



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





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. General 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

TO BE ALERT TO OUR CLIENTS' NEEDS BY PROVIDING OUT-OF-THE-BOX INSURANCE SOLUTIONS THROUGH EXPERIENCED AND DEDICATED STAFF.

VISION

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

With a great sense of pleasure, pride and privilege I present to you on behalf of the Board of Directors, the first Annual Report of Insurance House PSC.

At the outset, I would like to take a moment to thank our founders, shareholders and all those who joined forces to set-up and build Insurance House into a professional and profitable organization from the very first year of commencing operations. With this solid foundation, we are well on our way to further develop and grow Insurance House into a successful enterprise that is focused on exceeding customers' expectations and maximizing shareholders' wealth.

Competitive Landscape of the UAE Insurance Industry

2012 continued to be a year of growing opportunities as well as daunting challenges for insurance companies across the UAE. On the one hand, there was definitely a robust top-line growth in the non-life insurance segment, manifested by increasing levels of Gross Premiums Written (GPW). At the same time, Net Underwriting Profit was under immense pressure due to increasing competition between insurance companies that constantly drove insurance premium rates down, especially in motor and medical which are the two significant sub-segments that have registered significant top-line growth in 2012.



How did we perform?

Despite the odds, we have closed 2012 by achieving significantly more than the financial goals estimated in the Prospectus at the time of our Initial Public Offering (IPO), whereby the achieved profit in our first year of operations is almost near to what was forecasted to be achieved in the fourth year. Even more pleasing is the fact that this remarkable performance has been achieved in an increasingly competitive market, and whilst we were going through the process of establishment, brand-building and development of policies, procedures & systems for a start-up enterprise.

Insurance House has skillfully overcome these challenges and seized attractive business opportunities to register a robust financial performance in the very first year of operations. In the core insurance business our key focus areas are Product Innovation, Superior Service & Efficient Claims handling Interface. Through continuous enhancement of our capabilities in all three areas, we aspire to build a loyal base of discerning customers.

Review of Financial Results

I summarize below the key financial outcomes of our operations for the initial period of 20 months and 19 days commencing from 11 April 2011 up to 31 December 2012.

- Recorded a robust net profit of AED 7.54 million compared to a projected loss of AED 7.46 million at the end of the first full year of operations as per the IPO Prospectus.
- Gross Premiums Written (GPW) during this maiden reporting period totaled an impressive AED 78.4 million, whilst Net Earned Premiums aggregated to AED 42.9 million, accounting for a robust 54.8% of GPW.
- Net Underwriting Profit after deducting operating expenses was AED 8.5 million, which equates to 10.8% of GPW.
- Underwriting Profit from core insurance business was complemented by steady and sustainable income of AED 23.5 million generated from a well diversified and professionally managed investment portfolio.
- Total Assets grew by a whopping 140% to AED 302.6 million as of 31 December 2012 compared to AED 125.8 million as of 11 April 2011.
- Total Shareholders' Equity strengthened to AED 126.7 million as of 31 December 2012, compared to AED 119.9 million as of 11 April 2011. This is comfortably above the minimum required capital of AED 100 million mandated by the UAE Insurance Authority.
- Total Liquid Assets as of 31 December 2012 comprising of cash & cash equivalents and short term fixed deposits aggregated to AED 103.7 million. This accounts for over 34% of Total Assets, reflecting our conservative approach to liquidity management.

Investment Strategy & Professional Execution Capability

Since inception, Insurance House's Investment Strategy was well thought out and clearly documented in a professionally developed Investment Policy Manual that covers asset

selection criteria, asset allocation guidelines and exit strategies amongst others. There is also an in-built review mechanism for periodic fine-tuning of investment strategy in line with changes in the local and global investing environment. We have contracted the services of a Professional Investment Manager for Investment Portfolio Advisory & Management Services. The excellent results achieved on the investment front bears testimony to the fact that our strategies and execution capabilities are working seamlessly.

Operations & IT Systems

Operationally, Insurance House is fully equipped with state-of-the-art IT Systems, well documented operating policies & procedures, underwriting, claims handling and settlement processes. Our operating cost model is designed to be efficient and rapidly scalable in line with business growth. General & administrative expenses for the reporting period (covering nearly 21 months) amounted to AED 24.4 million, which is very reasonable for a full-fledged insurance operation covering our Abu Dhabi headquarters and 3 operational branches located in Dubai, Sharjah and Al Samha.

Human Resources

We have been able to attract to our ranks, top caliber insurance professionals with extensive experience in the UAE market. More than 14% of the Company's current workforce comprises of UAE nationals, manifesting our strong commitment to the development of UAE nationals in the insurance sector. This is well ahead of the minimum requirement for employment of UAE nationals currently mandated by the UAE Insurance Authority. In recognition of our commitment and ongoing efforts to develop UAE nationals in the insurance sector, the UAE Insurance Authority presented the Company with an award in November 2012.

Dividend Recommendation & Share Buy Back program

Bearing in mind the need to invest for accelerated growth in the near term, the Board does not recommend any cash dividend payment for the year ending 31 December 2012. However, the Board has decided to initiate a Share Buyback Program for up to 10% of the Company's shares. Necessary regulatory approvals for the Share Buy Back Program have been obtained. We believe that there is no better investment we can make than in our own future. The share buyback initiative is in the best interests of our shareholders and the Company and is intended to enhance shareholders' value.

Looking Ahead

Since inception, Insurance House has crossed several major milestones at a rapid pace- first successful post-financial crisis IPO in the UAE, operating break-even in less than 12 months from commencement of operations, impressive list of Class A clients, an attractive bouquet of tailor-made insurance solutions and rapid expansion of branch network. We have invested in the right people, processes and systems and have built a solid foundation for sustainable future growth. We look forward to 2013 with optimism and have accordingly set ambitious business growth targets. Our strategy is sound and is backed by a robust infrastructure that is geared to deliver profitable growth and maximized returns to our shareholders.



With Appreciation & Gratitude

I take this opportunity to acknowledge and place on record my sincere appreciation & gratitude to all those who have relentlessly contributed to our swift success during our 1st year:

- my fellow Board members for their sharp insight and timely guidance,
- Insurance Authority in the UAE, the Ministry of Economy, the Securities and Commodities Authority and the Abu Dhabi Securities Exchange for their continued guidance and valuable support,
- our shareholders for their unwavering confidence and loyalty,
- our management and staff for their commendable teamwork, positive attitude, dedication to duty & untiring efforts,
- and, our loyal customers for their continued patronage and trust.

In conclusion, we express our sincere gratitude to the Government of the UAE under the visionary leadership of His Highness Sheikh Khalifa Bin Zayed Al Nahyan, President of the UAE and Ruler of Abu Dhabi, His Highness Sheikh Mohammed Bin Rashid Al Maktoum, Vice President & Prime Minister of the UAE and Ruler of Dubai, His Highness General Sheikh Mohammed Bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces as well as Their Highnesses, the Rulers of various Emirates and Supreme Council Members. Their progressive leadership, collective wisdom and visionary guidance all contribute to the bright economic outlook, political stability and a plethora of opportunities that both individual and corporate citizens of the UAE can look forward to.

On behalf of the Board of Directors,

Mohammed Abdulla Alqubaisi
Chairman

BOARD OF DIRECTORS



Mr. Mohammed Abdulla Alqubaisi
Chairman



Mr. Eisa Saif Rashid Al Qubaisi
Vice Chairman



Mr. Khaled Salem Al Muhairy
Board Member



Ms. Alia Abdulla Al Mazrouei
Board Member



Mr. Mohammed Wassim Khayata
Board Member



Mr. Abdul Hamid Umer Taylor
Board Member



Mr. T.K Raman
Board Member



Mr. Mohammed Othman
General Manager



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 2012 and the statement of comprehensive income, statement of changes in shareholders equity and statement of cash flows for the period from 11 April 2011 to 31 December 2012, 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 2012, and of its financial performance and its cash flows for the period from 11 April 2011 to 31 December 2012 in accordance with International Financial Reporting Standards.

Report on Other 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 1984 (as amended) 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 1984 (as amended) and UAE Federal Law No. (6) of 2007 concerning insurance companies and agents have occurred during the period 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

23 January 2013

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2012



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NOTE 31 December 2012 10 April 2011

ASSETS**CURRENT ASSETS**

Cash and cash equivalents	4	17,210,286	56,373,273
Bank fixed deposits	5	86,500,003	68,317,266
Re-insurance contract assets	13 (a)	6,271,181	----
Insurance and other receivables	6	24,957,306	388,202
Other current assets	7	4,820,257	711,211
Investments designated at fair value through profit and loss (FVTPL)	8	147,448,814	----
Total current assets		<u>287,207,847</u>	<u>125,789,952</u>

NON-CURRENT ASSETS

Investments designated at fair value through other comprehensive income (FVTOCI)	9	7,496,781	----
Statutory deposit	10	6,000,000	----
Property and equipment	11	1,861,773	12,168
Total non - current assets		<u>15,358,554</u>	<u>12,168</u>
TOTAL ASSETS		<u>302,566,401</u>	<u>125,802,120</u>

LIABILITIES AND SHAREHOLDERS EQUITY**CURRENT LIABILITIES**

Borrowings from banks	12	127,981,946	----
Insurance contract liabilities	13 (b)	41,591,429	----
Insurance and other payables	14	6,041,010	5,906,559
Total current liabilities		<u>175,614,385</u>	<u>5,906,559</u>

NON - CURRENT LIABILITY

End of service benefits obligation		268,311	----
Total non - current liability		<u>268,311</u>	<u>----</u>

SHAREHOLDERS EQUITY

Share capital	15	120,000,000	120,000,000
Statutory reserve		754,349	----
Investment revaluation reserve		(1,059,251)	----
Retained earnings / accumulated (loss)		6,988,607	(104,439)
Net shareholders equity - Exhibit C		<u>126,683,705</u>	<u>119,895,561</u>
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		<u>302,566,401</u>	<u>125,802,120</u>

MR. MOHAMMED ALQUBAISI
CHAIRMANMR. MOHAMMED OTHMAN
GENERAL MANAGER

INCOME STATEMENT

FROM 11 APRIL 2011 TO 31 DECEMBER 2012





	NOTE	For the period from 11 April 2011 to 31 December 2012	For the period from 8 December 2010 to 10 April 2011
Revenues			
Gross premiums written	22 (c)	78,390,326	----
Change in unearned premium provision		(25,826,064)	----
Premium income earned		<u>52,564,262</u>	-----
Re-insurance premiums ceded		(15,892,065)	----
Change in re-insurance portion of unearned premium provision		6,271,181	----
Re-insurance premiums ceded		<u>(9,620,884)</u>	-----
Net earned premiums		<u>42,943,378</u>	-----
Commission income		1,139,949	----
Claims recovered		13,364,295	----
Operating expenses	16	(48,975,825)	----
Net underwriting profit		<u>8,471,797</u>	-----
General and administrative expenses	17	(24,379,951)	(702,976)
Other income	18	23,451,642	617,707
IPO subscription fees		-----	4,200,000
Pre - operating expenses		-----	(4,219,170)
Profit / (loss) for the period - Exhibit D		<u>7,543,488</u>	<u>(104,439)</u>
Earnings per ordinary share	19	<u>0.0629</u>	<u>(0.0009)</u>

STATEMENT OF COMPREHENSIVE INCOME

FROM 11 APRIL 2011 TO 31 DECEMBER 2012



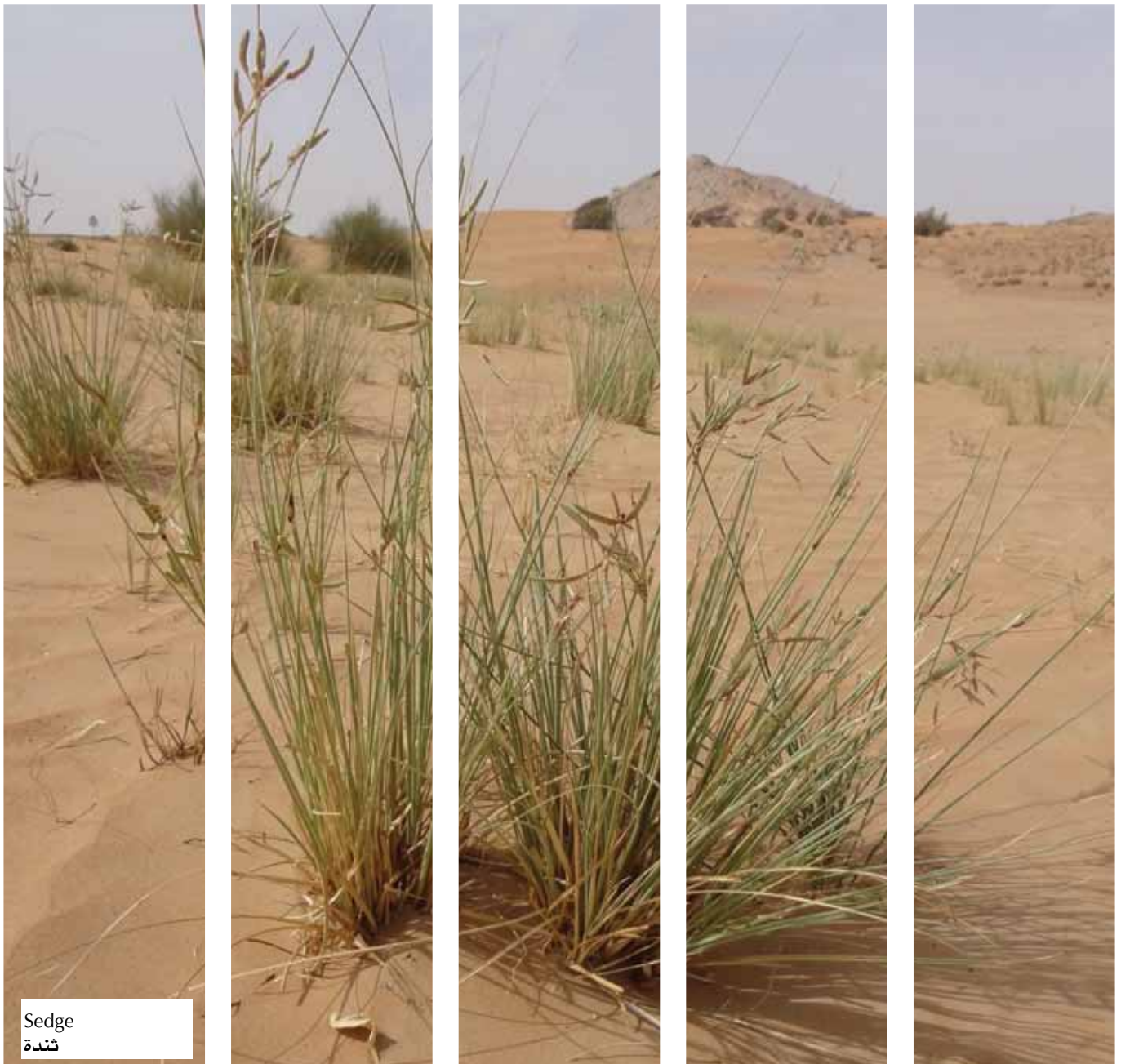
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	NOTE	For the period from 11 April 2011 to 31 December 2012	For the period from 8 December 2010 to 10 April 2011
Profit / (loss) for the period		7,543,488	(104,439)
Other comprehensive (loss):			
Gain arising during the period from sale of financial assets designated at fair value through other comprehensive income (FVTOCI)		303,907	----
Fair value loss on investments designated at fair value through other comprehensive income (FVTOCI)	9 (a)	(1,059,251)	----
Other comprehensive (loss) for the period		(755,344)	----
Total comprehensive profit / (loss) for the period - Exhibit C		6,788,144	(104,439)

CHANGES IN SHAREHOLDERS EQUITY

FROM 11 APRIL 2011 TO 31 DECEMBER 2012





(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)
EXHIBIT C

	Share capital	Statutory reserve	Investment	Accumulated (loss)/retained earnings	Total
Capital contribution	120,000,000	----	----	----	120,000,000
(Loss) for the period - Exhibit B	----	----	----	(104,439)	(104,439)
Shareholders equity at 11 April 2011 - Exhibit A	120,000,000	----	----	(104,439)	119,895,561
Profit for the period - Exhibit B	----	----	----	7,543,488	7,543,488
Other comprehensive (loss) for the period - Exhibit B	----	----	(1,059,251)	303,907	(755,344)
Transferred to statutory reserve	----	754,349	----	(754,349)	----
Shareholders equity at 31 December 2012	120,000,000	754,349	(1,059,251)	6,988,607	126,683,705

Exhibit A

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

FROM 11 APRIL 2011 TO 31 DECEMBER 2012





For the period from 11 April 2011 to 31 December 2012	For the period from 8 December 2010 to 10 April 2011
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CASH FLOWS FROM OPERATING ACTIVITIES:

Profit / (loss) for the period - Exhibit B	7,543,488	(104,439)
Adjustment to reconcile net income to net cash provided by operating activities		
Net movement in re-insurance contract assets	(6,271,181)	----
Net movement in insurance contract liabilities	41,591,429	----
Realized profit from sales of investments	303,907	----
Depreciation of property and equipment	832,095	----
Provision for doubtful debts	2,745,518	----
End of service benefits obligation	268,311	----
Interest income on fixed deposits and call account	(3,335,860)	(617,707)
Operating profit / (loss) before working capital changes	<u>43,677,707</u>	<u>(722,146)</u>

Changes in the components of working capital:

(Increase) in insurance and other receivables	(26,265,864)	(388,202)
(Increase) in other current assets	(4,109,046)	(711,211)
Increase in insurance and other payables	4,626,084	411,171
<i>Net cash flows from / (used in) operating activities</i>	<u>17,928,881</u>	<u>(1,410,388)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

(Increase) in bank fixed deposits	(18,182,737)	(68,317,266)
(Increase) in investments designated at fair value through profit and loss (FVTPL)	(147,448,814)	----
(Increase) in investments designated at fair value through other comprehensive income (FVTOCI)	(8,556,032)	----
(Increase) in statutory deposit	(6,000,000)	----
Purchase of property and equipment	(2,681,700)	(12,168)
Interest income on fixed deposits and call account	3,335,860	617,707
<i>Net cash flows (used in) investing activities</i>	<u>(179,533,423)</u>	<u>(67,711,727)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

(Increase) in related parties - receivables	(1,048,758)	----
Increase in borrowings from banks	127,981,946	----
(Decrease) / increase in related parties - payables	(4,491,633)	5,495,388
Capital contribution	----	120,000,000
<i>Net cash flows from financing activities</i>	<u>122,441,555</u>	<u>125,495,388</u>

NET CASH FLOWS (USED) / GENERATED DURING THE PERIOD

Cash and cash equivalents at beginning of the period	56,373,273	----
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD - Note 4	<u>17,210,286</u>	<u>56,373,273</u>

NOTES TO FINANCIAL STATEMENTS



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 and was established on 8 December 2010 and commenced its operation on 10 April 2011. The company performs its activities through its head office in Abu Dhabi and its branches which located in Al Samha, Dubai and Sharjah.

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



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THE FOLLOWING INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) HAVE BEEN ISSUED AS OF FINANCIAL STATEMENTS DATE

New and revised International Reporting Standards (IFRS)		Effective for annual periods beginning on or after
IFRS 1	Amended by accounting policies changes revaluation basis as deemed cost, rate regulation.	1 July 2011
	Amended by severe hyperinflation and removal of fixed dates for first time adopters.	1 July 2011
	Amended by Government loans.	1 January 2013
	Amended by annual improvements 2009 -2011 cycle.	1 January 2013
IFRS 7	Amendments 2010.	1 January 2011
	Amendments related to transfer of financial assets.	1 July 2011
	Amendments related to offsetting of financial assets and financial liabilities.	1 January 2013
	Amendments related to transition to IFRS 9 (or when IFRS 9 is first applied).	1 January 2015
IFRS 10	Consolidated financial statements.	1 January 2013
	Consolidated financial statements, joint arrangements and disclosure of interests in other entities.	1 January 2013
	Investment entities (amendments to IFRS 10, IFRS 12 and IAS 27).	1 January 2014
IFRS 11	Joint arrangements.	1 January 2013
IFRS 12	Disclosure of interests in other entities.	1 January 2013
IFRS 13	Fair value measurement.	1 January 2013

2

THE FOLLOWING INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) HAVE BEEN ISSUED AS OF FINANCIAL STATEMENTS DATE CONTINUED...

New and revised International Reporting Standards (IFRS)		Effective for annual periods beginning on or after
IAS 1	Amendments to presentation of financial statements relating to grouping items recognized in other comprehensive income.	1 July 2012
IAS 12	Amendments to income taxes relating to deferred tax : recovery of underlying assets.	1 January 2012
IAS 16	Property plant and equipment - annual improvements.	1 January 2013
IAS 19	Employee benefits (revised 2011).	1 January 2013
IAS 24	Related party disclosures (revised in 2009).	1 January 2011
IAS 27	Separate financial statements (revised in 2011).	1 January 2013
IAS 28	Investment in associates and joint ventures (revised in 2011).	1 January 2013
IAS 32	Financial instrument : presentation (2012 amendments).	1 January 2013
	Financial instrument : presentation (2011 amendments).	1 January 2014
IAS 34	Interim financial reporting (2012 amendments and improvements).	1 January 2013
IAS 39	Financial instruments recognition and measurement to be superseded by IFRS 9 financial instruments.	1 January 2015

The company has adopted IFRS 9 Financial Instruments in this financial statements even though it is effective for annual periods beginning on or after 1 January 2015.



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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 of 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 at fair value through profit or loss (FVTPL), 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.

i) *Cash and cash equivalents*

Cash comprises unrestricted cash in bank current and call accounts and fixed deposits less than three months from the date of placement. 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 a 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 comprehensive 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 measured at fair value with gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the investments revaluation reserve.

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

g. Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each period. 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 at fair value designated through other comprehensive income (FVTOCI), if, in a subsequent period, 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 at fair value designated through other comprehensive income (FVTOCI), impairment losses previously recognized in profit or loss are not reversed through profit loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

h. 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 period is recognized in the statement of comprehensive 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 period is recognized in the statement of comprehensive income. The estimated useful lives, residual values and depreciation method are reviewed at each period-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, impairments losses are calculated in accordance with Note 3 (i).

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 comprehensive income.

i. 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 comprehensive 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 increased 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 comprehensive 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 increase.

j. Financial liabilities

Financial liabilities includes borrowings from banks, 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.

k. 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 period in which they are incurred.

l. End of service benefits obligation

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

m. Statutory reserve

Pursuant to the Company's Article of Association, 10% of net profit for the year to be withheld annually and retained in the legal reserve account. The deduction shall be suspended when the balance in this reserve account amounts to at least 50% of the Company's capital.

n. 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 protects 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 period 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 entitled under its re - insurance contracts held are recognized are 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 period, in addition for 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 periods 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.



Deferred policy acquisition costs

Commissions and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are amortized over the terms of the policies as premium is earned.

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 recognize that impairment loss in profit or loss.

Interest income

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

o. 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 period or in previous financial statements shall be recognized in the statement of comprehensive income in the period in which they arise.

p. 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. Contingent liabilities are not recognized in the financial statements.

q. 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 period in which the estimate is revised if the revision affects only that period, or in the period 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 period 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 period, prior year claims estimates are reassessed for adequacy and changes are made to the provision.

ii) Liability adequacy test

At the end of each reporting period, 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:	31 December 2012	10 April 2011
	Cash at banks - current accounts	4,033,411	----
	Cash at bank - call account	8,176,875	56,373,273
	Bank fixed deposit	5,000,000	----
	Total - Exhibit A & D	17,210,286	56,373,273

- b) Cash at banks includes current accounts and call account balances amounting to AED 12,179,051 as of 31 December 2012 which are held with one financial institution which is a related party and is interest bearing (10 April 2011: AED 56,373,273).

5 BANK FIXED DEPOSITS

Fixed deposits amounting to AED 13,000,000 as of 31 December 2012 are held with a financial institution which is considered as a related party (10 April 2011 AED: 68,317,266).

6 INSURANCE AND OTHER RECEIVABLES

a)	This item consists of the following:	31 December 2012	10 April 2011
	Due from policy holders - Note 6 (b)	25,502,042	----
	Claims receivables	1,053,024	----
	Margin on letters of guarantee	78,000	----
	Refundable deposits	21,000	2,000
	Related parties - receivables - Note 21 (a)	1,048,758	----
	Others	----	386,202
	Provision for doubtful debts - Note 6 (c)	(2,745,518)	----
	Net - Exhibit A	24,957,306	388,202

- b) The company in the normal course of business deals with various brokers in UAE. Five customers' balances amounting to AED 11,991,975 constitute 47% of the outstanding receivables as of 31 December 2012.

c) *Provision for doubtful debts:*

This item consists of the following:	31 December 2012	10 April 2011
Charge for the period	(2,745,518)	----
Ending balance - Note 6 (a)	(2,745,518)	----



7

OTHER CURRENT ASSETS

This item consists of the following:	31 December 2012	10 April 2011
Accrued interest income	3,044,992	118,851
Prepaid expenses	1,775,265	592,360
Total - Exhibit A	4,820,257	711,211



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INVESTMENTS DESIGNATED AT FAIR VALUE

- a) 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 period. The company has classified investments designated at fair value as follows:

	Amount
Investments designated at fair value through profit and loss - Note 8 (b)	5,642,190
Investments in fixed income securities - Note 8 (c)	141,806,624
Total - Exhibit A	147,448,814

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

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

	Amount
Fair value at 11 April 2011	----
Additions during the period	5,229,497
Increase in fair value taken to income statement - Exhibit B - Note 18	412,693
Fair value at 31 December 2012 - Note 8 (a)	5,642,190

- c) INVESTMENTS IN FIXED INCOME SECURITIES (FVTPL)

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

	Amount
Fair value at 11 April 2011	----
Additions during the period	138,665,877
Increase in fair value taken to income statement - Exhibit B - Note 18	3,140,747
Fair value at 31 December 2012 - Note 8 (a)	141,806,624



- i) The geographical distribution of investments in fixed income securities with local and foreign companies (measured in US dollar) is as follows:

	31 December 2012	10 April 2011
Within UAE	49,225,486	----
Outside UAE	92,581,138	----
Total - Exhibit A	141,806,624	----

- ii) Investments in fixed income securities within UAE includes an amount of AED 20,000,000 as of 31 December 2012 held with a financial institution which is considered as a related party.
- iii) Investments in fixed income securities amounting to AED 141,806,624 are placed through two banks and one financing company.



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

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

	<u>Amount</u>
Fair value at 11 April 2011	----
Additions during the period	8,556,032
Decrease in fair value taken to other comprehensive income - Exhibit B	(1,059,251)
Fair value at 31 December 2012 - Exhibit A	<u>7,496,781</u>

- b) The investments mentioned above includes investments in Finance House P.J.S.C shares amounting to AED 3,487,361 (fair value) as of 31 December 2012. Finance House P.J.S.C is considered as one of the major share holders.

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 2012 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:

	Office equipment and decoration	Computers and software	Motors vehicles	Total
COST				
At 11 April 2011	----	12,168	----	12,168
Additions	1,100,053	1,385,626	196,021	2,681,700
At 31 December 2012	<u>1,100,053</u>	<u>1,397,794</u>	<u>196,021</u>	<u>2,693,868</u>
ACCUMULATED DEPRECIATION				
Charge for the period	(332,280)	(469,145)	(30,670)	(832,095)
At 31 December 2012	<u>(332,280)</u>	<u>(469,145)</u>	<u>(30,670)</u>	<u>(832,095)</u>
NET BOOK VALUE				
At 10 April 2011 - Exhibit A	----	12,168	----	12,168
At 31 December 2012 - Exhibit A	<u>767,773</u>	<u>928,649</u>	<u>165,351</u>	<u>1,861,773</u>

12

BORROWINGS FROM BANKS

These loans are obtained against financial assets held to maturity. Loan payments will mature during the next 12 months, or will be automatically renewed for similar periods.

13

INSURANCE CONTRACT LIABILITIES AND - RE-INSURANCE CONTRACT ASSETS

a) *Recoverable from re-insurance*

This item consists of the following:

31 December 2012

10 April 2011

Re-insurance contract assets

6,271,181

Total - Exhibit A

6,271,181

b) *Insurance contract liabilities*

This item consists of the following:

31 December 2012

10 April 2011

Claims reported unsettled

10,976,158

Unearned premiums

25,826,065

Other reserve on unearned revenue

4,789,206

Total - Exhibit A

41,591,429

14

INSURANCE AND OTHER PAYABLES

This item consists of the following:

31 December 2012

10 April 2011

Due to insurance and reinsurance
companies

2,305,617

Claims payable

207,169

Accrued IPO expenses

340,000

Accrued other expenses

2,524,469

71,171

Related parties - payables - Note 21 (b)

1,003,755

5,495,388

Total - Exhibit A

6,041,010

5,906,559



15

SHARE CAPITAL ASSETS

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.

16

OPERATING EXPENSES

This item consists of the following:	For the period from 11 April 2011 to 31 December 2012	For the period from 8 December 2010 to 10 April 2011
Commission expenses	10,039,333	----
Claims paid	22,563,836	----
Outstanding claims expenses	10,976,157	----
Movements in reserve	4,200,000	----
Other expenses	1,196,499	----
Total - Exhibit B	48,975,825	=====

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GENERAL AND ADMINISTRATIVE EXPENSES

This item consists of the following:	For the period from 11 April 2011 to 31 December 2012	For the period from 8 December 2010 to 10 April 2011
Salaries and related benefits	13,413,463	----
Bank charges	98,087	----
Government fees	1,079,087	----
Telephone and postage	271,472	----
Depreciation of property and equipment - Note 11	832,095	----
Miscellaneous expenses	8,685,747	702,976
Total - Exhibit B	24,379,951	702,976

18

OTHER INCOME

a) This item consists of the following:	For the period from 11 April 2011 to 31 December 2012	For the period from 8 December 2010 to 10 April 2011
Interest income on fixed deposits and call account (net) - Note 18 (b)	3,335,860	617,707
Profit / interest from fixed income securities	7,727,763	----
Gain on revaluation of investments (FVTPL)	3,553,440	----
Realized profit from sale of investments in fixed income securities	8,180,313	----
Dividend income on investment in financial assets	541,239	----
Others	113,027	----
Total - Exhibit B	23,451,642	617,707

b) Interest income shown above is after adjusting interest on borrowings amounting to AED 3,016,430.



19

EARNINGS PER ORDINARY SHARE

This item consists of the following:

	For the period from 11 April 2011 to 31 December 2012	For the period from 8 December 2010 to 10 April 2011
Profit / (loss) for the period	7,543,488	(104,439)
Weighted number of shares in issue throughout the period	120,000,000	120,000,000
Basic earnings per share	0.0629	(0.0009)



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RISK MANAGEMENT

The company monitors and manages the financial risks relating to its business and operations. These risks includes 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 effected 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 shareholders.
- 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.

	31 December 2012	10 April 2011
Total shareholders' equity	126,683,705	119,895,561
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 respects of claims already paid.
- Amounts due from insurance contract holders.
- Amounts due from insurance intermediaries.
- Amounts due from banks for its bank balances and fixed deposits.

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.

Management believes that the concentration of credit risk (Note 6) is mitigated by high credit rating and financial stability of its policy holders.

At 31 December 2012, virtually all of the deposits were placed with 4 banks. Management is confident that this concentration of liquid assets at year end does not result in any credit risk (Note 4 & 5) to the company as the banks are major banks operating in foreign countries and in UAE and are highly regulated by the Central Bank.

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 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 and borrowings with banks and financial assets such as bonds. 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.

The company is exposed to market risk with respect to its investments in financial assets held to maturity and investments designated at fair value through other comprehensive income (FVTOCI) and (FVTPL).

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 the board of directors.

The following table shows the maturity dates of company's financial assets and liabilities as at 31 December 2012.

<i>Financial assets</i>	Less than 1 year	More than 1 year	Total
Non - interest bearing	176,439,531	13,496,781	189,936,312
Interest bearing	99,676,878	----	99,676,878
Total	276,116,409	13,496,781	289,613,190

<i>Financial liabilities</i>	Less than 1 year	More than 1 year	Total
Non - interest bearing	6,041,010	----	6,041,010
Interest bearing	127,981,946	----	127,981,946
Total	134,022,956	----	134,022,956

The following table shows the maturity dates of company's financial assets and liabilities as at 10 April 2011.

<i>Financial assets</i>	Less than 1 year	Total
Non - interest bearing	388,202	388,202
Interest bearing	124,690,539	124,690,539
Total	125,078,741	125,078,741

<i>Financial liabilities</i>	Less than 1 year	Total
Non - interest bearing	5,906,559	5,906,559
Total	5,906,559	5,906,559

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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 operational, the transaction with these related parties are primarily financing in nature as follows:

a) **RELATED PARTIES - RECEIVABLES**

This item consists of the following:	31 December 2012	10 April 2011
Mr. Mohammad Abdulla Al Qubaisi	19,858	----
Benyan Development Company L.L.C	415,847	----
Finance House P.J.S.C	364,585	----
Finance House Securities L.L.C	248,468	----
Total - Note 6 (a)	1,048,758	----

b) **RELATED PARTIES - PAYABLES**

This item consists of the following:	31 December 2012	10 April 2011
Islamic Finance House P.J.C	3,755	----
Finance House P.J.S.C	----	4,775,388
FH Capital Limited (D.I.F.C)	1,000,000	720,000
Total - Note 14	1,003,755	5,495,388

- c) Finance House P.J.S.C is one of the major share holders of the company as of 31 December 2012, Benyan Development Company L.L.C and FH Capital Ltd. (D.I.F.C) are wholly owned subsidiaries of Finance House P.J.S.C.

d) *Significant transactions with related parties during the period as follows:*

This item consists of the following :	31 December 2012	10 April 2011
Gross premiums written	8,209,915	----
Purchase of shares	25,157,965	----
Cash at bank - current account	185,913	----
Cash at bank - call account	11,993,138	56,373,273
Bank fixed deposits	13,000,000	68,317,266
Margin on letters of guarantee	78,000	----
Purchase of Sukuk	20,000,000	----

22

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 and Others		Total	
	31 December 2012	10 April 2011	31 December 2012	10 April 2011	31 December 2012	10 April 2011
Segment revenue	78,390,326	19,170	23,451,642	617,707	101,841,968	598,537
Segment result	8,471,797	-----	23,451,642	617,707	31,923,439	598,537
Unallocated expenses					(24,379,951)	(702,97)
Profit / (loss) for the period					7,543,488	(104,439)

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

	Underwriting		Investments		Total	
	31 December 2012	10 April 2011	31 December 2012	10 April 2011	31 December 2012	10 April 2011
Segment assets	<u>34,865,525</u>	<u>992,730</u>	<u>263,667,465</u>	<u>124,809,390</u>	<u>298,532,990</u>	<u>125,802,120</u>
Unallocated assets					<u>4,033,411</u>	<u>----</u>
Total assets					<u>302,566,401</u>	<u>125,802,120</u>
Segment liabilities	<u>45,376,281</u>	<u>5,835,388</u>	<u>127,981,946</u>	<u>----</u>	<u>173,358,227</u>	<u>5,835,388</u>
Unallocated liabilities					<u>2,524,469</u>	<u>71,171</u>
Total liabilities					<u>175,882,696</u>	<u>5,906,559</u>

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

	31 December 2012	10 April 2011
Non - Marine	<u>39,639,869</u>	<u>----</u>
Marine	<u>813,197</u>	<u>----</u>
Medical and personal Assurance	<u>37,937,260</u>	<u>----</u>
Total - Exhibit B	<u>78,390,326</u>	<u>----</u>



23

FINANCIAL ASSETS AND LIABILITIES

This item consists of the following:

	31 December 2012	10 April 2011
<i>Financial assets</i>		
Cash and cash equivalents	17,210,286	56,373,273
Bank fixed deposits	86,500,003	68,317,266
Insurance and other receivables	24,957,306	388,202
Investments designated at fair value through income statement (FVTPL)	147,448,814	----
Investments designated at fair value through other comprehensive income (FVTOCI)	7,496,781	----
Statutory deposit	6,000,000	----
Total	289,613,190	125,078,741
<i>Financial liabilities</i>		
Borrowings from banks	127,981,946	----
Insurance and other payables	6,041,010	5,906,559
Total	134,022,956	5,906,559

24 COMPARATIVE FIGURES

- The financial statements for the current period are for 20 months and 20 days, compared to the period of 4 months 4 days for the previous period, therefore comparability cannot be accurate. The first financial statements was issued from 8 December 2010 (date of inception) to 10 April 2011.
- Certain comparative figures have been reclassified to comply with the financial statements presentation for the current period.

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 18 February 2013.