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

2016 ANNUAL REPORT

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 fifth 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 spare no effort to further develop and grow Insurance House into a successful enterprise that is focused on exceeding customers' expectations and maximizing shareholders' wealth.

For the financial year ended 31 December 2016, IH has registered a Total Comprehensive Loss of AED 5.28 million, which is significantly lower than the Total Comprehensive Loss of AED 18.15 million registered during the previous financial year ended 31 December 2015. It is gratifying to note that throughout 2016, the core insurance business maintained its robust recovery momentum by registering a Net Underwriting Income of AED 21.30 million, which is nearly double the size of the Net Underwriting Income of AED 11.01 million registered in 2015. This dramatic turnaround in underwriting results is directly attributable to a series of corrective actions initiated by the IH Management under the active guidance of the IH Board, focused on streamlining underwriting procedures, changing the product mix and tightening the claims assessment & settlement processes.

Gross Premiums Written (GPW) during the 12 month period ended 31 December 2016 grew by an impressive 26.3% to AED 159.84 million, compared to AED 126.51 million underwritten during the previous reporting period ended 31 December 2015. Net Premium Earned surged by 33.8% in 2016 to AED 104.94 million, compared to AED 78.41 million in the previous year. Net Claims Incurred in 2016 as a percentage of Gross Underwriting Income dropped further by 5.3 percentage points to 81.2% compared to 86.5% in the previous year. Our Technical Provisions as of 31 December 2016 are fully compliant with the UAE Insurance Authority's New Regulations, as confirmed by an independent actuary.

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. Despite significant levels of volatility in local and global equity & debt capital markets during the year, net income from investing activities during 2016 soared by 326% to AED 9.35 million compared to AED 2.87 million in the previous year. It is pertinent to point out that IH's well diversified Investment Portfolio is now fully compliant with the revised Investment Guidelines issued by the UAE Insurance Authority that comes into force with effect from 29 January 2017.

Liquidity position remains exceptionally strong with Cash & Cash Equivalents plus bank fixed deposits maturing within 30 days (Liquid Assets) accounting for an enviable 36.45% of Total Assets. Total Assets as of 31 December 2016 aggregated to AED 217.24 million.

General, Administrative and Other Operating expenses for the 12 month period ended 31 December 2016 were higher by 12.2% at AED 35.93 million compared to AED 32.04 million during the previous year. We believe this is reasonable for a full-fledged insurance operation that has registered a top-line growth of 26.3% during 2016, covering our Abu Dhabi headquarters and 5 operational branches located in Dubai, Sharjah, Al Samha, Mussafah and Mahawi.

12% of the Company's current workforce comprises of UAE nationals, manifesting our continued commitment to the development of UAE nationals in the insurance sector.

Despite challenging market conditions, we remain optimistic of our profitable growth potential in 2017 and beyond. Our strategy is to compete on the basis of innovative product offerings and superior service quality. Going forward, enhanced profits from core insurance activities will continue to be driven by careful fine tuning of our risk underwriting policies & capabilities and through further streamlining of our claims management procedures.

On behalf of the Board of Directors,

Mohammed Abdulla Jumaa Alqubaisi
Chairman

BOARD OF DIRECTORS

Mohammed Abdulla Jumaa Alqubaisi
Chairman

Alia Abdulla Al Mazrouei
Vice Chairman

Khaled Salem Al Muhairy
Board Member

Abdulmajeed Ismail Ali Abdulrahim Alfahim
Board Member

Hamid Umer Taylor
Board Member

Mohammed Wassim Khayata
Board Member

T.K Raman
Board Member

Mohammed Othman
Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of **Insurance House P.S.C** - Public Joint - Stock - Abu Dhabi which comprise the statement of financial position as at December 31, 2016, the statements of income and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in *the Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report on other Legal and Regulatory Requirements

As required by UAE Federal Law No. 2 of 2015 we report that:

1. We have obtained all the information and explanation we considered necessary for our audit.
2. The financial statements comply, in all material respect with the applicable provisions of UAE Federal Law No. 2 of 2015 and the Articles of Association of the Company.
3. The Company has maintained proper books of accounts.
4. Transactions and term with related parties disclosed in Note 19.
5. Based on the information and explanation that has been made available to us nothing came to our attention which causes us to believe that the Company has contravened during the financial year ended December 31, 2016 any of the applicable provisions of UAE Federal Law No. 2 of 2015 or the Articles of Association of the Company which would have a material effect on the Company's activities or on its financial position for the year.

For Talal Abu Ghazaleh & Co. International

Firas Kilani
Licensed Auditor No. 632
Abu Dhabi
31 January 2017

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

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

EXHIBIT A

ASSETS	Note	2016	2015
Property and equipment	4	**1,916,985**	2,087,382
Investments designated at amortized cost	5 (a)	**18,375,000**	32,985,053
Investments designated at fair value through other comprehensive income (FVTOCI)	5 (b)	**23,307,356**	72,116,795
Investments designated at fair value through profit and loss (FVTPL)	5 (c)	**9,861,315**	10,442,407
Statutory deposit	6	**6,000,000**	6,000,000
Premium and insurance balances receivables	7	**48,308,000**	47,405,989
Reinsurance shares of outstanding claims		**16,727,750**	7,343,316
Other receivables and prepayments	8	**13,558,061**	5,549,324
Cash and cash equivalents	9	**79,183,147**	42,343,719
Total Assets		**217,237,614**	226,273,985
EQUITY AND LIABILITIES EQUITY ATTRIBUTABLE TO SHAREHOLDERS'			
Treasury shares	10(b)	**(1,673,587)**	(1,657,687)
Accumulated (losses)		**(22,813,048)**	(18,044,823)
Issued and paid up share capital	10(a)	**120,000,000**	120,000,000
Investment revaluation reserve		**(1,468,029)**	(956,035)
Statutory reserve		**1,710,148**	1,710,148
Net equity - Exhibit C		**95,755,484**	101,051,603
LIABILITIES			
Borrowings from banks	11	**-**	39,186,525
End of service benefits obligation		**1,581,877**	1,131,478
Insurance contract liabilities	12	**28,188,253**	22,127,630
Technical provisions	13	**91,712,000**	62,776,749
Total liabilities		**121,482,130**	125,222,382
Total shareholders equity and liabilities		**217,237,614**	226,273,985

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Mohammed Abdulla Jumaa Alqubaisi
Chairman

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Mohammed Othman
Chief Executive Officer

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016 (Amounts are expressed in U.A.E Dirhams)

EXHIBIT B

	Note	2016	2015
Gross premium	20 (c)	159,835,198	126,512,052
Reinsurance share of gross premiums		(30,118,969)	(38,325,689)
Reinsurance share of ceded business premiums		(7,766,690)	(3,329,299)
Net premium		121,949,539	84,857,064
Net transfer to unearned premium reserve		(17,012,609)	(6,445,512)
Net premium earned		104,936,930	78,411,552
Commissions paid	14 (a)	(7,267,235)	(8,655,459)
Commissions earned	14 (b)	4,440,921	3,574,675
Gross underwriting income		102,110,616	73,330,768
Gross claims paid		(102,505,344)	(70,171,402)
Reinsurance share of insurance claims and loss adjustment		29,955,624	12,146,943
Net claims paid		(72,549,720)	(58,024,459)
Provision for outstanding claims		(10,723,558)	(5,433,575)
Net claims incurred		(83,273,278)	(63,458,034)
Net underwriting income		18,837,338	9,872,734
Income from investments	15	8,910,463	6,724,831
Total income		27,747,801	16,597,565
General and administrative expenses	16	(31,647,600)	(28,347,019)
Bonuses and rebates (net of reinsurance)		2,466,085	1,141,003
Other operating expenses		(4,281,299)	(3,688,192)
Net (loss) for the year - Exhibit D		(5,715,013)	(14,296,643)
(Loss) per ordinary share	17	(0.0483)	(0.1208)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

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

CONT. EXHIBIT B

	Note	2016	2015
(Loss) for the year		(5,715,013)	(14,296,643)
Other comprehensive income / (loss):			
Gain arising during the year from sale of financial assets designated at fair value through other comprehensive income (FVTOCI)		946,788	39,800
Fair value (loss) on investments designated at fair value through other comprehensive income (FVTOCI)	5 (b)	(511,994)	(3,895,142)
Other comprehensive income / (loss) for the year		434,794	(3,855,342)
Total comprehensive (loss) for the year - Exhibit C		(5,280,219)	(18,151,985)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

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

EXHIBIT C

	Treasury Shares	Accumulated (losses)	Issued and paid up share capital	Investment revaluation reserve	Statutory reserve	Total
Shareholders equity at 31 December 2014	(1,657,687)	(3,787,980)	120,000,000	2,939,107	1,710,148	119,203,588
(Loss) for the year - Exhibit B	-	(14,296,643)	-	-	-	(14,296,643)
Other comprehensive income for the year - Exhibit B	-	39,800	-	(3,895,142)	-	(3,855,342)
Shareholders equity at 31 December 2015 - Exhibit A	(1,657,687)	(18,044,823)	120,000,000	(956,035)	1,710,148	101,051,603
Shares buyback	(15,900)	-	-	-	-	(15,900)
(Loss) for the year - Exhibit B	-	(5,715,013)	-	-	-	(5,715,013)
Other comprehensive income for the year - Exhibit B	-	946,788	-	(511,994)	-	434,794
Shareholders equity at 31 December 2016 - Exhibit A	**(1,673,587)**	**(22,813,048)**	**120,000,000**	**(1,468,029)**	**1,710,148**	**95,755,484**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

AS AT 31 DECEMBER 2016 (Amounts are expressed in U.A.E Dirhams)

EXHIBIT D

CASH FLOWS FROM OPERATING ACTIVITIES:	2016	2015
(Loss) for the year - Exhibit B	(5,715,013)	(14,296,643)
Adjustment to reconcile net income to net cash provided by operating activities		
Reinsurance shares of outstanding claims	(9,384,434)	(5,785,304)
Net movement in technical provisions	28,935,251	17,069,220
Realized gain from sale of investments	946,788	39,800
Depreciation of property and equipment	974,419	1,067,633
Provision for doubtful debts charged	2,979,013	955,996
End of service benefits obligation	450,399	257,380
Interest income on fixed deposits and call account	(996,463)	(260,813)
Operating profit / (loss) before working capital changes	18,189,960	(952,731)
Changes in the components of working capital:		
(Increase) / decrease in premium and insurance balances receivables	(3,069,601)	3,377,800
(Increase) / decrease in other receivables and prepayments	(8,008,737)	62,833
Increase in insurance contract liabilities	7,640,657	2,616,197
Net cash flows from operating activities	14,752,279	5,104,099

CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease in investments designated at fair value through profit and loss (FVTPL)	581,092	7,295,169
Decrease / (increase) in investments designated at fair value through other comprehensive income (FVTOCI)	48,297,445	(975,616)
Purchase of property and equipment	(804,022)	(1,256,499)
Decrease in investments designated at amortized cost	14,610,053	38,684,782
Interest income on deposits and call account	996,463	260,813
Net cash flows from investing activities	63,681,031	44,008,649

CASH FLOWS FROM FINANCING ACTIVITIES:		
(Increase) in related parties - receivables	**(811,423)**	(1,947,511)
Shares buyback	**(15,900)**	-
(Decrease) in borrowings from banks	**(39,186,525)**	(17,640,000)
Increase / (decrease) in related parties - payables	**(1,580,034)**	(457,080)
Net cash flows (used in) financing activities	**(41,593,882)**	(20,044,591)
NET CASH FLOWS GENERATED DURING THE YEAR	**36,839,428**	29,068,157
Cash and cash equivalents at beginning of the year	**42,343,719**	13,275,562
CASH AND CASH EQUIVALENTS AT END OF THE YEAR - Note 9	**79,183,147**	42,343,719

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.

b. The company's ordinary shares are listed in the Abu Dhabi Securities Exchange.

c. The registered office of the company is P.O. Box 129921 Abu Dhabi, United Arab Emirates.

d. **Activities:** The range of products and services offered by the company include but not limited to accidents and civil responsibility insurance, land, marine and air transportation, dangers insurance, health insurance, onshore and offshore oil and gas fields and facilities services.

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 years beginning on 1 January 2016.

b. At the date of authorization of these financial statements, the following Standards and Interpretations have been issued:

	EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER
IAS 7 statement of cash flows	1 January 2017
IAS 12 income taxes	1 January 2017
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. *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:

	USEFUL LIFE
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, impairments losses are calculated in accordance with Note 3 (e).

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.

e. *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 Tflows 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 increase.

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.

i. *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 to shareholders'.

j. *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 values.

k. *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.

l. *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.

m. *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.

n. *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.

o. *End of service benefits obligation*

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

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 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 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.

Technical provisions

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 year of insurance policy subsequent to the financial position date and is estimated using the time proportionate method (1/365). The unearned premium calculated by the above method (after reducing the reinsurance share) as required by insurance Authority Board of Directors' Decision No. (25) of 2014 pertinent to Financial Regulation for Insurance Companies.

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.

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 years if the revision affects both current and future years.

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 represents 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. 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 1 January 2016	3,571,576	2,054,984	196,021	5,822,581
Additions	**307,343**	**441,679**	**55,000**	**804,022**
At 31 December 2016	**3,878,919**	**2,496,663**	**251,021**	**6,626,603**
ACCUMULATED DEPRECIATION				
At 1 January 2016	(1,851,156)	(1,706,945)	(177,098)	(3,735,199)
Charge for the year	**(698,241)**	**(257,255)**	**(18,923)**	**(974,419)**
At 31 December 2016	**(2,549,397)**	**(1,964,200)**	**(196,021)**	**(4,709,618)**
NET BOOK VALUE				
At 31 December 2015 - Exhibit A	1,720,420	348,039	18,923	2,087,382
At 31 December 2016 - Exhibit A	**1,329,522**	**532,463**	**55,000**	**1,916,985**

5. INVESTMENTS IN FINANCIAL ASSETS

a. INVESTMENTS DESIGNATED AT AMORTIZED COST

i. This item consists of the following:

	2016	2015
Unquoted debt instruments	18,375,000	11,025,000
Quoted debt instruments	-	21,960,053
Total - Exhibit A	18,375,000	32,985,053

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

Within UAE	-	21,960,053
Outside UAE	18,375,000	11,025,000
Total - Exhibit A	18,375,000	32,985,053

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

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

Fair value at the beginning of the year	72,116,795	18,918,297
Additions during the year	12,078,819	1,340,616
Transfer from amortized cost to OCI	-	56,118,024
Disposals during the year	(60,376,264)	(365,000)
(Decrease) in fair value taken to other comprehensive income - Exhibit B	(511,994)	(3,895,142)
Fair value at the end of the year - Exhibit A	23,307,356	72,116,795

ii. Equity designated at FVTOCI

Unquoted shares	-	7,917,944
Quoted shares	9,476,710	9,273,205
Total	9,476,710	17,191,149

iii. The investments mentioned above includes investments in Finance House P.J.S.C shares amounting to AED 3,785,385 (fair value) as of 31 December 2016 (31 December 2015 : AED 4,704,380). Finance House P.J.S.C is considered as one of the major share holders.

c. INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS

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

	2016	2015
Fair value at the beginning of the year	10,442,407	17,737,576
Additions during the year	12,683,951	2,482,879
Disposals during the year	(14,747,204)	(8,551,399)
Increase / (decrease) in fair value taken to income statement - Note 15	1,482,161	(1,226,649)
Fair value at the end of the year - Exhibit A	9,861,315	10,442,407

6. 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 2016 and it cannot be utilized without the consent of the UAE Insurance Regulatory Authority.

7. PREMIUM AND INSURANCE BALANCES RECEIVABLES

a. This item consists of the following:

	2016	2015
Due from policy holders	27,830,344	26,382,243
Due from insurance and re insurance companies	2,408,880	2,958,692
Due from brokers and agencies	18,481,532	16,586,894
Total - Note 7 (b)	48,720,756	45,927,829
Margin on letters of guarantee	791,000	589,000
Refundable deposits	28,000	23,000
Staff advances	69,674	-
Related parties - receivables - Note 19 (a)	3,323,402	2,511,979
Provision for doubtful debts - Note 7 (c)	(4,624,832)	(1,645,819)
Net - Exhibit A	48,308,000	47,405,989

b. The ageing for the trade receivables is as follows:

1 - 30 days	5,290,899	6,692,093
31 - 90 days	14,048,629	15,017,719
91 - 120 days	4,359,475	6,458,712
120 - 365 days	20,543,753	11,938,453
More than 366 days	4,478,000	5,820,852
Total - Note 7 (a)	48,720,756	45,927,829

The company in the normal course of business deals with various customers in UAE. Five customers' balances amounting to AED 14,897,675 constitute 30.57% of the outstanding receivables as of 31 December 2016 (31 December 2015 : AED 16,482,605, 35.88%, five customers).

c. Provision for doubtful debts:-

This item consists of the following:

	2016	2015
Beginning balance	(1,645,819)	(689,823)
Charge for the year	(2,979,013)	(955,996)
Ending balance - Note 7 (a)	(4,624,832)	(1,645,819)

8. OTHER RECEIVABLES AND PREPAYMENTS

This item consists of the following:

Accrued interest income	460,800	971,037
Deferred commissions	8,035,367	-
Prepaid expenses	5,061,894	4,578,287
Total - Exhibit A	13,558,061	5,549,324

9. CASH AND CASH EQUIVALENTS

a. This item consists of the following:

Cash at banks - current accounts	8,817,481	4,873,533
Cash at bank - call account	30,057,217	12,318,103
Bank deposits - Note 9 (c)	40,308,449	25,152,083
Total - Exhibit A & D	79,183,147	42,343,719

b. Cash at banks includes current accounts and call account balances amounting to AED 9,382,456 as of 31 December 2016 held with two financial institutions which are related parties (call account balances are interest bearing) (31 December 2015 : AED 10,468,219).

c. Bank fixed deposits as at 31 December 2016 amounting to AED 40,308,449 (2015 : AED 25,152,083) mature within 3 months.

10. TREASURY SHARES AND ISSUED AND PAID UP SHARE CAPITAL

a. *Issued and paid up 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.

b. *Treasury shares*

Since 2013, the company obtained the necessary regulatory approvals to undertake a share buy-back program until 5 March 2017. A total of 1,219,500 shares were purchased from the market at an average price of AED 1.372 per share amounting to AED 1,673,587.

11. 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. These loans have been fully settled during 2016.

12. INSURANCE CONTRACT LIABILITIES

This item consists of the following:

	2016	2015
Due to insurance and reinsurance companies	**20,568,095**	15,535,256
Claims payable	**2,972,286**	2,572,672
Accrued other expenses	**1,270,031**	1,472,498
Unearned commission on premium ceded	**2,410,671**	-
Related parties - payables - Note 19 (b)	**967,170**	2,547,204
Total - Exhibit A	**28,188,253**	22,127,630

13. TECHNICAL PROVISIONS

This item consists of the following:

	2016	2015
Unearned premiums reserve	57,000,000	33,910,559
Claims reported unsettled	16,782,000	24,786,550
Incurred but not reported claims reserve	13,003,000	2,386,060
Unexpired risk reserve	3,469,000	1,693,580
Unallocated loss adjustment expenses reserve	1,458,000	-
Total - Exhibit A	91,712,000	62,776,749

14. COMMISSIONS (NET)

This item consists of the following:

a. Commission paid

	2016	2015
Commission paid	15,388,450	11,580,193
Deferred commission paid	(8,121,215)	(2,924,734)
Net commission paid - Exhibit B	7,267,235	8,655,459

b. Commission earned

	2016	2015
Commission earned	6,851,591	6,499,409
Deferred commission earned	(2,410,670)	(2,924,734)
Net commission earned - Exhibit B	4,440,921	3,574,675

15. INCOME FROM INVESTMENTS

This item consists of the following:

	2016	2015
Interest income on fixed deposits and call account (net)	996,463	260,813
Interest from fixed income securities	3,565,318	6,116,944
Unrealized gain / (loss) on revaluation of investments (FVTPL) - Note 5 (c)	1,482,161	(1,226,649)
Realized profit from sale of investments	1,273,649	450,981
Creditors discount	517,512	-
Dividend income on investment in financial assets	1,075,360	1,122,742
Total - Exhibit B	8,910,463	6,724,831

16. GENERAL AND ADMINISTRATIVE EXPENSES

This item consists of the following:

Salaries and related benefits	18,547,697	17,180,807
Bank charges	355,242	231,370
Government fees	1,425,091	1,319,747
Telephone and postage	389,245	352,022
Depreciation of property and equipment - Note 4	974,419	1,067,633
Other general expenses	9,955,906	8,195,440
Total - Exhibit B	31,647,600	28,347,019

17. (LOSS) PER ORDINARY SHARE

This item consists of the following:

(Loss) for the year	(5,715,013)	(14,296,643)
Weighted number of shares in issue throughout the year	118,326,413	118,342,313
Basic (loss) per share	(0.0483)	(0.1208)

18. 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 that 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.

	2016	2015
Net shareholders' equity	95,755,484	101,051,603
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 7 (b))
- Amounts due from banks for its balances and fixed deposits (Note 9 (b & c)).

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. 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 2016.

Financial assets	Less than 1 year	More than 1 year	Total
Non-interest bearing	79,236,546	13,954,710	93,191,256
Interest bearing	70,365,666	38,205,646	108,571,312
Total	149,602,212	52,160,356	201,762,568

Financial liabilities	Less than 1 year	More than 1 year	Total
Non-interest bearing	28,188,253	-	28,188,253
Total	28,188,253	-	28,188,253

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

Financial assets	Less than 1 year	More than 1 year	Total
Non-interest bearing	70,065,245	9,273,205	79,338,450
Interest bearing	37,470,186	101,828,643	139,298,829
Total	107,535,431	111,101,848	218,637,279

Financial liabilities	Less than 1 year	More than 1 year	Total
Non-interest bearing	22,127,630	-	22,127,630
Interest bearing	39,186,525	-	39,186,525
Total	61,314,155	-	61,314,155

19. 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:

	2016	2015
Mr. Mohammad Abdulla Jumaa Al Qubaisi	-	56,783
Finance House P.J.S.C	2,824,460	2,162,584
Finance House Securities L.L.C	56,936	143
Islamic Finance House Pvt. J.S.C	13,075	2,186
Law House Advocates and Legal Consultant	428,931	283,287
Emirates National Holding L.L.C	-	6,996
Total - Note 7 (a)	3,323,402	2,511,979

b. *RELATED PARTIES - PAYABLES*

This item consists of the following:

	2016	2015
Mr. Mohammad Abdulla Jumaa Al Qubaisi	3,755	-
Emirates National Holding L.L.C	13,415	-
FH Capital Limited (D.I.F.C)	950,000	2,547,204
Total - Note 12	967,170	2,547,204

c. Finance House P.J.S.C is one of the major shareholders of the company as of 31 December 2016. 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:

	2016	2015
Gross premiums written	6,894,466	6,589,548
Purchase of shares	25,012,077	9,397,427
Cash at bank - current account	1,508,494	679,382
Cash at bank - call account	26,528,560	9,788,838
Purchase / (disposal) of Sukuk	1,700,000	(16,700,000)

20. 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, 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	
	2016	2015	2016	2015	2016	2015
Segment revenue	159,835,198	126,512,052	8,910,463	6,724,831	168,745,661	133,236,883
Segment result	21,303,423	11,013,737	8,910,463	6,724,831	30,213,886	17,738,568
Unallocated expenses					(35,928,899)	(32,035,211)
(Loss) for the year					(5,715,013)	(14,296,643)

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

	Underwriting		Investments and Others		Total	
	2016	2015	**2016**	2015	**2016**	2015
Segment assets	**80,049,996**	61,414,974	**98,312,920**	147,667,375	**178,362,916**	209,082,349
Unallocated assets					**38,874,698**	17,191,636
Total assets					**217,237,614**	226,273,985
Segment liabilities	**118,630,222**	83,431,881	**-**	39,186,525	**118,630,222**	122,618,406
Unallocated liabilities					**2,851,908**	2,603,976
Total liabilities					**121,482,130**	125,222,382

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

	2016	2015
Non - Marine	**99,992,586**	63,137,326
Marine	**931,199**	1,063,409
Medical and personal assurance	**58,911,413**	62,311,317
Total - Exhibit B	**159,835,198**	126,512,052

21. FINANCIAL ASSETS AND LIABILITIES

This item consists of the following:

Financial assets	2016	2015
Cash and cash equivalents	79,183,147	42,343,719
Insurance and other receivables	48,308,000	47,405,989
Investments designated at fair value through income statement (FVTPL)	9,861,315	10,442,407
Investments designated at fair value through other comprehensive income (FVTOCI)	23,307,356	72,116,795
Investments designated at amortized cost	18,375,000	32,985,053
Statutory deposit	6,000,000	6,000,000
Reinsurance shares of outstanding claims	16,727,750	7,343,316
Total	201,762,568	218,637,279

Financial liabilities	2016	2015
Borrowings from banks	-	39,186,525
Insurance contract liabilities	28,188,253	22,127,630
Total	28,188,253	61,314,155

22. CONTINGENT LIBILITIES

This item consists of the following:

	2016	2015
Letters of guarantee	6,486,000	7,336,000

23. COMPARATIVE FIGURES

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

24. GENERAL

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

25. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorized for issue in their meeting held on 31 January 2017.