

Insurance House P.S.C.

Condensed Interim Financial Statements
(Un-audited)

For the period ended 30 September 2019

Insurance House P.S.C.
Condensed Interim Financial Statements

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For the period ended 30 September 2019

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

Chairman's Report for the nine months ended 30 September 2019

On behalf of the Board of Directors, I am pleased to present the condensed interim financial statements of Insurance House PSC (IH) as at 30 September 2019 and the results of its operations for the nine months ended 30 September 2019.

IH has registered a Total Comprehensive Income of AED 13.12 million for the nine months ended 30 September 2019, which is nearly double the Total Comprehensive Income of AED 6.74 million registered in the corresponding period of the previous year. This is indeed a morale boosting performance for the Company and all its stakeholders. It is the result of sustained turnaround in the core underwriting business, which is gathering further momentum.

Gross Premiums Written during the first nine months of 2019 soared by 18.60% to AED 195.84 million compared to AED 165.13 million logged during the same period of the previous year. In comparison, Net Claims Incurred during the first nine months of 2019 increased by a modest 10.13% to AED 69.38 million compared to AED 63 million during the same period in the previous year. The ratio of Net Claims Incurred as a percentage of Gross Underwriting Income held steady around the 60.5% mark. As a combined result of the above, Net Underwriting Income for the nine months ended 30 September 2019 grew by a robust 16.56% to AED 37.90 million compared to AED 32.52 million in the corresponding period of the previous year.

Investment Income earned during the first nine months of 2019 more than doubled to AED 9.22 million compared to AED 4.07 million in the corresponding period of the previous year. This was achieved through a planned reallocation of investible surplus,

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Insurance House P.S.C: P.O. Box 129921, Abu Dhabi, U.A.E: Tel: 0971 (2) 4934 444; Fax: 0971 (2) 4934 400

Public Joint Stock Company and the share capital is AED 118,780,500

شركة مساهمة عامة برأس مال وقدره ١١٨,٧٨٠,٥٠٠ درهم إماراتي



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to improve overall yield from a well-diversified Investment portfolio. Cash & cash equivalents as of 30 September 2019 stood at a robust 22.98% of Total Assets, highlighting the sound liquidity position of the Company and its ability to take advantage of attractive investment opportunities that may arise in the near future.

Despite intense competition, subdued market conditions and elevated pressures on input costs, Insurance House was able to nearly double its Total Comprehensive Income in the first nine months of 2019 compared to the first nine months of 2018, through effective Implementation of well thought out strategies across all business lines. Going forward, the IH Management Team is confident of sustaining this growth momentum, not only in the last quarter of 2019 but also in 2020 and beyond.

As of 30 September 2019, Total Capital and Reserves received a 26.8% boost to AED 125.62 million compared to AED 99.10 million as of 31 December 2018. This was achieved through the successful Issuance of a Tier 1 Perpetual Bond of AED 15 million and robust Total Comprehensive Income of AED 13.12 million for the first nine months of 2019. A maiden cash dividend distributed during the first half of 2019 is also an important milestone in the continued evolution of the Company.

General & administrative expenses are higher than the previous year, but in line with our expenditure budget for 2019. Several key digital transformation initiatives are underway and we expect to reap the benefits of these initiatives from 2020 onwards.

Our strategy is to compete on the basis of innovative product offerings, improved digital capabilities and superior service quality. Going forward, profits from core

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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.

Ends

On behalf of the Board of Directors,

Mohammed Abdulla Jumaa Alqubaisi
Chairman

Abu Dhabi
23 October 2019

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**Review report of the condensed interim financial information
To the Shareholders of Insurance House. P.S.C.**

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Introduction

We have reviewed the accompanying condensed interim statement of financial position of Insurance House. P.S.C. (the "Company") as at 30 September 2019 and the related condensed interim statement of comprehensive income, the condensed interim statement of other comprehensive income, the condensed interim statement of changes in equity and the condensed interim statement of cash flows for the nine months period then ended and the related explanatory notes. Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on the condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

GRANT THORNTON
Farouk Mohamed
Registration No: 86
Abu Dhabi, United Arab Emirates
Date: 23 October 2019



Insurance House P.S.C.
Condensed Interim Financial Statements

Condensed interim statement of financial position
As at 30 September 2019

	Notes	(Un-audited) 30 September 2019 AED	(Audited) 31 December 2018 AED
ASSETS			
Property and equipment	4	40,307,101	2,337,753
Investment properties	5	-	38,961,039
Investments carried at fair value through other comprehensive income (FVTOCI)	6	57,769,726	61,532,290
Investments carried at fair value through profit and loss (FVTPL)	6	13,567,296	19,205,049
Statutory deposit	7	6,000,000	6,000,000
Premium and insurance balances receivable	8	75,805,167	54,812,235
Reinsurance contract assets	14	59,008,934	42,434,042
Other receivables and prepayments	9	30,278,744	20,198,648
Cash and cash equivalents	10	84,359,893	58,986,672
TOTAL ASSETS		367,096,861	304,467,728
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	118,780,500	118,780,500
Tier 1 capital	11	15,000,000	-
Accumulated losses		(10,977,146)	(19,026,036)
Investment revaluation reserve		(772,985)	(4,242,730)
Statutory reserve	11	3,586,470	3,586,470
Total capital and reserves		125,616,839	99,098,204
LIABILITIES			
Employees' end-of-service benefits	12	2,688,328	2,577,585
Insurance liability			
Insurance and other payables	13	60,843,909	50,502,835
Technical provisions			
Unearned premiums reserve	14	115,219,777	88,938,184
Claims under settlement reserve	14	36,933,551	35,753,709
Incurred but not reported claims reserve	14	22,634,200	25,992,703
Unexpired risk reserve	14	1,541,193	-
Unallocated loss adjustment expenses reserve	14	1,619,064	1,604,508
Total technical provisions		177,947,785	152,289,104
Total LIABILITIES		241,480,022	205,369,524
TOTAL EQUITY AND LIABILITIES		367,096,861	304,467,728

These condensed interim financial statements were approved by the Board of Directors on 2 October 2019 and signed on their behalf by:


Mr. Mohammed Othman
 Chief Executive Officer


Mr. Mohammed Alqubaisi
 Chairman

The notes from 1 to 26 form an integral part of these condensed interim financial statements

Insurance House P.S.C.
Condensed Interim Financial Statements

Condensed interim statement of comprehensive income
As at 30 September 2019

	Notes	(Un-audited) Three months period ended 30 September 2019 AED	(Un-audited) Three months period ended 30 September 2018 AED	(Un-audited) Nine months period ended 30 September 2019 AED	(Un-audited) Nine months period ended 30 September 2018 AED
Gross premiums	20	51,173,130	40,532,881	195,837,813	165,127,840
Reinsurance share of Premiums		(13,677,954)	(5,234,559)	(65,405,646)	(41,303,879)
Reinsurance share of ceded business premiums		(904,675)	(1,583,973)	(5,474,772)	(3,800,066)
Net premiums		36,590,501	33,714,349	124,957,395	120,023,895
Net transfer to unearned premium reserve		(682,506)	8,430,720	(10,166,732)	(7,078,164)
Net premiums earned		35,907,995	42,145,069	114,790,663	112,945,731
Commission earned		4,030,311	1,554,173	9,399,084	5,570,739
Commission paid		(798,345)	(4,892,035)	(9,913,081)	(14,376,350)
Gross underwriting income		39,139,961	38,807,207	114,276,666	104,140,120
Gross claims paid		(35,146,622)	(42,645,499)	(104,530,331)	(103,430,272)
Reinsurance share of insurance claims and loss adjustment		10,469,055	12,879,626	34,067,454	30,418,605
Net claims paid		(24,677,567)	(29,765,873)	(70,462,877)	(73,011,667)
(Increase)/ Decrease in claims under settlement reserve		(1,375,820)	4,588,250	(1,179,842)	(4,134,000)
Increase/(Decrease) in reinsurance share of claims under settlement reserve		994,075	(2,772,861)	1,207,236	3,292,000
Decrease/ (Increase) in incurred but not reported claims reserve – net		610,703	(400,955)	2,611,298	10,203,000
Increase in unexpired risk reserve – net		(1,541,193)	-	(1,541,193)	-
(Increase)/ Decrease in unallocated loss adjustment expenses reserve – net		(35,486)	446,186	(14,556)	654,000
Net claims incurred		(26,025,288)	(27,905,253)	(69,379,934)	(62,996,667)
Other underwriting income		422,877	142,504	881,197	668,941
Other underwriting and claim handling expenses		(1,733,661)	(1,293,023)	(7,874,711)	(9,293,502)
Net underwriting income		11,803,889	9,751,435	37,903,218	32,518,892
Income from investments - net	15	1,497,210	1,118,783	5,929,732	2,776,920
Income from investment properties - net		-	825,427	59,743	2,218,065
Gross income		13,301,099	11,695,645	43,892,693	37,513,877
General and administrative expenses	16	(10,616,905)	(9,928,017)	(33,163,869)	(29,121,172)
Net profit for the period		2,684,194	1,767,628	10,728,824	8,392,705

The notes from 1 to 26 form an integral part of these condensed interim financial statements.

Insurance House P.S.C.
Condensed Interim Financial Statements

Condensed interim statement of comprehensive income
As at 30 September 2019

	Notes	(Un-audited) Three months period ended 30 September 2019 AED	(Un-audited) Three months period ended 30 September 2018 AED	(Un-audited) Nine months period ended 30 September 2019 AED	(Un-audited) Nine months period ended 30 September 2018 AED
Net profit for the period		2,684,194	1,767,628	10,728,824	8,392,705
Earnings per share:					
Basic and diluted earnings per share	17	0.02	0.01	0.09	0.07
Other comprehensive income					
Net unrealized gain/ (loss) from investments through other comprehensive income		1,240,837	616,691	3,233,239	(924,996)
Directors' remuneration		-	-	(839,000)	(730,000)
Total comprehensive income for the period		3,925,031	2,384,319	13,123,063	6,737,709

The notes from 1 to 26 form an integral part of these condensed interim financial statements.

**Insurance House P.S.C.
Condensed Interim Financial Statements**

**Condensed interim statement of changes in equity
For the period ended 30 September 2019**

	Share capital AED	Tier 1 capital AED	Treasury shares AED	Accumulated losses AED	Investment revaluation reserve AED	Statutory reserve AED	Total equity AED
Balance as at 1 January 2019 (Audited)	118,780,500	-	-	(19,026,036)	(4,242,730)	3,586,470	99,098,204
Tier 1 Capital	-	15,000,000	-	-	-	-	15,000,000
Dividends declared (see Note 11)	-	-	-	(1,187,805)	-	-	(1,187,805)
Net profit for the period	-	-	-	10,728,824	-	-	10,728,824
Other comprehensive income for the period	-	-	-	(839,000)	3,233,239	-	2,394,239
Transfer of realized gains on disposal of Investment at FVT OCI	-	-	-	-	236,506	-	236,506
Tier 1 Capital accrued coupon	-	-	-	(653,129)	-	-	(653,129)
Total comprehensive income	-	-	-	9,236,695	3,469,745	-	12,706,440
Balance as at 30 September 2019 (Un-audited)	118,780,500	15,000,000	-	(10,977,146)	(772,985)	3,586,470	125,616,839
Balance as at 1 January 2018 (Audited)	120,000,000	-	(1,673,587)	(27,590,764)	(1,762,702)	2,522,161	91,495,108
Net profit for the period	-	-	-	8,392,705	-	-	8,392,705
Other comprehensive income for the period	-	-	-	(730,000)	(754,962)	-	(1,484,962)
Transfer of realized gains on disposal of Investment at FVT OCI	-	-	-	170,034	(170,034)	-	-
Total comprehensive income	-	-	-	7,832,739	(924,996)	-	6,907,743
Balance as at 30 September 2018 (Un-audited)	120,000,000	-	(1,673,587)	(19,758,025)	(2,687,698)	2,522,161	98,402,851

The notes from 1 to 26 form an integral part of these condensed interim financial statements.

Insurance House P.S.C.
Condensed Interim Financial Statements

Condensed interim statement of cash flows
As at 30 September 2019

	Notes	(Un-audited) Nine months period ended 30 September 2019 AED	(Un-audited) Nine months period ended 30 September 2018 AED
OPERATING ACTIVITIES			
Net profit for the period		10,728,824	8,392,705
<i>Adjustments for non-cash items:</i>			
Depreciation of property and equipment	4	1,348,905	857,043
Recycling of unrealized gain in OCI		236,506	-
Changes in fair value for investment carried at FVTPL	15	(362,306)	2,461,315
Loss/(Gain) on sale of investments carried at FVTPL		(349,626)	(561,003)
Interest and dividend income	15	(5,169,735)	(3,733,787)
Provision for employees end of service	12	191,509	395,186
Expected Credit Losses (ECL)	8	1,084,985	1,651,296
Operating profit before changes in working capital		7,709,062	9,462,755
Change in working capital			
Premium and insurance balances receivables		(22,077,917)	(5,382,174)
Reinsurance contract assets		(16,574,892)	3,051,000
Technical Provisions		25,658,681	(5,987,836)
Other receivables and prepayments		(10,080,096)	(1,288,217)
Insurance and other payables		10,341,074	7,300,311
Cash flow (used in)/ generated from operating activities		(5,024,088)	7,155,839
Employees' end of service paid	12	(80,766)	(7,578)
Directors' remuneration		(839,000)	(730,000)
Net cash flow (used in)/ generated from operating activities		(5,943,854)	6,418,261
INVESTING ACTIVITIES			
Payments for purchase of property and equipment	4	(357,214)	(1,080,752)
Payments for purchase of investment properties	5	-	(40,000,000)
Purchase of investments carried at FVTOCI	6	(10,821,386)	(35,146,190)
Proceeds from sale of investments carried at FVTOCI	6	17,817,189	2,305,397
Purchase of investments carried at FVTPL	6	(2,094,970)	(14,666,105)
Proceeds from sale of investments carried at FVTPL	6	8,444,655	5,053,034
Proceeds from redemption of investments carried at amortised cost		-	2,227,056
Interest and dividend received		5,169,735	3,733,787
Net cash generated from/ (used in) investing activities		18,158,009	(77,573,773)
FINANCING ACTIVITIES			
Tier 1 Capital		14,346,871	-
Dividends paid		(1,187,805)	-
Net cash generated from financing activities		13,159,066	-
Net change in cash and cash equivalents		25,373,221	(71,155,512)
Cash and cash equivalents, beginning of period		58,986,672	109,079,032
Cash and cash equivalents, end of period	10	84,359,893	37,923,520

Insurance House P.S.C.
Condensed Interim Financial Statements

Condensed interim statement of cash flows
As at 30 September 2019

1 Legal status and activities

Insurance House P.S.C. (the "Company") 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 - Sheikh Zayed Road, Dubai – Business Bay, Sharjah, Al Mussafah, Mahawi 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.

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 General Information

2.1 Statement of compliance

The condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, "*Interim Financial Reporting*" as issued by the International Accounting Standard Board (IASB), and also comply with the applicable requirements of the laws in the UAE.

On 28 December 2014, the United Arab Emirates (UAE) Insurance Authority issued Financial Regulations for Insurance Companies which came into force on 29 January 2015. The Company is in compliance with the Financial Regulations for Insurance Companies as at 30 September 2019.

2.2 Basis of preparation

These condensed interim financial statements are for the nine months period ended 30 September 2019 and are presented in Arab Emirate Dirham (AED), which is the functional and presentational currency of the Company.

The condensed interim 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 condensed interim financial statements.

These condensed interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' and do not include all of the information required in annual financial statements in accordance with IFRSs and should be read in conjunction with the financial statements for the year ended 31 December 2018. In addition, the results for the nine months period ended 30 September 2019 are not necessarily an indication of the results that may be expected for the financial year ending 31 December 2019.

These condensed interim financial statements have been prepared on a consistent basis with the accounting policies and estimates adopted in the Company's most recent annual financial statements for the year ended 31 December 2018, except for the adoption of new standards and interpretations effective 1 January 2019.

Insurance House P.S.C.
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
As at 30 September 2019

2 General information (continued)

2.3 Standards, interpretations and amendments to existing standards

Standards, interpretations and amendments to existing standards that are effective in 2019

The Company has adopted the following standards starting 1 January 2019 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Company's financial statements.

Standard number	Title	Effective date
IFRS 16	Leases – New	January 1, 2019

IFRS 16 Leases

IFRS 16 is effective from periods beginning on or after 1 January 2019.

IFRS 16 specifies how an IFRS reporter recognises, measures, presents and discloses leases. The Standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Transition

The Company has initially applied IFRS 16 at 1 January 2019. It has applied IFRS 16 using the cumulative effect method, under which the comparative information is not restated.

The Company has assessed that the adoption of IFRS 16 had no material impact on the financial statements since 1 January 2019.

Other pronouncements

Other accounting pronouncements which have become effective from 1 January 2019 and have therefore been adopted do not have a significant impact on the Company's financial results or position.

- IFRIC 23 Uncertainty over Income Tax Treatments
- IFRS 9 Prepayment Features with Negative Compensation (Amendments to IFRS 9)
- IAS 28 Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
- Annual Improvements to IFRS 2015-2017 Cycle
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

These amendments do not have a significant impact on these condensed interim financial statements and therefore the disclosures have not been made.

Insurance House P.S.C.
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
For the period ended 30 September 2019

2 General information (continued)

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

Standard not yet effective and has not been adopted early by the Company

Standard number	Title	Effective date
IFRS 17	Insurance Contracts	January 1, 2021

Management anticipates that the above relevant standard will be adopted in the Company's accounting policies for the first year beginning after the effective date of the standard. Information on the relevant new standard that is not yet effective has been provided below. The Company's management is currently assessing the impact of IFRS 17 on its financial statements.

The nature and effects of the key changes in the Company's accounting policies resulting from its adoption of IFRS 17 are summarised below.

Background

In May 2017, the IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4, *Insurance Contracts*. In September 2017, the Board established a Transition Resource Group (TRG) for IFRS 17 that will be tasked with analysing implementation-related questions on IFRS 17. The TRG met in February, May and September 2018.

Scope

IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

Recognition, measurement and presentation of insurance contracts

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers.

In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The main features of the new accounting model for insurance contracts are as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows)
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss over the service period (i.e., coverage period)
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period

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Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
For the period ended 30 September 2019

2 General information (continued)

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

Standard not yet effective and has not been adopted early by the Company (continued)

Recognition, measurement and presentation of insurance contracts (continued)

- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period
- Amounts that the policyholder will always receive, regardless of whether an insured event happens (nondistinct investment components) are not presented in the income statement, but are recognised directly on the balance sheet
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts

Transition

IFRS 17 is effective for reporting periods starting on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 Financial Instruments and IFRS 15 on or before the date it first applies IFRS 17.

The Board decided on a retrospective approach for estimating the CSM on the transition date. However, if full retrospective application, as defined by IAS 8 for a group of insurance contracts, is impracticable, an entity is required to choose one of the following two alternatives:

- Modified retrospective approach - based on reasonable and supportable information available without undue cost and effort to the entity, certain modifications are applied to the extent full retrospective application is not possible, but still with the objective to achieve the closest possible outcome to retrospective application
- Fair value approach - the CSM is determined as the positive difference between the fair value determined in accordance with IFRS 13 *Fair Value Measurement* and the fulfilment cash flows (any negative difference would be recognised in retained earnings at the transition date)

Both the modified retrospective approach and the fair value approach provide transitional reliefs for determining the grouping of contracts. If an entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, it is required to apply the fair value approach.

Tentative decisions of IASB

In November 2018, the IASB tentatively decided to amend the effective date of IFRS 17 to reporting periods beginning on or after 1 January 2022. The Board also tentatively decided to allow insurers qualifying for the deferral of IFRS 9 an additional year of deferral, meaning they could apply both standards for the first time in reporting periods beginning on or after 1 January 2022. Furthermore, the Board has also tentatively decided to make certain limited amendments to the standard in response to concerns and implementation challenges raised by stakeholders.

Insurance House P.S.C.
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
As at 30 September 2019

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
Computers and software	3 – 4
Office equipment and decoration	4
Motor vehicles	4
Building	30

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.

3.3 Premiums

Gross premiums written reflect amounts recognised during the year to policyholders or other insurers for insurance contracts, and exclude any fees and other amounts calculated based on premiums. These are recognised when the underwriting process is complete.

Premiums include any adjustments in respect to the business written in prior accounting periods. The earned portion is recognised as income. Premiums are earned from the date of attachment of risk over the indemnity period and unearned premium is calculated using the basis below:

3.4 Unearned Premium Reserve

Unearned Premium Reserve (UPR) represents that portion of premiums earned, gross of reinsurance, which relates to the period of insurance subsequent to the statement of financial position date and is mainly computed using a linear method based on the outstanding period 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.

3.5 Claims

Claims incurred comprise actual claims and other related costs paid and incurred in the period, 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.

Insurance House P.S.C.
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
As at 30 September 2019

3 Summary of significant accounting policies (continued)

3.6 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.

3.7 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.

3.8 Provision for URR

Unexpired risk reserve (URR) represent the portion of the premium subsequent to the reporting date and where the premium is expected to be insufficient to cover anticipated claims, expenses and a reasonable profit margin.

3.9 Liability adequacy test

All recognised insurance liabilities including provision for outstanding claims are subject to 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 condensed interim income statement by establishing a provision for losses arising from the liability adequacy test.

3.10 Reinsurance premium

Ceded reinsurance premiums are accounted for in the same accounting periods 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.

3.11 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.

3.12 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, for an item not at fair value through profit or loss, transactions costs that are directly attributable to its acquisition or issue. 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.

Insurance House P.S.C.
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
For the period ended 30 September 2019

3 Summary of significant accounting policies (continued)

3.12 Financial instruments (continued)

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 amortised 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 give rise on specific 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 amortised cost comprise statutory deposits, investments, cash and cash equivalents, due from related parties and most other receivables.

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

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.

Fair value measurement

For investments traded in organised 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 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 amortised cost criteria are measured at FVTPL. In addition, debt instruments that meet the amortised 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 recognising the gains and losses on them on different bases.

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

Insurance House P.S.C.
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
For the period ended 30 September 2019

3 Summary of significant accounting policies (continued)

3.12 Financial instruments (continued)

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

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.

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 recognises 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;
- loan commitments issued; and
- 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 estimate 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 condensed interim financial statements of the Company as at the reporting date.

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.

Insurance House P.S.C.
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
As at 30 September 2019

3 Summary of significant accounting policies (continued)

3.12 Financial instruments (continued)

f) Hedge accounting

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. 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.

3.13 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.

3.14 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 they have 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.

3.15 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 period in which the service is rendered.

Insurance House P.S.C.
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
As at 30 September 2019

3 Summary of significant accounting policies (continued)

3.15 Employee benefits (continued)

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 periods of service up to the reporting date in accordance with the U.A.E. Labour Law and is reported as separate line item under non-current liabilities.

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

3.16 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.

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.

3.17 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.

Insurance House P.S.C.
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
As at 30 September 2019

3 Summary of significant accounting policies (continued)

3.18 Equity, reserves and dividend payments

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

Other details for reserves are mentioned in note 11 to the financial statements.

Accumulated losses include all current and prior period 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.

3.19 Leases

The Company as a Lessee

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

**Insurance House P.S.C.
Condensed Interim Financial Statements**

Notes to the condensed interim financial statements (continued)
As at 30 September 2019

3 Summary of significant accounting policies (continued)

3.19 Leases (continued)

Measurement and recognition of leases as a lessee (continued)

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, and equipment (except those meeting the definition of investment property) and lease liabilities have been included in trade and other payables.

3.20 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.

3.21 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.

3.22 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, URR and UPR

The estimation of the ultimate liability (outstanding claims, IBNR, ULAE and URR) 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.

Insurance House P.S.C.
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
As at 30 September 2019

3 Summary of significant accounting policies (continued)

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

Inputs, assumptions and techniques used for ECL calculation – IFRS9 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.

3.23 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.

3.24 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.

Insurance House P.S.C.
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
As at 30 September 2019

4 Property and equipment

	Office equipment and decoration AED	Computers and software AED	Motor vehicles AED	Building AED	Land AED	Total AED
Cost						
At 1 January 2018 (Audited)	4,802,229	2,631,816	295,000	-	-	7,729,045
Additions during the year	951,142	274,837	7,143	-	-	1,233,122
At 31 December 2018						
(Audited)	5,753,371	2,906,653	302,143	-	-	8,962,167
Additions during the period	158,474	198,740	-	-	-	357,214
Transfers during the period (see Note 5)	-	-	-	28,571,039	10,390,000	38,961,039
At 30 September 2019 (Un-audited)	5,911,845	3,105,393	302,143	28,571,039	10,390,000	48,280,420
Accumulated Depreciation						
At 1 January 2018 (Audited)	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						
(Audited)	4,043,584	2,443,152	137,678	-	-	6,624,414
Charge for the period	548,256	185,975	56,300	558,374	-	1,348,905
At 30 September 2019 (Un-audited)	4,591,840	2,629,127	193,978	558,374	-	7,973,319
Carrying amount						
As at 30 September 2019 (Un-audited)	1,320,005	476,266	108,165	28,012,665	10,390,000	40,307,101
As at 31 December 2018 (Audited)	1,709,787	463,501	164,465	-	-	2,337,753

5 Investment properties

	Land AED	Building AED	Total AED
Balance at 1 January 2018 (Audited)	-	-	-
Additions during the year	10,390,000	29,610,000	40,000,000
Impairment loss during the year	-	(1,038,961)	(1,038,961)
Balance at 31 December 2018 (Audited)	10,390,000	28,571,039	38,961,039
Transfers during the period (see Note 4)	(10,390,000)	(28,571,039)	(38,961,039)
Balance at 30 September 2019 (Un-audited)	-	-	-

Investment properties includes the acquisition of a 51.95% share in building purchased during the period ended 31 December 2018 through a related party transaction.

In 2019, the Board of Directors approved to relocate the Company's offices to its owned property on Defence Road in Abu Dhabi effective 1 March 2019 and for conversion of the property in the Company's books from investment property to self-occupied property. The carrying amount of the property at the time of transfer is AED 38,961,039.

Insurance House P.S.C.
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
As at 30 September 2019

6 Investments in financial assets

	(Un-audited) 30 September 2019 AED	(Audited) 31 December 2018 AED
Investments carried at FVTOCI		
Quoted equity securities	34,456,121	24,604,003
Quoted Tier 1 perpetual securities	16,363,605	31,078,287
Unquoted Tier 1 perpetual securities	6,950,000	5,850,000
	<u>57,769,726</u>	<u>61,532,290</u>
Investments carried at FVTPL		
Quoted equity securities	11,567,296	17,205,049
Unquoted debt securities	2,000,000	2,000,000
	<u>13,567,296</u>	<u>19,205,049</u>

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

	(Un-audited) 30 September 2019 AED	(Audited) 31 December 2018 AED
Investments carried at FVTOCI		
Fair value at 1 January	61,532,290	27,262,656
Purchases	10,821,386	39,159,148
Disposals	(17,817,189)	(2,409,486)
Change in fair value	3,233,239	(2,480,028)
Fair value at the end of the reporting period	<u>57,769,726</u>	<u>61,532,290</u>
Investments carried at FVTPL		
Fair value at 1 January	19,205,049	13,616,061
Purchases	2,094,970	17,255,368
Disposals	(8,095,029)	(7,761,139)
Change in fair value taken to profit and loss	362,306	(3,905,241)
Fair value at the end of the reporting period	<u>13,567,296</u>	<u>19,205,049</u>

The geographical distribution of investments is as follows:

	(Un-audited) 30 September 2019 AED	(Audited) 31 December 2018 AED
Quoted UAE equity securities	46,023,417	41,809,052
Unquoted UAE debt securities	8,950,000	7,850,000
Quoted outside UAE debt securities	14,972,611	31,078,287
Unquoted outside UAE debt securities	1,390,994	-
	<u>71,337,022</u>	<u>80,737,339</u>

Insurance House P.S.C.
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
As at 30 September 2019

6 Investments in financial assets (continued)

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 condensed 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.

	Note	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
30 September 2019 (Un-audited)					
Investments carried at FVTOCI					
Investment in quoted securities	(a)	34,456,121	-	-	34,456,121
Quoted Tier 1 perpetual securities		16,363,605	-	-	16,363,605
Unquoted Tier 1 perpetual securities		-	-	6,950,000	6,950,000
		<u>50,819,726</u>	<u>-</u>	<u>6,950,000</u>	<u>57,769,726</u>
Investments carried at FVTPL					
Investment in quoted equity securities	(a)	11,567,296	-	-	11,567,296
Unquoted Tier 1 perpetual securities		-	-	2,000,000	2,000,000
		<u>11,567,296</u>	<u>-</u>	<u>2,000,000</u>	<u>13,567,296</u>
31 December 2018 (Audited)					
Investments carried 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
		<u>55,682,290</u>	<u>-</u>	<u>5,850,000</u>	<u>61,532,290</u>
Investments carried 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
		<u>17,205,049</u>	<u>-</u>	<u>2,000,000</u>	<u>19,205,049</u>

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

During the period, 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.

Insurance House P.S.C.
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Notes to the condensed interim financial statements (continued)
As at 30 September 2019

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 30 September 2019 (31 December 2018: AED 6,000,000) and it cannot be utilized without the consent of the UAE Insurance Regulatory Authority.

8 Premium and insurance balances receivable

	(Un-audited) 30 September 2019 AED	(Audited) 31 December 2018 AED
Due from policyholders	54,218,447	31,395,059
Due from brokers and agencies	20,624,035	22,666,848
Due from insurance and reinsurance companies	5,427,586	4,284,271
	<u>80,270,068</u>	<u>58,346,178</u>
Expected credit loss (ECL)	(7,748,104)	(6,663,119)
	<u>72,521,964</u>	<u>51,683,059</u>
Due from related parties (see Note 19)	3,147,523	3,076,476
Refundable deposits and other advances	135,680	52,700
Premium and insurance balances receivables – net	<u>75,805,167</u>	<u>54,812,235</u>

Inside UAE:

In accordance with the Board of Directors' Decision Number 25 of 2014 pertinent to the Financial Regulations for Insurance Companies, the company has categorized the insurance receivables as follows:

	(Un-audited) 30 September 2019 AED	(Audited) 31 December 2018 AED
Due from policyholders	54,218,447	31,395,059
Due from brokers and agencies	20,624,035	22,666,848
Due from insurance and reinsurance companies	1,049,396	1,104,094
Total	<u>75,891,878</u>	<u>55,166,001</u>

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

	(Un-audited) 30 September 2019 AED	(Audited) 31 December 2018 AED
0 – 30 Days	6,940,657	4,907,013
31 - 90 days	24,644,632	16,157,064
91 - 180 days	30,696,960	11,858,879
181 - 270 days	5,110,347	9,250,696
271 - 360 days	1,667,732	6,138,965
More than 360 days	6,831,550	6,853,384
Total	<u>75,891,878</u>	<u>55,166,001</u>

Insurance House P.S.C.
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Notes to the condensed interim financial statements (continued)
As at 30 September 2019

8 Premium and insurance balances receivables (continued)

Outside UAE:

	(Un-audited) 30 September 2019 AED	(Audited) 31 December 2018 AED
Due from insurance and reinsurance companies	<u>4,378,190</u>	<u>3,180,177</u>

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

	(Un-audited) 30 September 2019 AED	(Audited) 31 December 2018 AED
31-90 days	<u>4,378,190</u>	<u>3,180,177</u>

Expected credit loss

	(Un-audited) 30 September 2019 AED	(Audited) 31 December 2018 AED
Beginning balance	(6,663,119)	(5,011,823)
Charge for the period / year	<u>(1,084,985)</u>	<u>(1,651,296)</u>
Ending balance	<u>(7,748,104)</u>	<u>(6,663,119)</u>

9 Other receivables and prepayments

	(Un-audited) 30 September 2019 AED	(Audited) 31 December 2018 AED
Deferred commissions	20,913,400	10,053,218
Prepayments	6,207,202	6,022,099
Rent receivable	2,353,778	2,999,257
Accrued interest income	520,096	831,884
Other advances	284,268	292,190
	<u>30,278,744</u>	<u>20,198,648</u>

Insurance House P.S.C.
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Notes to the condensed interim financial statements (continued)
As at 30 September 2019

10 Cash and cash equivalents

	(Un-audited) 30 September 2019 AED	(Audited) 31 December 2018 AED
Cash on hand	5,000	5,000
Cash at banks - current accounts	20,450,255	3,604,929
Cash at bank - call account	27,708,351	14,138,989
Fixed deposits - short term	36,196,287	41,237,754
	84,359,893	58,986,672

- i. Cash at banks includes current accounts and call account balances amounting to AED 9,369,438 as of 30 September 2019 held with two financial institutions which are related parties (call account balances are interest bearing) (31 December 2018: AED 4,570,775).
- ii. Bank fixed deposits as at 30 September 2019 amounting to AED 36,196,287 (31 December 2018: AED 41,237,754) carry interest rate of 2.25% - 3.5% (31 December 2018: 3.5% – 4.2%) and mature within 3 months.

11 Capital and reserves

Share capital

The 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 30 September 2019 and 31 December 2018, the Company has 118,780,500 shares outstanding and issued of AED 1 par value per share.

Tier 1 capital

On 14 January 2019, the Company's Board of Directors approved the issuance of Tier 1 perpetual bonds non-convertible into shares amounting to AED 15,000,000 for the purpose of strengthening the Company's capital adequacy and assets and to support its financial position to achieve the Company's growth strategy and to be compatible with the instructions of the Insurance Authority.

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.

Dividend declaration

On March 20, 2019, the Board of Directors declared dividends to shareholders at a rate of 1% of the share capital.

Insurance House P.S.C.
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As at 30 September 2019

12 Employees' end-of-service benefits

	(Un-audited) 30 September 2019 AED	(Audited) 31 December 2018 AED
Balance as at 1 January	2,577,585	2,035,185
Charges during the period/year	191,509	549,978
Benefits paid	(80,766)	(7,578)
Balance at the end of period/year	<u>2,688,328</u>	<u>2,577,585</u>

13 Insurance and other payables

	(Un-audited) 30 September 2019 AED	(Audited) 31 December 2018 AED
Payables-inside UAE	42,930,339	39,214,704
Payables-outside UAE	17,913,570	11,288,131
	<u>60,843,909</u>	<u>50,502,835</u>

In accordance with the Board of Directors' Decision Number 25 of 2014 pertinent to the Financial Regulations for Insurance Companies, the Company has categorized the insurance payables as follows:

Payables - inside UAE:

	(Un-audited) 30 September 2019 AED	(Audited) 31 December 2018 AED
Due to insurance and reinsurance companies	19,636,534	19,222,578
Due to policyholders	1,895,662	3,787,871
Due to brokers and agents	5,662,824	2,870,019
Related party payables (see Note 19)	2,793,013	3,092,356
VAT Output tax payable (Net)	3,216,987	3,083,912
Unearned commission on premium ceded	3,295,483	2,357,958
Claims payable	2,570,252	2,644,900
Other accrued expenses	3,859,584	2,155,110
	<u>42,930,339</u>	<u>39,214,704</u>

Payables - outside UAE:

	(Un-audited) 30 September 2019 AED	(Audited) 31 December 2018 AED
Due to insurance and reinsurance companies	<u>17,913,570</u>	<u>11,288,131</u>

Insurance House P.S.C.
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As at 30 September 2019

14 Technical provisions

	(Un-audited) 30 September 2019 AED	(Audited) 31 December 2018 AED
Insurance liabilities – gross		
Unearned premiums reserve	115,219,777	88,938,184
Claims reported unsettled	36,933,551	35,753,709
Incurred but not reported claims reserve	22,634,200	25,992,703
Unexpired risk reserve	1,541,193	-
Unallocated loss adjustment expenses reserve	1,619,064	1,604,508
	177,947,785	152,289,104
Reinsurance share of outstanding claims		
Unearned premiums reserve	35,169,704	19,054,843
Claims reported unsettled	17,806,612	16,599,376
Incurred but not reported claims reserve	6,032,618	6,779,823
Unexpired risk reserve	-	-
Unallocated loss adjustment expenses reserve	-	-
	59,008,934	42,434,042
Insurance liabilities – net		
Unearned premiums reserve	80,050,073	69,883,341
Claims reported unsettled	19,126,939	19,154,333
Incurred but not reported claims reserve	16,601,582	19,212,880
Unexpired risk reserve	1,541,193	-
Unallocated loss adjustment expenses reserve	1,619,064	1,604,508
	118,938,851	109,855,062

15 Income from investments

	(Un-audited) Nine months period ended 30 September 2019 AED	(Un-audited) Nine months period ended 30 September 2018 AED
Dividend income on investment in financial assets	2,531,059	2,015,350
Interest income on fixed deposits and call account (net)	884,043	1,096,754
Interest from fixed income securities	1,754,633	1,565,128
Realized profit from sale of investments	397,691	561,003
Change in fair value for investments carried at FVTPL (Note 6)	362,306	(2,461,315)
	5,929,732	2,776,920

Insurance House P.S.C.
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Notes to the condensed interim financial statements (continued)
As at 30 September 2019

16 General and administrative expenses

	(Un-audited) Nine months period ended 30 September 2019 AED	(Un-audited) Nine months period ended 30 September 2018 AED
Salaries and related benefits	19,586,991	16,574,231
Management fees	2,500,000	2,100,000
Government fees	1,625,223	1,483,447
Depreciation of property and equipment (Note 4)	1,348,905	857,043
Bank charges	735,220	432,302
Telephone and postage	449,259	367,380
Bad debt expense (Note 8)	1,084,985	1,651,296
Other general expenses	5,833,286	5,655,473
	33,163,869	29,121,172

17 Earnings per share – Basic and diluted

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

	(Un-audited) Nine months period ended 30 September 2019	(Un-audited) Nine months period ended 31 September 2018
Earnings (AED):		
Net profit for the period	10,728,824	8,392,705
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.

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Notes to the condensed interim financial statements (continued)
As at 30 September 2019

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 than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

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

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.

	(Un-audited) 30 September 2019 AED	(Audited) 31 December 2018 AED
Total capital and reserves	125,616,839	99,098,204
Minimum regulatory capital	100,000,000	100,000,000

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Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)
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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:

- 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.
- 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 expected credit loss, 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 fixed deposits with bank, margin loans, 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.

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Notes to the condensed interim financial statements (continued)
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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 the Board of Directors.

The following table shows the maturity dates of Company's financial assets and liabilities as at 30 September 2019.

	Less than 1 year AED	More than 1 year AED	Total AED
<u>Financial assets (Un-audited)</u>			
Interest bearing	84,354,893	31,313,605	115,668,498
Non-interest bearing	177,169,110	6,831,550	184,000,660
	261,524,003	38,145,155	299,669,158
<u>Financial liabilities (Un-audited)</u>			
Non-interest bearing	90,435,561	-	90,435,561

The following table shows the maturity dates of Company's financial assets and liabilities as at 31 December 2018.

	Less than 1 year AED	More than 1 year AED	Total AED
<u>Financial assets (Audited)</u>			
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
<u>Financial liabilities (Audited)</u>			
Non-interest bearing	80,814,674	-	80,814,674
	80,814,674	-	80,814,674

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19 Related parties

Related parties comprise the major Shareholders, the Board of 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:

	(Un-audited) 30 September 2019 AED	(Audited) 31 December 2018 AED
Premium and insurance balances receivables		
<i>Shareholder</i>		
Finance House PJSC	2,539,505	2,657,453
<i>Others</i>		
Islamic Finance House PVT JSC	323,183	410,465
Mohamed Abdulla Jumaa Al Qubaisi	99,660	-
Finance House PJSC on behalf of Finance House Securities LLC	133,772	8,558
Emirates National Holding LLC	51,403	-
	3,147,523	3,076,476
Insurance and other payables		
<i>Shareholder</i>		
Finance House PJSC	2,100,000	2,800,000
<i>Others</i>		
CAPM Investment P.S.C	674,857	274,856
Law House	17,500	17,500
Abdul Hamid Umer Taylor	656	-
	2,793,013	3,092,356
Investments		
<i>Shareholder</i>		
Finance House PJSC – Sukuks	6,950,000	5,850,000
Finance House PJSC – Quoted investments in equity	3,566,577	3,588,458
<i>Others</i>		
Finance House Securities LLC – Commercial papers	2,000,000	2,000,000
	12,516,577	11,438,458
Cash and cash equivalents		
<i>Shareholder</i>		
Cash at banks - current accounts	204,172	224,101
Cash at bank - call account	8,757,361	3,962,763
<i>Others</i>		
Cash at banks - current accounts	407,905	383,911
	9,369,438	4,570,775
Tier 1 capital		
<i>Others</i>		
Abdul Hamid Umer Taylor	2,000,000	-
Abdulmajeed Al Fahim	500,000	-
	2,500,000	-

Finance House P.J.S.C is one of the major shareholders of the company as of 30 September 2019. CAPM Pr.JSC Investment P.S.C, Finance House Securities L.L.C and Islamic Finance House PVT. J.S.C are subsidiaries of Finance House P.J.S.C.

Insurance House P.S.C.
Condensed Interim Financial Statements

Notes to the condensed interim financial statements (continued)
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19 Related parties (continued)

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.

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

	(Un-audited) Nine months period ended 30 September 2019 AED	(Un-audited) Nine months period ended 30 September 2018 AED
Finance House PJSC		
Purchase of investment property	-	40,000,000
Fixed deposits placed	15,000,000	30,000,000
Fixed deposits redeemed	-	30,000,000
Gross premiums written	3,430,163	3,937,572
Purchase of Sukuk	1,100,000	750,000
Management fee	2,100,000	2,100,000
Other outsourcing fee	1,400,000	157,500
Interest on investment in sukuku	344,417	301,698
Finance House Securities		
Purchase of shares	8,737,254	16,168,428
Disposal of shares	8,444,655	5,520,930
Interest on investment in commercial paper	75,625	63,841
CAPM Investment PSC		
Consultancy fees	400,000	584,285
Board of directors		
Remuneration	839,000	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.

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Notes to the condensed interim financial statements (continued)
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20 Segment information (continued)

Primary segment information - business segment

	Nine months period ended 30 September 2019 (Un-audited) AED			Nine months period ended 30 September 2018 (Un-audited) AED		
	Underwriting	Investments	Total	Underwriting	Investments	Total
Segment revenue	195,837,813	5,989,475	201,827,288	165,127,840	4,994,985	170,122,825
Segment result	37,903,218	5,989,475	43,892,693	41,812,395	4,994,985	46,807,380
Unallocated expense, net			(33,163,869)			(38,414,675)
Net profit for the period			10,728,824			8,392,705

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

	30 September 2019 AED (Un-audited)			31 December 2018 AED (Audited)		
	Underwriting	Investments	Total	Underwriting	Investments	Total
Segment assets	202,241,804	116,691,451	318,933,255	118,950,794	167,768,016	286,718,810
Unallocated assets			48,163,606			17,748,918
Total assets			367,096,861			304,467,728
Segment liabilities and equity	365,181,518	(772,985)	364,408,533	306,132,873	(4,242,730)	301,890,143
Unallocated liabilities and equity			2,688,328			2,577,585
Total liabilities and equity			367,096,861			304,467,728

b) Secondary segment information – revenue from underwriting departments

The following is an analysis of the Company's revenues (gross written premiums and commission income) classified by major underwriting department.

	(Un-audited) Nine months period ended 30 September 2019 AED	(Un-audited) Nine months period ended 30 September 2018 AED
Non – Marine	111,155,209	104,787,462
Medical and personal assurance	82,399,616	59,752,261
Marine	2,282,988	588,117
	195,837,813	165,127,840

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

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21 Seasonality of results

No income of seasonal nature was recorded in the income statement for the nine months periods ended 30 September 2019 and 30 September 2018.

22 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 6.8 million (31 December 2018: AED 6.8 million).

23 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 total comprehensive income for the period.

24 Post reporting date events

No adjusting or significant non-adjusting events occurred between the reporting date and the date of authorization of the condensed interim financial statements

25 General

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

26 Approval of condensed interim financial statements

The condensed interim financial statements were approved and authorized for issue by the Board of Directors on 23 October 2019.