Insurance House P.S.C.

Financial Statements

For the year ended 31 December 2018

Table of contents

	Page
Chairman's report	1-2
Independent auditor's report	3-6
Statement of financial position	7
Income statement	8
Statement of comprehensive income	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12 – 41

دار التأمين
INSURANCE HOUSE
PSC - ش.م.ع

Chairman's Report for the financial year ended 31 December 2018

On behalf of the Board of Directors, I am pleased to present the financial statements of Insurance House PSC (IH) as at 31 December 2018 and the results of its operations for the year ended 31 December 2018.

During 2018, IH has maintained a steady improvement in its overall performance by registering a Net Profit of AED 10.64 million for the year ended 31 December 2018, which is 28.9% higher than the Net Profit of AED 8.12 million registered in the previous year. This augurs well for sustained profitable growth in the near future.

Systematic selection of underwritten risks and overall softening of the insurance market in the UAE, resulted in slightly lower Gross Premiums Written of AED 210.88 million during 2018 compared to AED 219.47 million logged during the previous year. However, Net Claims Incurred during 2018 registered a dramatic but healthy drop of 20.84% to AED 84.44 million compared to AED 106.67 million during the previous year. This is a direct result of a series of strategic and tactical measures implemented by IH Management to lower cost of Claims Incurred across all business lines. The ratio of Net Claims Incurred as a percentage of Net Premiums Earned, registered a remarkable improvement to 56.9% in 2018 compared to 67.6% in the previous year. As a result of the above, Net Underwriting Income for 2018 jumped by 24.2% to AED 45.75 million compared to AED 36.85 million registered during the previous year.

Despite intense competition, softer market conditions and elevated pressures on input costs, the Company was able to register a year on year improvement of 28.9% in its Net Profit, through well thought out strategies and their effective implementation across all business lines. Going forward, it will be our endeavor to build on this significantly improved performance of the previous two years viz. 2017 & 2018.

With the addition of a stable rent yielding investment property in Q1 2018, Investment Income earned during 2018 rose to AED 4.36 million compared to AED 2.89 million in the previous year. Cash & cash equivalents as of 31 December 2018 stood at a robust 19.4% of Total Assets, highlighting the sound liquidity position of the Company.

دار التأمين ش.م.ع : ص.ب ١٢٩٩٢١ ، أبوظبي، ا.ع.م: هاتف: ٤٤٤ ٤٩٣٤ (٢) ٩٧١+: فاكس: ٤٠٠ ٤٩٣٤ (٢) ٩٧١+
Insurance House P.S.C; P.O. Box 129921, Abu Dhabi, U.A.E; Tel: +971 (2) 4934 444; Fax: +971 (2) 4934 400
Public Joint Stock Company and the share capital is AED 120 million شركة مساهمة عامة برأس مال وقدره ١٢٠ مليون درهم إماراتي

مطبوعة على ورق معاد التدوير
printed on recycled paper

دار التأمين
INSURANCE HOUSE
PSC-ش.م.ع

During the year 2018, we further expanded our customer reach within the UAE through the addition of two new branches- one in Deira, Dubai and the other inside Muroor, Abu Dhabi. This brings our total branch network in the UAE to 8 branches, in addition to the Abu Dhabi head office.

General & administrative expenses are higher than the previous year but in line with our expenditure budget for 2018. We continue to maintain a close vigil to ensure that expenses are on a tight leash. From IT Systems and Operational perspectives, the Company smoothly transitioned to the new UAE VAT regime effective 1 Jan 2018. Other Operational Expenses for 2018 include a sizeable one-off expenditure of AED 2.96 million on account of Output VAT payable to FTA that was not recoverable from customers as per the UAE VAT Legislation.

Our strategy is to compete on the basis of differentiated product offerings, improved digital capabilities and superior service quality. Going forward, profits from core insurance activities will be driven by continuous fine-tuning of our risk underwriting capabilities, increased use of digital channels to extend customer reach and enhanced controls in our claims management processes.

On behalf of the Board of Directors,

Mohammed Abdulla Jumaa Alqubaisi

Chairman

Abu Dhabi

06 February 2019

دار التأمين ش.م.ع : ص.ب ١٢٩٩٢١، أبوظبي، ا.ع.م؛ هاتف: ٤٤٤ ٤٩٣٤ (٢) ٩٧١+؛ فاكس: ٤٠٠ ٤٩٣٤ (٢) ٩٧١+
Insurance House P.S.C; P.O. Box 129921, Abu Dhabi, U.A.E; Tel: +971 (2) 4934 444; Fax: +971 (2) 4934 400
Public Joint Stock Company and the share capital is AED 120 million شركة مساهمة عامة برأس مال وقدره ١٢٠ مليون درهم إماراتي

طبعت على ورق صديق للبيئة
printed on recycled paper

Grant Thornton

An instinct for growth™

Grant Thornton
United Arab Emirates
Al Kamala Tower
Office No. 1101, Level 11
Zayed 1st Street, Khalidiya
P.O. Box 41255
Abu Dhabi

T +971 2 666 9750
F +971 2 666 9816

linkd.in/grant-thornton-uae
twitter.com/gtuae

Independent Auditors' Report
To the Shareholders of Insurance House P.S.C.

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Insurance House P.S.C. (the "Company"), which comprise the statement of financial position as at 31 December 2018, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of 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 (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the requirements of the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Company for the year ended 31 December 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

i) Valuation of technical provisions

The estimation of liabilities arising from insurance contracts such as unearned premium reserve, deferred reinsurance commission reserve, claims under settlement reserve, incurred but not reported reserve, unallocated loss adjustment expense reserve and mathematical reserve as disclosed in Note 14 to the financial statements, involves a significant degree of judgement. These liabilities are based on the pattern of risk distributions over coverage period, the best-estimated ultimate cost of all claims incurred but not settled at a given date, whether reported or not, together with the related claims handling costs and persistency (including consideration of policyholder behavior). Actuarial computations have been used to determine these provisions. Underlying these computations are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims. Since the determination of such a provision requires the expertise of an external valuation expert who incorporates significant assumptions, judgements and estimations, the valuation of these liabilities was significant to our audit.

© 2018 Grant Thornton UAE - All rights reserved. "Grant Thornton" refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

grantthornton.ae

Independent Auditors' Report
To the Shareholders of Insurance House P.S.C. (continued)

Key Audit Matters (continued)

We assessed management's calculations of the technical reserves by performing the following procedures:

- We tested the underlying company data to source documentation;
- Using our actuarial specialist team members, we applied our industry knowledge and experience and we compared the methodology, data, models and assumptions used against recognised actuarial practices;
- Understood and tested the governance process in place to determine the insurance contract liabilities, including testing the associated financial reporting control framework;
- Our actuarial specialist team members performed independent re-computations on selected classes of business, particularly focusing on the largest and most uncertain reserves. For these classes we compared our re-computed claims reserves to those booked by management, and sought to understand any significant differences; and
- For the remaining classes we evaluated the methodology and assumptions, or performed a diagnostic check to identify and follow up any anomalies.

ii) Recoverability of insurance receivables from policy holders, insurance companies and reinsurance companies

The Company in its normal course of business is exposed to risks of non - recoverability from policyholders, insurance companies and reinsurance companies due to disputes / litigations or due to deterioration of financial conditions of the counter party. Management's related provision is subjective and is influenced by assumptions concerning the probability of default and probable losses in the event of default. We reviewed the past trend of actual amounts written off and the credit ratings of the counter parties (where available) to assess the provision held as at year-end. We also discussed with management and reviewed correspondence, to identify any disputes and assessed whether such matters had been considered in the bad debt provision.

Other Information

Management is responsible for the other information contained in the financial statements which comprises the information included in the *Chairman's Report*, but which does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Grant Thornton
An instinct for growth™

Independent Auditors' Report
To the Shareholders of Insurance House P.S.C. (continued)

Responsibilities of the 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 their preparation in compliance with the applicable provisions of the UAE Federal Law No. 2 of 2015 and UAE Federal Law No. 6 of 2007, 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 auditor's 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 ISA 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 ISA, 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 controls 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 auditor's 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 auditor's 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.

Grant Thornton
An instinct for growth™

Independent Auditors' Report
To the Shareholders of Insurance House P.S.C. (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Further, as required by the Federal Law No. 6 of 2007 on the Establishment of the Insurance Authority and Organisation of the Insurance Operations and UAE Federal Law No. 2 of 2015, we report that:

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Federal Law No. 6 of 2007 on Establishment of the Insurance Authority and Organization of the Insurance Operations and UAE Federal Law No. 2 of 2015;

iii) the Company has maintained proper books of account;

iv) the financial information included in the Board of Directors' Report, in so far as it relates to these financial statements, is consistent with the books of account of the Company;

v) as disclosed in note 6 to the financial statements, the Company has purchased and sold certain shares during the year ended 31 December 2018;

vi) note 19 to the financial statements discloses material related party transactions, and the terms under which they were conducted; and

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2018 any of the applicable provisions of the Federal Law No. 6 of 2007 on the Establishment of the Insurance Authority and Organization of the Insurance Operations and UAE Federal Law No. 2 of 2015 or of its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2018;

Grant Thornton

GRANT THORNTON
Farouk Mohamed
Registration No: 86
Abu Dhabi, United Arab Emirates
Date: 6 February 2019

جرانت ثورنتون للمحاسبة والمراجعة المحدودة
P.O.Box: 41255
Abu Dhabi - U.A.E.
GRANT THORNTON
Audit And Accounting Limited

Insurance House P.S.C.
Financial Statements

Statement of Financial Position
As at 31 December 2018

	Notes	2018 AED	2017 AED
ASSETS			
Property and equipment	4	**2,337,753**	2,265,850
Investment property	5	**38,961,039**	-
Investments at amortized cost	6	**-**	7,786,521
Investments carried at fair value through other comprehensive income (FVTOCI)	6	**61,532,290**	27,262,656
Investments carried at fair value through profit and loss (FVTPL)	6	**19,205,049**	13,616,061
Statutory deposit	7	**6,000,000**	6,000,000
Premiums and insurance balances receivables	8	**55,104,425**	69,646,466
Reinsurance contract assets	14	**42,434,042**	46,061,000
Other receivables and prepayments	9	**19,906,458**	16,446,390
Cash and cash equivalents	10	**58,986,672**	109,079,032
TOTAL ASSETS		**304,467,728**	298,163,976
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Capital and reserves			
Issued and paid up share capital	11	**118,780,500**	120,000,000
Treasury shares	11	**-**	(1,673,587)
Accumulated losses		**(19,026,036)**	(27,590,764)
Investment revaluation reserve		**(4,242,730)**	(1,762,702)
Statutory reserve	11	**3,586,470**	2,522,161
Total shareholders' equity		**99,098,204**	91,495,108
Liabilities			
Provision for employees' end-of-service benefits	12	**2,577,585**	2,035,185
Insurance liability			
Insurance and other payables	13	**50,502,835**	44,957,683
Technical provisions			
Unearned premiums reserve	14	**88,938,184**	88,835,000
Claims under settlement reserve	14	**35,753,709**	29,115,000
Incurred but not reported claims reserve	14	**25,992,703**	39,530,000
Unallocated loss adjustment expenses reserve	14	**1,604,508**	2,196,000
Total Technical provisions		**152,289,104**	159,676,000
Total liabilities		**205,369,524**	206,668,868
TOTAL EQUITY AND LIABILITIES		**304,467,728**	298,163,976

These financial statements were approved by the Board of Directors on 6 February 2019 and signed on their behalf by:

Mr. Mohammed Othman
Chief Executive Officer

Mr. Mohamed Alqubaisi
Chairman

The notes from 1 to 25 form an integral part of these financial statements.

Insurance House P.S.C.
Financial Statements

Income Statement
For the year ended 31 December 2018

	Notes	2018 AED	2017 AED
Gross premiums	20	**210,881,530**	219,465,332
Reinsurance share of premiums		**(53,881,057)**	(48,853,499)
Reinsurance share of ceded business premiums		**(4,377,681)**	(4,099,907)
Net premiums		**152,622,792**	166,511,926
Net transfer to unearned premium reserve		**(4,248,341)**	(8,635,001)
Net premiums earned		**148,374,451**	157,876,925
Commission earned		**7,860,605**	7,759,955
Commission paid		**(19,183,310)**	(17,589,573)
Gross underwriting income		**137,051,746**	148,047,307
Gross claims paid		**(134,365,186)**	(129,014,666)
Reinsurance share of insurance claims and loss adjustment		**41,914,198**	35,613,011
Net claims paid		**(92,450,988)**	(93,401,655)
(Increase) / Decrease in provision for outstanding claims		**(6,638,709)**	2,984,000
Increase / (Decrease) in reinsurance share of outstanding claims		**4,658,376**	(3,371,000)
Decrease / (Increase) in incurred but not reported claims reserve – net		**9,397,120**	(15,607,000)
Decrease in unexpired risk reserve – net		**-**	3,417,000
Decrease / (Increase) in unallocated loss adjustment expenses reserve – net		**591,492**	(690,995)
Net claims incurred		**(84,442,709)**	(106,669,650)
Other underwriting income		**1,380,263**	2,453,799
Other underwriting and claim handling expenses		**(8,240,158)**	(6,986,286)
Net underwriting income		**45,749,142**	36,845,170
Income from investments - net	15	**2,365,517**	2,858,368
Income from investment properties - net	5	**1,997,871**	-
Other income		**-**	34,500
Gross income		**50,112,530**	39,738,038
General and administrative expenses	16	**(39,469,440)**	(31,617,911)
Net profit for the year		**10,643,090**	8,120,127
Earnings per share:			
Basic and diluted earnings per share	17	**0.09**	0.07

The notes from 1 to 25 form an integral part of these financial statements.

Statement of Comprehensive Income
For the year ended 31 December 2018

	Notes	2018 AED	2017 AED
Net profit for the year		**10,643,090**	8,120,127
Other comprehensive income			
(Loss) / Gain on sale of financial assets designated at FVTOCI		**(170,034)**	1,241,920
Fair value loss on investments designated at FVTOCI	6	**(2,309,994)**	(294,673)
Director's remuneration		**(730,000)**	-
Total comprehensive income for the year		**7,433,062**	9,067,374

The notes from 1 to 25 form an integral part of these financial statements.

Statement of Changes in Equity
For the year ended 31 December 2018

	Issued and paid up share capital AED	Treasury shares AED	Accumulated losses AED	Investment revaluation reserve AED	Statutory reserve AED	Total equity AED
Balance as at 1 January 2017, as previously reported	120,000,000	(1,673,587)	(22,813,048)	(1,468,029)	1,710,148	95,755,484
Restatement	-	-	(13,327,750)	-	-	(13,327,750)
Balance as at 1 January 2017, as restated	120,000,000	(1,673,587)	(36,140,798)	(1,468,029)	1,710,148	82,427,734
Profit for the year	-	-	8,120,127	-	-	8,120,127
Other comprehensive income for the year	-	-	-	947,247	-	947,247
Transfer to retained earnings on disposal of investments at FVTOCI	-	-	1,241,920	(1,241,920)	-	-
Transfer to statutory reserve	-	-	(812,013)	-	812,013	-
Shareholders' equity at 31 December 2017	120,000,000	(1,673,587)	(27,590,764)	(1,762,702)	2,522,161	91,495,108
Balance as at 1 January 2018	**120,000,000**	**(1,673,587)**	**(27,590,764)**	**(1,762,702)**	**2,522,161**	**91,495,108**
Profit for the year	**-**	**-**	**10,643,090**	**-**	**-**	**10,643,090**
Other comprehensive loss for the year	**-**	**-**	**(730,000)**	**(2,309,994)**	**-**	**(3,039,994)**
Transfer to retained earnings on disposal of investments at FVTOCI	**-**	**-**	**170,034**	**(170,034)**	**-**	**-**
Cancellation of treasury shares	**(1,219,500)**	**1,673,587**	**(454,087)**	**-**	**-**	**-**
Transfer to statutory reserve	**-**	**-**	**(1,064,309)**	**-**	**1,064,309**	**-**
Shareholders' equity at 31 December 2018	**118,780,500**	**-**	**(19,026,036)**	**(4,242,730)**	**3,586,470**	**99,098,204**

The notes from 1 to 25 form an integral part of these financial statements.

Statement of Cash Flows
For the year ended 31 December 2018

	Notes	2018 AED	2017 AED
OPERATING ACTIVITIES			
Net profit for the year		**10,643,090**	8,120,127
Adjustments for non-cash items:			
Depreciation of property and equipment	4	**1,161,219**	949,598
Impairment of investment properties	5	**1,038,961**	-
Change in fair value for investments carried at FVTPL	15	**3,905,241**	267,623
(Gain) / Loss on sale of investments carried at FVTPL	15	**(861,732)**	2,455,888
Gain on disposal of property and equipment		**-**	(34,500)
Interest and dividend income	15	**(5,409,026)**	(5,581,879)
Provision for employees end of service benefits	12	**549,978**	453,308
Bad debts expense	8, 16	**1,651,296**	386,991
(Increases) / Decreases in technical provisions		**(7,386,896)**	18,367,774
Operating profit before changes in working capital		**5,292,131**	25,384,930
Change in working capital			
Decrease / (Increase) in premium and insurance balances receivable		**12,890,745**	(7,988,169)
Decrease in reinsurance shares of outstanding claims		**3,626,958**	3,585,319
(Increase) in other receivables and prepayments		**(3,460,068)**	(2,888,329)
Increase in insurance and other payables		**5,545,152**	6,382,049
Cash flow generated from operating activities		**23,894,918**	24,475,800
Employees' end of service benefits paid		**(7,578)**	-
Directors' remuneration		**(730,000)**	-
Net cash flow generated from operating activities		**23,157,340**	24,475,800
INVESTING ACTIVITIES			
Payments for purchase of property and equipment	4	**(1,233,122)**	(1,298,463)
Payments for purchase of investment properties	5	**(40,000,000)**	-
Proceeds from disposal of property and equipment		**-**	34,500
Proceeds from redemption/disposal of investments carried at amortized cost	6	**7,786,521**	10,588,479
Purchase of investments carried at FVTOCI	6	**(39,159,148)**	(21,225,140)
Proceed from sale of investments carried at FVTOCI		**2,579,520**	18,217,087
Purchase of investments carried at FVTPL	6	**(17,255,368)**	(12,635,339)
Proceed from sale of investments carried at FVTPL		**8,622,871**	6,157,082
Interest and dividend received		**5,409,026**	5,581,879
Net cash (used in) / generated from investing activities		**(73,249,700)**	5,420,085
Net change in cash and cash equivalents		**(50,092,360)**	29,895,885
Cash and cash equivalents, beginning of year		**109,079,032**	79,183,147
Cash and cash equivalents, end of year	10	**58,986,672**	109,079,032

The notes from 1 to 25 form an integral part of these financial statements.

1 Legal status and activities

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, Sheikh Zayed Road, Deira, Sharjah, Al Mussafah, Mahawi, Moroor and Motor World.

The Company's ordinary shares are listed on the Abu Dhabi Securities Exchange.

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

Activities: The range of products and services offered by the Company include but are 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.

In response to the Circular from the Securities and Commodities Authority regarding the extent of exposure to Abraaj Group, the Company reported to the Securities and Commodities Authority on 21 June 2018 that it has nil exposure to Abraaj Group.

2 General information

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) promulgated by International Accounting Standards Board (IASB) and interpretations thereof issued by the International Financial Reporting Interpretation Committee and in compliance with the applicable requirements of U.A.E Federal Law No. 2 of 2015 relating to commercial companies, and of UAE Federal Law No. 6 of 2007 on Establishment of the Insurance Authority and Organisation of the Insurance Operations, concerning insurance companies and agents.

On 28 December 2014, the United Arab Emirates (UAE) Insurance Authority issued Financial Regulations for Insurance Companies which were then subsequently issued in the UAE Official Gazette No.575 on 28 January 2015 and came into force on 29 January 2015. The insurance companies in the UAE have been given a grace period of between one and three years to comply with the Financial Regulations for Insurance Companies, depending on the section involved. The grace period with effect from 2017 has ended and the Financial Regulations for Insurance Companies are fully effective.

2.2 Basis of preparation

These financial statements are for the year ended 31 December 2018 and are presented in Arab Emirate Dirham (AED), which is the functional and presentational currency of the Company.

The financial statements have been prepared on the historical cost basis, except for the measurement at fair value of certain financial instruments.

As required by the Securities and Commodities Authority ("SCA") notification dated 12 October 2008, accounting policies relating to investment securities have been disclosed in the financial statements.

2 General information (continued)

2.3 Standards, interpretations and amendments to existing standards

Standards, interpretations and amendments to existing standards that are effective in 2018

Certain standards, interpretations and amendments to existing standards, issued by the IASB, that are effective for the accounting period beginning on or after January 1, 2018 are relevant to the Company and have been applied for the first time. The nature and impact of these standards, interpretations and amendments is described in the accounting policies.

Standard number	Title	Effective date
IFRS 15	Revenue from Contracts with Customers – New	January 1, 2018
IFRS 9	Financial Instruments – Amendments	January 1, 2018

Standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Company.

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is effective from January 1, 2021 and applies to: insurance contracts, including reinsurance contracts, issued by an entity; reinsurance contracts held by an entity; and investment contracts with discretionary participation features issued by an entity that issues insurance contracts. An insurance contract is defined as 'a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder'.

In the statement of financial position, profitable insurance contracts are measured at the risk-adjusted present value of the future cash flows plus unearned profit for services to be provided under the contract. Entities recognize profit from a group of insurance contracts over the period the entity provides insurance coverage, and as the entity is released from risk. If a group of contracts is or becomes loss-making, the entity recognizes the loss immediately.

Insurance revenue, insurance service expenses, and insurance finance income or expenses are presented separately.

Prepayment Features with Negative Compensation (Amendments to IFRS 9)

By applying Prepayment Features with Negative Compensation (Amendments to IFRS 9), particular financial assets with prepayment features that may result in reasonable negative compensation for the early termination of the contract are eligible to be measured at amortized cost or at fair value through other comprehensive income, instead of at fair value through profit or loss. Amendment is effective for annual periods beginning on or after 1 January 2019.

2 General information (continued)

2.3 Standards, interpretations and amendments to existing standards (continued)

Standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Company. (continued)

Annual Improvements to IFRS 2015–2017 Cycle

Annual Improvements to IFRS Standards 2015–2017 Cycle contains amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs. Amendments effective for annual periods beginning on or after 1 January 2019

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures a previously held interest in that business.

The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, it does not remeasure a previously held interest in that business. The amendments to IAS 12 clarify that an entity accounts for all income tax consequences of dividends in the same way, regardless of how the tax arises.

The amendments to IAS 23 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made to obtain that qualifying asset as part of general borrowings.

3 Summary of significant accounting policies

3.1 Accounting convention

These financial statements have been prepared using the measurement basis specified by IFRS for each type of asset, liability, income and expense. The measurement bases are described in more detail in the accounting policies.

3.2 Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and any impairment losses. Depreciation is charged on a straight-line basis over the estimated useful lives of the property and equipment.

The rates of depreciation used are based on the following estimated useful lives of the assets:

	Years
Office Equipment and decoration	3-4
Computers and software	4
Motor vehicles	4

Material residual value estimates and estimates of useful life are updated as required, but at least annually. Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the net carrying amount of the assets and are recognised in profit or loss within 'other income'.

3 Summary of significant accounting policies (continued)

3.3 Revenue recognition

The Company has adopted IFRS 15 Revenue from Contracts with Customers with effect from January 1, 2018. IFRS 15 establishes a single comprehensive five-step model for entities to use in accounting for revenue arising from contracts with customers. It has superseded the following revenue Standards and Interpretations upon its effective date:

- IAS 18, Revenue;
- IAS 11, Construction Contracts;
- IFRIC 13, Customer Loyalty Programmes;
- IFRIC 15, Agreements for the Construction of Real Estate;
- IFRIC 18, Transfers of Assets from Customers; and
- SIC 31, Revenue-Barter Transactions Involving Advertising Services.

The five steps in the model are as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company has assessed that the impact of IFRS 15 is not material on the financial statements of the Company as at the reporting date and as at the date of the initial application, 1 January 2018, as significant portion of its revenue is in accordance with IFRS 4, Insurance Contracts.

Gross premiums

Gross premiums and policy fees are recognised as income when insurance policies are issued to the insured, consequent to the acceptance of the risk.

Commission on reinsurance

Commission is recognised at the time the policies are written excluding profit commission which is recognised at the time of settlement.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income

Dividend income is recognised when the right to receive payment is established.

3 Summary of significant accounting policies (continued)

3.4 Claims

Claims incurred comprise actual claims and other related costs paid and incurred in the year, and movement in outstanding claims. Claim handling costs are recognised at the time of registering the claims.

On account of uncertainties involved in non-motor claim recoveries, salvage and subrogation rights are recognised only at the time of actual recovery. For motor claim recoveries, salvage is accounted for at the time of registering the claims.

Provision for outstanding claims represents the estimated settlement values of all claims notified, but not settled at the statement of financial position date on the basis of individual case estimates.

The reinsurers' portion towards the above outstanding claims is classified as reinsurance contract assets and shown as current assets in the statement of financial position.

3.5 Provision for IBNR

Provision for Incurred But Not Reported ("IBNR") claims is made at the statement of financial position date based on an actuarial estimate obtained from an independent actuary in accordance with the Financial Regulations for Insurance Companies issued by the Insurance Authority U.A.E.

3.6 Provision for ULAE

Provision for Unallocated Loss Adjustment Expenses (ULAE) which cannot be allocated to specific claims, is made at the statement of financial position date based on actuarial estimates obtained from an independent actuary in accordance with the Financial Regulations for Insurance Companies issued by the Insurance Authority, U.A.E.

3.7 Liability adequacy test

All recognised insurance liabilities including provision for outstanding claims are subject to a liability adequacy test at each reporting date. This involves comparison of current estimates of all contractual cash flows attached to these liabilities with their carrying amounts. Estimates of contractual cash flows include expected claim handling costs and recoveries from third parties. Any deficiency in carrying amounts is charged to the income statement by establishing a provision for losses arising from the liability adequacy test.

3.8 Unearned Premium Reserve

Unearned Premium Reserve (UPR) represents that portion of premiums earned, gross of reinsurance, which relates to the year of insurance subsequent to the statement of financial position date and is mainly computed using a linear method based on the outstanding year from the date of statement of financial position up to the date of the maturity of the policy based on actuarial estimates obtained from an independent actuary in accordance with the Financial Regulations for Insurance Companies issued by the Insurance Authority, U.A.E.

3.9 Reinsurance premium

Ceded reinsurance premiums are accounted for in the same accounting years in which the premiums for the related direct insurance are recorded and the unearned portion is calculated using a linear basis in accordance with reinsurance arrangements in place.

3 Summary of significant accounting policies (continued)

3.10 Reinsurance assets

Amounts recoverable under reinsurance contracts are assessed for impairment at each statement of financial position date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

3.11 Financial instruments

a) Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value plus transactions costs. Regular way purchases and sales of financial assets are recognised on the date on which the Company commits to purchase or sell the asset i.e. the trade date.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished.

b) Classification and subsequent measurement of financial assets

For the purposes of subsequent measurement, the Company classifies its financial assets into the following categories:

i) Financial assets at amortised cost

Financial assets at amortized cost are those financial assets for which:

- the Company's business model is to hold them in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

These are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

Financial assets at amortized cost comprise statutory deposits, investments, cash and cash equivalents, due from related parties and most other receivables.

3 Summary of significant accounting policies (continued)

3.11 Financial instruments (continued)

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

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

Fair value measurement

For investments traded in organized financial markets, fair value is determined by reference to stock exchange quoted prices at the close of business on the statement of financial position date. Investments in unquoted securities are measured at fair value, considering observable market inputs and unobservable financial data of investees.

Gains or losses on subsequent measurement

Gain or loss arising from change in fair value of investments at FVTOCI is recognised in other comprehensive income and reported within the fair value reserve for investments at FVTOCI within equity. When the asset is disposed of, the cumulative gain or loss recognised in other comprehensive income is not reclassified from the equity reserve to income statement but is reclassified to retained earnings.

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

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

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

Debt instruments that do not meet the amortized cost criteria are measured at FVTPL. In addition, debt instruments that meet the amortized cost criteria but are designated as at FVTPL are measured at FVTPL. A debt instrument may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Debt instruments are reclassified from amortized cost to FVTPL when the business model is changed such that the amortized cost criteria are no longer met. Reclassification of debt instruments that are designated as at FVTPL on initial recognition is not allowed.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in the income statement. Fair value is determined in the manner described in note 6.

3 Summary of significant accounting policies (continued)

3.11 Financial instruments (continued)

c) Classification and subsequent measurement of financial liabilities

Financial liabilities comprise amounts due to related parties and most other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

d) Impairment

The Company recognizes loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL

- financial assets that are debt instruments;
- financial guarantee contracts issued; and
- loan commitments issued.
- No impairment loss is recognised on equity investments.

The Company measures loss allowances at an amount equal to lifetime ECL, except for those financial instruments on which credit risk has not increased significantly since their initial recognition, in which case 12-month ECL are measured.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after reporting date.

Measurement of ECL

ECL are probability-weighted estimates of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Company expects to recover.

The Company has assessed that the impact of IFRS 9 is not material on the financial statements of the Company as at the reporting date and as at the date of initial application, January 2018.

3 Summary of significant accounting policies (continued)

3.11 Financial instruments (continued)

e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

f) Hedge accounting

IFRS 9 introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

g) Derecognition

The requirements for derecognition of financial assets and liabilities are carried forward from IAS 39. IFRS 9 is effective for accounting period beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015.

3.12 Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from insurance brokers, re-insurers and insurance contract holders.

If there is objective evidence that the insurance receivables are impaired, the Company reduces the carrying amount of the insurance receivables accordingly and realises the impairment loss in the income statement.

3.13 Investment properties

Investment property is a property held to earn rentals and/or for capital appreciation including properties under construction for such purposes. Investment property is measured initially at cost, including transaction costs. Cost includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the cost of day to day servicing of an investment property. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property is included in the income statement in the period in which they arise.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the period of retirement or disposal.

Transfer is made to or from investment property only when there is a change in use evidenced by the end of owner-occupation or commencement of an operating lease to another party. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use.

Fair value is determined by open market values based on valuations performed by independent surveyors and consultants.

3 Summary of significant accounting policies (continued)

3.14 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered such as paid vacation leave and bonuses) is recognised in the year in which the service is rendered.

Provision for employees' end of service benefits

A provision for employees' end of service benefits is made for the full amount due to employees for their years of service up to the reporting date in accordance with the U.A.E. Labor Law and is reported as a separate line item under non-current liabilities.

The entitlement to end of service benefits is based upon the employee's salary and length of service, subject to the completion of a minimum service year as specified in the U.A.E. Labor Law. The expected costs of these benefits are accrued over the year of employment.

3.15 Foreign currency transactions

Transactions in foreign currencies are translated to AED at the foreign exchange rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to AED at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.16 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

3 Summary of significant accounting policies (continued)

3.17 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each statement of financial position date or whenever there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment losses are recognised in the income statement. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

3.18 Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease.

3.19 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits, current accounts and fixed deposits which have original maturities of less than 3 months and are free from lien.

3.20 Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued.

Other details for reserves are mentioned in notes 10 to the financial statements.

Accumulated losses include all current and prior year retained profits or losses.

Dividend payable to equity shareholders is included in other liabilities only when the dividend has been approved in a general assembly meeting prior to the reporting date.

3.21 Critical accounting estimates and judgements in applying accounting policies

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Outstanding claims, IBNR, ULAE and UPR

The estimation of the ultimate liability (outstanding claims, IBNR and ULAE) arising from claims and UPR made under insurance contracts is the Company's most critical accounting estimate. These estimates are continually reviewed and updated, and adjustments resulting from this review are reflected in the income statement. The process relies upon the basic assumption that past experience, adjusted for the effect of current developments and likely trends (including actuarial calculations), is an appropriate basis for predicting future events.

Fair value of unquoted securities

Fair value of unquoted securities has been determined by the management based on Earnings Multiple and Net Assets Value Techniques using observable market data of comparable public entities, certain discount factors and unobservable financial data of respective non-public investees. Actual results may substantially be different.

3 Summary of significant accounting policies (continued)

3.21 Critical accounting estimates and judgements in applying accounting policies (continued)

Provision for doubtful debts

Management reviews the provision for doubtful debts at each reporting date by assessing the recoverability of insurance, reinsurance and other receivables.

Inputs, assumptions and techniques used for ECL calculation – IFRS 9 Methodology

Key concepts in IFRS 9 that have the most significant impact and require a high level of judgment, as considered by the Company while determining the impact assessment, are:

The assessment of a significant increase in credit risk is done on a relative basis. To assess whether the credit risk on a financial asset has increased significantly since origination, the Company compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Company's existing risk management processes.

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information will require significant judgment.

The definition of default used in the measurement of expected credit losses and the assessment to determine movement between stages will be consistent with the definition of default used for internal credit risk management purposes. IFRS 9 does not define default, but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due.

When measuring ECL, the Company must consider the maximum contractual period over which the Company is exposed to credit risk. All contractual terms should be considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Company is exposed to credit risk and where the credit losses would not be mitigated by management actions.

3.22 Segment reporting

Under IFRS 8 "Operating Segments", reported segments' profits are based on internal management reporting information that is regularly reviewed by the chief operating decision maker. The measurement policies used by the Company for segment reporting under IFRS 8 are the same as those used in its financial statements.

3.23 Value Added Tax

In accordance with the Federal Decree-Law No. (8) of 2017 Value Added Tax (VAT) has been introduced from 1 January 2018 at a rate of 5% of taxable supplies. With this regard the Company collects VAT on certain premiums and pays VAT on certain expenses incurred. The difference between input and output tax net is payable to the Federal Tax Authority.

3 Summary of significant accounting policies (continued)

3.24 Insurance contracts

Insurance contract is an agreement whereby one party called the insurer undertakes, for a consideration paid by the other party called the insured, promises to pay money, or its equivalent or to do some act valuable to the latter, upon happening of a loss, liability or disability arising from an unknown or contingent event.

Insurance contracts are those contracts that transfer significant insurance risk. Such risk includes the possibility of having to pay benefits on the occurrence of an insured event. The Company may also transfer insurance risk in insurance contracts through its reinsurance arrangements to hedge a greater possibility of claims occurring than expected.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or have expired.

3.25 General and administrative expenses

Costs and expenses are recognised when decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

4 Property and equipment

	Office equipment and decoration	Computers and software	Motor Vehicles	Total
	AED	AED	AED	AED
Cost				
At 1 January 2018	4,802,229	2,631,816	295,000	7,729,045
Additions	951,142	274,837	7,143	1,233,122
At 31 December 2018	**5,753,371**	**2,906,653**	**302,143**	**8,962,167**
Accumulated Depreciation				
At 1 January 2018	3,210,173	2,190,680	62,342	5,463,195
Charge for the year	833,411	252,472	75,336	1,161,219
At 31 December 2018	**4,043,584**	**2,443,152**	**137,678**	**6,624,414**
Carrying amount as at 31 December 2018	**1,709,787**	**463,501**	**164,465**	**2,337,753**
Cost				
At 1 January 2017	3,878,919	2,496,663	251,021	6,626,603
Additions	923,310	135,153	240,000	1,298,463
Disposals	-	-	(196,021)	(196,021)
At 31 December 2017	4,802,229	2,631,816	295,000	7,729,045
Accumulated Depreciation				
At 1 January 2017	2,549,397	1,964,200	196,021	4,709,618
Charge for the year	660,776	226,480	62,342	949,598
Disposals	-	-	(196,021)	(196,021)
At 31 December 2017	3,210,173	2,190,680	62,342	5,463,195
Carrying amount as at 31 December 2017	1,592,056	441,136	232,658	2,265,850

5 Investment property

	Building
	AED
Balance at 31 December 2017	-
Additions during the year	**40,000,000**
Impairment loss during the year	**(1,038,961)**
Balance at 31 December 2018	**38,961,039**

Investment property includes the acquisition of a 51.95% share in a building, located in United Arab Emirates, purchased during the year through a related party transaction (see note 19).

Income method was used to determine the fair value of this property and assessed to be at level 3 as it considered significant.

5 Investment property (continued)

The property rental income earned by the Company from its investment property, which is leased out under operating leases, the direct operating expenses and loss on revaluation arising on the investment properties is as follows:

	2018	2017
	AED	AED
Rental income	3,063,805	-
Direct operating expenses	(26,973)	-
Impairment of investment properties	(1,038,961)	-
	1,997,871	-

6 Investments in financial assets

	2018	2017
	AED	AED
Investments designated at amortised cost		
Unquoted Tier 1 perpetual securities	-	7,786,521
Investments carried at FVTOCI		
Quoted equity securities	24,604,003	18,439,109
Quoted Tier 1 perpetual securities	31,078,287	3,723,547
Unquoted Tier 1 perpetual securities	5,850,000	5,100,000
	61,532,290	27,262,656
Investments designated at FVTPL		
Quoted equity securities	17,205,049	12,116,061
Unquoted debt securities	2,000,000	1,500,000
	19,205,049	13,616,061

The movement in the investments in financial assets is as follows:

	2018	2017
	AED	AED
Investments carried at FVTOCI		
Fair value at 1 January	27,262,656	23,307,356
Purchases	39,159,148	21,225,140
Disposals	(2,409,486)	(16,975,167)
Change in fair value	(2,480,028)	(294,673)
Fair value at 31 December	61,532,290	27,262,656
Investments designated at FVTPL		
Fair value at 1 January	13,616,061	9,861,315
Purchases	17,255,368	12,635,339
Disposals	(7,761,139)	(8,612,970)
Change in fair value taken to profit and loss	(3,905,241)	(267,623)
Fair value at 31 December	19,205,049	13,616,061

6 Investments in financial assets (continued)

The geographical distribution of investments is as follows:

	2018 AED	2017 AED
Quoted UAE equity securities	**41,809,052**	30,555,171
Unquoted UAE debt securities	**5,850,000**	6,600,000
Quoted UAE debt securities	**31,078,287**	3,723,546
Unquoted outside UAE debt securities	**2,000,000**	7,786,521
	80,737,339	48,665,238

Management considers that the fair values of financial assets and financial liabilities that are not measured at fair value approximates to their carrying amounts as stated in the financial statements and are classified as level 3 in accordance with the IFRS 13 hierarchy.

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

- Level 1 – fair value measurements derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 – fair value measurements derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 – fair value measurements derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Management has determined the fair value of these unquoted investments by applying an appropriate risk adjusted liquidity discount on the net assets of the investee companies.

6 Investments in financial assets (continued)

	Note	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
31 December 2018					
Investments at FVTOCI					
Investment in quoted securities	(a)	**24,604,003**	-	-	**24,604,003**
Quoted Tier 1 perpetual securities		**31,078,287**	-	-	**31,078,287**
Unquoted Tier 1 perpetual securities		-	-	**5,850,000**	**5,850,000**
		55,682,290	-	**5,850,000**	**61,532,290**
Investments designated at FVTPL					
Investment in quoted equity securities	(a)	**17,205,049**	-	-	**17,205,049**
Unquoted Tier 1 perpetual securities		-	-	**2,000,000**	**2,000,000**
		17,205,049	-	**2,000,000**	**19,205,049**
31 December 2017					
Investments at FVTOCI					
Investment in quoted securities	(a)	22,162,656	-	-	22,162,656
Investment in unquoted securities		-	-	5,100,000	5,100,000
		22,162,656	-	5,100,000	27,262,656
Investments designated at FVTPL					
Investment in quoted equity securities	(a)	12,116,061	-	-	12,116,061
Investment in unquoted debt securities		-	-	1,500,000	1,500,000
		12,116,061	-	1,500,000	13,616,061

(a) Fair values have been determined by reference to the quoted prices at the reporting date.

During the year, there were no transfers between Level 1 and Level 2 fair value measurement and no transfers into or out of Level 3 fair value measurements. The movement within Level 3 investments is as below:

	2018 AED	2017 AED
At 1 January	**6,600,000**	1,700,000
Purchases	**1,250,000**	4,900,000
As 31 December	**7,850,000**	6,600,000

7 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 2018 (AED 6,000,000 : 31 December 2017) and it cannot be utilized without the consent of the UAE Insurance Authority.

8 Premium and insurance balances receivables

	2018	2017
	AED	AED
Due from policyholders	**31,395,059**	31,425,697
Due from brokers and agencies	**22,666,848**	16,858,707
Due from insurance and reinsurance companies	**4,284,271**	21,381,172
	58,346,178	69,665,576
Expected credit loss	**(6,663,119)**	(5,011,823)
	51,683,059	64,653,753
Due from related parties (see Note 19)	**3,076,476**	3,761,042
Refundable deposits and other advances	**344,890**	1,231,671
Premium and insurance balances receivables - net	**55,104,425**	69,646,466

Inside UAE:

	2018	2017
	AED	AED
Due from policyholders	**31,395,059**	31,425,697
Due from brokers and agencies	**22,666,848**	16,858,707
Due from insurance and reinsurance companies	**1,104,094**	21,330,375
	55,166,001	69,614,779

The ageing for the trade receivables inside the UAE is as follows:

	2018	2017
	AED	AED
0 – 30 Days	**4,907,013**	11,421,198
31 - 90 days	**16,157,064**	35,580,280
91 - 180 days	**11,858,879**	435,848
181 - 270 days	**9,250,696**	10,869,841
271 - 360 days	**6,138,965**	6,300,000
More than 360 days	**6,853,384**	5,007,612
	55,166,001	69,614,779

8 Premium and insurance balances receivables (continued)

Outside UAE:

	2018	2017
	AED	AED
Due from insurance and reinsurance companies	**3,180,177**	50,797
	3,180,177	50,797

The ageing for the trade receivables outside UAE is as follows:

	2018	2017
	AED	AED
1 - 30 days	**-**	50,797
30 – 90 days	**3,180,177**	-
	3,180,177	50,797

Expected credit loss

	2018	2017
	AED	AED
Beginning balance	**(5,011,823)**	(4,624,832)
Charge for the year	**(1,651,296)**	(386,991)
Ending balance	**(6,663,119)**	(5,011,823)

9 Other receivables and prepayments

	2018	2017
	AED	AED
Deferred commissions	**10,053,218**	9,866,622
Prepayments	**6,022,099**	5,471,786
Rent receivable	**2,999,257**	-
Accrued interest income	**831,884**	1,107,982
	19,906,458	16,446,390

10 Cash and cash equivalents

	2018 AED	2017 AED
Cash on hand	**5,000**	-
Cash at banks - current accounts	**3,604,929**	4,598,231
Cash at bank - call account	**14,138,989**	28,448,388
Fixed deposits - short term	**41,237,754**	76,032,413
	58,986,672	109,079,032

i. Cash at banks includes current accounts and call account balances amounting to AED 4,570,775 as of 31 December 2018 held with two financial institutions which are related parties (call account balances are interest bearing) (31 December 2017: AED 3,911,378).

ii. Bank fixed deposits as at 31 December 2018 amounting to 41,237,754 (31 December 2017: AED 76,032,413) carry interest rates ranging from 3.5% – 4.2% (31 December 2017: 2.5% - 3.2%) and mature within 3 months.

11 Treasury shares and issued and paid up share capital

Issued and paid up share capital

The authorized share capital of the Company as per Articles of Association is AED 120,000,000 divided into 120,000,000 shares of AED 1 par value per share. As at 31 December 2018, the Company has 118,780,500 shares outstanding and issued of AED 1 par value per share.

Treasury shares

In 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. During the Board of Directors meeting held on 4 November 2018, the cancellation of these treasury shares was approved.

Statutory reserve

In accordance with the UAE Federal Law No. (2) of 2015 concerning Commercial Companies and the Company's Articles of Association, 10% of profit is to be transferred to non-distributable legal reserve until the balance of the legal reserve equals 50% of the Company's paid up share capital. This reserve is not available for dividend distribution

12 Provision for employees' end-of-service benefits

The movement is as follows:

	2018 AED	2017 AED
Balance at 1 January	**2,035,185**	1,581,877
Charge for the year	**549,978**	453,308
Paid during the year	**(7,578)**	-
Balance at 31 December	**2,577,585**	2,035,185

13 Insurance and other payables

	2018 AED	2017 AED
Payables - inside UAE	**39,214,704**	33,376,486
Payables - outside UAE	**11,288,131**	11,581,197
	50,502,835	44,957,683

The breakdown of this account is as follows:

	2018 AED	2017 AED
Payables - inside UAE		
Due to insurance and reinsurance companies	**19,222,578**	20,744,039
Due to policyholders	**3,787,871**	2,713,370
Related party payables (see note 19)	**3,092,356**	200,000
VAT output tax payable (net)	**3,083,912**	-
Due to brokers and agents	**2,870,019**	1,253,967
Claims payable	**2,644,900**	3,818,957
Unearned commission on premium ceded	**2,357,958**	2,717,832
Other accrued expenses	**2,155,110**	1,928,321
	39,214,704	33,376,486
Payables - outside UAE		
Due to insurance and reinsurance companies	**11,288,131**	11,581,197
	50,502,835	44,957,683

14 Technical Provisions

	2018 AED	2017 AED
Insurance Liabilities – gross		
Unearned premiums reserve	**88,938,184**	88,835,000
Claims reported unsettled	**35,753,709**	29,115,000
Incurred but not reported claims reserve	**25,992,703**	39,530,000
Unexpired risk reserve	-	-
Unallocated loss adjustment expenses reserve	**1,604,508**	2,196,000
	152,289,104	159,676,000

	2018 AED	2017 AED
Reinsurance contract assets		
Unearned premiums reserve	**19,054,843**	23,200,000
Claims under settlement reserve	**16,599,376**	11,941,000
Incurred but not reported claims reserve	**6,779,823**	10,920,000
Unexpired risk reserve	-	-
Unallocated loss adjustment expenses reserve	-	-
	42,434,042	46,061,000

	2018 AED	2017 AED
Insurance Liabilities – net		
Unearned premiums reserve	**69,883,341**	65,635,000
Claims under settlement reserve	**19,154,333**	17,174,000
Incurred but not reported claims reserve	**19,212,880**	28,610,000
Unexpired risk reserve	-	-
Unallocated loss adjustment expenses reserve	**1,604,508**	2,196,000
	109,855,062	113,615,000

15 Income from investments

	2018 AED	2017 AED
Dividend income on investment in financial assets	**2,113,260**	1,493,807
Interest from fixed income securities	**1,899,747**	2,340,550
Interest income on fixed deposits and call account (net)	**1,396,019**	1,747,522
Realized gain / (loss) from sale of investments	**861,732**	(2,455,888)
Unrealized loss on revaluation of investments (FVTPL)	**(3,905,241)**	(267,623)
	2,365,517	2,858,368

16 General and administrative expenses

	2018 AED	2017 AED
Salaries and related benefits	**23,540,063**	20,011,202
Management fees	**3,190,570**	3,109,988
Government fees	**1,895,705**	1,895,460
Expected credit losses	**1,651,296**	386,991
Depreciation of property and equipment	**1,161,219**	949,598
Bank charges	**632,154**	468,663
Telephone and postage	**546,952**	442,784
Other general expenses	**6,851,481**	4,353,225
	39,469,440	31,617,911

17 Earnings per share – Basic and diluted

Earnings per share are calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year as follows:

	2018	2017
Earnings (AED):		
Net profit for the year	**10,643,090**	8,120,127
Number of shares:		
Weighted average number of ordinary shares for the purpose of earnings per share	**118,780,500**	118,780,500
Earnings per share (AED):		
Basic and diluted	**0.09**	0.07

The Company does not have potentially diluted shares and accordingly, diluted earnings per share equals basic earnings per share.

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.

18 Risk management (continued)

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.

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 table below summarizes the minimum regulatory capital of the Company and the total capital and reserves as per IFRS.

	2018	2017
	AED	AED
Total capital and reserves as per IFRS	**99,098,204**	91,495,108
Minimum regulatory capital	**100,000,000**	100,000,000

The Company is in process of increasing the capital to meet the minimum capital requirement set by the Insurance Authority. For this purpose, a general assembly meeting was held on 14 January 2019 to approve the issuance of tier 1 capital notes amounting to AED 15 million to cover the solvency gap.

18 Risk management (continued)

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:

- Reinsurers' 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.
- Amounts due from banks for its 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.

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.

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.

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.

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.

18 Risk management (continued)

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 2018.

Financial assets	Less than 1 year AED	More than 1 year AED	Total AED
Interest bearing	58,981,672	42,928,287	101,909,959
Non-interest bearing	138,330,276	6,853,384	145,183,660
	197,311,948	**49,781,671**	**247,093,619**
Financial liabilities			
Non-interest bearing	**80,814,674**	**-**	**80,814,674**

The following table shows the maturity dates of Company's financial assets and liabilities as at 31 December 2017.

Financial assets	Less than 1 year AED	More than 1 year AED	Total AED
Interest bearing	84,149,109	39,700,092	123,849,201
Non-interest bearing	96,168,176	18,210,498	114,378,674
	180,317,285	57,910,590	238,227,875
Financial liabilities			
Non-interest bearing	-	38,836,479	38,836,479

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, human error, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk management in the Company. These responsibilities are exercised through the Risk Management Committee with an established framework of policies and procedures to identify, assess, monitor, control, manage and report risks. The Risk Management Committee employs clear internal policies and procedures to reduce the likelihood of any operational losses. Where appropriate, risk is mitigated by way of insurance. The framework also provides the interrelation with other risk categories.

Compliance with policies and procedures is supported by periodic reviews undertaken by the Audit and Compliance Division. The results of these reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Company.

19 Related parties

Related parties comprise the major Shareholders, the Directors and key management personnel of the Company and those entities in which they have the ability to control or exercise significant influence in financial and operation decisions. The transactions with these related parties are primarily financing in nature as follows:

Related parties – balances	**2018**	2017
	AED	AED
Cash and cash equivalents		
Cash bank- call account	**3,962,763**	3,867,964
Cash at bank - current account	**608,012**	43,414
	4,570,775	3,911,378
Receivables		
Finance House PJSC	**2,657,453**	3,259,979
Islamic Finance House PVT JSC	**410,465**	380,437
Finance House PJSC – on account of Finance House Securities LLC	**8,558**	119,256
Mr. Abdul Hamid Umer Taylor	**-**	1,370
	3,076,476	3,761,042
Investments		
Finance House PJSC – Sukuks	**5,850,000**	5,100,000
Finance House PJSC – Quoted investments in equity	**3,588,458**	3,763,504
Finance House Securities LLC – Commercial papers	**2,000,000**	1,500,000
	11,438,458	10,363,504
Payables		
Finance House PJSC	**2,800,000**	-
CAPM Investment PSC	**274,856**	200,000
Law House	**17,500**	-
	3,092,356	200,000

Finance House PJSC is one of the major shareholders of the Company as of 31 December 2018. CAPM Investment PSC, Finance House Securities LLC and Islamic Finance House PVT. JSC are subsidiaries of Finance House PJSC.

The Company, in the normal course of business, collects premiums from and settles claims of other businesses that fall within the definition of related parties as contained in IFRS.

19 Related parties (continued)

The following are the details of significant transactions with related parties:

	2018 AED	2017 AED
Finance House PJSC		
Purchase of investment property	**40,000,000**	-
Fixed deposits placed	**30,000,000**	-
Fixed deposits redeemed	**30,000,000**	-
Purchase of shares	**22,388,421**	31,523,987
Management fees	**2,800,000**	2,800,000
Other outsourcing fees	-	87,500
Gross premiums written	**6,974,788**	8,377,703
Purchase of Sukuk	**750,000**	5,400,000
Board of directors		
Directors' remuneration	**730,000**	-

20 Segment information

The Company has 2 reportable segments, as described below, which are the Company's strategic business units. The business units are managed separately because they require different approach technology and marketing strategies. For each of the strategic business units, the Chief Operating Decision Maker reviews internal management reports on at least a quarterly basis.

The following summary describes the two main business segments:

- Underwriting of general insurance business – incorporating all classes of general insurance such as fire, marine, motor medical, general accident and miscellaneous.
- Investments – incorporating investments in marketable equity securities and investment funds, development bonds, term deposits with banks and other securities.

Primary segment information - business segment

a) The following in an analysis of the Company's revenue and results by business segment:

	31 December 2018 AED			31 December 2017 AED		
	Underwriting	**Investments**	**Total**	Underwriting	Investments	Total
Segment revenue	**210,881,530**	**4,363,388**	**215,244,918**	219,465,332	2,897,908	222,363,240
Segment result	**44,097,846**	**4,363,388**	**48,461,234**	43,439,425	2,897,908	46,337,333
Unallocated expense, net			**(37,818,144)**			(38,217,206)
Net profit for the year			**10,643,090**			8,120,127

20 Segment information (continued)

b) The following is an analysis of the Company's assets, liabilities and equity by business segment:

	31 December 2018 AED			31 December 2017 AED		
	Underwriting	**Investments**	**Total**	Underwriting	Investments	Total
Segment assets	**118,950,794**	**167,768,016**	**286,718,810**	133,311,724	96,081,669	229,393,393
Unallocated assets			**17,748,918**			68,770,583
Total assets			**304,467,728**			298,163,976
Segment liabilities and equity	**306,132,873**	**(4,242,730)**	**301,890,143**	297,891,493	(1,762,702)	296,128,791
Unallocated liabilities and equity			**2,577,585**			2,035,185
Total liabilities and equity			**304,467,728**			298,163,976

c) Secondary segment information

The following is an analysis of the Company's revenues classified by major underwriting departments and sources

	2018 AED	2017 AED
Non – Marine	**136,795,846**	140,443,752
Marine	**760,866**	1,053,637
Medical and personal assurance	**73,324,818**	77,967,943
	210,881,530	219,465,332
Direct premium	**209,129,750**	218,256,460
Facultative inward premium	**1,751,780**	1,208,872
	210,881,530	219,465,332

There were no transactions between the business segments during the year.

21 Commitments and contingencies

The Company's bankers have issued in the normal course of business letters of guarantee in favor of third parties amounting to AED 6.882 million (31 December 2017: AED 6.786 million).

22 Comparative figures

The Comparative figures have been reclassified in order to conform to the current presentation and improve the quality of information presented. However, there were no effect on previously reported total assets, total equity, total liability, and profit for the year.

23 Post reporting date events

No adjusting or significant non-adjusting events occurred between the reporting date and the date of authorization of the Financial Statements

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 and authorized for issue by the Board of Directors on 6 February 2019.