AL FUJAIRAH NATIONAL INSURANCE COMPANY P.S.C.

Independent auditor’s report and financial statements for the year ended 31 December 2015

Content	**Pages**

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

The Shareholders
Al Fujairah National Insurance Company P.S.C.
Fujairah
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Report on the Financial Statements

We have audited the accompanying financial statements of **Al Fujairah National Insurance Company P.S.C. (a Public Shareholding Company) "the Company", Fujairah, United Arab Emirates**, which comprise the statement of financial position as at 31 December 2015, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015 and Insurance Authority Board Decision Number (25) of 2014 pertinent to Financial Regulations for Insurance Companies, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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

INDEPENDENT AUDITOR'S REPORT (continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Al Fujairah National Insurance Company P.S.C., Fujairah**, as of 31 December 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

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

ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;

iii) the Company has maintained proper books of account;

iv) the financial information included in the Directors' report is consistent with the books of account of the Company;

v) as disclosed in note 7 to the financial statements the Company has purchased or invested in shares during the financial year ended 31 December 2015;

vi) note 22 to the financial statements discloses material related party balances and transactions, and the terms under which they were conducted;

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

viii) note 19 to the financial statements discloses the social contributions made during the financial year ended 31 December 2015.

Further, as required by the UAE Federal Law No. 6 of 2007 and the related Financial Regulations for Insurance Companies as discussed in statement of compliance footnote 3.1 to the financial statements, the Company is still in the process of implementing the requirements to comply with the Financial Regulations and Circular No. (4) of 2016 for insurance companies operating in the UAE. The Company did not comply with the Financial Regulation and Circular No. (9) of 2016 concerning the 2015 annual reporting requirements in relation to the preparation of the financial statements and disclosures based on Appendix (1) of Section 7 of the Financial Regulations.

Deloitte & Touche (M.E.)

Musa Ramahi
Registration No. 872
27 March 2016

Statement of financial position
At 31 December 2015

	Note	**2015 AED**	2014 AED (Restated)	2013 AED (Restated)
ASSETS				
Property and equipment	5	**13,656,472**	5,182,288	5,000,884
Investment properties	6	**91,029,272**	89,403,946	86,956,855
Financial investments designated at fair value through other comprehensive income (FVTOCI)	7	**142,493,654**	157,282,279	164,472,026
Financial investments at FVTPL	7	**6,645,332**	8,121,620	3,818,850
Statutory deposit	8	**10,000,000**	10,000,000	6,000,000
Re-insurance contract assets	9	**53,485,144**	52,210,794	49,100,023
Insurance and other receivables	10	**49,936,450**	34,465,047	44,144,175
Bank balances and cash	11	**59,175,985**	79,164,695	60,231,966
Total assets		**426,422,309**	435,830,669	419,724,779
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	12	**100,000,000**	100,000,000	100,000,000
Statutory reserve	13	**24,585,878**	23,152,200	21,337,541
General reserve	13	**20,740,718**	19,307,040	17,492,381
Cumulative changes in fair values		**(15,048,242)**	(22,621,753)	(27,826,044)
Property revaluation reserve		**11,205,588**	11,205,588	11,205,588
Retained earnings		**40,722,148**	51,183,485	34,687,425
Total equity		**182,206,090**	182,226,560	156,896,891
Liabilities				
Bank borrowings	14	**12,300,759**	21,120,896	29,548,190
Provision for employees' end of service indemnity	15	**11,267,926**	10,730,608	9,475,643
Insurance contract liabilities	9	**180,355,813**	177,713,887	179,022,581
Insurance and other payables	16	**40,291,721**	44,038,718	44,781,474
Total liabilities		**244,216,219**	253,604,109	262,827,888
Total equity and liabilities		**426,422,309**	435,830,669	419,724,779

....
Chairman

....
General Manager

The accompanying notes form an integral part of these financial statements.

Statement of income
for the year ended 31 December 2015

	Note	**2015 AED**	2014 AED (Restated)
Insurance premium revenue	17	**180,880,325**	179,984,580
Insurance premium ceded to re-insurers	17	**(45,580,089)**	(44,221,764)
Net insurance premium revenue	17	**135,300,236**	135,762,816
Gross claims incurred	9	**(116,684,105)**	(105,774,640)
Insurance claims recovered from re-insurers	9	**21,370,712**	10,780,903
Net claims incurred	9	**(95,313,393)**	(94,993,737)
Gross commission earned		**6,886,981**	8,988,409
Less: commission incurred		**(8,773,146)**	(10,301,574)
Net commission incurred		**(1,886,165)**	(1,313,165)
Underwriting profit		**38,100,678**	39,455,914
General and administrative expenses relating to underwriting activities		**(25,182,702)**	(24,028,043)
Net underwriting profit		**12,917,976**	15,427,871
Investments' and other income	18	**8,494,342**	13,626,906
Finance costs		**(779,863)**	(1,172,706)
Unallocated general and administrative expenses		**(6,295,675)**	(6,007,011)
Profit for the year	19	**14,336,780**	21,875,060
Basic earnings per share	20	**14**	22

The accompanying notes form an integral part of these financial statements.

Statement of comprehensive income
for the year ended 31 December 2015

	2015 **AED**	2014 AED (Restated)
Profit for the year	**14,336,780**	21,875,060
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss:		
Net (decrease)/increase in fair value of investments designated at FVTOCI	**(7,937,582)**	445,458
Gain on sale of investments designated at FVTOCI	**3,580,332**	10,509,151
Other comprehensive (loss)/income for the year	**(4,357,250)**	10,954,609
Total comprehensive income for the year	**9,979,530**	32,829,669

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity
for the year ended 31 December 2015

	Share capital AED	Statutory reserve AED	General reserve AED	Cumulative changes in fair values AED	Property revaluation reserve AED	Retained earnings AED	Total AED
Balance at 1 January 2014 (As previously reported)	100,000,000	21,337,541	17,492,381	(27,826,044)	11,205,588	71,077,109	193,286,575
Effects of changes in accounting policy (Note 29)	-	-	-	-	-	(36,389,684)	(36,389,684)
Balance at 1 January 2014 (Restated)	100,000,000	21,337,541	17,492,381	(27,826,044)	11,205,588	34,687,425	156,896,891
Profit for the year 2014 (Restated)	-	-	-	-	-	21,875,060	21,875,060
Other comprehensive income	-	-	-	445,458	-	10,509,151	10,954,609
Total comprehensive income for the year	-	-	-	445,458	-	32,384,211	32,829,669
Transfer to retained earnings on sale of investment at FVTOCI	-	-	-	4,758,833	-	(4,758,833)	-
Approved cash dividends (Note 28)	-	-	-	-	-	(7,500,000)	(7,500,000)
Transfer to general reserve (Note 13)	-	-	1,814,659	-	-	(1,814,659)	-
Transfer to statutory reserve (Note 13)	-	1,814,659	-	-	-	(1,814,659)	-
	-	1,814,659	1,814,659	4,758,833	-	(15,888,151)	(7,500,000)
Balance at 31 December 2014 (Restated)	100,000,000	23,152,200	19,307,040	(22,621,753)	11,205,588	51,183,485	182,226,560
Profit for the year 2015	-	-	-	-	-	14,336,780	14,336,780
Other comprehensive loss	-	-	-	(7,937,582)	-	3,580,332	(4,357,250)
Total comprehensive income for the year	-	-	-	(7,937,582)	-	17,917,112	9,979,530
Transfer to retained earnings on sale of investment at FVTOCI	-	-	-	15,511,093	-	(15,511,093)	-
Approved cash dividends (Note 28)	-	-	-	-	-	(10,000,000)	(10,000,000)
Transfer to general reserve (Note 13)	-	-	1,433,678	-	-	(1,433,678)	-
Transfer to statutory reserve (Note 13)	-	1,433,678	-	-	-	(1,433,678)	-
	-	1,433,678	1,433,678	15,511,093	-	(28,378,449)	(10,000,000)
Balance at 31 December 2015	**100,000,000**	**24,585,878**	**20,740,718**	**(15,048,242)**	**11,205,588**	**40,722,148**	**182,206,090**

The accompanying notes form an integral part of these financial statements.

Statement of cash flows
for the year ended 31 December 2015

	2015 AED	2014 AED (Restated)
Cash flows from operating activities		
Profit for the year	**14,336,780**	21,875,060
Adjustments for:		
Depreciation of property and equipment	**1,514,005**	2,075,377
Gain on disposal of property and equipment	**(81,658)**	(73,262)
Allowance for doubtful debts	**324,965**	-
Provision for employees' end of service indemnity	**1,008,996**	1,695,314
Loss on investments at FVTPL	**2,323,778**	1,901,563
Gain on increase in fair value of investment property	**(1,625,326)**	(2,447,091)
Other investment income	**(9,111,136)**	(12,929,396)
Finance costs	**779,863**	1,172,706
Operating cash flows before changes in operating assets and liabilities	**9,470,267**	13,270,271
Increase in reinsurance contract assets	**(1,274,350)**	(3,110,771)
Increase/(decrease) in insurance contracts liabilities	**2,641,926**	(1,308,694)
(Increase)/decrease in insurance and other receivables	**(15,796,368)**	9,679,128
Decrease in insurance and other payables	**(3,746,997)**	(742,756)
Cash (used in)/generated from operations	**(8,705,522)**	17,787,178
Employees' end of service indemnity paid	**(471,678)**	(440,349)
Finance costs paid	**(779,863)**	(1,172,706)
Net cash (used in)/generated from operating activities	**(9,957,063)**	16,174,123
Cash flows from investing activities		
Purchase of property and equipment	**(11,399,704)**	(2,340,806)
Increase in statutory deposit	**-**	(4,000,000)
Proceeds from disposal of investments at FVTOCI	**14,338,370**	34,299,133
Purchase of investments at FVTPL and at FVTOCI	**(18,175,297)**	(55,032,535)
Proceeds from disposal of investments at FVTPL	**13,420,812**	32,673,425
Increase in investment in fixed deposits with maturity over 3 months	**(6,246,981)**	(2,287,430)
Proceeds from disposal of property and equipment	**1,493,173**	157,287
Interest received	**1,440,465**	1,797,864
Dividends received	**4,429,200**	8,058,688
Income from investment properties	**3,241,471**	3,072,844
Net cash generated from investing activities	**2,541,509**	16,398,470
Cash flows from financing activities		
Decrease in bank borrowings	**(8,820,137)**	(8,427,294)
Dividends paid	**(10,000,000)**	(7,500,000)
Cash used in financing activities	**(18,820,137)**	(15,927,294)
Net (decrease)/increase in cash and cash equivalents	**(26,235,691)**	16,645,299
Cash and cash equivalents, at the beginning of the year	**33,877,265**	17,231,966
Cash and cash equivalents, at the end of the year (Note 21)	**7,641,574**	33,877,265

The accompanying notes form an integral part of these financial statements.

1. General information

Al Fujairah National Insurance Company P.S.C, Fujairah (the "Company") is incorporated as a public shareholding company by Emiri Decree No. 3 issued by His Highness, The Ruler of Fujairah in October 1976. The Company is subject to the regulations of U.A.E. Federal Law No. 6 of 2007, concerning formation of the Insurance Authority of U.A.E. and regulation of its operations and is registered in the Insurance Companies Register of the Insurance Authority of U.A.E. under registration number (11). The address of the Company's registered office is P.O. Box 277, Fujairah, United Arab Emirates.

The principal activity of the Company is the writing of all classes of general insurance and short term life insurance. The Company operates through its head office in Fujairah and branch offices in Dubai, Abu Dhabi, Sharjah and Dibba.

The Company's ordinary shares are listed on Abu Dhabi Securities Exchange, United Arab Emirates.

2. Application of new and revised International Financial Reporting Standards (IFRS)

2.1 New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2015, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Annual Improvements to IFRSs 2010 - 2012 Cycle that includes amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.
- Annual Improvements to IFRSs 2011 - 2013 Cycle that includes amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.
- Amendments to IAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

2.2 New and revised IFRSs in issue but not yet effective and not early adopted

The Company has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

New and revised IFRSs	**Effective for annual periods beginning on or after**
IFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to IAS 1 *Presentation of Financial Statements* relating to Disclosure initiative	1 January 2016
Amendments to IFRS 11 *Joint arrangements* relating to accounting for acquisitions of interests in joint operations	1 January 2016
Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets relating to clarification of acceptable methods of depreciation and amortisation	1 January 2016

2. Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture relating to bearer plants	1 January 2016
Amendments to IAS 27 Separate Financial Statements relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements	1 January 2016
Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures relating to applying the consolidation exception for investment entities	1 January 2016
Annual Improvements to IFRSs 2012 - 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34	1 January 2016
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely
IFRS 9 Financial Instruments (2014)	1 January 2018

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

- Impairment: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised

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

- Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

2. Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 15 *Revenue from Contracts with Customers*	1 January 2018

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

IFRS 16 Leases	1 January 2019

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

2. Application of new and revised International Financial Reporting Standards (IFRS) (continued)

Management anticipates that these new and revised standards, interpretations and amendments will be adopted in the Company's financial statements for the year beginning 1 January 2016 or as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9 (2014), IFRS 15 and IFRS 16, may have no material impact on the financial statements of the Company in the period of initial application.

Management anticipates that IFRS 9 (2014), IFRS 15 and IFRS 16 will be adopted in the Company's financial statements for the annual year beginning 1 January 2018 for IFRS 9 (2014) and IFRS 15; and 1 January 2019 for IFRS 16. The application of IFRS 9 (2014), IFRS 15 and IFRS 16 may have significant impact on amounts reported and disclosures made in the Company's financial statements in respect of the Company's financial assets and financial liabilities, revenue from contracts with customers and leases. However, it is not practicable to provide a reasonable estimate of effects of the application of these standards until the Company performs a detailed review.

3. Significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are summarised below. These policies have been consistently applied to each of the years presented.

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and applicable requirements of United Arab Emirates (UAE) Federal Law No. 2 of 2015 and Federal Law No. 6 of 2007, concerning the formation of Insurance Authority of UAE.

The UAE Federal Law No. 2 of 2015 ("Companies Law") has come into force on 1 July 2015. The Company has twelve months from the effective date of the Companies Law to comply with its provisions ("the transitional provisions") and the Company has availed of these transitional provisions.

On 28 December 2014, the United Arab Emirates (UAE) Insurance Authority issued Financial Regulations for insurance companies (the "Regulations") and were then subsequently published in the UAE Official Gazette No. 575 on 28 January 2015 and came into force on 29 January 2015. The insurers are given a grace period of between one to three years to comply with the Regulations, depending on the section involved.

The Company has complied with the majority of the requirements listed in the Financial Regulations and is in the process of implementing remaining requirements to comply fully with the Financial Regulations and Circular No. (4) and (9) of 2016 concerning the 2015 annual report requirements for insurance companies operating in the UAE. This mainly include financial statements disclosures based on Appendix (1) of the Regulations and disclosures in respect of solvency margin. Currently only the technical provisions have been updated based on the independent actuary report.

3. Significant accounting policies (continued)

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments and investment properties.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the assets or liability.

The principal accounting policies are set out below.

3.2.1 Changes in accounting policy

As per Federal Law No. 6 of 2007, relating to Establishment of Insurance Authority and regulation of Insurance operations, a new financial regulation for insurance companies was issued on 28 January 2015. The financial regulation provided an alignment period to the insurance companies between one to three years from the publication of financial regulation in Public Gazette from 29 January 2015 to align the operations to the covenants of the regulations therein. The Company is in the process of aligning the operations with the requirement of the regulations and will be fully aligned before the deadline for alignment period.

On 1 October 2015, the Company has early adopted the above directives that relates to basis of recognising technical reserves. Consequently, the Company has changed its basis for recognizing unearned premium reserve (“UPR”) and its fundamental judgement for determining Incurred But Not Reported claims ("IBNR") from insurance contracts, relating to general insurance business. Further, the Company has also decided to recognize Unexpired Risk Reserve (“URR”) and a reserve for Unallocated Loss Adjustment Expenses (“ULAE”) as required by the new regulation.

Prior to the change, the Company’s unearned premium reserve of general business other than individual life was computed using an internal statistical model. The change in basis in the current year has resulted in recognising UPR using the 1/365 method except for marine cargo and engineering. The UPR for marine cargo is recognized as higher of 1/365 method and fixed proportion of the written premiums as required in the financial regulation and UPR for engineering assumes increase in risk with the duration of the project such that the risk faced is 100? at the expiry of the contract. The rate at which the premium is earned is deemed to increase at the same rate at which the risk faced increases over the lifetime of the policy.

3. Significant accounting policies (continued)

3.2 Basis of preparation (continued)

***3.2.1 Changes in accounting policy* (continued)**

IBNR, prior to change, for general business was computed using the internal statistical model based on historical data. The change in basis has resulted in liability relating to IBNR calculated at the reporting date by independent actuary approved by Insurance Authority, using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation as required by the new regulation.

New reserves of URR and ULAE are calculated at the reporting date by independent actuary approved by Insurance Authority, using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation as required by the new regulation.

The change has been applied by the Company retrospectively based on the recommendation of the Company's actuary. Management believes that the change in basis provides more relevant and reliable information of the Company's financial performance and its financial position to the economic decision makers and users. The effects of changes are described in note 29 to the financial statements.

3.3 Insurance contracts

3.3.1 Definition

The Company issues contracts that transfer insurance risk. Insurance contracts are those contracts that transfer significant insurance risk. As a general guideline, the Company determines whether it has significant insurance risk by comparing benefits paid with benefits payable if the insured event did not occur.

3.3.2 Recognition and measurement

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

3.3.3 Short term insurance contracts

These contracts are casualty and property insurance contracts.

Casualty insurance contracts protect the Company's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non contractual events.

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

Short-duration life insurance contracts protect the Company's customers from the consequences of events that would affect on the ability of the customer or customer's dependents to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policy holder. There are no maturity or surrender benefits.

3. Significant accounting policies (continued)

3.3 Insurance contracts (continued)

3.3.3 Short term insurance contracts (continued)

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

Claims and loss adjustment expenses are charged to profit or loss as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the reporting date even if they have not yet been reported to the Company.

3.3.4 Reinsurance contracts

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Company under which the contract holder is another insurer are included with insurance contracts. The benefits to which the Company is entitled under its reinsurance contracts are recognised as reinsurance contract assets. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due. The Company assesses its reinsurance contract assets for impairment on a regular basis. If there is objective evidence that the reinsurance contract asset is impaired, the Company reduces the carrying amount of the reinsurance contract assets to its recoverable amount and recognises that impairment loss in the profit or loss. The Company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is also calculated following the same method used for these financial assets.

3.3.5 Insurance contract liabilities

3.3.5.1 Unearned Premium Reserve ("UPR")

The unearned premium considered in the insurance contract liabilities comprises the estimated proportion of the gross premiums written which relates to the periods of insurance subsequent to the reporting date. UPR are calculated using the 1/365 method except for marine cargo and engineering. The UPR for marine cargo is recognized as higher of 1/365 method and fixed proportion of the written premiums as required in the financial regulation and UPR for engineering assumes increase in risk with the duration of the project such that the risk faced is 100% at the expiry of the contract. The rate at which the premium is earned is deemed to increase at the same rate at which the risk faced increases over the lifetime of the policy.

3.3.5.2 Incurred But Not Reported

Provision is also made for any claims incurred but not reported ("IBNR") at the reporting date by the independent actuary approved by Insurance Authority, using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include margin for adverse deviation as required by the new regulation.

Notes to the financial statements
for the year ended 31 December 2015 (continued)

3. Significant accounting policies (continued)

3.3 Insurance contracts (continued)

3.3.5 Insurance contract liabilities (continued)

3.3.5.3 Unexpired Risk Reserve

Unexpired risk reserve is a prospective assessment of the amount that needs to be set aside in case premium is expected to be insufficient to cover anticipated claims, expenses and a reasonable profit margin.

3.3.5.4 Claims outstanding

Claims outstanding comprise provisions for the Company'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 expenses 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 financial statements of the period in which the adjustments are made. The method used, and the estimates made, are reviewed regularly.

3.3.5.5 Allocated Loss Adjustment Expense (ALAE)/ Unallocated Loss Adjustment Expense Reserves (ULAE)

The ALAE reserve is for expenses and costs that can be assigned to a specific claim and the ULAE reserve is for all other overhead expenses and costs that cannot be assigned to a specific claim.

3.3.6 Policy acquisition costs

Commissions and other acquisition costs that are related to securing new contracts and renewing existing contracts are charged to profit or loss when incurred.

3.3.7 Salvage and subrogation reimbursements

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

3.3.8 Liability adequacy test

At the end of each reporting period, the Company 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 reserve is created.

3.3.9 Receivables and payables related to insurance contracts

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

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

3.4 Revenue recognition

3.4.1 Insurance contract income

Revenue from insurance contracts is measured under revenue recognition criteria stated under insurance contracts in these financial statements (see note 3.3).

3. Significant accounting policies (continued)

3.4 Revenue recognition (continued)

3.4.2 Commission income

Commission income is recognised when the reinsurance premium is ceded based on the terms and percentages agreed with the reinsurers.

3.4.3 Interest income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

3.4.4 Dividend income

Dividend income from investments is recognised when the Company's right to receive payment has been established.

3.4.5 Rental income

Rental income from investment properties which are leased under operating lease is recognised on an accrual basis over the term of the relevant lease.

3.5 General and administrative expenses

80% of general and administrative expenses for the year are allocated to insurance departments in proportion to each department's share of written premiums.

3.6 Foreign currencies

The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates (its functional currency). For the purpose of the financial statements, the results and financial position of the Company are expressed in Arab Emirates Dirham ("AED"), which is the functional currency of the Company and the presentation currency for the financial statements.

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

3.7 Borrowing costs

Borrowing costs directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Where applicable, investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

3. Significant accounting policies (continued)

3.8 Employee benefits

3.8.1 Defined contribution plan

UAE national employees of the Company are members of the Government-managed retirement pension and social security benefit scheme pursuant to U.A.E. Labour Law No. 7 of 1999. The Company is required to contribute 12.5% of the "contribution calculation salary" of payroll costs to the retirement benefit scheme to fund the benefits. The employees and the Government contribute 5% and 2.5% of the "contribution calculation salary" respectively, to the scheme. The only obligation of the Company with respect to the retirement pension and social security scheme is to make the specified contributions. The contributions are charged to profit or loss.

3.8.2 Annual leave and leave passage

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the year.

3.8.3 Provision for employees' end of service benefits

Provision is also made for the full amount of end of service benefit due to non-UAE national employees in accordance with the UAE Labour Law and is based on current remuneration and their period of service at the end of the reporting period.

3.9 Property and equipment

Capital work in progress is stated at cost. When commissioned, capital work in progress is transferred to the appropriate property and equipment and is depreciated in accordance with Company's policy.

Other property and equipment are carried at cost less accumulated depreciation and any identified impairment losses.

Depreciation is charged so as to write off the cost of assets, other than capital work in progress, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The useful lives used in the calculation of depreciation of property and equipment, other than capital work in progress, are as follows:

	Years
Freehold property	30
Motor vehicles	5
Furniture and office equipment	4-5
Fujairah scrap yard improvements	10

3. Significant accounting policies (continued)

3.10 Investment properties

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

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the profit or loss in the period of retirement or disposal.

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

Fair value is determined by open market values based on valuations performed by independent surveyors. The Company determines fair value on the basis of valuation provided by an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

3.11 Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3. Significant accounting policies (continued)

3.12 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.13 Financial assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets of the Company are classified into the following specified categories: bank balances and cash, financial assets 'at fair value through profit or loss' (FVTPL), financial assets at fair value through other comprehensive income (FVTOCI), and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for financial assets other than those financial assets classified as at FVTPL.

3.13.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

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

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

3. Significant accounting policies (continued)

3.13 Financial assets (continued)

3.13.2 Financial assets at fair value through profit or loss (FVTPL) (continued)

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. Fair value is determined in the manner described in note 26.

Dividend income on investments in equity instruments at FVTPL is recognised in profit or loss when the Company's right to receive the dividends is established in accordance with IAS 18 Revenue.

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

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

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the cumulative changes in fair value reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not transferred to income statement, but is reclassified to retained earnings.

The Company has designated all investments in equity instruments that are not held for trading as at FVTOCI.

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established in accordance with IAS 18 Revenue, unless the dividends clearly represent a recovery of part of the cost of the investment.

3.13.4 Loans and receivables

Insurance and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are initially measured at fair value, plus transaction costs and subsequently measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3.13.5 Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been affected.

3. Significant accounting policies (continued)

3.13 Financial assets (continued)

3.13.5 Impairment of financial assets (continued)

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as insurance receivables, assets that are assessed not to be impaired individually are assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of insurance receivables, where the carrying amount is reduced through the use of an allowance account. When an insurance receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3.13.6 Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

3.14 Financial liabilities and equity instruments issued by the Company

3.14.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

3.14.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3. Significant accounting policies (continued)

3.14 Financial liabilities and equity instruments issued by the Company (continued)

3.14.3 Financial liabilities

All financial liabilities are initially measured at fair value net of transactions costs except financial liabilities at fair value through profit or loss (FVTPL) which are initially measured at fair value. All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL. The Company does not have any financial liabilities measured at FVTPL.

3.14.3.1 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of the reporting period. The Company's financial liabilities measured at amortised costs include bank borrowings, and trade and other payables.

The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method with interest expense that is not capitalised as part of the cost of an asset, is recognised in profit or loss except for short term payables where the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.14.3.2 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

3.15 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's Shareholders.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 3 to these financial statements, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

4.1 Critical accounting judgements

In the process of applying Company's accounting policies, management is of the opinion that there is no instance of application of judgments which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those described below.

4.1.1 Classification of properties

In the process of classifying properties, management has made various judgments. Judgments are needed to determine whether a property qualifies as an investment property, property and equipment, property under development and/or property held for sale. Management develops criteria so that it can exercise that judgment consistently in accordance with the definitions of investment property, property and equipment, property under development and property held for sale. In making its judgment, management has considered the detailed criteria and related guidance set out in IAS 2 – Inventories, IAS 16 – Property, Plant and Equipment, and IAS 40 – Investment Property, with regards to the intended use of the property.

4.1.2 Classification of investments

Management designates at the time of acquisition of securities whether these should be classified at FVTOCI or FVTPL. In judging whether investments in securities are at FVTOCI or FVTPL, management has considered the detailed criteria for determination of such classification as set out in IFRS 9 Financial Instruments. Management is satisfied that its investments in securities are appropriately classified.

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.2.1 Fair value of investment properties

The best evidence of fair value is current prices in an active market for similar properties. In the absence of such information, the Company determined the amount within a range of reasonable fair value estimates. In making its judgment, the Company considered recent prices of similar properties in the same location and similar conditions, with adjustments to reflect any changes in the nature, location or economic conditions since the date of the transactions that occurred at those prices. Such estimation is based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

4.2.2 Useful lives of property and equipment

Management reviews the residual values and estimated useful lives of property and equipment at the end of each annual reporting period in accordance with IAS 16. Management determined that current year expectations do not differ from previous estimates based on its review.

4.2.3 Provision for unearned premium reserve (UPR) and unexpired risk reserve (URR)

Unearned premium reserves includes unexpired risk reserve (URR) which are estimated by independent actuary approved by Insurance Authority, using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation.

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

4.2 Key sources of estimation uncertainty (continued)

4.2.4 Provision for incurred but not reported claims (IBNR)

Estimates are made for the expected ultimate cost of claims incurred but not yet reported at the reporting date (IBNR) by independent actuary approved by the Insurance Authority, using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation.

4.2.5 Provision for outstanding claims

Provision for outstanding claims include provision for Allocated Loss Adjustment Expenses (ALAE) and Unallocated Loss Adjustment Expenses (ULAE) reserves. Considerable judgement is required in the estimation of amounts due to 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 judgement and uncertainty and actual results may differ from estimates resulting in future changes in estimated liabilities. The Company generally estimates its claims based on previous experience and/ or loss adjustor reports. Claims requiring court or arbitration decisions are estimated individually. Independent loss adjusters along with the Company's internal legal counsel normally estimate such claims. The ALAE and ULAE reserves are estimated by independent actuary approved by the Insurance Authority, using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation.

4.2.6 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 Company evaluating the credit and liquidity position of the policyholders and the insurance companies, historical recovery rates including detailed investigations carried out during 2015 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 profit or loss. Any difference between the amounts actually collected in the future periods and the amounts expected will be recognised in the profit or loss at the time of collection.

4.2.7 Liability adequacy test

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

4.2.8 Valuation of unquoted equity investments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models or adjusted net asset value of the underlying investments. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs discount rates. The management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

5. Property and equipment

	Freehold property AED	Motor vehicles AED	Furniture and office equipment AED	Fujairah scrap yard improvements AED	Capital work in progress AED	Total AED
Cost						
At 31 December 2013	-	4,599,510	15,449,983	569,619	725,000	21,344,112
Additions	-	1,481,399	607,037	-	252,370	2,340,806
Disposals	-	(971,000)	(3,500)	-	-	(974,500)
At 31 December 2014 (Restated)	-	5,109,909	16,053,520	569,619	977,370	22,710,418
Additions	7,043,095	555,000	3,356,953	-	444,656	11,399,704
Transfers	-	-	55,220	-	(55,220)	-
Disposals	-	(3,247,400)	(21,350)	(38,000)	-	(3,306,750)
At 31 December 2015	**7,043,095**	**2,417,509**	**19,444,343**	**531,619**	**1,366,806**	**30,803,372**
Accumulated depreciation						
At 31 December 2013	-	3,480,753	12,772,135	90,340	-	16,343,228
Charge for the year	-	673,018	1,345,397	56,962	-	2,075,377
Eliminated on disposal	-	(888,317)	(2,158)	-	-	(890,475)
At 31 December 2014 (Restated)	-	3,265,454	14,115,374	147,302	-	17,528,130
Charge for the year	78,256	328,503	1,050,284	56,962	-	1,514,005
Eliminated on disposal	-	(1,860,769)	(20,846)	(13,620)	-	(1,895,235)
At 31 December 2015	**78,256**	**1,733,188**	**15,144,812**	**190,644**	**-**	**17,146,900**
Carrying amount						
At 31 December 2015	**6,964,839**	**684,321**	**4,299,531**	**340,975**	**1,366,806**	**13,656,472**
At 31 December 2014 (Restated)	-	1,844,455	1,938,146	422,317	977,370	5,182,288

5. Property and equipment

- Freehold property comprises of flats purchased during the year to conduct Dubai branch operations.
- Capital work in progress mainly represents the construction of office block at Fujairah scrap yard leased from Fujairah Municipality and located at Al Hayl Industrial Area, Fujairah.
- At 31 December 2015, the cost of fully depreciated property and equipment that was still in use amounted to AED 13 million (2014: AED 9.7 million (Restated)).

6. Investment properties

	2015	2014
	AED	AED
Fair value at the beginning of the year	**89,403,946**	86,956,855
Increase in fair value during the year	**1,625,326**	2,447,091
	91,029,272	89,403,946

As at 31 December 2015 and 2014, investment properties represent fair value of the two buildings and plots of land of the Company which are located in Fujairah, U.A.E.

The fair value of the Company's investment properties at 31 December 2015 and 2014 had been arrived at on the basis of a valuation carried out at that date by independent valuer not related to the Company and has appropriate qualifications and recent market experience in the valuation of properties in the United Arab Emirates.

The fair value was determined based on the net income model that reflects recent market rentals for similar properties in the same location and similar condition. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

Details of the Company's investment properties and information about the fair value hierarchy as at 31 December 2015 are as follows:

	Level 1	**Level 2**	**Level 3**	**Fair value as at 31 December 2015**
	AED	**AED**	**AED**	**AED**
Plots of land and buildings on which the same are erected	**-**	**-**	**91,029,272**	**91,029,272**

There were no transfers between the levels during the year.

6. Investment properties (continued)

For investment properties categorized into level 3 of the fair value hierarchy, the following information is relevant:

	Valuation techniques	**Significant unobservable input(s)**	**Sensitivity**
Investment properties	Income Capitalisation Approach	Capitalisation rate, taking into account the capitalization of rental income potential, nature of property, and prevailing market condition, of 7.5% - 8.5% (2014: 7.5% - 8.5%)	A slight increase in the capitalization rate used would result in a significant decrease in fair value, and vice versa.
		Yearly market rent, taking into account the differences in location, and individual factors, such as frontage and size, between the comparable and the investment properties.	A slight increase in the market rent used would result in a significant increase in fair value, and vice versa.

The property rental income earned by the Company from its investment properties, which are leased under operating leases, and renewed on an annual basis, and the direct operating expenses arising in the investment properties are as follows:

	2015 AED	2014 AED
Rental income	**4,612,288**	4,508,374
Direct operating expenses	**(1,370,817)**	(1,435,530)
Income from investment properties (Note 18)	**3,241,471**	3,072,844

7. Financial investments

The Company's financial investments at the end of reporting period are as follows:

	2015 AED	2014 AED
Financial investment designated at FVTOCI		
Quoted U.A.E. equity securities	**122,733,722**	138,919,783
Unquoted U.A.E. equity securities	**15,813,478**	13,963,984
Mutual funds	**3,946,454**	4,398,512
	142,493,654	157,282,279
Financial investments at FVTPL		
Quoted U.A.E. equity securities	**6,645,332**	8,121,620

7. Financial investments (continued)

The movements in investments in securities are as follows:

	2015 AED	2014 AED
At fair value through other comprehensive income		
Fair value at the beginning of the year	**157,282,279**	164,472,026
Purchases during the year	**3,906,995**	16,154,777
Disposals during the year	**(10,758,038)**	(23,789,982)
Net (decrease)/increase in fair value	**(7,937,582)**	445,458
Fair value at the end of the year	**142,493,654**	157,282,279

Investments at FVTOCI comprise of the following:

	2015 AED	2014 AED
Within U.A.E.	**140,936,735**	155,415,487
Outside U.A.E.	**1,556,919**	1,866,792
	142,493,654	157,282,279

Mutual funds comprise of investment in local and international funds which are administered by financial institutions domiciled in U.A.E.

	2015 AED	2014 AED
At fair value through profit or loss		
Fair value at the beginning of the year	**8,121,620**	3,818,850
Purchased during the year	**14,268,302**	38,877,758
Disposals during the year	**(12,891,472)**	(31,174,621)
Net decrease in fair value	**(2,853,118)**	(3,400,367)
Fair value at the end of the year	**6,645,332**	8,121,620

All financial investments at FVTPL are held in U.A.E.

8. Statutory deposit

	2015 AED	2014 AED
Statutory deposit maintained in accordance with Article 42 of U.A.E., Federal Law No. 6 of 2007	**10,000,000**	10,000,000

9. Insurance contract liabilities and re-insurance contract assets

	2015 AED	2014 AED (Restated)
Gross		
Insurance contract liabilities:		
Claims reported unsettled (i)	**70,978,813**	66,636,887
Claims incurred but not reported	**17,839,000**	17,460,000
Unearned premiums (ii)	**91,538,000**	93,617,000
Total insurance contract liabilities, gross	**180,355,813**	177,713,887
Recoverable from reinsurers		
Claims reported unsettled	**(30,646,144)**	(28,645,794)
Claims incurred but not reported	**(5,396,000)**	(5,592,000)
Unearned premiums	**(17,443,000)**	(17,973,000)
Total reinsurers' share of insurance liabilities	**(53,485,144)**	(52,210,794)
Net		
Claims reported unsettled (i)	**40,332,669**	37,991,093
Claims incurred but not reported	**12,443,000**	11,868,000
Unearned premiums (ii)	**74,095,000**	75,644,000
	126,870,669	125,503,093

(i) Outstanding claims includes unallocated loss adjustment expenses reserve of gross AED 3,025,000 (2014: AED 2,991,000 (Restated)) and net AED 1,219,000 (2014: AED 1,240,000 (Restated)).

(ii) Unearned premium reserve includes unexpired risk reserve of gross AED 944,000 (2014: AED 1,198,000 (Restated)) and net AED 914,000 (2014: AED 1,117,000(Restated)).

Notes to the financial statements
for the year ended 31 December 2015 (continued)

9. Insurance contract liabilities and re-insurance contract assets (continued)

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

	2015			2014 (Restated)		
	Gross AED	**Re-insurance AED**	**Net AED**	Gross AED	Re-insurance AED	Net AED
Claims						
Notified claims	**66,636,887**	**(28,645,794)**	**37,991,093**	63,304,581	(26,897,023)	36,407,558
Incurred but not reported	**17,460,000**	**(5,592,000)**	**11,868,000**	21,350,000	(5,965,000)	15,385,000
Total at the beginning of the year	**84,096,887**	**(34,237,794)**	**49,859,093**	84,654,581	(32,862,023)	51,792,558
Claims settled during the year	**(111,963,179)**	**19,566,362**	**(92,396,817)**	(106,332,334)	9,405,132	(96,927,202)
Increase in liabilities	**116,684,105**	**(21,370,712)**	**95,313,393**	105,774,640	(10,780,903)	94,993,737
Total at the end of the year	**88,817,813**	**(36,042,144)**	**52,775,669**	84,096,887	(34,237,794)	49,859,093
Notified claims	**70,978,813**	**(30,646,144)**	**40,332,669**	66,636,887	(28,645,794)	37,991,093
Incurred but not reported	**17,839,000**	**(5,396,000)**	**12,443,000**	17,460,000	(5,592,000)	11,868,000
Total at the end of the year	**88,817,813**	**(36,042,144)**	**52,775,669**	84,096,887	(34,237,794)	49,859,093
Unearned premium						
Total at the beginning of the year	**93,617,000**	**(17,973,000)**	**75,644,000**	94,368,000	(16,238,000)	78,130,000
Increase during the year	**4,737,000**	**(2,322,000)**	**2,415,000**	4,813,000	(3,365,000)	1,448,000
Release during the year	**(6,816,000)**	**2,852,000**	**(3,964,000)**	(5,564,000)	1,630,000	(3,934,000)
Net (decrease)/ increase during the year (Note 17)	**(2,079,000)**	**530,000**	**(1,549,000)**	(751,000)	(1,735,000)	(2,486,000)
Total at the end of the year	**91,538,000**	**(17,443,000)**	**74,095,000**	93,617,000	(17,973,000)	75,644,000

10. Insurance and other receivables

	2015 AED	2014 AED
Receivables arising from insurance and re-insurance contracts:		
Due from policy holders:		
Due from policy holders – Accounts receivable	**31,943,420**	26,022,982
Due from policy holders – post dated cheques	**3,564,753**	2,586,701
Allowance for doubtful debts	**(7,866,301)**	(7,541,336)
	27,641,872	21,068,347
Due from insurance and re-insurance companies and brokers:		
Due from insurance companies	**4,839,710**	4,882,168
Due from re-insurance companies	**3,418,905**	676,660
Due from brokers	**25,462,522**	24,381,095
Allowance for doubtful debts	**(21,175,022)**	(21,175,022)
	12,546,115	8,764,901
Other receivables:		
Prepayments and others	**9,748,463**	4,631,799
Total insurance and other receivables	**49,936,450**	34,465,047

The average credit period on insurance receivable is 60 days. No interest is charged on overdue balances and no collateral is taken on insurance receivables. Due from insurance receivables outstanding above 180 days are provided for (other than for government related entities) based on estimated irrecoverable amounts determined by reference to past default experience.

Due from insurance receivables - aging of past due but not impaired balances:

	2015 AED	2014 AED
180 – 365 days	**3,437,424**	3,903,086
Above 365 days	**2,127,680**	819,876
	5,565,104	4,722,962
Due from government related entities included in above	**3,127,519**	695,321

Due from insurance receivables - aging of impaired balances:

	2015 AED	2014 AED
Above 180 days	**29,041,323**	28,716,358

Before accepting any new customer, the Company assesses the potential customers credit quality and defines credit limits by customer. Of the due from policyholders balance at the end of year, AED 3.69 million (2014: AED 3.66 million) is due from the Company’s largest customer. There are 2 (2014: 2) other customers who individually represent more than 5% of the total balance of due from policyholders.

10. Insurance and other receivables (continued)

Movement of the allowance for doubtful insurance receivables during the year was as follows:

	2015 **AED**	2014 AED
Balance at the beginning of the year	**28,716,358**	28,716,358
Add: Allowance for doubtful debts	**324,965**	-
Balance at the end of the year	**29,041,323**	28,716,358

In determining the recoverability of an insurance receivable, the Company considers any change in the credit quality of the insurance receivable from the date credit was initially granted upto the reporting date. The concentration of credit risks is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further allowance required in excess of the booked allowance for doubtful debts.

11. Bank balances and cash

	2015 **AED**	2014 AED
Bank balances:		
Call accounts	**7,047,689**	27,057,230
Fixed deposits	**51,588,360**	51,823,740
Cash on hand	**539,936**	283,725
Bank balances and cash	**59,175,985**	79,164,695

Bank balances are maintained with banks within United Arab Emirates.

Fixed deposit amounting to AED 2 million (2014: AED 2 million) is under lien in respect of bank credit facilities granted to the Company (Note 14).

12. Share capital

	2015 **AED**	2014 AED
Issued and fully paid: 1,000,000 ordinary shares (2014: 1,000,000) of AED 100 each	**100,000,000**	100,000,000

13. Reserves

Statutory reserve

In accordance with U.A.E. Federal Law Number 2 of 2015, the Company 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.

General reserve

The Company has established a General reserve by appropriation of 10% of profit for each year. Appropriation to the General reserve may be stopped by the Shareholders' General Assembly based on recommendation from the Board of Directors. This reserve is distributable based on a recommendation by the Board of Directors and Shareholders' approval.

14. Bank Borrowings

	2015 AED	2014 AED
Loans	**12,300,759**	21,120,896

The bank borrowings are repayable as follows:

	2015 AED	2014 AED
Within one year	**9,229,579**	8,820,137
In the second year	**3,071,180**	9,229,579
In the third year	**-**	3,071,180
	12,300,759	21,120,896
Less: Amount due for settlement within 12 months from the reporting date	**(9,229,579)**	(8,820,137)
Bank borrowings (due for settlement after 12 months from the reporting date)	**3,071,180**	12,300,759

The Company entered in to a loan agreement with a U.A.E. bank to finance the cost of construction of property. The loan is being repaid in 113 equal monthly installments of AED 800,000 each (inclusive of interest) until full settlement, with first installment started in May 2011. The loan is secured by mortgaging one of the Company's investment properties comprising residential building and the land on which it is erected with a total value of AED 59.40 million (2014: AED 59.40 million) in Fujairah, mortgaging fixed deposits in favour of the financing bank, assignment of rental income from the said building and issuance of promissory notes by the Company.

Interest rates on bank borrowings during 2015 ranged from 4% to 5% per annum (2014: 4% to 5% per annum).

15. Provision for employees' end of service indemnity

Movements in the net liability were as follows:

	2015 AED	2014 AED
Balance at the beginning of the year	**10,730,608**	9,475,643
Current year provision (charged to expenses)	**1,008,996**	1,695,314
Amounts paid	**(471,678)**	(440,349)
Balance at the end of the year	**11,267,926**	10,730,608

16. Insurance and other payables

	2015 **AED**	2014 AED
Payables arising from insurance and re-insurance contracts:		
Trade payables	**9,829,195**	11,536,384
Notes payable	**277,795**	174,420
Due to insurance companies	**15,922,437**	15,107,544
Due to re-insurance companies	**3,099,071**	5,424,985
Premium reserve withheld	**4,576,944**	4,657,308
Other payables:		
Accrued expenses and provisions	**3,153,525**	3,553,024
Unclaimed dividends	**10,500**	10,500
Other payables	**3,422,254**	3,574,553
Total insurance and other payables	**40,291,721**	44,038,718

The average credit period is 90 days. The Company has financial risk management policies in place to ensure that all payables are paid within credit time frame.

17. Net insurance premium revenue

	2015 **AED**	2014 AED (Restated)
Gross premium written		
Gross premium written	**178,801,325**	179,233,580
Change in unearned premium (Note 9)	**2,079,000**	751,000
	180,880,325	179,984,580
Reinsurance premium ceded		
Reinsurance premium ceded	**(45,050,089)**	(45,956,764)
Change in unearned premium (Note 9)	**(530,000)**	1,735,000
	(45,580,089)	(44,221,764)
Net insurance premium revenue	**135,300,236**	135,762,816

18. Investments' and other income

	2015 **AED**	2014 AED
Loss on net decrease in fair value of financial investments at FVTPL (Note 7)	**(2,853,118)**	(3,400,367)
Profit on disposal of financial investments at FVTPL	**529,340**	1,498,804
Dividends from financial investments at FVTOCI and at FVTPL	**4,429,200**	8,058,688
Income from investment properties (Note 6)	**3,241,471**	3,072,844
Gain on disposal of property and equipment	**81,658**	73,262
Interest on bank deposits	**1,440,465**	1,797,864
Gain on increase in fair value of investment properties (Note 6)	**1,625,326**	2,447,091
Other income	**-**	78,720
	8,494,342	13,626,906

Notes to the financial statements
for the year ended 31 December 2015 (continued)

19. Profit for the year

Profit for the year has been arrived at after charging the following expenses:

	2015 AED	2014 AED
Staff costs	**20,038,780**	18,242,226
Depreciation of property and equipment	**1,514,005**	2,075,377
Rent expense	**3,538,384**	3,344,906
Social contributions	**18,000**	68,000

20. Basic earnings per share

	2015 AED	2014 AED (Restated)
Profit for the year (in AED)	**14,336,780**	21,875,060
Weighted average number of shares (share)	**1,000,000**	1,000,000
Basic earnings per share (in AED)	**14**	22

- Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of shares outstanding.

21. Cash and cash equivalents

For the purposes of statement of cash flows, cash and cash equivalents include cash on hand and in bank net of fixed deposits in banks with maturity over three months from date of placement. Cash and cash equivalents at the end of the year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2015 AED	2014 AED
Bank balances and cash (Note 11)	**59,175,985**	79,164,695
Deposit under lien (Note 11)	**(2,000,000)**	(2,000,000)
Fixed deposits with maturity over 3 months	**(49,534,411)**	(43,287,430)
	7,641,574	33,877,265

22. Transactions and balances with related parties

Related parties include the Company's major Shareholders, Directors and businesses controlled by them and their families over which they exercise significant management influence as well as key management personnel.

At the reporting date, amounts due from/to related parties included under due from policy holders and gross outstanding claims were as follows:

	2015 **AED**	2014 AED
Due from policy holders	**1,270,073**	2,274,218
Gross outstanding claims	**33,770**	531,065

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been received and no expense has been recognised in the year for bad or doubtful debts in respect of the amounts owed by related parties.

Transactions:

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

	2015 **AED**	2014 AED
Gross premium	**18,175,867**	14,980,553
Claims paid	**2,154,020**	1,692,218

Premiums are charged to related parties at rates agreed with the management.

Compensations of key management staff and Board of Directors

	2015 **AED**	2014 AED
Key management staff:		
Short-term benefits	**6,875,010**	6,596,803
Long-term benefits	**304,329**	647,805
Board of directors' meeting allowance	**975,000**	975,000

23. Commitments and contingent liabilities

	2015 **AED**	2014 AED
Letters of guarantee	**10,884,189**	10,858,377
Capital commitments	**2,500,000**	-

24. Insurance risk

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

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

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

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

24.1 Frequency and severity of claims

The Company has the right not to renew individual policies, re-price the risk, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation).

Property insurance contracts are underwritten by reference to the commercial replacement value of the properties and contents insured, and claim payment limits are always included to cap the amount payable on occurrence of the insured event. Cost of rebuilding properties, of replacement or indemnity for contents and time taken to restart operations for business interruption are the key factors that influence the level of claims under these policies. Property insurance contracts are subdivided into four risk categories: fire, business interruption, weather damage and theft. The insurance risk arising from these contracts is not concentrated in any of the territories in which the Company operates, and there is a balance between commercial and personal properties in the overall portfolio of insured buildings.

The reinsurance arrangements include excess and catastrophe coverage. The effect of such reinsurance arrangements is that the Company should not suffer net insurance losses above a set limit of AED 500,000 in any one policy. The Company has survey units dealing with the mitigation of risks surrounding claims. This unit investigates and recommends ways to improve risk claims. The risks are reviewed individually at least once in 3 years and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contractual terms and conditions, and other factors. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

24. Insurance risk (continued)

24.2 Sources of uncertainty in the estimation of future claim payments

Claims on insurance contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and element of the claims provision includes incurred but not reported claims (IBNR). The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims. For some insurance contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities. In estimating the liability for the cost of reported claims not yet paid, the Company considers information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The amount of insurance claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. Insurance contracts are also subject to the emergence of new types of latent claims, but no allowance is included for this at the reporting date.

Where possible, the Company adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

In calculating the estimated cost of unpaid claims (both reported and not), the Company's estimation techniques are a combination of loss-ratio-based estimates and an estimate based upon actual claims experience using predetermined formula where greater weight is given to actual claims experience as time passes. The initial loss-ratio estimate is an important assumption in the estimation technique and is based on previous years' experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims inflation.

The initial estimate of the loss ratios used for the current year (before reinsurance) are analysed below by type of risk where the insured operates for current and prior year premiums earned.

Type of risk	**2015**	2014 (Restated)
Motor	**72%**	84%
Non-Motor	**57%**	28%

24. Insurance risk (continued)

24.3 Process used to decide on assumptions

The risks associated with these insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. Internal data is derived mostly from the Company's quarterly claims reports and screening of the actual insurance contracts carried out at the reporting date to derive data for the contracts held. The Company has reviewed the individual contracts and in particular the industries in which the insured companies operate and the actual exposure years of claims. This information is used to develop scenarios related to the latency of claims that are used for the projections of the ultimate number of claims.

The choice of selected results for each accident year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. In certain instances, this has meant that different techniques or combinations of techniques have been selected for individual accident years or groups of accident years within the same class of business.

24.4 Concentration of insurance risk

All of the Company's underwriting activities are carried out in the United Arab Emirates.

The insurance risk before and after reinsurance in relation to the motor and non-motor insurance risk accepted is summarized below:

	Year ended 31 December 2015			Year ended 31 December 2014		
	Motor	**Non-motor**	**Total**	Motor	Non-motor	Total
	AED'000	**AED'000**	**AED'000**	AED'000	AED'000	AED'000
Gross sum insured	**2,376,246**	**44,931,183**	**47,307,429**	2,576,657	31,151,432	33,728,089
Net sum insured	**2,291,889**	**5,687,427**	**7,979,316**	2,401,600	5,353,611	7,755,211

24.5 Reinsurance risk

In common with other insurance companies, in order to minimize financial exposure arising from large insurance claims, the Company, in the normal course of business, enters into arrangement with other parties for reinsurance purposes.

To minimize its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers. Reinsurance ceded contracts do not relieve the Company from its obligations to policyholders. The Company remains liable to its policyholders for the portion reinsured to the extent that any reinsurer does not meet the obligations assumed under the reinsurance agreements.

24. Insurance risk (continued)

24.6 Sensitivity of underwriting profit and losses

The contribution by the insurance operations in the profit of the Company amounts to AED 13 million for the year ended 31 December 2015 (2014: AED 15.4 million (Restated)). The Company does not foresee any major impact from insurance operations due to the following reasons:

The Company has an overall risk retention level of 17% (2014: 23% (Restated)) and the same is mainly contributed by one class of business i.e., Motor line wherein the retention level is 96% (2014: 93% (Restated)). However, in this class the liabilities are adequately covered by excess of loss reinsurance programs to guard against major financial impact.

The Company has net commission incurred of AED 1.9 million (2014: AED 1.3 million (Restated)). Commissions arise primarily from the reinsurance placements and are a consistent and recurring source of income.

Because of low risk retention in 44% (2014: 44% (Restated)) volume of business and limited exposure in high retention areas like motor, the Company is comfortable to maintain a net loss ratio of 70% (2014: 73% (Restated)) and does not foresee any serious financial impact in the insurance net profit.

25. Capital risk management

The Company's objectives when managing capital are:

- to comply with the insurance capital requirements required by UAE Federal Law No. 6 of 2007, on establishment of Insurance Authority and organization of its operations. The Company manages its capital on a basis of its minimum regulatory capital position presented in the table below;
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for Shareholders and benefits for other stakeholders; and
- to provide an adequate return to Shareholders by pricing insurance contracts commensurately with the level of risk.

In U.A.E., the local insurance regulator specifies the minimum amount and type of capital that must be held by the Company in addition to its insurance liabilities. The minimum required capital (presented in the table below) must be maintained at all times throughout the year.

The table below summarises the minimum required capital of the Company and the total capital held.

	2015 **AED**	2014 AED
Total capital held	**100,000,000**	100,000,000
Minimum regulatory capital	**100,000,000**	100,000,000

25. Capital risk management (continued)

The gearing ratio at the end of the reporting period was as follows:

	2015	2014
	AED	AED
		(Restated)
Debt (i)	**12,300,759**	21,120,896
Bank balances and cash (see Note 11)	**(59,175,985)**	(79,164,695)
Shortage of debt under bank balances and cash	**(46,875,226)**	(58,043,799)
Equity (ii)	**182,206,090**	182,226,560
Net debt to equity ratio	**-**	-

(i) Debt is defined as bank borrowings (see Note 14).
(ii) Equity includes capital and reserves of the Company.

26. Financial instruments

The Company is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that the in the long-term its investment proceeds are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important components of this financial risk are interest rate risk, equity price risk, foreign currency risk and credit risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Company primarily faces due to the nature of its investments and liabilities are interest rate risk and equity price risk.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

Notes to the financial statements
for the year ended 31 December 2015 (continued)

26. Financial instruments (continued)

Categories of financial instruments

Financial assets

31 December 2015

	Loans and receivables	**Financial investments at FVTPL**	**Financial investments at FVTOCI**	**Total**
	AED	**AED**	**AED**	**AED**
Financial investments at FVTOCI	-	-	142,493,654	142,493,654
Statutory deposit	10,000,000	-	-	10,000,000
Insurance and other receivables	47,409,351	-	-	47,409,351
Financial investments at FVTPL	-	6,645,332	-	6,645,332
Bank balances and cash	59,175,985	-	-	59,175,985
	116,585,336	**6,645,332**	**142,493,654**	**265,724,322**

31 December 2014

	Loans and receivables	Financial investments at FVTPL	Financial investments at FVTOCI	Total
	AED	AED	AED	AED
Financial investments at FVTOCI	-	-	157,282,279	157,282,279
Statutory deposit	10,000,000	-	-	10,000,000
Insurance and other receivables	32,609,055	-	-	32,609,055
Financial investments at FVTPL	-	8,121,620	-	8,121,620
Bank balances and cash	79,164,695	-	-	79,164,695
	121,773,750	8,121,620	157,282,279	287,177,649

Financial liabilities – measured at amortized cost

	2015	2014
	AED	AED
Bank borrowings	**12,300,759**	21,120,896
Insurance and other payables	**40,291,721**	44,038,718
	52,592,480	65,159,614

Management considers that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values.

Fair value measurement

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices at the close of the business on the reporting date.
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Notes to the financial statements
for the year ended 31 December 2015 (continued)

26. Financial instruments (continued)

Fair value of the Company's financial assets that are measured at fair value on recurring basis

Some of the Company's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined:

Financial assets	**Fair value as at**		**Fair value hierarchy**	**Valuation techniques and key inputs**	**Significant unobservable input**	**Relationship of unobservable inputs to fair value**
	31 December 2015 AED	31 December 2014 AED				
Quoted equity investments – FVTOCI	**122,733,722**	138,919,783	Level 1	Quoted bid prices in an active market.	None.	NA
Mutual funds	**3,946,454**	4,398,512	Level 3	Adjusted net assets valuation method after adjusting for certain components in financial information of underlying companies.	Net assets value.	Higher the net assets value of the investees, higher the fair value.
Unquoted equity investments – FVTOCI	**15,813,478**	13,963,984	Level 3	Adjusted net assets valuation method after adjusting for certain components in financial information of underlying companies.	Net assets value.	Higher the net assets value of the investees, higher the fair value.
Quoted equity investments – FVTPL	**6,645,332**	8,121,620	Level 1	Quoted bid prices in an active market.	None.	NA

26. Financial instruments (continued)

Fair value measurement (continued)

Fair value hierarchy

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2015

	Level 1 AED	**Level 2 AED**	**Level 3 AED**	**Total AED**
Financial assets at FVTPL				
Quoted equities	6,645,332	-	-	6,645,332
Financial assets at FVTOCI				
Quoted equities	122,733,722	-	-	122,733,722
Mutual funds	-	-	3,946,454	3,946,454
Unquoted equities	-	-	15,813,478	15,813,478
Investment properties	-	-	91,029,272	91,029,272
	129,379,054	**-**	**110,789,204**	**240,168,258**

31 December 2014

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
Financial assets at FVTPL				
Quoted equities	8,121,620	-	-	8,121,620
Financial assets at FVTOCI				
Quoted equities	138,919,783	-	-	138,919,783
Mutual funds	-	-	4,398,512	4,398,512
Unquoted equities	-	-	13,963,984	13,963,984
Investment properties	-	-	89,403,946	89,403,946
	147,041,403	-	107,766,442	254,807,845

There were no transfers between the levels during the year. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

26. Financial instruments (continued)

Reconciliation of level 3 fair value measurements

Below is a reconciliation of movements in level 3 financial assets measured at fair values:

	2015 **AED**	2014 AED
Balance at the beginning of the year	**18,362,496**	11,713,822
Net increase in fair value recognised in other comprehensive income	**1,397,436**	6,648,674
	19,759,932	18,362,496

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and equity price risk.

Market risk exposures are measured using sensitivity analysis.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirhams, other G.C.C. currencies or US Dollars to which the Dirham is fixed.

Interest risk

The Company's exposure to interest rate risk relates to its bank deposits and bank borrowings. At 31 December 2015, bank deposits carried interest rates ranging from 0.25% to 3.5% per annum (2014: 0.75% to 3.5% per annum) and bank borrowings carried an interest rate of 4% to 5% per annum (2014: 4% to 5% per annum).

The Company has no exposure to interest rate risk towards its interest bearing financial assets as they carry fixed interest rate.

If interest rates on bank borrowings had been 50 basis points higher/lower throughout the year and all other variables were held constant, the Company's profit for the year ended 31 December 2015 would decrease/increase by approximately AED 61,504 (2014: by AED 105,604).

The Company's sensitivity to interest rates has not changed significantly from the prior year.

Market risk management

Market price 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 Company is exposed to market price risk with respect to their quoted investments. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in the market. In addition, the Company actively monitors the key factors that affect stock and market movements, including analysis of the operational and financial performance of investees.

26. Financial instruments (continued)

Market risk management (continued)

Sensitivity analysis

At the reporting date if the investments prices are 10% higher/lower as per the assumptions mentioned below and all the other variables were held constant the Company's:

- profit would have increased/decreased by AED 664,533 (2014: AED 812,162) in the case of financial investments at FVTPL.
- other comprehensive income would have increased/decreased by AED 14.25 million (2014: AED 15.72 million) in the case of financial investments designated at FVTOCI.

Method and assumptions for sensitivity analysis

- The sensitivity analysis has been done based on the exposure to equity price risk as at the reporting date.

- As at the reporting date if investments prices are 10% higher/lower on the market value uniformly for all equities while all other variables are held constant, the impact on profit or loss and other comprehensive income has been shown above.

- A 10% change in investments prices has been used to give a realistic assessment as a plausible event.

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company.

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

- reinsurers' share of insurance liabilities;
- amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance contract holders; and
- amounts due from insurance intermediaries;

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

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

26. Financial instruments (continued)

Credit risk (continued)

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

Insurance receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of insurance receivable.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks registered in the United Arab Emirates.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company’s maximum exposure to credit risk.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Company’s short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table summarises the maturity profile of the Company’s financial instruments. The contractual maturities of the financial instruments have been determined on the basis of the remaining period at the end of the reporting period to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

26. Financial instruments (continued)

Liquidity risk (continued)

The maturity profile of the assets and liabilities at the reporting date based on contractual repayment arrangements was as follows:

	Less than 30 days	**30-90 days**	**91-180 days**	**181-365 days**	**Above 365 days**	**Total**
	AED	**AED**	**AED**	**AED**	**AED**	**AED**
31 December 2014						
Financial assets						
At fair value through OCI	**-**	**-**	**-**	**-**	**142,493,654**	**142,493,654**
Statutory deposit	**-**	**-**	**-**	**-**	**10,000,000**	**10,000,000**
Insurance and other receivables	**17,832,536**	**15,076,630**	**8,002,848**	**3,769,174**	**2,728,163**	**47,409,351**
At fair value through profit or loss	**-**	**-**	**6,645,332**	**-**	**-**	**6,645,332**
Bank balances and cash - non interest bearing	**7,587,625**	**-**	**-**	**-**	**-**	**7,587,625**
Bank balances and cash - interest bearing	**5,912,326**	**18,837,909**	**6,143,889**	**20,694,236**	**-**	**51,588,360**
	31,332,487	**33,914,539**	**20,792,069**	**24,463,410**	**155,221,817**	**265,724,322**
Financial liabilities						
Insurance and other payables	**8,635,385**	**13,346,721**	**6,432,228**	**6,010,120**	**5,867,267**	**40,291,721**
Bank borrowings	**752,335**	**1,516,325**	**2,294,563**	**4,666,356**	**3,071,180**	**12,300,759**
	9,387,720	**14,863,046**	**8,726,791**	**10,676,476**	**8,938,447**	**52,592,480**

	Less than 30 days	30-90 days	91-180 days	181-365 days	Above 365 days	Total
	AED	AED	AED	AED	AED	AED
31 December 2014						
Financial assets						
At fair value through OCI	-	-	-	-	157,282,279	157,282,279
Statutory deposit	-	-	-	-	10,000,000	10,000,000
Insurance and other receivables	10,767,047	12,923,159	5,011,763	3,907,086	-	32,609,055
At fair value through profit or loss	-	-	8,121,620	-	-	8,121,620
Bank balances and cash - non interest bearing	27,340,955	-	-	-	-	27,340,955
Bank balances and cash - interest bearing	5,841,278	1,695,031	-	44,287,431	-	51,823,740
	43,949,280	14,618,190	13,133,383	48,194,517	167,282,279	287,177,649
Financial liabilities						
Insurance and other payables	12,246,258	14,768,382	4,942,734	12,081,344	-	44,038,718
Bank borrowings	718,157	1,452,353	2,192,733	4,456,894	12,300,759	21,120,896
	12,964,415	16,220,735	7,135,467	16,538,238	12,300,759	65,159,614

27. Segment information

The Company is organised into two main business segments:

Underwriting of general insurance business incorporating all classes of general insurance including fire, marine, motor, medical, general accident and miscellaneous. All underwriting activities are carried out in the UAE except for re-insurance which is done principally with companies outside U.A.E.

Investments incorporating investments in U.A.E. marketable equity securities, fixed deposits with banks and investment properties.

Notes to the financial statements
for the year ended 31 December 2015 (continued)

27. Segment information (continued)

	2015			2014 (Restated)		
	Underwriting AED	**Investments AED**	**Total AED**	Underwriting AED	Investments AED	Total AED
Net insurance premium revenue	**135,300,236**	**-**	**135,300,236**	135,762,816	-	135,762,816
Net claims incurred	**(95,313,393)**	**-**	**(95,313,393)**	(94,993,737)	-	(94,993,737)
Net commission incurred	**(1,886,165)**	**-**	**(1,886,165)**	(1,313,165)	-	(1,313,165)
Income from investment and others	**-**	**8,494,342**	**8,494,342**	-	13,626,906	13,626,906
Segment result	**12,917,976**	**8,494,342**	**21,412,318**	15,427,871	13,626,906	29,054,777
Unallocated costs (net)			**(7,075,538)**			(7,179,717)
Profit for the year			**14,336,780**			21,875,060

	As of 31 December 2015			As of 31 December 2014 (Restated)		
	Underwriting AED	**Investments AED**	**Total AED**	Underwriting AED	Investments AED	Total AED
Segment assets	**127,078,066**	**291,756,618**	**418,834,684**	101,858,129	306,631,585	408,489,714
Unallocated assets			**7,587,625**			27,340,955
Total assets			**426,422,309**			435,830,669
Segment liabilities	**220,647,534**	**12,300,759**	**232,948,293**	221,752,605	21,120,896	242,873,501
Unallocated liabilities			**11,267,926**			10,730,608
Total liabilities			**244,216,219**			253,604,109

There are no transactions between the business segments.

The Company’s underwriting business and the investments are mainly based within United Arab Emirates.

28. Dividends

The Shareholders' Ordinary General Assembly held on 9 April 2015 approved the payment of cash dividend at 10% of share capital amounting to AED 10 million for the year 2014 (2014: the Shareholders' Ordinary General Assembly approved cash dividend at 7.5% of share capital amounting to AED 7.50 million for the year 2013).

29. Effects of changes in accounting policy

As disclosed in note 3.2.1, the Company has voluntarily changed its accounting policy for recognizing unearned premium reserve and its fundamental judgement in estimating for IBNR, URR and ULAE related to underwriting activities:

(a) Impact of change in accounting policy on the statement of financial position as at 1 January 2014

	As previously reported AED	Adjustment AED	Restated AED
Retained earnings	71,077,109	(36,389,684)	34,687,425
Reinsurance contract assets	41,319,431	7,780,592	49,100,023
Insurance contract liabilities	134,852,305	44,170,276	179,022,581

(b) Impact of change in accounting policy on the statement of financial position as at 31 December 2014

	As previously reported AED	Adjustment AED	Restated AED
Retained earnings	83,844,694	(32,661,209)	51,183,485
Reinsurance contract assets	45,404,983	6,805,811	52,210,794
Insurance contract liabilities	138,246,867	39,467,020	177,713,887

(c) Impact of change in accounting policy on the statement of income as at 31 December 2014

	As previously reported AED	Adjustment AED	Restated AED
Net insurance premium revenue	117,151,092	18,611,724	135,762,816
Net claims incurred	(98,504,737)	3,511,000	(94,993,737)
Net commission earned/(incurred)	17,081,084	(18,394,249)	(1,313,165)
Net underwriting profit	11,699,396	3,728,475	15,427,871
Profit for the year	18,146,585	3,728,475	21,875,060
Basic earnings per share	18	4	22

Change in accounting policy resulted in increase in previously reported profit for the year ended 31 December 2014 by AED 3.7 million and consequently increased basic earnings per share by AED 4.

29. Effects of changes in accounting policy (continued)

(d) Impact of change in accounting policy on the statement of cash flows as at 31 December 2014

Change in accounting policy and restatements resulted in no change in previously reported net cash flows from operating, investing and financing activities.

30. Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 27 March 2016.