Al-Sagr National Insurance Company
(Public Shareholding Company)
and its subsidiary

Consolidated financial statements
for the year ended 31 December 2014

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Consolidated financial statements

for the year ended 31 December 2014

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شركة الصقر الوطنية للتأمين
Al Sagr National Insurance Co.
شركة مساهمة عامة خاضعة لأحكام القانون رقم (٦) لسنة ٢٠٠٧ في شأن إنشاء هيئة التامين وتنظيم أعماله ومقيدة في سجل شركات التأمين تحت رقم (١٦) وسجل الشركات التجارية تحت رقم (٥٥٨٨) مركزها الرئيسي دبي رأس المال المدفوع بالكامل ٢٣٠ مليون درهم
المركز الرئيسي : المنطقة الدبلوماسية، شارع السيف، بر دبي، هاتف : ٠٤-٣٩٦٨٤٤٠، فاكس : ٠٤-٣٩٦٨٤٤٢، ص.ب: ١٤٦١٤، دبي، الإمارات العربية المتحدة
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Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary

Directors' Report

The Directors have pleasure in presenting their report together with the audited consolidated financial statements of Al-Sagr National Insurance Company (Public Shareholding Company); and its subsidiary ("the Group") for the year ended 31 December 2014.

Financial Highlights

The Group has reported a profit of AED 56.1 million for year ended 31 December 2014 compared to AED 50.7 million for the corresponding prior year, an increase of 10.4% compared to December 2013, total assets increased by AED 139.7 million to reach AED 1,401.8 million, an increase of 11%.

Directors:-

Mr. Majid Abdulla Al Sari	Chairman
Mr. Khalid Abdulla Omran Tariam	Vice Chairman
Mr. Amjad Mohd Yusri Al Dweik	Director
Mr. Mohamed Abdulla Al Sari	Director
Mr. Sami Shakhshir	Director & CEO
Mr. Simon Philip	Director

Auditors:-

KPMG were appointed as auditors of the Al Sagr National Insurance Company for the year 2014 at the Annual General Meeting held on 27 April 2014.

KPMG expressed their willingness for their re-appointment for the year ending 31 December 2015.

For and on behalf of the board

Sami Shakhshir
Director & CEO
25 March 2015

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Independent auditors' report

The Shareholders
Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2014, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2014, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

As required by the UAE Federal Law No. 8 of 1984 (as amended), we further confirm that we have obtained all information and explanations necessary for our audit; the financial statements comply, in all materials respects, with the applicable requirements of the UAE Federal Law (8) of 1984 (as amended) and the Articles of Association of the Company; that proper financial records have been kept by the Company; and the contents of the Directors' report which relate to these consolidated financial statements are in agreement with the Company's financial records. We are not aware of any violation of the above mentioned Law and the Articles of Association having occurred during the year ended 31 December 2014, which may have had a material adverse effect on the business of the Company or its financial position.

Other Matter

The consolidated financial statements as at and for year ended 31 December 2013 were audited by another auditor who expressed an unmodified opinion on the consolidated financial statements on 25 March 2014.

KPMG

KPMG Lower Gulf Limited
Muhammad Tariq
Registration No: 793

Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary

Consolidated statement of financial position

as at 31 December 2014

	Note	2014 AED	2013 AED
ASSETS			
Property and equipment	8	10,514,500	5,701,454
Investment properties	9	172,809,138	170,000,000
Investments	10	240,131,419	204,649,491
Reinsurance contract assets	11	192,139,324	157,010,552
Insurance and other receivables	12	245,446,830	222,310,719
Due from related parties	25	183,385,991	166,488,762
Cash and bank balances	13	357,418,551	335,968,453
TOTAL ASSETS		1,401,845,753	1,262,129,431
EQUITY AND LIABILITIES			
Equity			
Share capital	14	230,000,000	230,000,000
Statutory reserve	15	63,115,259	57,505,110
General reserve	16	200,000,000	200,000,000
Investments revaluation reserve		(1,361,523)	(1,298,925)
Retained earnings		169,794,298	136,915,271
Equity attributable to shareholders of the Company		661,548,034	623,121,456
Non-controlling interests		1,107,110	1,282,199
Total equity		662,655,144	624,403,655
Liabilities			
Due to related parties	25	520,824	419,174
Provision for employees' end of service indemnity	17	13,401,749	11,060,017
Insurance contract liabilities	11	360,081,618	293,348,157
Bank borrowings	18	258,262,057	235,458,953
Insurance and other payables	19	106,924,361	97,439,475
Total liabilities		739,190,609	637,725,776
Total equity and liabilities		1,401,845,753	1,262,129,431

The notes on pages 8 to 48 form an integral part of these consolidated financial statements.

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 25-03-2015 and signed on their behalf by:

Director and CEO

The independent auditors' report is set out on pages 1 -2.

Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2014

	Note	2014 AED	2013 AED
UNDERWRITING RESULTS			
Underwriting income			
Gross insurance premium		**389,928,797**	393,022,708
Less: insurance premium ceded to reinsurers		**(151,231,087)**	(164,632,447)
Net retained premium		**238,697,710**	228,390,261
Net change in unearned premium reserve		**(21,905,420)**	130,078
Net insurance premium		**216,792,290**	228,520,339
Gross claims incurred		**(265,023,564)**	(305,145,810)
Insurance claims recovered from reinsurers		**74,871,366**	98,408,242
Net claims paid		**(190,152,198)**	(206,737,568)
Net change in outstanding claims		**(9,699,269)**	(1,720,139)
Net claims incurred		**(199,851,467)**	(208,457,707)
Net commission income	*20*	**51,501,066**	42,989,568
Underwriting profit		**68,441,889**	63,052,200
Net investments income	*21*	**28,292,156**	28,053,656
General and administrative expenses		**(40,632,556)**	(40,310,651)
Profit for the year		**56,101,489**	50,795,205
Other comprehensive income			
Items that will not be reclassified to profit or loss :			
Net change in investment in financial assets at fair value through other comprehensive income		**-**	-
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**56,101,489**	50,795,205
Attributable to:			
Shareholders of the Company		**55,675,245**	53,560,665
Non-controlling interest		**426,244**	(2,765,460)
		56,101,489	50,795,205
Earnings per share (AED)	*23*	**0.24**	0.23

The notes on pages 8 to 48 form an integral part of these consolidated financial statements.

The independent auditors' report is set out on page 1 - 2.

Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary

Consolidated statement of changes in equity

for the year ended 31 December 2014

	Attributable to the equity holders of the Company							
	Share capital AED	**Statutory reserve AED**	**General reserve AED**	**Investment revaluation reserve AED**	**Retained earnings AED**	**Total AED**	**Non-controlling interest AED**	**Total equity AED**
Balance at 1 January 2013	230,000,000	52,011,356	200,000,000	(1,298,925)	106,449,561	587,161,992	4,146,458	591,308,450
Total comprehensive income for the year								
Profit / (loss) for the year	-	-	-	-	53,560,665	53,560,665	(2,765,460)	50,795,205
Other comprehensive income								
Movement in net change in investment in financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	53,560,665	53,560,665	(2,765,460)	50,795,205
Transactions with owners directly recorded in equity								
Transfer to statutory reserve	-	5,493,754	-	-	(5,493,754)			
Dividend paid	-	-	-	-	(17,250,000)	(17,250,000)	-	(17,250,000)
Directors' fee paid during the year	-	-	-	-	(450,000)	(450,000)	-	(450,000)
Change in controlling interest	-	-	-	-	98,799	98,799	(98,799)	-
Balance at 31 December 2013	230,000,000	57,505,110	200,000,000	(1,298,925)	136,915,271	623,121,456	1,282,199	624,403,655

The notes on pages 8 to 48 form an integral part of these consolidated financial statements.

Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary

Consolidated statement of changes in equity

for the year ended 31 December 2014

	Attributable to the equity holders of the Company							
	Share capital AED	**Statutory reserve AED**	**General reserve AED**	**Investment revaluation reserve AED**	**Retained earnings AED**	**Total AED**	**Non-controlling interest AED**	**Total equity AED**
Balance at 1 January 2014	230,000,000	57,505,110	200,000,000	(1,298,925)	136,915,271	623,121,456	1,282,199	624,403,655
Total comprehensive income for the year								
Profit for the year	-	-	-	-	55,675,245	55,675,245	426,244	56,101,489
Other comprehensive income								
Movement in net change in investment in financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	55,675,245	55,675,245	426,244	56,101,489
Transactions with owners directly recorded in equity								
Transfer to statutory reserve	-	5,610,149	-	-	(5,610,149)	-	-	-
Dividend paid	-	-	-	-	(17,250,000)	(17,250,000)	-	(17,250,000)
Directors' fee paid during the year	-	-	-	-	(600,000)	(600,000)	-	(600,000)
Change in controlling interest	-	-	-	(62,598)	663,931	601,333	(601,333)	-
Balance at 31 December 2014	230,000,000	63,115,259	200,000,000	(1,361,523)	169,794,298	661,548,034	1,107,110	662,655,144

The notes on pages 8 to 48 form an integral part of these consolidated financial statements.

Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary

Consolidated statement of cash flows

for the year ended 31 December 2014

	Notes	**2014 AED**	2013 AED
Cash flows from operating activities			
Profit for the year		**56,101,489**	50,795,205
Adjustment for:			
Depreciation	*8*	**1,550,301**	2,532,995
Allowance/(Reversal) for doubtful receivable		**-**	(6,217,001)
Unrealised (gain) on fair value of investments	*21*	**(29,059,662)**	(25,315,554)
Interest income	*21*	**(10,544,201)**	(8,882,191)
Dividend income	*21*	**(5,439,532)**	(2,928,755)
Gain on disposal of property and equipment	*21*	**(705)**	-
Share on loss of associate	*21*	**287,341**	-
Provision for employees' end of service indemnity	*17*	**2,640,300**	1,682,583
Finance costs	*21*	**9,469,098**	8,825,282
Operating cash flows before movements in working capital		**25,004,429**	20,492,564
Increase in reinsurance contract assets		**(35,128,772)**	(38,323,392)
Increase in insurance and other receivables		**(23,136,111)**	(16,121,446)
Increase in due from related parties		**(16,897,229)**	(3,947,106)
Decrease / increase in fixed deposits with bank		**16,729,784**	(42,606,905)
Increase in insurance contract liabilities		**66,733,461**	39,913,453
Increase / decrease in insurance and other payables		**9,484,886**	(7,235,054)
Increase / decrease in due to related parties		**101,650**	(2,300,099)
Net cash generated from / (used in) operations		**42,892,098**	(50,127,985)
Interest paid	*21*	**(9,469,098)**	(8,825,282)
Employees' end of service indemnity paid	*17*	**(298,568)**	(128,741)
Net cash generated from / (used in) operating activities		**33,124,432**	(59,082,008)
Cash flows from investing activities			
Net proceeds from sale of / (used in acquiring investment) securities		**(6,709,607)**	(1,484,512)
Net (used in acquiring investment properties) / proceeds from disposal of investment properties	*9*	**(2,809,138)**	41,193,163
Purchase of property and equipment	*8*	**(6,364,991)**	(3,625,314)
Disposal of property and equipment		**2,349**	-
Dividends received	*21*	**5,439,532**	2,928,755
Interest received	*21*	**10,544,201**	8,882,191
Net cash flows from investing activities		**102,346**	47,894,283
Cash flows from financing activities			
Increase in bank borrowings		**22,803,104**	32,779,447
Dividend paid		**(17,250,000)**	(17,250,000)
Payment of directors' fees		**(600,000)**	(450,000)
Net cash (used in) / from financing activities		**4,953,104**	15,079,447
Net increase in cash and cash equivalents		**38,179,882**	3,891,722
Cash and cash equivalents at 1 January		**25,145,712**	21,253,990
Cash and cash equivalents at 31 December (note 13)		**63,325,594**	25,145,712

The notes on pages 8 to 48 form an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 1 -2.

1 Legal status and activities

Al-Sagr National Insurance Company (Public Share holding Company), Dubai (the "Company") was incorporated on 25 December 1979 as a public shareholding company by an Emiri Decree from His Highness, The Ruler of Dubai, and is registered with the Ministry of Economy of the United Arab Emirates under registration No. (16). The Company's address in Dubai is P.O. Box 14614, Dubai, U.A.E. The Company is a subsidiary of Gulf General Investments Company (the "Parent Company"), a public company incorporated in U.A. E.

The principal activity of the Company is the writing of insurance of all types, except for life insurance. The Company operates through its Head Office in Dubai and its branches in Dubai, Sharjah, Abu Dhabi, Al Ain, Ras Al Khaima and Ajman in the U.A.E.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary (collectively referred to as "the Group"). Details of subsidiary are as follows:

		Group's Ownership		
Name of subsidiary	**Activity**	**31 December 2014**	31 December 2013	**Country of incorporation**
Jordan Emirates Insurance Company PSC	Underwriting of insurance of all types	**92.83%**	88.90%	Jordan

2 Basis of preparation

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by International Accounting Standards Board ("IASB") and applicable requirements of UAE Law.

b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for the following which are measured at fair value.

i) financial instruments at fair value through profit and loss ("FVTPL");
ii) derivative financial instruments;
iii) financial instruments at fair value through other comprehensive income ("FVTOCI"); and
iv) investment properties.

c) Functional and presentation currency

These consolidated financial statements are presented in UAE Dirham (AED), which is the functional currency. Except as otherwise indicated, financial information is presented in AED.

d) Change in accounting policy

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2014.

a) IFRS 9 Financial Instruments (early adoption)
b) Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32).
c) IFRIC 21 Levies.
d) Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36).

2 Basis of preparation (continued)

d) Change in accounting policy (continued)

a) IFRS 9: Financial Instruments

Effective 1 January 2014, the Group has early adopted IFRS 9 Financial Instruments issued in October 2010.

The requirements of IFRS 9 represent a significant change from the classification and measurement requirements in IAS 39 Financial Instruments: Recognition and Measurement in respect of financial assets. IFRS 9 contains two primary measurement categories for financial assets: amortised cost and fair value.

Unless it is designated as measured at fair value, a financial asset is measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal outstanding. All other financial assets are measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivables.

IFRS 9 requires that derivatives embedded in contracts with a host that is a financial asset within the scope of the standard are not separated; instead the hybrid financial instrument is assessed in its entirety as to whether it should be measured at amortised cost or fair value.

For investments in equity instruments that are not held for trading, IFRS 9 allows an irrevocable election, on an investment-by-investment basis, to present fair value changes from the investment in other comprehensive income. Dividends on such investments are generally recognised in profit or loss.

IFRS 9 requires that the effects of changes in credit risk of liabilities designated as at fair value through profit or loss are presented in other comprehensive income unless such treatment would create or enlarge an accounting mismatch in profit or loss, in which case all gains or losses on that liability is presented in profit or loss.

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied beginning of the accounting period i.e. from 1 January 2014 without restatement of prior years.

The changes are measured as at the first date of the current reporting period (1 January 2014).

– The assessment of whether a financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
– The designation of certain investments in equity instruments that are not held for trading as at fair value through other comprehensive income.
– The determination of whether the existing designations of liabilities as at fair value through profit or loss would create or enlarge an accounting mismatch in profit or loss. As a result of this analysis no adjustments were required to be made.

2 Basis of preparation (continued)

d) Change in accounting policy (continued)

a) IFRS 9: Financial Instruments (continued)

Change resulting from assessments made at the date of initial application (1 January 2014) and measured at the date of initial application - investments in unquoted equity instruments, which were previously accounted for at cost in accordance with IAS 39, are now measured at fair value.

There is no differences between the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 (refer note 10.3). The provisions of IFRS 9 have not been applied to financial assets and financial liabilities derecognised before 31 December 2013.

The change in accounting policy does not have any material impact on basic and diluted earnings per share for the year.

b) Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32).

The amendments to IAS 32 clarify the requirements relating to offset of financial assets and financial liabilites. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The change had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

c) IFRIC 21 Levies

IFRIC 21 defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It confirms that an entity recognises a liability for a levy when - and only when - the triggering event specified in the legislation occurs. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of the consolidated financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The application of this Interpretation had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

d) Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendment introduce additional disclosure requirement applicable to when the recoverable amount of an asset or a CGU is measured at fair value less cost of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurement.

2 Basis of preparation (continued)

e) Use of estimates and judgements

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in the future periods effected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in note 5.

3 Summary of significant accounting policies

Except for the change in accounting policy stated in note 2(d), the accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been consistently applied by the Group.

a) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The consolidated financial statements of the subsidiary are included in the Group's consolidated financial statements from the date that control commences until the date that control ceases.

Non controlling interest in the equity and results of the entities that are controlled by the Group are shown separately as a part of consolidated statements of changes in equity in the Group's consolidated financial statements.

Any contribution or discounts on subsequent acquisition, after control is obtained, of equity instruments from (or sale of equity instruments to) non controlling interest is recognised directly in consolidated statement of changes in equity.

Investment in associates (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounting basis, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of investment is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the Group's consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated, wherever practicable, to the extent of the Group's interest in the enterprise. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3 Summary of significant accounting policies (continued)

a) Basis of consolidation (continued)

Acquisition from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained.

b) Insurance contracts

i) Classification

The Group issues contracts that transfer either insurance risk or both insurance and financial risks.

Contracts under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder are classified as insurance contracts. Insurance risk is significant if an insured event could cause the Group to pay significant additional benefits due to happening of the insured event compared to its non happening.

Insurance contracts may also transfer some financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Contracts where insurance risk is not significant are classified as investment contracts.

Once a contract is classified as an insurance contract it remains classified as an insurance contract until all rights and obligations are extinguished or expired.

ii) Recognition and measurement

Premiums

Gross premiums written reflect business incepted during the year, and exclude any fees and other amounts collected with and calculated based on premiums. These are recognised when underwriting process is complete and policies are issued.

The earned proportion of premiums 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 described below:

Unearned premium provision

Unearned premiums are computed using the statistical model to spread premium evenly over the period of coverage.

3 Summary of significant accounting policies (continued)

b) Insurance contracts (continued)

iii) Claims

Claims incurred comprise the settlement and the internal and external handling costs paid and changes in the provisions for outstanding claims arising from events occurring during the financial period. Where applicable, deductions are made for salvage and their recoveries.

Claims outstanding comprise provisions for the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date whether reported or not, and related internal and external claims handling expense reduced by expected salvage and other recoveries. Claims outstanding are assessed by reviewing individual reported claims. Provisions for claims outstanding are not discounted. Adjustments to claims provisions established in prior periods are reflected in the consolidated financial statements of the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly. Provision is also made for any claims incurred but not reported ("IBNR") at the date of statement of financial position on the basis of management estimates. The basis of estimating outstanding claims and IBNR are detailed in note 5.

iv) Provision for premium deficiency / liability adequacy test

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of estimated future cash flows, the entire deficiency is immediately recognised in profit or loss and an unexpired risk provision is created.

Provision is made for premium deficiency arising from general insurance contracts where the expected value of claims and expenses attributable to the unexpired periods of policies in force at the reporting date exceeds the unearned premiums provision and already recorded claim liabilities in relation to such policies. The provision for premium deficiency is calculated by reference to classes of business which are managed together, after taking into account the future investment return on investments held to back the unearned premiums and claims provisions.

v) Reinsurance

The Group cedes reinsurance in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risks. Assets, liabilities and income and expense arising from ceded reinsurance contracts are presented separately from the assets, liabilities, income and expense from the related insurance contracts because the reinsurance arrangements do not relieve the Group from its direct obligations to its policyholders.

Amounts due to and from reinsurers are accounted for in a manner consistent with the related insurance policies and in accordance with the relevant reinsurance contracts. Reinsurance premiums are deferred and expensed using the same basis as used to calculate unearned premium reserves for related insurance policies. The deferred portion of ceded reinsurance premiums is included in reinsurance assets.

Reinsurance assets are assessed for impairment at each reporting date. A reinsurance asset is deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Group may not recover all amounts due, and that event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. Impairment losses on reinsurance assets are recognised in statement of income in the period in which they are incurred.

Profit commission in respect of reinsurance contracts is recognised on an accrual basis and reinsurance commission is recognised on the basis stated in note 3 (c).

3 Summary of significant accounting policies (continued)

b) Insurance contracts (continued)

vi) Deferred acquisition cost

For general insurance contracts, the deferred acquisition cost asset represents the proportion of acquisition costs which corresponds to the proportion of gross premiums written that is unearned at the reporting date.

vii) Insurance receivables and payables

Amounts due from and to policyholders, agents and reinsurers are financial instruments and are included in insurance receivables and payables, and not in insurance contract provisions or reinsurance assets.

viii) Insurance contract provision and reinsurance assets

Insurance contract liabilities towards outstanding claims are made for all claims intimated to the Group and still unpaid at the consolidated statement of financial position date, 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 consolidated statement of financial position date.

The reinsurers' portion towards the above outstanding claims, claims incurred but not reported and unearned premium is classified as reinsurance contract assets in the consolidated financial statements.

c) Revenue (other than insurance revenue)

Revenue (other than insurance revenue) comprises the following:

i) Fee and commission income
Fee and commissions received or receivable which do not require the Group to render further service are recognised as revenue by the Group on the effective commencement or renewal dates of the related

ii) Investment income

Investment income comprises income from financial assets, rental income from investment properties and fair value gains/losses on investment property.

Income from financial assets comprises interest and dividend income, net gains/losses on financial assets classified at fair value through profit or loss (FVTPL) , and realised gains/losses on other financial assets.

Interest income is recognised on a time proportion basis using effective interest rate method. Dividend income is recognised when the right to receive dividend is established. Usually this is the ex-dividend date for equity securities. Basis of recognition of net gains/losses on financial assets classified at fair value through profit or loss and realised gains on other financial assets is described in note 3 (g).

Fair value gains/losses on investment property are included in the consolidated statement of profit or loss in the period these gains/losses are determined. Details of valuations during the year are included in note 9.

d) Property and equipment

i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

3 Summary of significant accounting policies (continued)

d) Property and equipment (continued)

i) Recognition and measurement (continued)

Where parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property and equipment, and is recognised net within other income/other expenses in consolidated profit or loss. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in consolidated statement of profit or loss as incurred.

iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted if appropriate. No depreciation is charged on freehold land and capital-work-in-progress. Land is not depreciated and is stated at cost.

The estimated useful lives for various categories of property and equipment is as follows :

Building (Jordan)	50 years
Office improvements	4 to 8 years
Furniture and equipment	4 to 11 years
Motor vehicles	4 to 6 years

e) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in consolidated statement of profit or loss.

The Group determines fair value on the basis of valuation provided by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

3 Summary of significant accounting policies (continued)

f) Capital work in progress

Capital work-in-progress consists of property being developed for sale on completion and is measured at lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of the business, less cost of completion and selling expenses.

g) Financial assets and liabilities (early adoption of IFRS 9)

Policy applicable from 1 January 2014

Non-derivative financial instruments comprise deposits, insurance and other receivables and payables, due from/to related parties and cash and bank balances.

i) Non-derivative financial assets

Recognition
The Group initially recognises loans and advances and deposits on the date at which they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Group becomes party to the contractual provision of the instrument.

A financial assets or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

Classification
At inception a financial asset is classified as measured at amortised cost or fair value.

Financial assets measured at amortised cost
A financial asset qualifies for amortised cost measurement only if it meets both of the following two conditions :
● the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
● the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principle and interest on the principle amount outstanding.

If a financial asset does not meet both of these conditions, then it is measured at fair value.

The Group makes an assessment of a business model at portfolio level as this reflect the best way the business is managed and information is provided to the management.

In making an assessment of whether an asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, the Group considers:

● management's stated policies and objectives for the portfolio and the operation of those policies in practice;
● how management evaluates the performance of the portfolio;
● whether management's strategy focus on earning contractual interest revenue;
● the degree of frequency of any expected asset sales;
● the reason of any asset sales; and
● whether assets that are sold are held for an extended period of time relative to their contractual maturity or are sold shortly after acquisition or an extended time before maturity.

3 Summary of significant accounting policies (continued)

g) Financial assets and liabilities (early adoption of IFRS 9) (continued)

i) Non-derivative financial assets (continued)

Classification (continued)

Financial assets measured at FVTPL

Financial assets held for trading are not held within a business model whose objective is to hold the asset in order to collect contractual cash flows.

The Group has designated certain financial assets at fair value through profit or loss because designation eliminates or significantly reduces an accounting mismatch, which would otherwise arise.

Financial assets measured at FVTOCI

At initial recognition the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in certain equity instruments as at FVTOCI (fair value through other comprehensive income). Designation to FVTOCI is not permitted if the equity instrument is held for trading.

Dividend in these investments in equity instruments are recognised in the consolidated profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represents a recovery of part of the cost of the investment.

Gains and losses on such equity instruments are never reclassified to income statement and no impairment is recognised in consolidated profit or loss.

Financial assets are not reclassified subsequent to their initial recognition, except when the Group changes its business model for managing financial assets.

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these are measured at amortised cost using the effective interest method.

Loans and receivables comprise mainly trade and other receivables, deposits and other receivables.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, balances with the Banks and fixed deposits with original maturities of three months or less from the acquisition date that are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

ii) Derivative financial assets

The Group holds derivative financial instruments to hedge its FVTPL investment and is classified as FVTPL. The Fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques.

iii) Equity securities

Ordinary shares of the Group are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

iv) Non-derivate financial liabilities

All financial liabilities (including liabilities designated at fair value through consolidated statement of other comprehensive income) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

3 Summary of significant accounting policies (continued)

g) Financial assets and liabilities (early adoption of IFRS 9) (continued)

v) De-recognition of financial assets and financial liabilities

The Group derecognises a financial asset when the contractual right to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risk and rewards of the ownership are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control over the transferred asset. Any interest in transferred financial assets that qualify for derecognition that is carried or retained by the Group is recognised as separate asset or liability in the consolidated statement of financial position. On derecognition of financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognised in consolidated statement of profit or loss.

The Group enters into transactions whereby it transfers assets recognised on its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the financial assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfer of assets with retention of all or substantially all risks and rewards include, securities lending and repurchase transactions.

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract, depending on whether the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the services.

The Group derecognises a financial liability when its contractual obligation are discharged or cancelled or expire.

Financial assets and liabilities as per IAS 39 (for comparative purpose only)

i) Classification of financial assets

Held-to-maturity financial assets

Held-to maturity financial assets are non derivative financial assets with fixed or determinable payment and fixed maturities that the Group's management has the positive intent and ability to hold to maturity.

Financial assets at fair value through profit or loss

Financial assets are classified in this category if acquired principally for the purpose of selling in the short term or if so designated by the management.

Available-for-sale financial assets

Available-for-sale financial assets are non derivative financial assets that are not designated as another category of financial assets. Available-for-sale financial assets are carried at fair value.

ii) Recognition of financial instruments

Investments are recognised on the trade date which is the date on which the Group commits to purchase or sell the securities. Loans and receivables are recognised on the basis of underwriting activities.

Financial liabilities are recognised on the date when the Group becomes a party to the contractual provisions of the instrument.

3 Summary of significant accounting policies (continued)

g) Financial assets and liabilities (early adoption of IFRS 9) (continued)

Financial assets and liabilities as per IAS 39 (for comparative purpose only) (continued)

iii) Derecognition of financial instruments

The Group derecognises financial assets when the contractual right to the cash flows from the financial assets expire, or when it transfers the rights to receive the contractual cash flows on the financial assets in a transaction in which substantially all the risk and rewards of the ownership of the financial assets are transferred to other party.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

h) Impairment

Impairment of financial assets carried at amortised cost

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets carried at amortised cost are impaired. A financial asset or group of financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows relating to the asset that can be estimated reliably. The Group considers evidence of impairment at both a specific and collective level.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of an amount due to the Group on terms that the Group would not otherwise consider, indication that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a Group of assets such as adverse change in the payment status of borrowers or issuers, or economic conditions that correlate with defaults in the Group.

Impairment of loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by companying together loans and receivables with similar risk characteristics.

At each reporting date, the Group assesses on a case-by-case basis whether there is any objective evidence that a asset is impaired. Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off and/or any event resulting in a reduction in impairment loss, decreases the amount of the provision for loan impairment in the consolidated profit or loss.

Impairment losses are recognised in the consolidated profit or loss and reflected in an allowance account against loans and advances. Interest on impaired assets continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the consolidated profit or loss.

3 Summary of significant accounting policies (continued)

h) Impairment (continued)

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in consolidated profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

i) Fair value measurement principle

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in the consolidated profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

3 Summary of significant accounting policies (continued)

i) Fair value measurement principle (continued)

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

j) Foreign currency transactions

Transactions denominated in foreign currencies are translated to AED at the spot exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to AED at the spot exchange rates ruling at the date of consolidated statement of financial position. Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated to AED at the foreign exchange rates ruling at the date of the transaction. Foreign exchange differences arising on translation are recognised in the consolidated statement of profit or loss. The assets and liabilities of foreign subsidiary and the equity of associates are translated at the rate of exchange ruling at the reporting date.

The consolidated statements of profit or loss of foreign subsidiary and the results of associates are translated at the average exchange rates for the year. The exchange differences on the retranslation are taken directly to the consolidated other comprehensive income.

k) Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

l) Employee terminal benefits

Defined benefit plan

The Group provides for staff terminal benefits based on an estimation of the amount of future benefits that employees have earned in return for their service until their retirement. This calculation is performed on a projected unit credit method.

Defined contribution plan

The Group contributes to the pension scheme for nationals under the pension and social security law. This is a defined contribution pension plan and the Group's contribution are charged to the statement of profit or loss in the period in which they relate. In respect of this scheme, the Group has a legal and constructive obligation to pay the fund contribution as they fall due and no obligations exists to pay the future benefits.

3 Summary of significant accounting policies (continued)

m) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss for the year attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

n) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Group's headquarters), head office expenses, and income tax assets and liabilities.

o) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when, and only when, the Group has a legally enforceable right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, or of gains and losses arising from a group of similar transactions such as in the Group's trading activity.

p) Directors' remuneration

In accordance with the Ministry of Economy and Commerce Interpretation of Article 118 of Federal Law No. 8 of 1984 (as amended), directors' remuneration of the Group has been treated as an appropriation from equity and presented under consolidated statement of changes in equity.

q) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014 and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

IFRS 15	Revenue from Contracts with Customers	(effective 1 January 2017)
Amendments to IFRS 9	Financial Instruments (2014)	(effective 1 January 2018)

The Group has adopted IFRS 9 (2009) which sets out guidelines for the classification and measurement of financial assets.

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

3 Summary of significant accounting policies (continued)

q) New standards and interpretations not yet adopted (continued)

The Group has commenced the process of evaluating the potential effect of this standard. Given the nature of the Group's operations, this standard is expected to have a limited pervasive impact on the Group's consolidated financial statements.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

The Group is in the process of evaluating the potential impact of this standard on it's financial statement resulting from application of this IFRS 15.

4. Risk management

The Group issues contracts that transfer either insurance risk or both insurance and financial risks. The Group does not issue contracts that transfer only financial risks. This section summarises these risk and the way the Group manages them:

i) Governance framework

The primary objective of the Group’s risk and financial management framework is to protect the Group’s shareholders from events that hinder the sustainable achievement of the set financial performance objectives. Management recognises the critical importance of having efficient and effective risk management systems in place.

ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group’s risk management framework. The Board has established the Audit Committee, which is responsible for developing and monitoring the Group’s risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group’s risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities.

The Group’s Audit Committee oversees how management monitors compliance with the Group’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group’s Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

4. Risk management (continued)

iii) Capital management framework

The primary objective of the Group's capital management is to comply with the regulatory requirements in the country in which it operates and to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value.

The Group has an internal risk management framework for identifying risks to which each of its business units and the Group as a whole is exposed, quantifying their impact on economic capital.

The Group manage their capital structure and make adjustments to it, in light of changes in economic conditions. The Group fully complied with the externally imposed capital requirements and no changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 31 December

iv) Regulatory framework

Regulators are primarily interested in protecting the rights of the policyholders and shareholders and monitor closely to ensure that the Group is satisfactorily managing affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Group maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The operations of the Group are also subject to regulatory requirements within the UAE. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as

v) Asset liability management ("ALM")

Financial risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The main risk that the Group faces due to the nature of its investments and liabilities is interest rate risk and equity price risk. The Group manages these positions within an ALM framework that has been developed by management to achieve long-term investment returns in excess of its obligations under insurance and investment contracts.

The Group's ALM is also integrated with the management of the financial risks associated with the Group's other financial assets and liabilities not directly associated with insurance and investment liabilities.

The Group's ALM also forms an integral part of the insurance risk management policy, to ensure in each period sufficient cash flow is available to meet liabilities arising from insurance.

a) Insurance risks

The Group accepts insurance risk through its written insurance contracts. The Group is exposed to uncertainty surrounding the timing, frequency and severity of claims under these contracts. The Group writes the following types of general insurance and life insurance contracts:

· Accident insurance
· Property insurance
· Motor insurance
· Fire insurance
· Casualty insurance
· Medical insurance
· Marine insurance
· Engineering insurance
· Group life insurance
· Credit life insurance

4. Risk management (continued)

v) Asset liability management ("ALM") (continued)

a) Insurance risks (continued)

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. The Group only issue short term insurance contracts in connection with property, motor, marine and casualty risks.

Two key elements of the Group's insurance risk management framework are its underwriting strategy and reinsurance strategy, as discussed below.

Underwriting strategy

The Group's underwriting strategy is to build balanced portfolios based on a large number of similar risks. This reduces the variability of the portfolios outcome.

The underwriting strategy is set out by the Group that establishes the classes of business to be written, the territories in which business is to be written and the industry sectors in which the Group is prepared to underwrite. This strategy is cascaded by the business units to individual underwriters through detailed underwriting authorities that set out the limits that any one underwriter can write by line size, class of business, territory and industry in order to ensure appropriate risk selection within the portfolio. All general insurance contracts except marine, are annual in nature and the underwriters have the right to refuse renewal or to change the terms and conditions of the contract at renewal.

The principal risk the Group faces under insurance contracts is that the actual claims and benefits payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guideline, as well as the use of reinsurance arrangements.

Frequency and amounts of claims

The Group has developed their underwriting strategy to diversify the type of insurance risks accepted and within each of the categories to achieve sufficiently large populations of risk to reduce the variability of the expected outcome. The frequency and amounts of claims can be affected by several factors. The Group underwrite mainly property, motor, casualty, medical and marine risks. These are regarded as short-term insurance contracts as claims are normally advised and settled within one year of the insured event taking place.

4. Risk management (continued)

v) Asset liability management (“ALM”) (continued)

a) Insurance risks (continued)

Frequency and amounts of claims (continued)

Property

Property insurance covers a diverse collection of risks and therefore property insurance contracts are subdivided into four risks groups, fire, business interruption, weather damage and theft.

These contracts are underwritten by reference to the commercial replacement value of the properties and contents insured. The cost of rebuilding properties, of replacement or indemnity for contents and time taken to restart operations for business interruptions are the key factors that influence the level of claims under these policies. The greatest likelihood of significant losses on these contracts arises from storm, flood damage or other weather related incidents.

Motor

Motor insurance contracts are designed to compensate policies holders for damage suffered to vehicles, disability to third parties arising through accidents and fire or theft of their vehicles.

Underwriting limits and guidelines are in place to enforce appropriate risk selection criteria.

The level of court awards for deaths and to injured parties and the replacement costs of motor vehicles are the key factors that influence the level of claims.

Marine

Marine insurance is designed to compensate contract holders for damage and liability arising through loss or damage to marine craft and accidents at sea resulting in the total or partial loss of cargoes.

For marine insurance, the main risks are loss or damage to marine craft and accidents resulting in the total or partial loss of cargoes.

The underwriting strategy for the marine class of business is to ensure that policies are well diversified in terms of vessels and shipping routes covered.

Casualty

For casualty class of business, such as workmen's compensation, personal accident, general third party liability and loss of money, the extent of loss or damage and the potential court awards are the main factors that influence the level of claims.

The Group manage these risks through their 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. Underwriting limits are in place to enforce appropriate risk selections.

The Group proactively manage and pursue early settlement of claims to reduce their exposure to unpredictable developments.

The Group have adequate reinsurance arrangements to protect their financial viability against such claims for all classes of business.

The Group have obtained adequate non-proportionate reinsurance cover for all classes of business to limit losses to an amount considered appropriate by the management.

4. **Risk management** (continued)

v) **Asset liability management ("ALM")** (continued)

a) **Insurance risks** (continued)

Frequency and amounts of claims (continued)

Medical

Medical selection is part of the Group's underwriting procedures, whereby contributions are charged to reflect the health condition and family medical history of the applicants. Pricing is based on assumptions, such as mortality and persistency, which consider past experience and current trends. Contracts including specific risks and guarantees are tested for profitability according to predefined procedures before approval.

Products are reviewed by the business units on an annual basis to confirm, or otherwise, that pricing assumptions remain appropriate. Analysis is performed on earnings and liability movements to understand the source of any material variation in actual result from what was expected. This confirm the appropriateness of assumption and in underwriting and pricing.

Concentration of risk

The Group's underwriting activities are carried out in the United Arab Emirates and other Middle East countries.

Reinsurance strategy

The Group reinsures a portion of the insurance risks it underwrites in order to control its exposure to losses and protect capital resources.

Ceded reinsurance contains credit risk, as discussed in the financial risk management note. The Group has a Reinsurance department that is responsible for setting the minimum security criteria for acceptable reinsurance and monitoring the purchase of reinsurance by the business units against those criteria. The department monitors developments in the reinsurance programme and its ongoing adequacy.

The Group buys a combination of proportionate and non-proportionate reinsurance treaties to reduce the net exposure to the Group. In addition, underwriters are allowed to buy facultative reinsurance in certain specified circumstances. All purchases of facultative reinsurance are subject to business unit pre-approval and the total expenditure on facultative reinsurance is monitored regularly by reinsurance department.

Sensitivity of underwriting profit and losses

The contribution by the insurance operations in the reported results of the Group amounts to AED 27.8 million profit for the year ended 31 December 2014 *(2013: 22.7 million)*. The Group does not foresee any major impact from insurance operations due to the following reason:

The Group has an overall retention level of 61% *(2013: 58%)* and the same is mainly contributed by motor line of business wherein the retention levels are 100%. However, in this class the risk is adequately covered by excess of loss reinsurance programs to guard against major financial impact.

4. Risk management (continued)

v) Asset liability management ("ALM") (continued)

b) Financial risk

The Group has exposure to the following primary risks from its use of financial instruments and operational activities.

i) Credit risk;
ii) Liquidity risk;
iii) Market risk; and
iv) Operational risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. A credit risk policy setting out the assessment and determination of what constitutes credit risk for the Group has been established and policies and procedures are in place to mitigate the Group's exposure to credit risk. Compliance with the policy is monitored and exposures and breaches are regularly reviewed for pertinence and for changes in the risk environment.

For all classes of financial assets held by the Group the maximum credit risk exposure to the Group is the carrying value as disclosed in the consolidated financial statements at the reporting date. Reinsurance is placed with reinsurers' approved by the management, which are generally international reputed companies.

To minimize its exposure to significant losses from reinsurer insolvencies, the Group evaluates the financial condition of its reinsurer's and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers.

At each reporting date, management performs an assessment of creditworthiness of reinsurers' and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment if required.

The Group monitors concentration of credit risk by sector and by geographical location.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

	2014	2013
	AED	AED
Financial assets		
Reinsurance contract assets	**192,139,324**	157,010,552
Insurance and other receivable	**244,610,297**	220,848,491
Due from related parties	**183,385,991**	166,488,762
Bank balances	**357,124,628**	335,015,861
	977,260,240	879,363,666

4. Risk management (continued)

v) Asset liability management ("ALM") (continued)

b) Financial risk (continued)

ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities. Liquidity requirements are monitored on a daily basis and management ensures that sufficient funds are available to meet any commitments as they arise.

Maturity profiles

The table below summarizes the maturity profile of the financial liabilities of the Group based on remaining undiscounted contractual obligations. Repayments which are subject to notice are treated as if notice were to be given immediately.

31 December 2014	**Carrying amount AED**	**Contractual cash flows AED**	**Less than 180 days AED**	**180 days to 1 year AED**	**Total AED**
Liabilities					
Due to related parties	**520,824**	**(520,824)**	**(520,824)**	**-**	**(520,824)**
Outstanding claim reserve	**196,213,622**	**(196,213,622)**	**-**	**(196,213,622)**	**(196,213,622)**
Bank borrowings	**258,262,057**	**(258,262,057)**	**(258,262,057)**	**-**	**(258,262,057)**
Insurance and other payables	**106,924,361**	**(106,924,361)**	**(106,924,361)**	**-**	**(106,924,361)**
Total liabilities	**561,920,864**	**(561,920,864)**	**(365,707,242)**	**(196,213,622)**	**(561,920,864)**

31 December 2013	Carrying amount AED	Contractual cash flows AED	Less than 180 days AED	180 days to 1 year AED	Total AED
Liabilities					
Due to related parties	419,174	(419,174)	(419,174)	-	(419,174)
Outstanding claim reserve	162,605,790	(162,605,790)	-	(162,605,790)	(162,605,790)
Bank borrowings	235,458,953	(235,458,953)	(235,458,953)	-	(235,458,953)
Insurance and other payables	97,439,475	(97,439,475)	(97,439,475)	-	(97,439,475)
Total liabilities	495,923,392	(495,923,392)	(333,317,602)	(162,605,790)	(495,923,392)

iii) Market risk

Market 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 security, or its issuer, or factors affecting all securities traded in the market. The Group limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in local equity and bond markets. In addition, the Group actively monitors the key factors that affect stock and bond market movements, including analysis of the operational and financial performance of investees.

a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in a foreign currency. The Group's functional currency is the UAE Dirham.

The Group's major exposures are in USD, which is pegged with AED and the Group's exposure to currency risk is limited to that extent. Since almost all reinsurance arrangements are denominated in USD.

4. Risk management (continued)

v) Asset liability management ("ALM") (continued)

b) Financial risk (continued)

iii) Market risk (continued)

b) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk relates to its bank deposits. At 31 December 2014, fixed deposits carried interest rates ranging from 2.75% to 5.9% per annum *(2013: 2.25% to 5.5% per annum).*

If interest rates had been 100 basis points lower throughout the year and all other variables were held constant, the Group's net profit for the year ended 31 December 2014 would decrease by approximately AED 3.41 million *(2013: AED 3.27 million)*. Similarly increase in interest by 100 basis points would result in equal and opposite effect on profit for the year.

c) Equity price risk

Equity price risk is the risk that the fair value of a financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's equity price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices.

The Group's equity price risk policy requires is to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, sector and market. The fair values of financial assets are not different from their carrying values.

Sensitivities

The table below shows the results of sensitivity testing on the Group's profit or loss and equity by type of business. The sensitivity analysis indicates the effect of changes in price risk factors arising from the impact of the changes in these factors on the Group's investments:

	10% increase in price		**10% decrease in price**	
	Profit or loss AED	**Other comprehensive income AED**	**Profit or loss AED**	**Other comprehensive income AED**
31 December 2014				
Fair value through OCI	**-**	**253,815**	**-**	**(253,815)**
Fair value through profit or loss	**23,733,960**	**-**	**(23,733,960)**	**-**
31 December 2013				
Fair value through OCI	-	253,912	-	(253,912)
Fair value through profit or loss	20,156,936	-	(20,156,936)	-

4. Risk management (continued)

v) Asset liability management ("ALM") (continued)

b) Financial risk (continued)

iv) Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

The Group cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Group is able to manage the risks.

The Group has detailed systems and procedures manuals with effective segregation of duties, access controls, authorization and reconciliation procedures, staff training and assessment processes etc. with a compliance and internal audit framework. Business risks such as changes in environment, technology and the industry are monitored through the Group's strategic planning and budgeting process.

5. Use of estimates and judgements

The areas of the Group's business containing key sources of estimation uncertainty include the measurement of insurance contract provisions and the determination of the fair values of financial instruments.

Measurement of insurance contract provisions

The Group's accounting policy in respect of insurance contract accounting is discussed in more detail in note 3(b). The key assumptions made in respect of insurance contract liabilities are included in note 11.

Insurance contract classification

Contracts are classified as insurance contracts where they transfer significant insurance risk from the holder of the contract to the Group.

There are a number of contracts sold where the Group exercises judgement about the level of insurance risk transferred. The level of insurance risk is assessed by considering whether there are any scenarios with commercial substance in which the Group is required to pay significant additional benefits. These benefits are those which exceed the amounts payable if no insured event were to occur. These additional amounts include claims liability and assessment costs, but exclude the loss of the ability to charge the holder of the contract for future services.

Provision for outstanding claims, whether reported or not

Considerable judgment by the management is required in the estimation of amounts due to the contract holders arising from claims made under insurance contracts. Such estimates are necessarily based on significant assumptions about several factors involving varying, and possible significant, degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the date of consolidated statement of financial position and for the expected ultimate cost of claims incurred but not reported ("IBNR") at the date of consolidated statement of financial position.

Claims requiring court or arbitration decisions are estimated individually. Independent loss adjusters normally estimate property claims. Management reviews its provisions for claims incurred and IBNR claims regularly.

5. Use of estimates and judgements (continued)

Impairment of insurance receivables

An estimate of the collectible amount of insurance receivables is made when collection of the full amount is no longer probable. This determination of whether the insurance receivables are impaired, entails the Group evaluating the credit and liquidity position of the policy holders and the insurance and reinsurance companies, historical recovery rates and feedback received from the legal department. The difference between the estimated collectible amount and the book amount is recognised as an expense in the consolidated profit or loss. Any difference between the amounts actually collected in the future periods and the amounts expected will be recognised in the consolidated profit or loss at the time of collection.

Provision made for the doubtful debts on insurance receivables at 31 December 2014 was AED 21.38 million *(2013: AED 21.38 million)*.

Liability Adequacy Test

At each consolidated statement of financial position date, liability adequacy tests are performed to ensure the adequacy of insurance contract liabilities. The Group makes use of the best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities in evaluating the adequacy of the liability. Any deficiency is immediately charged to the consolidated profit or loss.

Valuation of Financial Instruments

The Fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques are used to determine fair values, these are tested before they are used. In case of options, management consider market conditions of those options together with the probability of their exercise. Where appropriate, management applied marketability discounts in order to arrive at a value that reflects the market conditions associated with those options. The fair value estimates presented herein are not necessarily indicative of an amount that the Group would realise in a current transaction, and because of the inherent uncertainty of valuations, do not represent amounts that will be ultimately realised, since such amounts depend on future circumstances and the differences could be material.

Valuation of investment properties

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio annually.

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

The Group has taken the highest and best use fair values for the fair value measurement of its investment properties.

Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurements
		The estimated fair value increase/decrease if:
1) Income valuation approach	-Expected market rental growth rate	-Expected market rental growth rate were higher
2) Sales comparative valuation approach	-Risk adjusted discount rates	-The risk adjusted discount rates were lower / higher
3) Market value approach	-Free hold property	-The property is not free hold
	-Free of covenants , third party rights and obligations	-The property is subject to any covenants, rights and obligations
	-Statutory and legal validity	-The property is subject to any adverse legal notices / judgment
	-Condition of the property	-The property is subject to any defect / damages
	-Sales value of comparable properties	-The property is subject to sales value fluctuations of surrounding properties in the area

6 Accounting classification of financial assets and financial liabilities

The table below shows a reconciliation between line items in the consolidated statement of financial position and categories of financial instruments.

At 31 December 2014

Financial assets	**FVTPL**	**FVTOCI**	**Amortised cost**	**Total**
	AED	**AED**	**AED**	**AED**
Investments	**237,339,603**	**2,538,147**	**-**	**239,877,750**
Reinsurance contract assets	**-**	**-**	**192,139,324**	**192,139,324**
Insurance and other receivables	**-**	**-**	**244,610,297**	**244,610,297**
Due from related parties	**-**	**-**	**183,385,991**	**183,385,991**
Cash and bank balances	**-**	**-**	**357,418,551**	**357,418,551**
	237,339,603	**2,538,147**	**977,554,163**	**1,217,431,913**

Financial liabilities	**FVTPL**	**FVTOCI**	**Amortised cost**	**Total**
	AED	**AED**	**AED**	**AED**
Due to related parties	**-**	**-**	**520,824**	**520,824**
Insurance contract liabilities	**-**	**-**	**360,081,618**	**360,081,618**
Bank borrowings	**-**	**-**	**258,262,057**	**258,262,057**
Insurance and other payables	**-**	**-**	**106,924,361**	**106,924,361**
	-	**-**	**725,788,860**	**725,788,860**

At 31 December 2013

Financial assets	FVTPL	AFS	Amortised cost	Total
	AED	AED	AED	AED
Investments	194,871,884	2,539,123	6,697,474	204,108,481
Reinsurance contract assets	-	-	157,010,552	157,010,552
Insurance and other receivables	-	-	220,848,491	220,848,491
Due from related parties	-	-	166,488,762	166,488,762
Cash and bank balances	-	-	335,968,453	335,968,453
	194,871,884	2,539,123	887,013,732	1,084,424,739

Financial liabilities	FVTPL	AFS	Amortised cost	Total
	AED	AED	AED	AED
Due to related parties	-	-	419,174	419,174
Insurance contract liabilities	-	-	293,348,157	293,348,157
Bank borrowings	-	-	235,458,953	235,458,953
Insurance and other payables	-	-	97,439,475	97,439,475
	-	-	626,665,759	626,665,759

7 Fair value of financial instruments

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument’s valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

a) Fair value hierarchy of assets/liabilities measured at fair value

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the consolidated statement of financial position.

As at 31 December 2014

Financial assets	**Level 1 AED**	**Level 2 AED**	**Level 3 AED**	**Total AED**
FVTPL - financial assets	**202,339,603**	-	**35,000,000**	**237,339,603**
FVTOCI - financial assets	-	-	**2,538,147**	**2,538,147**
	202,339,603	**-**	**37,538,147**	**239,877,750**
Non financial assets				
Investment properties	**-**	**-**	**172,809,138**	**172,809,138**
	202,339,603	**-**	**210,347,285**	**412,686,888**

As at 31 December 2013

Financial assets	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
FVTPL - financial assets	194,871,884	-	6,697,474	201,569,358
FVTOCI - financial assets	-	-	2,539,123	2,539,123
	194,871,884	-	9,236,597	204,108,481
Non financial assets				
Investment properties	-	-	170,000,000	170,000,000
	194,871,884	-	179,236,597	374,108,481

7 Fair value of financial instruments (continued)

a) Fair value hierarchy of assets/liabilities measured at fair value (continued)

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level 3 of the fair value hierarchy:

	2014
	AED
Balance at 1 January	179,236,597
Transfer to level 1	(6,697,474)
New derivative arrangements entered during the year	35,000,000
Purchase of investment property	2,809,138
Disposal of investments	(976)
Balance at 31 December	**210,347,285**

b) Financial instruments not measured at fair value

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

As at 31 December 2014

Financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
	AED	**AED**	**AED**	**AED**
Reinsurance contract assets	-	**192,139,324**	-	**192,139,324**
Insurance and other receivables	-	**244,610,297**	-	**244,610,297**
Due from related parties	-	**183,385,991**	-	**183,385,991**
Cash and bank balances	-	**357,418,551**	-	**357,418,551**
	-	**977,554,163**	-	**977,554,163**
Financial liabilities				
Due to related parties	-	**520,824**	-	**520,824**
Insurance contract liabilities	-	**360,081,618**	-	**360,081,618**
Bank borrowings	-	**258,262,057**	-	**258,262,057**
Insurance and other payables	-	**106,924,361**	-	**106,924,361**
	-	**725,788,860**	-	**725,788,860**

As at 31 December 2013

Financial assets	Level 1	Level 2	Level 3	Total
	AED	AED	AED	AED
Reinsurance contract assets	-	157,010,552	-	157,010,552
Insurance and other receivables	-	220,848,491	-	220,848,491
Due from related parties	-	166,488,762	-	166,488,762
Cash and bank balances	-	335,968,453	-	335,968,453
	-	880,316,258	-	880,316,258
Financial liabilities				
Due to related parties	-	419,174	-	419,174
Insurance contract liabilities	-	293,348,157	-	293,348,157
Bank borrowings	-	235,458,953	-	235,458,953
Insurance and other payables	-	97,439,475	-	97,439,475
	-	626,665,759	-	626,665,759

8 Property and equipment

	Building AED	Office fixture AED	Furniture and equipment AED	Motor vehicles AED	Capital work in progress AED	Total AED
Cost						
At 1 January 2013	463,275	2,580,270	9,046,115	958,002	783,000	13,830,662
Additions	-	-	1,413,438	52,570	2,159,306	3,625,314
Disposal	-	-	-	-	-	-
At 31 December 2013	463,275	2,580,270	10,459,553	1,010,572	2,942,306	17,455,976
At 1 January 2014	463,275	2,580,270	10,459,553	1,010,572	2,942,306	17,455,976
Additions	-	3,740,121	2,598,770	26,100	-	6,364,991
Transfer from capital work in progress	-	2,159,306	783,000	-	(2,942,306)	-
Disposal	-	-	(4,578)	-	-	(4,578)
Write off	-	(1,234,916)	(570,030)	-	-	(1,804,946)
At 31 December 2014	**463,275**	**7,244,781**	**13,266,715**	**1,036,672**	**-**	**22,011,443**
Depreciation						
At 1 January 2013	24,707	2,187,122	6,511,067	498,631	-	9,221,527
Charge for the year	9,266	226,015	2,130,840	166,874	-	2,532,995
On disposals	-	-	-	-	-	-
At 31 December 2013	33,973	2,413,137	8,641,907	665,505	-	11,754,522
At 1 January 2014	33,973	2,413,137	8,641,907	665,505	-	11,754,522
Charge for the year	9,266	346,942	1,072,755	121,338	-	1,550,301
On disposals	-	-	(2,934)	-	-	(2,934)
Write off		(1,234,916)	(570,030)		-	(1,804,946)
At 31 December 2014	**43,239**	**1,525,163**	**9,141,698**	**786,843**	**-**	**11,496,943**
Carrying amounts						
At 31 December 2013	429,302	167,133	1,817,646	345,067	2,942,306	5,701,454
At 31 December 2014	**420,036**	**5,719,618**	**4,125,017**	**249,829**	**-**	**10,514,500**

9 Investment properties

	2014	2013
	AED	AED
Cost at the beginning of the year	**170,000,000**	211,193,163
Additions during the year (Note 9.1)	**2,809,138**	-
Disposal during the year	**-**	(41,193,163)
Cost at the end of the year	**172,809,138**	170,000,000

As at 31 December 2014, the Group has three investment properties out of which one property is Meydan Tower (property is under development), located in Dubai controlled by GGICO Real Estate Development Co. L.L.C. in which the Group has 10% ownership. The carrying value of the property is AED 80 million (10% share of AED 800 million) as at 31 December 2014 (2013: AED 80 million). The other property located in Al Barsha First, Dubai which has a carrying value of AED 90 million (2013: AED 90 million).

9.1 During the year 2014, the Group has purchased investment property in Jordan at cost of AED 2.8 million.

10 Investments

	2014	**2013**
	AED	**AED**
Investment in financial assets at fair value through profit or loss ("FVTPL") - equity securities (note 10.1)	**202,339,603**	194,871,884
Derivative financial instrument at fair value through profit or loss ("FVTPL") (note 10.1)	**35,000,000**	-
Investment in financial asset at fair value through other comprehensive income ("FVTOCI")	**2,538,147**	2,539,123
Held to maturity investments	**-**	6,697,474
Investment in associates (note 10.2)	**253,669**	541,010
Total	**240,131,419**	204,649,491

10.1 Following are the movement of investments in FVTPL during the year:

	2014	2013
	AED	AED
Fair value at beginning of the year	**194,871,884**	167,969,818
Transfer from held to maturity investments	**6,697,474**	-
Net additions / (disposals) during the year	**6,710,583**	1,484,512
Increase in fair value	**29,059,662**	25,417,554
Fair value at end of the year	**237,339,603**	194,871,884

Investments in financial assets at fair value through profit or loss ("FVTPL") includes investment in a fund with a related party amounting to AED 3.3 million *(2013: AED 3.3 million)*.

All investments are held within U.A.E. except for investments in FVTPL and investments in FVTOCI amounting to AED 158.4 million *(2013: AED 125.2 million)* and AED 2.5 million *(2013: AED 2.5 million)*, respectively, which are invested in securities listed in Kingdom of Saudi Arabia and Jordan.

On 20 October 2014, the Group entered into an arrangement with a third party to sell its entire holding in a listed investment classified as FVTPL (Put option). As at 31 December 2014, the market price of this investment is lower than strike price agreed in the put option, consequently, a fair value gain of AED 35 million has been recognized through profit or loss. Management has ascertain the fair value of the option internally.

10 Investments (continued)

10.2 Investments in associates comprises of the following:

	2014	2013
	AED	AED
Green Air Technology L.L.C., United Arab Emirates [Note 10.2 (a)]	**103,669**	391,010
Sogour Al Khaleej General Trading L.L.C., United Arab Emirates [Note 10.2 (b)]	**150,000**	150,000
Total	**253,669**	541,010

Details of the Group's associates at 31 December 2014 are as follows:

Company name	**Place of incorporation and operation**	**Proportion of ownership interest %**	**Proportion of voting power held %**	**Principal activity**
Green Air Technology L.L.C.	United Arab Emirates	50	50	General trading
Sogour Al Khaleej General Trading L.L.C.	United Arab Emirates	50	50	General trading

Although, the Group holds 50% equity in 2 associates, these are controlled by the Parent Company. The Group does not participate in financial and reporting policy decisions of these associates. Consequently, the Group does not exercise any control on these entities and are not treated as subsidiaries.

10.2 (a) Green Air Technology L.L.C.:

	2014	2013
	AED	AED
Total assets	**12,019,694**	12,060,159
Total liabilities	**(11,812,356)**	(11,278,139)
Net assets	**207,338**	782,020
Share of associates' net assets	**103,669**	391,010

The Group holds 50% ownership in Green Air Technology L.L.C., a limited liability company incorporated in Dubai, United Arab Emirates. The remaining 50% ownership is owned equally by the Parent Company and the CEO of the Group. The 50% share is registered in the name of the Parent Company on behalf and for the benefit of the Group.

10.2 (b) Sogour Al Khaleej General Trading L.L.C.

The Group holds 50% ownership in Sogour Al Khaleej General Trading L.L.C., a limited liability company incorporated in Dubai, United Arab Emirates. The main activity of the Company is general trading. The remaining 50% ownership is owned by the Parent Company.

10 Investments (continued)

10.3 Financial assets – accounting classification and fair values, impact of change in accounting policy

The following table summarises the transitional classification and measurement adjustments to the Group's financial assets on 1 January 2014.

			31 December 2013		1 January 2014	
Particulars	**Old classification under IAS 39**	**New classification under IFRS 9**	**Original carrying amount under IAS 39**	**New carrying amount under IFRS 9**	**Original carrying amount under IAS 39**	**New carrying amount under IFRS 9**
Available-for-sale financial assets	Available-for-sale	Fair value through other comprehensive income	2,539,123	2,539,123	2,539,123	2,539,123
Held-to-maturity financial assets	Held-to-maturity	Fair value through profit or loss	6,697,474	6,697,474	6,697,474	6,697,474
Financial assets through profit or loss	Financial assets through profit or loss	Fair value through profit or loss	194,871,884	194,871,884	194,871,884	194,871,884
Total			**204,108,481**	**204,108,481**	**204,108,481**	**204,108,481**

11 Insurance contracts liabilities and reinsurance contract assets

	2014	2013
	AED	AED
Gross		
Insurance contract liabilities		
Claims reported unsettled	**196,213,622**	162,605,790
Claims incurred but not reported	**17,478,089**	11,767,120
Unearned premiums	**146,389,907**	118,975,247
Total insurance contract liabilities (gross)	**360,081,618**	293,348,157
Recoverable from reinsurers		
Claims reported unsettled	**(141,949,475)**	(112,329,943)
Claims incurred but not reported	**-**	-
Unearned premiums	**(50,189,849)**	(44,680,609)
Total recoverable from reinsurers	**(192,139,324)**	(157,010,552)
Net		
Claims reported unsettled	**54,264,147**	50,275,847
Claims incurred but not reported	**17,478,089**	11,767,120
Unearned premiums	**96,200,058**	74,294,638
	167,942,294	136,337,605

11 Insurance contracts liabilities and reinsurance contract assets (continued)

Movements in the insurance contract liabilities and reinsurance contract assets during the year were as follows:

	2014			2013		
	Gross AED	**Reinsurance AED**	**Net AED**	Gross AED	Reinsurance AED	Net AED
Claims						
Reported claims	**162,605,790**	**(112,329,943)**	**50,275,847**	128,562,399	(78,591,554)	49,970,845
Incurred but not reported	**11,767,120**	**-**	**11,767,120**	10,351,983	-	10,351,983
Total at beginning of the year	**174,372,910**	**(112,329,943)**	**62,042,967**	138,914,382	(78,591,554)	60,322,828
Claims settled during the year	**(265,023,564)**	**74,871,366**	**(190,152,198)**	(305,145,810)	98,408,242	(206,737,568)
Increase in liabilities	**304,342,365**	**(104,490,898)**	**199,851,467**	340,604,338	(132,146,631)	208,457,707
Total at end of the year	**213,691,711**	**(141,949,475)**	**71,742,236**	174,372,910	(112,329,943)	62,042,967
Reported claims	**196,213,622**	**(141,949,475)**	**54,264,147**	162,605,790	(112,329,943)	50,275,847
Incurred but not reported	**17,478,089**	**-**	**17,478,089**	11,767,120	-	11,767,120
Total at end of the year	**213,691,711**	**(141,949,475)**	**71,742,236**	174,372,910	(112,329,943)	62,042,967
Unearned premium						
Balance at beginning of the year	**118,975,247**	**(44,680,609)**	**74,294,638**	114,520,322	(40,095,606)	74,424,716
Net decrease/(increase) during the year	**27,414,660**	**(5,509,240)**	**21,905,420**	4,454,925	(4,585,003)	(130,078)
Total at end of the year	**146,389,907**	**(50,189,849)**	**96,200,058**	118,975,247	(44,680,609)	74,294,638

12 Insurance and other receivables

	2014	2013
	AED	AED
Receivable arising from insurance and reinsurance contracts		
Due from policy holders, insurance and reinsurance companies	**244,972,825**	226,355,372
Allowance for doubtful receivables	**(21,383,923)**	(21,383,923)
	223,588,902	204,971,449
Accrued interest income	**3,322,754**	3,306,466
Prepaid expenses and refundable deposits	**2,834,864**	1,686,041
Staff advances	**382,145**	933,524
Other receivables	**15,318,165**	11,413,239
	245,446,830	222,310,719

Movement in the allowance for doubtful receivables

	2014	2013
	AED	AED
Balance at beginning of the year	**21,383,923**	27,600,924
Impairment losses recognised on receivables	**2,171,520**	782,999
Charge / Reversal during the year	**(2,171,520)**	(7,000,000)
Balance at end of the year	**21,383,923**	21,383,923

The average credit period is 120 days *(2013: 120 days)*. Due from policyholders outstanding for more than 365 days are provided for based on estimated irrecoverable amounts determined by reference to past default experience.

13 Cash and bank balances

	2014	2013
	AED	AED
Cash in hand	**293,923**	952,592
Bank balances:		
Current accounts	**16,648,765**	8,201,785
Fixed deposits	**340,475,863**	326,814,076
	357,418,551	335,968,453

Fixed deposits with banks as at 31 December 2014 include AED 10.3 million *(2013: AED 10.3 million)* deposited in the name of the Group to the order of the Ministry of Economy and Trade of the United Arab Emirates as required by the Federal Law Number (6) of 2007 relating to Insurance Authority.

13 Cash and bank balances (continued)

Fixed deposits amounting to AED 317 million *(2013: AED 298 million)* are under lien in respect of bank credit facilities granted to the Group.

All fixed deposits with banks mature within different periods not exceeding one year from the financial date of deposit and carry interest rates between 2.75% to 5.9% per annum *(2013: 2.25% to 5.5% per annum)*.

For cash flow purposes, the cash and cash equivalents analysed as follows;

	2014 AED	2013 AED
Bank balances and cash	**357,418,551**	335,968,453
Long term fixed deposits	**(294,092,957)**	(310,822,741)
Cash and cash equivalents	**63,325,594**	25,145,712

14 Share capital

	2014 AED	2013 AED
Issued and fully paid:		
230,000,000 shares of AED 1 each	**230,000,000**	230,000,000

15 Statutory reserve

In accordance with U.A.E. Federal Commercial Companies Law Number 8 of 1984, as amended, the Group has established a statutory reserve by appropriation of 10% of profit for each year until the reserve equals 50% of the paid-up share capital. This reserve is not available for distribution except as stipulated by the Law.

16 General reserve

The general reserve is established through transfers from profit for the year as recommended by the Board of Directors and approved by the Shareholders at the Annual General Meeting. The reserve is distributable based on a recommendation by the Board of Directors approved by a Shareholders' resolution.

17 Provision for employees' end of service indemnity

Movement in the net liability is as follows:

	2014 AED	2013 AED
At 1 January	**11,060,017**	9,506,175
Charge for the year	**2,640,300**	1,682,583
Paid during the year	**(298,568)**	(128,741)
At 31 December	**13,401,749**	11,060,017

18 Bank borrowings

	2014	2013
	AED	AED
Bank overdrafts	**258,262,057**	235,458,953

The Group has bank facilities in the form of overdrafts repayable upon demand and bearing interest ranging from 3.55% to 4.25% per annum *(2013: 3.55% to 4.25%)*. These facilities are secured by lien on fixed deposits amounting to AED 317 million (2013: AED 298 million). The bank overdraft limit provided under the facilities is AED 325 million *(2013: AED 325 million)*.

19 Insurance and other payables

	2014	2013
	AED	AED
Due to insurance and reinsurance companies	**55,527,676**	59,967,967
Other payable:		
Insurance customer payables	**36,208,050**	25,982,316
Accrued expenses and provisions	**2,640,679**	2,946,499
Other	**12,547,956**	8,542,693
	106,924,361	97,439,475

20 Commission income - net

	2014	2013
	AED	AED
Gross commission earned	**77,833,392**	70,022,439
Less: commission incurred	**(26,332,326)**	(27,032,871)
	51,501,066	42,989,568

21 Investment income - net

	2014	2013
	AED	AED
Net gain on sale of investment in securities	**8,944,214**	10,305,854
Rental income	**-**	282,875
Interest income	**10,544,201**	8,882,191
Dividend income	**5,439,532**	2,928,755
Gain on revaluation of investments - FVTPL (note 10.1)	**(5,940,338)**	25,417,554
Gain on revaluation of financial instruments - FVTPL (note 10.1)	**35,000,000**	-
Gain on disposal of property and equipment	**705**	-
Other income / (loss)	**119,431**	944,627
Share on loss of associate	**(287,341)**	-
Finance costs	**(9,469,098)**	(8,825,282)
Unallocated general and administrative expenses	**(16,059,150)**	(11,882,918)
	28,292,156	28,053,656

22 Profit for the year

Profit for the year has been arrived at after charging the following expenses which are included in the general and administrative expenses.

	2014	2013
	AED	AED
Staff cost	**27,899,444**	25,607,891
Depreciation of property and equipment (Note 8.1)	**1,550,301**	2,532,995
Allowance for doubtful receivables (Note 12)	**2,171,520**	782,999

23 Earnings per share

	2014 AED	2013 AED
Profit for the year attributable to equity holders of the Parent	**55,675,245**	53,560,665
Weighted average number of shares	**230,000,000**	230,000,000
Earnings per share	**0.24**	0.23

Basic earnings per share are calculated by dividing the profit for the year attributable to shareholders by the weighted average number of shares outstanding at reporting date. There is no distribution impact on basic earnings per share.

24 Investment in subsidiary

(a) Financial details of non-wholly owned subsidiary of the Company are as follows:

Name of Subsidiary	Profit/(loss) allocated to non-controlling interest		Accumulated non-controlling interest	
	2014 AED	2013 AED	**2014 AED**	2013 AED
Jordan Emirates Insurance Company (PSC)	**426,244**	(2,765,460)	**1,107,110**	1,282,199

(b) Below is the summarised financial information of Jordan Emirates Insurance Company (PSC), the main subsidiary that has material non-controlling interest. The financial information represents balances before intra-group eliminations.

	2014 AED	2013 AED
Statement of financial position		
Total assets	**93,948,099**	99,731,577
Total liabilities	**78,500,777**	88,180,233
Net equity	**15,447,322**	11,551,344
Statement of comprehensive income		
Net insurance premium revenue	**47,506,395**	73,033,563
Net claims incurred	**(34,179,479)**	(61,239,845)
Net commission and other income	**461,479**	(810,285)
Net investment loss	**(1,844,690)**	(2,543,107)
General and administrative expenses	**(8,103,685)**	(9,989,117)
Profit for the year	**3,840,020**	(1,548,791)
Other comprehensive income / loss	**-**	-
Total comprehensive income	**3,840,020**	(1,548,791)
Statement of cash flows		
Net cash (used in) / flows from operating activities	**(1,774,951)**	1,336,910
Net cash used in investing activities	**(4,533,810)**	(2,736,251)
Net cash flow from financing activities	**5,220,000**	-
Net cash used in during the year	**(1,088,761)**	(1,399,341)

25 Related party transactions

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard (IAS) 24: Related Party Disclosures. Related parties comprise companies and entities under common ownership and/or common management and control, shareholders, directors and key management personnel of the Group, their close family members and entities controlled, jointly controlled or significantly influenced by such parties. The Group's management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

At reporting date, amounts due from/to related parties were as follows:

	2014	2013
Included in insurance and other receivables	**AED**	AED
Due from policyholders	**-**	2,827,367
Due from shareholders	**-**	15,903,338
Included in due from related parties		
Due from related parties	**230,885,991**	213,988,762
Allowance for doubtful debts	**(47,500,000)**	(47,500,000)
	183,385,991	166,488,762
Movement in allowance for doubtful debt is as follows;		
Balance at beginning of the year	**47,500,000**	47,500,000
Allowance made during the year	**-**	-
Balance at the year end	**47,500,000**	47,500,000
Included in due to related parties		
Due to shareholders	**520,824**	419,174
Included in insurance contract liabilities		
Gross outstanding claims	**761,628**	59,417

These amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

During the year, the Group entered into the following transactions with related parties:

	2014	2013
	AED	AED
Gross premium	**12,127,124**	13,088,355
Claims paid	**1,606,159**	179,355

Compensation of key management personnel

	2014	2013
	AED	AED
Salaries and benefits	**8,000,226**	7,138,202
	8,000,226	7,138,202

26 Contingent liabilities and commitments

	2014 AED	2013 AED
Letters of guarantee	**12,177,515**	15,183,512
Investment commitment	**-**	46,610,000

27 Operating lease arrangements

Operating lease payments represent rentals payable by the Group for its office premises. At reporting date, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2014 AED	2013 AED
Less than one year	**2,626,493**	2,979,493
Between one and five years	**5,012,026**	-
	7,638,519	2,979,493

28 Segment information

The Group has adopted IFRS 8 Operating Segments with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the Group's 'system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments.

Management has determined the segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. There are no transactions between the business segments.

Business segments
The Group has the following main business segments:

a) Underwriting
- Accident and Liability: Covers damages resulting from work accidents, burglary, motor, civil responsibilities, engineering insurance, medical, life, personal and breach of trust.

- Fire: Covers insurance against damages caused by Fire, explosions, natural phenomena and all kind of commotions.

- Marine and aviation: Covers the insurance of cargo and other movables, freight charges, ship and aircraft hulls, machinery and the insurance against risks incidental to its construction, operations, repairs and docking including damages which afflict others.

b) Investment and treasury comprising of investment in securities, fixed deposits and investment property.

	2014			2013		
	Insurance AED	**Investment AED**	**Total AED**	Insurance AED	Investment AED	Total AED
Segment income - net	**268,293,356**	**28,292,156**	**296,585,512**	271,509,907	28,053,656	299,563,563
Segment results	**27,809,333**	**28,292,156**	**56,101,489**	22,741,549	28,053,656	50,795,205
Segment assets	**447,886,154**	**953,959,599**	**1,401,845,753**	389,621,271	872,508,160	1,262,129,431
Segment liabilities	**480,407,728**	**258,782,881**	**739,190,609**	401,847,649	235,878,127	637,725,776

28 Segment information (continued)

	Fire AED	Marine AED	Accident and liabilities AED	Total AED
2014				
Premium written	**18,409,058**	**79,811,557**	**291,708,182**	**389,928,797**
Less: Reinsurer's share	**(17,018,228)**	**(73,745,692)**	**(60,467,167)**	**(151,231,087)**
Net premium	**1,390,830**	**6,065,865**	**231,241,015**	**238,697,710**
Net movement during the year	**101,130**	**(362,166)**	**(21,644,384)**	**(21,905,420)**
Net premium earned	**1,491,960**	**5,703,699**	**209,596,631**	**216,792,290**
Claim paid	**(6,811,771)**	**(34,384,554)**	**(223,827,239)**	**(265,023,564)**
Less: Reinsurers' share	**5,570,922**	**30,009,567**	**39,290,877**	**74,871,366**
Net claims paid	**(1,240,849)**	**(4,374,987)**	**(184,536,362)**	**(190,152,198)**
Net movement during the year	**59,133**	**(3,372,460)**	**(6,385,942)**	**(9,699,269)**
Net claims incurred	**(1,181,716)**	**(7,747,447)**	**(190,922,304)**	**(199,851,467)**
Net commission earned and documentation fees	**3,374,773**	**10,587,158**	**37,539,135**	**51,501,066**
Underwriting profit	**3,685,017**	**8,543,410**	**56,213,462**	**68,441,889**
Less: General and administration expenses	**(2,076,010)**	**(6,298,909)**	**(32,257,637)**	**(40,632,556)**
Net underwriting profit	**1,609,007**	**2,244,501**	**23,955,825**	**27,809,333**
2013				
Premium written	18,944,026	74,962,280	299,116,402	393,022,708
Less: Reinsurer's share	(17,439,279)	(68,775,415)	(78,417,753)	(164,632,447)
Net premium	1,504,747	6,186,865	220,698,649	228,390,261
Net movement during the year	103,408	782,130	(755,460)	130,078
Net premium earned	1,608,155	6,968,995	219,943,189	228,520,339
Claim paid	(3,370,376)	(57,717,996)	(244,057,438)	(305,145,810)
Less: Reinsurers' share	2,772,789	53,057,747	42,577,706	98,408,242
Net claims paid	(597,587)	(4,660,249)	(201,479,732)	(206,737,568)
Net movement during the year	750	(1,768,540)	47,651	(1,720,139)
Net claims incurred	(596,837)	(6,428,789)	(201,432,081)	(208,457,707)
Net commission earned and documentation fees	2,845,776	9,900,671	30,243,121	42,989,568
Underwriting profit	3,857,094	10,440,877	48,754,229	63,052,200
Less: General and administration expenses	(1,917,078)	(5,913,137)	(32,480,436)	(40,310,651)
Net underwriting profit	1,940,016	4,527,740	16,273,793	22,741,549

28 Segment information (continued)

	Within U.A.E. AED	Outside U.A.E. AED	Total AED
2014			
Insurance revenue	**220,325,482**	**47,967,874**	**268,293,356**
Insurance cost	**(165,671,992)**	**(34,179,475)**	**(199,851,467)**
Net investments income	**30,136,846**	**(1,844,690)**	**28,292,156**
General and administrative expenses	**(32,528,867)**	**(8,103,689)**	**(40,632,556)**
Segment results	**52,261,469**	**3,840,020**	**56,101,489**
Segment assets	**1,307,897,654**	**93,948,099**	**1,401,845,753**
Segment liabilities	**660,689,832**	**78,500,777**	**739,190,609**
2013			
Insurance revenue	199,286,630	72,223,277	271,509,907
Insurance cost	(147,217,863)	(61,239,844)	(208,457,707)
Net investments income	33,190,307	(5,136,651)	28,053,656
General and administrative expenses	(30,321,534)	(9,989,117)	(40,310,651)
Segment results	54,937,540	(4,142,335)	50,795,205
Segment assets	1,162,397,854	99,731,577	1,262,129,431
Segment liabilities	549,545,543	88,180,233	637,725,776

29 Dividends

At the Annual General Meeting held on 27 April 2014, the Shareholders approved a cash dividend of 7.5% amounting to AED 17,250,000 for 2014 *(2013: cash dividend of 7.5% amounting to AED 17,250,000)*. The Shareholders also approved the Board of Directors' remuneration for 2014 of AED 600,000 *(2013: AED 450,000)*.

30 Comparative figures

Certain comparative figures have been reclassified where appropriate to conform with the presentation and accounting policies adopted in these condensed consolidated financial statements.