained pursuing the 25% and 40% method for marine and non-marine business respectively, as required by UAE Federal Law No. 6 of 2007, as amended, concerning insurance companies and agents. The unearned premium calculated by the time proportionate method accounts for the estimated acquisition costs incurred by the company to acquire policies and defers these over the life of the policy.

The re-insurers' portion towards the above outstanding claims, claims incurred but not reported and unearned premium is classified as re-insurance contract assets in the financial statements.

Provision for the premium which represent the portion of the premium subsequent to the financial statement date and where the premium is expected to be insufficient to cover anticipated claims, have been considered under the unexpired risk reserves ("URR") and booked under allocated and unallocated loss adjustments in the income statement.

Salvage and subrogation reimbursements

Estimates of salvage and subrogation reimbursements are considered as an allowance in the measurement of the insurance liability for claims.

Receivables and payables related to insurance contracts

Receivables and payables are recognized when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the company reduces the carrying amount of the insurance receivable accordingly and recognizes that impairment loss in profit or loss.

Interest income

Interest income from bank call account, fixed deposits and bonds are accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

q. Foreign currencies

The financial statements are presented in the UAE Dirhams (AED) which is the company's functional currency. In preparing the financial statements, transactions in currencies other than the company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the statement of financial position date (closing rate). Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the year or in previous financial statements shall be recognized in the statement of income in the year in which they arise.

r. Contingent liabilities

Contingent liabilities are possible obligations depending on whether some uncertain future events occur, or they are present obligations but payments are not probable or the amounts cannot be measured reliably.

s. Critical accounting judgments and key sources of estimation uncertainty

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future periods if the revision affects both current and future periods.

i. The ultimate liability arising from claims made under insurance contracts

The estimation of ultimate liability arising from the claims made under insurance contracts is the company's most critical accounting estimate. There are sources of uncertainty that need to be considered in the estimate of the liability that the company will eventually pay for such claims. Estimates have to be made at the end of the reporting year both of the expected ultimate cost of claims reported as well as the expected ultimate cost of claims incurred but not reported ("IBNR"). Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the company and management estimates based on past claims settlement trends for the claims incurred but not reported. At the end of each reporting year, prior year claims estimates are reassessed for adequacy and changes are made to the provision.

Provision for the premium which represent the portion of the premium subsequent to the financial statement date and where the premium is expected to be insufficient to cover anticipated claims, have been considered under the unexpired risk reserves ("URR") and booked under allocated and unallocated loss adjustments in the income statement.

ii. Liability adequacy test

At the end of each reporting year, liability adequacy tests are performed to ensure the adequacy of insurance contract

liabilities. The company makes use of the best estimates of future contractual cash flows and claims handling and administration expenses, as well as investments income from the assets backing such liabilities in evaluating the adequacy of the liability. Any deficiency is immediately charged to the profit or loss.

iii. *Provision for doubtful debts*

Management has estimated the recoverability of trade receivables and has considered the provision required for doubtful receivables, on the basis of prior experience and current economic situations.

4. CASH AND CASH EQUIVALENTS

a. This item consists of the following:

	2015	2014
Cash at banks – current accounts	4,873,533	7,217,566
Cash at bank – call account	12,318,103	6,057,996
Bank fixed deposit	-	-
Total - Exhibit A & D	17,191,636	13,275,562

b. Cash at banks includes current accounts and call account balances amounting to AED 10,468,219 as of 31 December 2015 held with two financial institutions which are related parties (call account balances are interest bearing) (31 December 2014 : AED 8,751,698).

5. INSURANCE AND OTHER RECEIVABLES

a. This item consists of the following:	2015	2014
Due from policy holders - Note 5 (b)	26,672,526	18,977,912
Due from insurance and re insurance companies	2,958,692	10,667,805
Due from brokers and agencies	16,586,894	12,989,890
Total	46,218,112	42,635,607
Reinsurance shares of outstanding claims	7,343,316	14,601,621
Margin on letters of guarantee	589,000	291,000
Refundable deposits	23,000	23,000
Related parties - receivables - Note 20 (a)	2,221,696	274,185
Provision for doubtful debts - Note 5 (c)	(1,645,819)	(689,823)
Net - Exhibit A	54,749,305	57,135,590

b. The ageing for the trade receivables is as the following:	2015	2014
1 - 30 days	6,692,093	5,805,523
31 - 90 days	15,017,719	3,640,740
91 - 120 days	6,748,995	11,824,125
120 - 365 days	11,938,453	3,914,722
More than 366 days	5,820,852	17,450,497
Total - Note 5 (a)	46,218,112	42,635,607

The company in the normal course of business deals with various customers in UAE. Five customers' balances amounting to AED 16,482,605 constitute 35.66 % of the outstanding receivables as of 31 December 2015 (31 December 2014 : AED 11,897,490, 27.91%, five customers).

c. Provision for doubtful debts:-

This item consists of the following:	2015	2014
Beginning balance	(689,823)	(1,215,526)
Change for the year	(955,996)	-
Written back	-	525,703
Ending balance - Note 5 (a)	(1,645,819)	(689,823)

6. OTHER CURRENT ASSETS

This item consists of the following:	2015	2014
Accrued interest income	971,037	1,332,528
Prepaid expenses	4,578,287	4,279,629
Total - Exhibit A	5,549,324	5,612,157

7. INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS

The company has chosen to designate the investments in quoted UAE shares at FVTPL and FVTOCI as per the accepted early adoption of IFRS 9 as it intends to hold the investments for short, medium to long-term year. The company has classified investments designated at fair value through profit and loss as follows:

EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE -THROUGH PROFIT AND LOSS (FVTPL)

Changes in investments designated at fair value through income statement (FVTPL) for the year as follows:

	2015	2014
Fair value at the beginning of the year	17,737,576	30,743,344
Additions during the year	2,482,879	21,531,137
Disposals during the year	(8,551,399)	(33,000,331)
(Decrease) in fair value taken to income statement - Note 16	(1,226,574)	(1,536,574)
Fair value at the end of the year - Exhibit A	10,442,407	17,737,576

8. INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH-OTHER COMPREHENSIVE INCOME(FVTOCI)

a. Equity designated at FVTOCI	2015	2014
Unquoted shares	7,917,944	7,917,944
Quoted shares	9,273,205	11,000,353
Total - Exhibit A & Note 8(b)	17,191,149	18,918,297

- b. Changes in investments designated at fair value through other comprehensive income (FVTOCI) for the year as follows:

	2015	2014
Fair value at the beginning of the year	18,918,297	14,643,548
Additions during the year	1,340,616	8,651,798
Transfer from amortized cost to OCI	56,118,024	-
Disposals during the year	(365,000)	(3,923,803)
(Decrease) in fair value taken to other comprehensive income - Exhibit B	(3,895,142)	(453,246)
Fair value at the end of the year -Note 8(a)	72,116,795	18,918,297

- c. The investments mentioned above includes investments in Finance House P.J.S.C shares amounting to AED 4,704,380 (fair value) as of 31 December 2015 (31 December 2014 : AED 7,492,853). Finance House P.J.S.C is considered as one of the major share holders.

9. INVESTMENTS DESIGNATED AT AMORTIZED COST

a. This item consists of the following:	2015	2014
Unquoted debt instruments	11,025,000	27,725,000
Quoted debt instruments	21,960,053	100,062,859
Total - Exhibit A	32,985,053	127,787,859

- b. The geographical distribution of investments designated at amortized cost with local and foreign companies are as follows:

	2015	2014
Within UAE	21,960,053	91,109,120
Outside UAE	11,025,000	36,678,739
Total - Exhibit A	32,985,053	127,787,859

10. STATUTORY DEPOSIT

In accordance with the requirement of Federal Law No. 6 of 2007, concerning Insurance Companies and Agents, the company maintains a bank deposit amounting to AED 6,000,000 as of 31 December 2015 and it cannot be utilized without the consent of the UAE Insurance Regulatory Authority.

11. PROPERTY AND EQUIPMENT

The details of cost, accumulated depreciation and respective carrying amounts of various categories of property and equipment are as follows:

COST	OFFICE EQUIPMENT AND DECORATIONS	COMPUTER AND SOFTWARE	MOTOR VEHICLES	TOTAL
At 1 January 2015	2,372,294	1,997,767	196,021	4,566,082
Additions	1,199,282	57,217	-	1,256,499
At 31 December 2015	3,571,576	2,054,984	196,021	5,822,581
ACCUMULATED DEPRECIATION				
At 1 January 2015	(1,194,171)	(1,345,302)	(128,093)	(2,667,566)
Charge for the year	(656,985)	(361,643)	(49,005)	(1,067,633)
At 31 December 2015	(1,851,156)	(1,706,945)	(177,098)	(3,735,199)
NET BOOK VALUE				
At 31 December 2014 - Exhibit A	1,178,123	652,465	67,928	1,898,516
At 31 December 2015 - Exhibit A	1,720,420	348,039	18,923	2,087,382

12. BORROWINGS FROM BANKS

These loans are obtained against financial assets held at amortized cost and / or other comprehensive income. Loan payments will mature during the next 12 months, or will be automatically renewed for similar period and the interest rate between 1% to 1.5% per annum.

13. TECHNICAL PROVISIONS AND RE-INSURANCE CONTRACT ASSETS

The details of cost, accumulated depreciation and respective carrying amounts of various categories of property and equipment are as follows:

a. Recoverable from re-insurance

This item consists of the following:	2015	2014
Re-insurance contract assets	16,534,750	10,749,446
Total - Exhibit A	16,534,750	10,749,446

b. Technical provisions

This item consists of the following:	2015	2014
Claims reported unsettled	24,786,550	29,682,580
Unearned premiums reserve	50,445,309	30,974,232
I.B.N.R reserve	2,386,060	1,585,467
U.R.R reserve	1,693,580	-
Total - Exhibit A	79,311,499	62,242,279

14. INSURANCE AND OTHER PAYABLES

This item consists of the following:	2015	2014
Due to insurance and reinsurance companies	15,535,256	11,844,827
Claims payable	2,572,672	4,492,009
Accrued other expenses	1,472,498	627,393
Related parties - payables - Note 20 (b)	2,547,204	3,004,284
Total - Exhibit A	22,127,630	19,968,513

15. SHARE CAPITAL

The share capital of the company as per Articles of Association is AED 120,000,000 (**Exhibit A**) divided into 120,000,000 shares of AED 1 par value per share.

During 2013, the company obtained the necessary regulatory approvals to undertake a share buy-back program. A total of 1,198,500 shares were purchased from the market at an average price of AED 1.383 per share amounting to AED 1,657,687.

16. INCOME FROM INVESTMENT

This item consists of the following:

	2015	2014
Interest income on fixed deposits and call account (net)	260,813	429,220
Interest from fixed income securities	6,116,944	4,349,891
Unrealized gain / (loss) on revaluation of investments (FVTPL) - Note 7	(1,226,649)	(1,536,574)
Realized profit from sale of investments	450,981	10,482,688
Dividend income on investment in financial assets	1,122,742	476,815
Provision for doubtful debts written back - Note 5 (c)	-	525,703
Total - Exhibit B	6,724,831	14,727,743

17. GENERAL AND ADMINISTRATIVE EXPENSES

This item consists of the following :

	2015	2014
Salaries and related benefits	17,180,807	16,275,599
Bank charges	231,370	262,753
Government fees	1,319,747	1,008,874
Telephone and postage	352,022	324,890
Depreciation of property and equipment - Note 11	1,067,633	1,009,449
Other general expenses	8,195,440	7,643,131
Total - Exhibit B	28,347,019	26,524,696

18. (LOSS)/EARNINGS PER ORDINARY SHARE

This item consists of the following:	2015	2014
(Loss) for the year	(14,296,643)	(20,859,033)
Weighted number of shares in issue throughout the year	118,342,313	118,342,313
Basic (Loss) / Earnings Per Share	(0.1208)	(0.1763)

19. RISK MANAGEMENT

The company monitors and manages the financial risks relating to its business and operations. These risks include insurance risk, capital risk, credit risk, interest rate risk, market risk, foreign currency risk and liquidity risk.

The company seeks to minimize the effects of these risks by diversifying the sources of its capital. It maintains timely reports about its risk management function and monitors risks and policies implemented to mitigate risk exposures.

a) Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the company faces under its insurance contracts is that the actual claims and benefit payments exceed the estimated amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The company has developed its insurance underwriting strategy to diversify the type

of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The company manages risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. Underwriting limits are in place to enforce appropriate risk selection criteria.

b) Capital risk

The company's objectives when managing capital are:

- To comply with the insurance capital requirements required by UAE Federal Law No. 6 of 2007 concerning the formation of Insurance Authority of UAE.
- To safeguard the company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

In UAE, the local insurance regulator specifies the minimum amount and type of capital that must be held by the company in relation to its insurance liabilities. The minimum required capital (presented in the table below) must be maintained at all times throughout the year. The company is subject to local insurance solvency regulations with which it has complied with during the year.

The table below summarizes the minimum regulatory capital of the company and the total capital held.

	2015	2014
Total shareholders' equity	101,051,603	119,203,588
Minimum regulatory capital	100,000,000	100,000,000

c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company.

Key areas where the company is exposed to credit risk are :

- Re-insurers' share of insurance liabilities.
- Amounts due from reinsurers in respect of claims already paid.
- Amounts due from insurance contract holders.
- Amounts due from insurance intermediaries (Note 5 (b)).
- Amounts due from banks for its balances and fixed deposits (Note 4 (b)).

The company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counter party limits that are reviewed and approved by the management annually.

Re-insurance is used to manage insurance risk. This does not, however, discharge the company's liability as primary insurer. If a re-insurer fails to pay a claim for any reason, the company remains liable for the payment to the policy holder. The creditworthiness of re-insurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

The company maintains record of the payment history for significant contract holders with whom it conducts regular business. The exposure to individual counterparties is also

managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the company. Management information reported to the company includes details of provisions for impairment on insurance receivables and subsequent write offs. Exposures to individual policy holders and groups of policy holders are collected within the ongoing monitoring of the controls. Where there exists significant exposure to individual policy holders, or homogenous groups of policy holders, a financial analysis equivalent to that conducted for re-insurers is carried out by the company.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the company's maximum exposure to credit risk for such receivables and liquid funds.

d) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rate. The company is exposed to interest rate risk on call and fixed deposits, financial assets such as bonds and borrowings from banks. The interest rates are subject to periodic revisions.

e) Market risk

Market prices risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issue or factors affecting all instruments traded in the market.

f) Foreign currency risk

The company undertakes certain transactions denominated in foreign currencies, which imposes sort of risk due to fluctuations in exchange rates during the year. The UAE

Dirham is effectively pegged to the US Dollar, thus foreign currency risk occurs only in respect of other currencies. The company maintains policies and procedures to manage the exchange rate risk exposure.

g) Liquidity risk

The company's board of directors adopted an appropriate liquidity risk management framework as the responsibility of liquidity risk management rests with them.

The following table shows the maturity dates of company's financial assets and liabilities as at 31 December 2015.

<u>FINANCIAL ASSETS</u>	LESS THAN 1 YEAR	MORE THAN 1 YEAR	TOTAL
Non - interest bearing	70,065,245	72,116,795	142,182,040
Interest bearing	37,470,186	38,985,053	76,455,239
Total	107,535,431	111,101,848	218,637,279

FINANCIAL LIABILITIES

Non - interest bearing	22,127,630	-	22,127,630
Interest bearing	39,186,525	-	39,186,525
Total	61,314,155	-	61,314,155

The following table shows the maturity dates of company's financial assets and liabilities as at 31 December 2014.

<u>FINANCIAL ASSETS</u>	LESS THAN 1 YEAR	MORE THAN 1 YEAR	TOTAL
Non - interest bearing	82,090,732	18,918,297	101,009,029
Interest bearing	6,057,996	133,787,859	139,845,855
Total	88,148,728	152,706,156	240,854,884

<u>FINANCIAL LIABILITIES</u>	LESS THAN 1 YEAR	MORE THAN 1 YEAR	TOTAL
Non - interest bearing	19,968,513	-	19,968,513
Interest bearing	56,826,525	-	56,826,525
Total	76,795,038	-	76,795,038

20. RELATED PARTIES

The company in the normal course of business conducts transactions with the following entities which fall within the definition of related parties in accordance to International Financial Reporting Standards. The transactions with these related parties are primarily financing in nature as follows :

a. RELATED PARTIES – RECEIVABLES

This item consists of the following:	2015	2014
Mr. Mohammad Abdulla Al Qubaisi	56,783	-
Finance House P.J.S.C	2,162,584	274,185
Finance House Securities L.L.C	143	-
Islamic Finance House Pvt. J.S.C	2,186	-
Total - Note 5 (a)	2,221,696	274,185

b. RELATED PARTIES – PAYABLES

This item consists of the following:	2015	2014
Mr. Mohammad Abdulla Al Qubaisi	-	2,689
Islamic Finance House Pvt. J.S.C	-	1,595
FH Capital Limited (D.I.F.C)	2,547,204	3,000,000
Total - Note 14	2,547,204	3,004,284

c. Finance House P.J.S.C is one of the major share holders of the company as of 31 December 2015. FH Capital Ltd. (D.I.F.C), Finance House Securities L.L.C and Islamic Finance House PVT. J.S.C are subsidiaries of Finance House P.J.S.C.

d. Significant transactions with related parties during the year are as follows :

This item consists of the following:	2015	2014
Gross premiums written	6,589,548	5,100,759
Purchase of shares	9,397,427	67,718,175
Cash at bank – current account	679,382	2,169,743
Cash at bank – call account	9,788,838	6,057,996
Margin on letters of guarantee	-	291,000
(Disposal) / Purchase of Sukuk	(16,700,000)	16,700,000

21. SEGMENT INFORMATION

- a. For operating purposes, the company is organized into two business segments:

Underwriting of general insurance business – incorporating all classes of general insurance viz, fire, marine, motor, general accident and medical.

Investments – incorporating investments in UAE marketable equity securities, term deposits with banks, overseas managed portfolios and other securities.

Primary segment information – business segment

the following is an analysis of the company's revenue and results by operating segment:

	UNDERWRITING		INVESTMENTS		TOTAL	
	2015	2014	2015	2014	2015	2014
Segment revenue	126,512,052	97,933,427	6,724,831	14,727,743	133,236,883	112,661,170
Segment result	7,325,545	(9,062,080)	6,724,831	14,727,743	14,050,376	5,665,663
Unallocated expenses					(28,347,019)	(26,524,696)
(Loss) / profit for the year					(14,296,643)	(20,859,033)

b. The following is analysis of the company's assets and liabilities by operating segment:

	UNDERWRITING		INVESTMENTS		TOTAL	
	2015	2014	2015	2014	2015	2014
Segment assets	91,238,864	81,453,705	146,696,338	170,443,732	237,935,202	251,897,437
Unallocated assets					4,873,533	7,217,566
Total assets					242,808,735	259,115,003
Segment liabilities	99,966,631	81,583,399	39,186,525	56,826,525	139,153,156	138,409,924
Unallocated liabilities					2,603,976	1,501,491
Total liabilities					141,757,132	139,911,415

There are no transactions between the business segments.

c. Secondary segment information - revenue from underwriting departments

The following is an analysis of the company's revenue classified by major underwriting departments

	2015	2014
Non - Marine	63,137,326	33,450,700
Marine	1,063,409	479,189
Medical and personal assurance	62,311,317	64,003,538
Total - Exhibit B	126,512,052	97,933,427

22. FINANCIAL ASSETS AND LIABILITIES

This item consists of the following:	2015	2014
<i><u>Financial Assets</u></i>		
Cash and cash equivalents	17,191,636	13,275,562
Bank fixed deposit	25,152,083	----
Insurance and other receivables	54,749,305	57,135,590
Investments designated at fair value through income statement (FVTPL)	10,442,407	17,737,576
Investments designated at fair value through other comprehensive income (FVTOCI)	72,116,795	18,918,297
Investments designated at amortized cost	32,985,053	127,787,859
Statutory deposit	6,000,000	6,000,000
Total	218,637,279	240,854,884
<i><u>Financial Liabilities</u></i>		
Borrowings from banks	39,186,525	56,826,525
Insurance and other payables	22,127,630	19,968,513
Total	61,314,155	76,795,038

23. CONTINGENT LIABILITIES

This item consists of the following:	2015	2014
Letters of guarantee	6,807,315	7,336,000

24. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to comply with the financial statements presentation for the current year.

25. GENERAL

The figures in the financial statements are rounded to the nearest Dirham of United Arab Emirates.

26. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorized for issue in their meeting on 3 February 2016.