

INSURANCE HOUSE – P.S.C.
PUBLIC SHAREHOLDING COMPANY
ABUDHABI - UNITED ARAB EMIRATES

REVIEW REPORT AND INTERIM
FINANCIAL STATEMENTS FOR THE PERIOD
FROM 1 JANUARY 2014 TO 31 March 2014

INSURANCE HOUSE P.S.C
PUBLIC SHAREHOLDING COMPANY
ABU DHABI - UNITED ARAB EMIRATES

I N D E X

	<u>Exhibit</u>	<u>Page</u>
Review Report	-	3
Interim statement of financial position as at 31 March 2014	A	4
Interim statement of income for the period from 1 January 2014 to 31 March 2014	B	5
Interim statement of comprehensive income for the period from 1 January 2014 to 31 March 2014	B	6
Interim statement of changes in shareholders' equity for the period from 1 January 2014 to 31 March 2014	C	7
Interim statement of cash flows for the period from 1 January 2014 to 31 March 2014	D	8
	<u>Notes</u>	
Notes to financial statements	1 - 28	9 - 32

REVIEW REPORT

The Shareholders'

Insurance House P.S.C

Public Shareholding Company

Abu Dhabi - United Arab Emirates

Introduction

We have reviewed the accompanying interim financial statements of **Insurance House P.S.C - Public Shareholding Company - Abu Dhabi**, as at 31 March 2014 which comprise the interim statement of financial position as at 31 March 2014 and the related interim statement of income, related interim statement of comprehensive income, related interim statement of changes in shareholders' equity and interim statement of cash flows for the period from 1 January 2014 to 31 March 2014 and explanatory notes. Management is responsible for the preparation and presentation of these interim financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the company." A review of 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 interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

Talal Abu Ghazaleh & Co. International

Firas Kilani

Licensed Auditor No. 632

16 April 2014



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TAGI is a full member of the Forum of Firms. The Forum conducts its business through its executive arm, the Transnational Auditors Committee (TAC), which is also a committee of the International Federation of Accountants (IFAC). www.ifac.org/forum_of_firms.

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شعبة المصرف الطابق ٨، شارع الشيخ حمدان ص.ب ٤٢٩٥ أبو ظبي الامارات العربية المتحدة

INSURANCE HOUSE P.S.C
PUBLIC SHAREHOLDING COMPANY
ABU DHABI - UNITED ARAB EMIRATES

EXHIBIT A

INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014

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

<u>ASSETS</u>	<u>NOTE</u>	<u>31 March 2014</u>	<u>31 December 2013</u>
		<u>(Unaudited)</u>	<u>(Audited)</u>
<u>CURRENT ASSETS</u>			
Cash and cash equivalents	4	44,573,926	24,942,876
Re-insurance contract assets	14 (a)	4,197,248	11,438,268
Insurance and other receivables	5	70,324,287	54,062,670
Other current assets	6	5,018,022	4,533,757
Investments designated at fair value through profit and loss (FVTPL)	7	19,855,036	30,743,344
Total current assets		<u>143,968,519</u>	<u>125,720,915</u>
<u>NON-CURRENT ASSETS</u>			
Investments designated at fair value through other comprehensive income (FVTOCI)	8	21,170,170	14,643,548
Investments designated at amortized cost	9 (a)	92,346,150	92,346,150
Investment in associate	10	-----	13,917,944
Statutory deposit	11	6,000,000	6,000,000
Property and equipment	12	1,928,521	1,979,958
Total non - current assets		<u>121,444,841</u>	<u>128,887,600</u>
TOTAL ASSETS		<u><u>265,413,360</u></u>	<u><u>254,608,515</u></u>
<u>LIABILITIES AND SHAREHOLDERS EQUITY</u>			
<u>CURRENT LIABILITIES</u>			
Borrowings from banks	13	45,459,750	46,121,250
Insurance contract liabilities	14 (b)	52,701,266	53,859,923
Insurance and other payables	15	22,089,281	13,951,177
Total current liabilities		<u>120,250,297</u>	<u>113,932,350</u>
<u>NON - CURRENT LIABILITY</u>			
End of service benefits obligation		<u>405,897</u>	<u>405,897</u>
Total non - current liability		<u>405,897</u>	<u>405,897</u>
<u>SHAREHOLDERS EQUITY</u>			
Share capital	16	120,000,000	120,000,000
Treasury shares	16	(794,961)	(794,961)
Statutory reserve		2,040,898	1,710,148
Investment revaluation reserve		4,004,695	3,392,353
Retained earnings		19,506,534	15,962,728
Net shareholders equity - Exhibit C		<u>144,757,166</u>	<u>140,270,268</u>
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		<u><u>265,413,360</u></u>	<u><u>254,608,515</u></u>

Mr. Ahmad Idris
Chief Executive Officer

Mr. Mohammed Alqubaisi
Chairman

THE ACCOMPANYING NOTES ARE AN
INTEGRAL PART OF THESE INTERIM FINANCIAL STATEMENTS

INSURANCE HOUSE P.S.C
PUBLIC SHAREHOLDING COMPANY
ABU DHABI - UNITED ARAB EMIRATES

EXHIBIT B

INTERIM STATEMENT OF INCOME FOR THE
PERIOD FROM 1 JANUARY 2014 TO 31 MARCH 2014

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

	<u>NOTE</u>	<u>For the period</u> <u>from 1 January 2014</u> <u>to 31 March 2014</u> <u>(Unaudited)</u>	<u>For the period</u> <u>from 1 January 2013</u> <u>to 31 March 2013</u> <u>(Unaudited)</u>
<u>Revenues</u>			
Gross premiums written	23 (c)	38,073,383	23,121,512
Change in unearned premium provision		(9,194,583)	(4,788,791)
Premium income earned		<u>28,878,800</u>	<u>18,332,721</u>
Re-insurance premiums ceded		(10,529,039)	(8,126,146)
Change in re-insurance portion of unearned premium provision		4,197,248	3,213,143
Net re-insurance premiums ceded		<u>(6,331,791)</u>	<u>(4,913,003)</u>
Net earned premiums		<u>22,547,009</u>	<u>13,419,718</u>
Commission income		1,066,712	405,976
Claims recovered		9,052,616	9,788,747
Operating expenses	17	(32,018,911)	(18,685,218)
Net underwriting profit		<u>647,426</u>	<u>4,929,223</u>
General and administrative expenses	18	(6,601,411)	(4,266,266)
Other income	19	9,261,489	2,447,317
Profit for the period - Exhibit D		<u>3,307,504</u>	<u>3,110,274</u>
Earnings per ordinary share	20	<u>0.0276</u>	<u>0.0259</u>

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INSURANCE HOUSE P.S.C
PUBLIC SHAREHOLDING COMPANY
ABU DHABI - UNITED ARAB EMIRATES

CONT. EXHIBIT B

INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE
PERIOD FROM 1 JANUARY 2014 TO 31 MARCH 2014

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

	<u>NOTE</u>	<u>For the period</u> <u>from 1 January 2014</u> <u>to 31 March 2014</u> <u>(Unaudited)</u>	<u>For the period</u> <u>from 1 January 2013</u> <u>to 31 March 2013</u> <u>(Unaudited)</u>
Profit for the period		3,307,504	3,110,274
Other comprehensive income:			
Gain arising during the period from sale of financial assets designated at fair value through other comprehensive income (FVTOCI)		567,052	54,182
Fair value gain on investments designated at fair value through other comprehensive income (FVTOCI) 8 (a)		<u>612,342</u>	<u>320,070</u>
Other comprehensive gain for the period		<u>1,179,394</u>	<u>374,252</u>
Total comprehensive profit for the period - Exhibit C		<u><u>4,486,898</u></u>	<u><u>3,484,526</u></u>

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INSURANCE HOUSE P.S.C
PUBLIC SHAREHOLDING COMPANY
ABU DHABI- UNITED ARAB EMIRATES

EXHIBIT C

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY
FOR THE PERIOD FROM 1 JANUARY 2014 TO 31 MARCH 2014
(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

	<u>Share capital</u>	<u>Treasury Shares</u>	<u>Statutory reserve</u>	<u>Investment revaluation reserve</u>	<u>Retained earnings</u>	<u>Total</u>
Shareholders equity at 31 December 2012 - (Unaudited)	120,000,000	---	754,349	(1,059,251)	6,988,607	126,683,705
Profit for the period - Exhibit B	---	---	---	---	3,110,274	3,110,274
Other comprehensive income for the period - Exhibit B	---	---	---	320,070	54,182	374,252
Transferred to statutory reserve	---	---	311,027	---	(311,027)	---
Shareholders equity at 31 March 2013 (Unaudited)	<u>120,000,000</u>	<u>---</u>	<u>1,065,376</u>	<u>(739,181)</u>	<u>9,842,036</u>	<u>130,168,231</u>
Shareholders equity at 31 December 2012 - (Unaudited)	120,000,000	---	754,349	(1,059,251)	6,988,607	126,683,705
Profit for the year	---	---	---	---	9,557,993	9,557,993
Other comprehensive income for the year	---	---	---	4,451,604	371,927	4,823,531
Shares buyback	---	(794,961)	---	---	---	(794,961)
Transferred to statutory reserve	---	---	955,799	---	(955,799)	---
Shareholders equity at 31 December 2013 - Exhibit A (Audited)	<u>120,000,000</u>	<u>(794,961)</u>	<u>1,710,148</u>	<u>3,392,353</u>	<u>15,962,728</u>	<u>140,270,268</u>
Profit for the period - Exhibit B	---	---	---	---	3,307,504	3,307,504
Other comprehensive income for the period - Exhibit B	---	---	---	612,342	567,052	1,179,394
Transferred to statutory reserve	---	---	330,750	---	(330,750)	---
Shareholders equity at 31 March 2014 - Exhibit A (Unaudited)	<u>120,000,000</u>	<u>(794,961)</u>	<u>2,040,898</u>	<u>4,004,695</u>	<u>19,506,534</u>	<u>144,757,166</u>

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INSURANCE HOUSE P.S.C
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EXHIBIT D

INTERIM STATEMENT OF CASH FLOWS FOR
THE PERIOD FROM 1 JANUARY 2014 TO 31 MARCH 2014

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

	<u>For the period</u> <u>from 1 January 2014</u> <u>to 31 March 2014</u> <u>(Unaudited)</u>	<u>For the period</u> <u>from 1 January 2013</u> <u>to 31 March 2013</u> <u>(Unaudited)</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Profit for the period - Exhibit B	3,307,504	3,110,274
<u>Adjustment to reconcile net income to net cash provided by operating activities</u>		
Net movement in re-insurance contract assets	7,241,020	3,058,038
Net movement in insurance contract liabilities	(1,158,657)	(2,723,643)
Realized profit from sales of investments	567,052	374,252
Depreciation of property and equipment	233,367	174,625
Provision for doubtful debts (written back) / charge	281,674	(177,328)
End of service benefits obligation	-----	64,703
Interest income on fixed deposits and call account	(152,873)	(419,684)
Operating profit before working capital changes	10,319,087	3,461,237
<u>Changes in the components of working capital:</u>		
(Increase) in insurance and other receivables	(16,283,080)	(12,090,286)
(Increase) / decrease in other current assets	(484,265)	639,384
Increase in insurance and other payables	8,506,693	7,623,223
<i>Net cash flows from / (used in) operating activities</i>	<u>2,058,435</u>	<u>(366,442)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Decrease in bank fixed deposit	----	67,000,003
Decrease / (increase) in investments designated at fair value through profit and loss (FVTPL)	10,888,308	(21,419,909)
(Increase) in investments designated at fair value through other comprehensive income (FVTOCI)	(6,526,622)	(160,371)
Decrease in investment in associate	13,917,944	----
Purchase of property and equipment	(181,930)	(110,375)
Increase in Investment revaluation reserve	612,342	----
Interest income on fixed deposits and call account	152,873	419,684
<i>Net cash flows from investing activities</i>	<u>18,862,915</u>	<u>45,729,032</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES :</u>		
(Increase) / decrease in related parties receivables	(260,211)	425,321
(Decrease) in borrowings from banks	(661,500)	(35,772,522)
(Decrease) / increase in related parties - payables	(368,589)	250,000
<i>Net cash flows (used in) financing activities</i>	<u>(1,290,300)</u>	<u>(35,097,201)</u>
NET CASH FLOWS GENERATED DURING THE PERIOD	19,631,050	10,265,389
Cash and cash equivalents at beginning of the period	<u>24,942,876</u>	<u>17,210,286</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD - Note 4	<u>44,573,926</u>	<u>27,475,675</u>

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INSURANCE HOUSE P.S.C
PUBLIC SHAREHOLDING COMPANY
ABU DHABI - UNITED ARAB EMIRATES

NOTES TO INTERIM FINANCIAL STATEMENTS

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

1. STATUS AND ACTIVITIES

- a) **Insurance House P.S.C** is a public joint stock company registered and incorporated in the Emirate of Abu Dhabi, United Arab Emirates and is engaged in providing all classes of Non-Life insurance solutions in accordance with UAE Federal Law No 6 of 2007. The company was established on 8 December 2010 and commenced its operations on 10 April 2011. The company performs its activities through its head office in Abu Dhabi and branches located in Al Samha, Dubai, Sharjah and Al Mussafah.

The range of products and services offered by the company include but not limited to Motor, Workmen's Compensation, Property, Business Interruption, Money, Engineering, Plant and Equipment, General Accident, Liability, Marine, Travel and Medical insurances.

- b) The registered office of the company is P.O. Box 129921 Abu Dhabi, United Arab Emirates.
- c) The company's ordinary shares are listed in the Abu Dhabi Securities Exchange.

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

<i>New and revised International Financial Reporting Standards (IFRS)</i>	<u>Effective for annual periods beginning on or after</u>
IFRS 1 Amended by accounting policies changes revaluation basis as deemed cost, rate regulation.	1 July 2011
IFRS 1 Amended by severe hyperinflation and removal of fixed dates for first time adopters.	1 July 2011
IFRS 1 Amended by Government loans.	1 January 2013
IFRS 1 Amended by annual improvements 2009 -2011 cycle.	1 January 2013
IFRS 7 Amendments 2010.	1 January 2011
IFRS 7 Amendments related to transfer of financial assets.	1 July 2011
IFRS 7 Amendments related to offsetting of financial assets and financial liabilities.	1 January 2013

IFRS 7	Amendments related to transition to IFRS 9 (or when IFRS 9 is first applied).	1 January 2015
IFRS 10	Consolidated financial statements.	1 January 2013
IFRS 10	Consolidated financial statements, joint arrangements and disclosure of interests in other entities.	1 January 2013
IFRS 10	Investment entities (amendments to IFRS 10, IFRS 12 and IAS 27).	1 January 2014
IFRS 11	Joint arrangements.	1 January 2013
IFRS 12	Disclosure of interests in other entities.	1 January 2013
IFRS 13	Fair value measurement.	1 January 2013
IAS 1	Amendments to presentation of financial statements relating to grouping items recognized in other comprehensive income.	1 July 2012
IAS 12	Amendments to income taxes relating to deferred tax : recovery of underlying assets.	1 January 2012
IAS 16	Property plant and equipment - annual improvements.	1 January 2013
IAS 19	Employee benefits (revised 2011).	1 January 2013
IAS 24	Related party disclosures (revised in 2009).	1 January 2011
IAS 27	Separate financial statements (revised in 2011).	1 January 2013
IAS 28	Investment in associates and joint ventures (revised in 2011).	1 January 2013
IAS 32	Financial instrument : presentation (2012 amendments).	1 January 2013
IAS 32	Financial instrument : presentation (2011 amendments).	1 January 2014
IAS 34	Financial reporting (2012 amendments and improvements).	1 January 2013
IAS 39	Financial instruments recognition and measurement to be superseded by IFRS 9 financial instruments.	1 January 2015

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. *Interim financial Statements Preparation Framework*

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

b. *Statement of compliance*

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

c. *Basis of preparation*

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

d. *Financial assets*

Financial assets are classified into the following specified categories: financial assets designated at fair value through other comprehensive income (FVTOCI), financial assets designated at fair value through profit or loss (FVTPL), financial assets designated at amortized cost, loans and receivables and cash and cash equivalents. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition or subsequent reclassification as the case may be.

i) *Cash and cash equivalents*

Cash comprises unrestricted cash in bank current and call accounts and fixed deposits less than three months from the date of placement. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

ii) *Insurance receivables*

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

iii) *Loans and receivables*

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

e. *Related parties*

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

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

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

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

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

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

g. *Financial assets designated at amortized cost*

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

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

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

h. *Impairment of financial assets*

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

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

In respect of financial assets designated at fair value through other comprehensive income (FVTOCI), impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

i. *Investment in associate*

An associate is an entity over which the company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control evidenced by the power to govern the financial and operating policies of that investee.

The company's investment in its associate is accounted for under the equity method of accounting, except when the investment is classified as held for sale, in which case it is recognized and measured at fair value less costs to sell. Under the equity method, investments in associates are carried in the statement of financial position at cost as adjusted for post-acquisition changes in the company's share of the net assets of the associate, less any impairment in the value of the investment. The statement of comprehensive income reflects the company's share of its associate results of operations. Losses of an associate in excess of the company's interest in that associate are not recognized, unless the company has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included in the carrying amount of the investment and is assessed, annually, for impairment.

Intra-company profit and loss transactions are eliminated to the extent of the company's interest in the relevant associate.

j. *Property and equipment*

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

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

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

The depreciation charge for each period is recognized in the statement of comprehensive income. The estimated useful lives, residual values and depreciation method are reviewed at each period-end, with the effect of any changes in estimate accounted for on a prospective basis.

The carrying values of property and equipment are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairments losses are calculated in accordance with Note 3 (k).

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

k. *Impairment of tangible assets*

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

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

l. *Financial liabilities*

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

m. *Borrowing costs*

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

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

n. *End of service benefits obligation*

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

o. *Treasury shares*

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

p. *Statutory reserve*

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

q. *Revenue recognition*

Recognition and measurement

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

These contracts are casualty and property insurance contracts.

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

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

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

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

Re-insurance contracts held

Contracts entered into by the company with reinsurers under which the company is compensated for losses on one or more contracts issued by the company and that meet the classification requirements of reinsurance contracts are classified as re-insurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the company under which the contract holder is another insurer are included with insurance contracts. The benefits to which the company entitled under its re - insurance contracts held are recognized as re-insurance contract assets. The company assesses its re-insurance contract assets for impairment on a regular basis. If there is objective evidence that the re-insurance contract asset is impaired, the company reduces the carrying amount of the re -insurance contract assets to its recoverable amount and recognizes that impairment loss in the profit or loss. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract.

Insurance contract liabilities

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

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

Salvage and subrogation reimbursements

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

Receivables and payables related to insurance contracts

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

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

Interest income

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

r. *Foreign currencies*

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

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

s. *Contingent liabilities*

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

t. *Critical accounting judgments and key sources of estimation uncertainty*

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

i) *The ultimate liability arising from claims made under insurance contracts*

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

ii) *Liability adequacy test*

At the end of each reporting period, liability adequacy tests are performed to ensure the adequacy of insurance contract liabilities. The company makes use of the best estimates of future contractual cash flows and claims handling and administration expenses, as well as investments income from the assets backing such liabilities in evaluating the adequacy of the liability. Any deficiency is immediately charged to the profit or loss.

iii) *Provision for doubtful debts*

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

4. **CASH AND CASH EQUIVALENTS**

a) This item consists of the following:

	<u>31 March 2014</u>	<u>31 December 2013</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Cash at banks - current accounts	2,232,465	1,727,249
Cash at bank - call account	22,341,461	3,215,627
Bank fixed deposit	<u>20,000,000</u>	<u>20,000,000</u>
Total - Exhibit A & D	<u><u>44,573,926</u></u>	<u><u>24,942,876</u></u>

b) Cash at banks includes current accounts and call account balances amounting to AED 23,719,973 as of 31 March 2014 which are held with two financial institutions which are related parties and is interest bearing (31 December 2013 : AED 4,307,964).

c) Bank fixed deposit amounting to AED 20,000,000 is with one bank located in United Arab Emirates.

5. **INSURANCE AND OTHER RECEIVABLES**

a) This item consists of the following:

	<u>31 March 2014</u>	<u>31 December 2013</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Due from policy holders - Note 5 (b)	53,152,683	42,284,603
Claims receivables	15,084,981	9,584,981
Margin on letters of guarantee	276,000	361,000
Refundable deposits	23,000	23,000
Related parties - receivables - Note 22 (a)	3,284,823	3,024,612
Provision for doubtful debts - Note 5 (c)	<u>(1,497,200)</u>	<u>(1,215,526)</u>
Net - Exhibit A	<u><u>70,324,287</u></u>	<u><u>54,062,670</u></u>

b) The company in the normal course of business deals with various brokers in UAE. Five customers' balances amounting to AED 17,890,715 constitute 33.7 % of the outstanding receivables as of 31 March 2014 (31 December 2013 : AED 15,202,413, 35.95%, five customers).

c) Provision for doubtful debts:-

This item consists of the following :

	<u>31 March 2014</u> (Unaudited)	<u>31 December 2013</u> (Audited)
Beginning balance	(1,215,526)	(2,745,518)
(Charge) / written back	(281,674)	1,529,992
Ending balance - Note 5 (a)	(1,497,200)	(1,215,526)

6. **OTHER CURRENT ASSETS**

This item consists of the following:

	<u>31 March 2014</u> (Unaudited)	<u>31 December 2013</u> (Audited)
Accrued interest income	1,335,835	1,248,260
Prepaid expenses	3,682,187	3,285,497
Total - Exhibit A	5,018,022	4,533,757

7. **INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS**

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

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

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

	<u>31 March 2014</u> (Unaudited)	<u>31 December 2013</u> (Audited)
Fair value at the beginning of the period	30,743,344	5,642,190
Additions during the period	399,102	30,108,001
Disposals during the period	(14,911,600)	(14,140,631)
Increase in fair value taken to income statement - Note 19 (a)	3,624,190	9,133,784
Fair value at the end of the period	19,855,036	30,743,344

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

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

	<u>31 March 2014</u> <u>(Unaudited)</u>	<u>31 December 2013</u> <u>(Audited)</u>
Fair value at the beginning of the period	14,643,548	7,496,781
Additions during the period	7,917,944	2,695,163
Disposals during the period	(2,003,664)	----
Increase in fair value taken to other comprehensive income - Exhibit B	612,342	4,451,604
Fair value at the end of the period -Exhibit A	<u><u>21,170,170</u></u>	<u><u>14,643,548</u></u>

- b) The investments mentioned above includes investments in Finance House P.J.S.C shares amounting to AED 8,069,226 (fair value) as of 31 March 2014 (31 December 2013 : AED 7,655,048). Finance House P.J.S.C is considered as one of the major share holders.

9. INVESTMENTS DESIGNATED AT AMORTIZED COST

- a) This item consists of the following:

	<u>31 March 2014</u> <u>(Unaudited)</u>	<u>31 December 2013</u> <u>(Audited)</u>
Investments designated at amortized cost	92,346,150	92,346,150
Total - Exhibit A	<u><u>92,346,150</u></u>	<u><u>92,346,150</u></u>

- b) The geographical distribution of investments designated at amortized cost with local and foreign companies (measured in US dollar) are as follows:

	<u>31 March 2014</u> <u>(Unaudited)</u>	<u>31 December 2013</u> <u>(Audited)</u>
Within UAE	65,782,288	65,782,288
Outside UAE	26,563,862	26,563,862
Total - Exhibit A	<u><u>92,346,150</u></u>	<u><u>92,346,150</u></u>

- c) Investments designated at amortized cost within UAE includes an amount of AED 14,000,000 as of 31 March 2014 held with a financial institution which is considered as a related party.

10. INVESTMENT IN ASSOCIATE

During 2013, the company invested AED 13,917,944 in CAPM Investments P.J.S and treated it as investment in associate. Additionally, a call option agreement was entered with the major share holder (FH) and income has been recorded in the books. In March 2014 there was a partial disposal pursuant to which the investment stands reduced to AED 7,917,944 .This amount has been reclassified as investments designated at fair value through other comprehensive income as the investee is no longer an associate.

11. 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 March 2014 and it cannot be utilized without the consent of the UAE Insurance Regulatory Authority.

12. **PROPERTY AND EQUIPMENT**

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

	<u>Office equipment and decoration</u>	<u>Computers and software</u>	<u>Motors vehicles</u>	<u>Total</u>
<u>COST</u>				
At 1 January 2014 (Audited)	1,887,172	1,554,882	196,021	3,638,075
Additions	16,210	165,720	---	181,930
At 31 March 2014 (Unaudited)	<u>1,903,382</u>	<u>1,720,602</u>	<u>196,021</u>	<u>3,820,005</u>
<u>ACCUMULATED DEPRECIATION</u>				
At 1 January 2014 (Audited)	(698,199)	(880,831)	(79,087)	(1,658,117)
Charge for the period	(117,862)	(103,421)	(12,084)	(233,367)
At 31 March 2014 (Unaudited)	<u>(816,061)</u>	<u>(984,252)</u>	<u>(91,171)</u>	<u>(1,891,484)</u>
<u>NET BOOK VALUE</u>				
At 31 December 2013 (Audited) - Exhibit A	<u>1,188,973</u>	<u>674,051</u>	<u>116,934</u>	<u>1,979,958</u>
At 31 March 2014 (Unaudited) - Exhibit A	<u>1,087,321</u>	<u>736,350</u>	<u>104,850</u>	<u>1,928,521</u>

13. BORROWINGS FROM BANKS

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

14. INSURANCE CONTRACT LIABILITIES AND - RE-INSURANCE CONTRACT ASSETS

a) Recoverable from re-insurance

This item consists of the following:	<u>31 March 2014</u> <u>(Unaudited)</u>	<u>31 December 2013</u> <u>(Audited)</u>
Re-insurance contract assets	4,197,248	11,438,268
Total - Exhibit A	4,197,248	11,438,268

b) Insurance contract liabilities

This item consists of the following:	<u>31 March 2014</u> <u>(Unaudited)</u>	<u>31 December 2013</u> <u>(Audited)</u>
Claims reported unsettled	13,945,601	12,860,573
Unearned premiums reserve	38,755,665	40,999,350
Total - Exhibit A	52,701,266	53,859,923

15. INSURANCE AND OTHER PAYABLES

This item consists of the following:	<u>31 March 2014</u> <u>(Unaudited)</u>	<u>31 December 2013</u> <u>(Audited)</u>
Due to insurance and reinsurance companies	12,540,508	5,815,430
Claims payable	5,007,840	4,778,072
Accrued other expenses	3,286,649	1,734,802
Related parties - payables - Note 22 (b)	1,254,284	1,622,873
Total - Exhibit A	22,089,281	13,951,177

16. SHARE CAPITAL

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

During 2013, the company obtained the necessary regulatory approvals to undertake a share buy-back program. A total of 590,000 shares were purchased from the market at an average price of AED 1.347 per share amounting to AED 794,961.

17. **OPERATING EXPENSES**

This item consists of the following :

	<u>For the period</u> <u>from 1 January 2014</u> <u>to 31 March 2014</u> <u>(Unaudited)</u>	<u>For the period</u> <u>from 1 January 2013</u> <u>to 31 March 2013</u> <u>(Unaudited)</u>
Commission expenses	3,134,204	2,998,727
Claims paid	25,481,400	13,546,854
Movement in unsettled claims	2,078,916	1,559,597
Other expenses	1,324,391	580,040
Total - Exhibit B	<u><u>32,018,911</u></u>	<u><u>18,685,218</u></u>

18. **GENERAL AND ADMINISTRATIVE EXPENSES**

This item consists of the following :

	<u>For the period</u> <u>from 1 January 2014</u> <u>to 31 March 2014</u> <u>(Unaudited)</u>	<u>For the period</u> <u>from 1 January 2013</u> <u>to 31 March 2013</u> <u>(Unaudited)</u>
Salaries and related benefits	3,739,565	2,504,283
Bank charges	37,304	39,321
Government fees	317,249	217,123
Telephone and postage	83,422	36,969
Depreciation of property and equipment - Note 12	233,367	174,625
Miscellaneous expenses	2,190,504	1,293,945
Total - Exhibit B	<u><u>6,601,411</u></u>	<u><u>4,266,266</u></u>

19. **OTHER INCOME**

a) This item consists of the following :

	<u>For the period</u> <u>from 1 January 2014</u> <u>to 31 March 2014</u> <u>(Unaudited)</u>	<u>For the period</u> <u>from 1 January 2013</u> <u>to 31 March 2013</u> <u>(Unaudited)</u>
Interest income on fixed deposits and call account	152,873	419,684
Interest from investments designated at amortized cost / fixed income securities (net)	808,021	1,398,532
Unrealized gain / (loss) on revaluation of investments (FVTPL)	3,624,190	(692,545)
Realized profit from sale of investments (FVTPL)	4,606,405	905,991
Dividend income on investment in financial assets	70,000	380,393
Others	-----	35,262
Total - Exhibit B	<u><u>9,261,489</u></u>	<u><u>2,447,317</u></u>

b) Interest from investments designated at amortized cost and fixed income securities are after offsetting interest expenses from bank loans against these investments.

20. **EARNINGS PER ORDINARY SHARE**

This item consists of the following:

	<u>For the period</u> <u>from 1 January 2014</u> <u>to 31 March 2014</u> <u>(Unaudited)</u>	<u>For the period</u> <u>from 1 January 2013</u> <u>to 31 March 2013</u> <u>(Unaudited)</u>
Profit for the period - Exhibit B	<u>3,307,504</u>	<u>3,110,274</u>
Weighted number of shares in issue throughout the period	<u>120,000,000</u>	<u>120,000,000</u>
Basic earnings per share - Exhibit B	<u><u>0.0276</u></u>	<u><u>0.0259</u></u>

21. **RISK MANAGEMENT**

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

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

a) *Insurance risk*

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

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

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

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

b) *Capital risk*

The company's objectives when managing capital are :

- To comply with the insurance capital requirements required by UAE Federal Law No. 6 of 2007 concerning the formation of Insurance Authority of UAE.
- To safeguard the company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other 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 period. The company is subject to local insurance solvency regulations with which it has complied with during the period.

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

	<u>31 March 2014</u> <u>(Unaudited)</u>	<u>31 December 2013</u> <u>(Audited)</u>
Total shareholders' equity	<u>144,757,166</u>	<u>140,270,268</u>
Minimum regulatory capital	<u>100,000,000</u>	<u>100,000,000</u>

c) *Credit risk*

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

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

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

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

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

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

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

d) *Interest rate risk*

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

e) *Market risk*

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

The company is exposed to market risk with respect to its investments in financial assets held for trading and investments designated at fair value through other comprehensive income.

f) *Foreign currency risk*

The company undertakes certain transactions denominated in foreign currencies, which imposes sort of risk due to fluctuations in exchange rates during the period. The UAE Dirham is effectively pegged to the US Dollar, thus foreign currency risk occurs only in respect of other currencies. The company maintains policies and procedures to manage the exchange rate risk exposure.

g) *Liquidity risk*

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

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

<u>Financial assets</u>	<u>Less than 1 year</u>	<u>More than 1 year</u>	<u>Total</u>
Non - interest bearing	92,411,788	21,170,170	113,581,958
Interest bearing	42,341,461	98,346,150	140,687,611
Total	134,753,249	119,516,320	254,269,569
<u>Financial liabilities</u>			
Non - interest bearing	22,089,281	----	22,089,281
Interest bearing	45,459,750	----	45,459,750
Total	67,549,031	----	67,549,031

The following table shows the maturity dates of company's financial assets and liabilities as at 31 December 2013 (Audited) .

<u>Financial assets</u>	<u>Less than 1 year</u>	<u>More than 1 year</u>	<u>Total</u>
Non - interest bearing	86,533,263	14,643,548	101,176,811
Interest bearing	23,215,627	98,346,150	121,561,777
Total	109,748,890	112,989,698	222,738,588
<u>Financial liabilities</u>			
Non - interest bearing	13,951,177	----	13,951,177
Interest bearing	46,121,250	----	46,121,250
Total	60,072,427	----	60,072,427

22. RELATED PARTIES

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

a) RELATED PARTIES - RECEIVABLES

This item consists of the following:

	<u>31 March 2014</u> (Unaudited)	<u>31 December 2013</u> (Audited)
Mr. Mohammad Abdulla Al Qubaisi	----	1,066
Benyan Development Company L.L.C	131,196	131,196
Finance House P.J.S.C	3,153,627	2,889,950
Finance House Securities L.L.C	----	2,400
Total - Note 5 (a)	<u><u>3,284,823</u></u>	<u><u>3,024,612</u></u>

b) RELATED PARTIES - PAYABLES

This item consists of the following:

	<u>31 March 2014</u> (Unaudited)	<u>31 December 2013</u> (Audited)
Mr. Mohammad Abdulla Al Qubaisi	2,689	----
Islamic Finance House Pvt. J.S.C	1,595	3,755
FH Capital Limited (D.I.F.C)	1,250,000	1,619,118
Total - Note 15	<u><u>1,254,284</u></u>	<u><u>1,622,873</u></u>

c) Finance House P.J.S.C is one of the major share holders of the company as of 31 March 2014. Benyan Development Company L.L.C, FH Capital Ltd. (D.I.F.C), Finance House Securities L.L.C and Islamic Finance House PVT. J.S.C are subsidiaries of Finance House P.J.S.C.

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

This item consists of the following :

	<u>31 March 2014</u> (Unaudited)	<u>31 December 2013</u> (Audited)
Gross premiums written	517,607	5,040,207
Purchase of shares	23,421,225	56,237,414
Cash at bank - current account	10,258	8,924
Cash at bank - call account	23,709,715	4,299,041
Bank fixed deposits	----	----
Margin on letters of guarantee	126,000	126,000
Purchase of Sukuk	----	16,000,000

23. **SEGMENT INFORMATION**

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

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

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

Primary segment information - business segment

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

	Underwriting		Investments and Others		Total	
	31 March 2014 (Unaudited)	31 March 2013 (Unaudited)	31 March 2014 (Unaudited)	31 March 2013 (Unaudited)	31 March 2014 (Unaudited)	31 March 2013 (Unaudited)
Segment revenue	38,073,383	23,121,512	9,261,489	2,447,317	47,334,872	25,568,829
Segment result	647,426	4,929,223	9,261,489	2,447,317	9,908,915	7,376,540
Unallocated expenses					(6,601,411)	(4,266,266)
Profit for the period					3,307,504	3,110,274

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

	Underwriting		Investments		Total	
	31 March 2014 (Unaudited)	31 December 2013 (Audited)	31 March 2014 (Unaudited)	31 December 2013 (Audited)	31 March 2014 (Unaudited)	31 December 2013 (Audited)
Segment assets	80,132,243	70,766,393	183,048,652	182,114,873	263,180,895	252,881,266
Unallocated assets					2,232,465	1,727,249
Total assets					265,413,360	254,608,515
Segment liabilities	71,503,898	66,076,298	45,459,750	46,121,250	116,963,648	112,197,548
Unallocated liabilities					3,692,546	2,140,699
Total liabilities					120,656,194	114,338,247

There are no transactions between the business segments.

c) Secondary segment information - revenue from underwriting departments

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

	For the period	
	from 1 January 2014 to 31 March 2014 (Unaudited)	For the period from 1 January 2013 to 31 March 2013 (Unaudited)
Non - Marine	12,224,614	9,969,157
Marine	91,797	96,412
Medical and personal assurance	25,756,972	13,055,943
Total - Exhibit B	38,073,383	23,121,512

24. FINANCIAL ASSETS AND LIABILITIES

This item consists of the following:

	<u>31 March 2014</u> <u>(Unaudited)</u>	<u>31 December 2013</u> <u>(Audited)</u>
<i>Financial assets</i>		
Cash and cash equivalents	44,573,926	24,942,876
Insurance and other receivables	70,324,287	54,062,670
Investments designated at fair value through income statement (FVTPL)	19,855,036	30,743,344
Investments designated at fair value through other comprehensive income (FVTOCI)	21,170,170	14,643,548
Investments designated at amortized cost	92,346,150	92,346,150
Statutory deposit	6,000,000	6,000,000
Total	<u>254,269,569</u>	<u>222,738,588</u>
<i>Financial liabilities</i>		
Borrowings from banks	45,459,750	46,121,250
Insurance and other payables	22,089,281	13,951,177
Total	<u>67,549,031</u>	<u>60,072,427</u>

25. CONTINGENT LIABILITIES

This item consists of the following:

	<u>31 March 2014</u> <u>(Unaudited)</u>	<u>31 December 2013</u> <u>(Audited)</u>
Letters of guarantee	7,336,000	7,336,000

26. COMPARATIVE FIGURES

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

27. GENERAL

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

28. APPROVAL OF FINANCIAL STATEMENTS

The interim financial statements were approved by the Board of Directors and authorized for issue in their meeting on 16 April 2014.