ALLIANCE INSURANCE (PSC)
DUBAI - UNITED ARAB EMIRATES

AUDITOR'S REPORT AND FINANCIAL STATEMENTS
DECEMBER 31, 2012

ALLIANCE INSURANCE (PSC)
Dubai - United Arab Emirates

Index to the financial statements
for the year ended December 31, 2012

Board of Directors' Report
For the Year Ended December 31, 2012

Dear Shareholders,

On behalf of the Board of Directors and myself, it gives me great pleasure to welcome you to the Annual General Meeting, to present before you the financial report for the year 2012 along with the financial statement as well as the Auditor's report for the year ended December 31, 2012.

The challenges that faced every sector of every industry in the previous year were many and was a direct result of the worldwide, deteriorating economic conditions that began in the late year of 2008 and continues to persist as we speak, with no sign of tangible evidence of recovery; coupled with political instabilities throughout the globe, and with specific overwhelming conditions in the greater Middle-East, due to the Arab Spring affecting most economies. On the local side, improvements in investment, real-estate and equities continue to be in a stagnation state not to mention interest rates continue to decline further.

As for market conditions, the UAE has over 62 registered insurance companies competing in a market where this number is proven to be overly saturated and as a consequence we are witnessing a price war from new companies trying to capture market-share and a few existing old companies that are following pursuit to retain existing clients at any cost. This is a dangerous recipe that will affect us all if the market conditions are not corrected soon. The only way forward is through greater involvement from the Insurance commission to aggressively regulate the market to protect all parties and most importantly the end user, consumers.

With regards to Alliance, we continue to be steadfast with our philosophy of being conservative in our strategy and approach, with these prevailing conditions, by a strong focus on good bottom-line results through proper planning, careful analysis of the market conditions and proper risk selection to ensure results continue to remain healthy. By adapting this conservative approach, we have managed to continue our climb to better positions in improved financial results, increasing company reserves and continued to stand out as a reputable company to withstand more challenges that may arise. Alliance, for the last six consecutive years, has maintained its A.M. Best rating of (A-Excellent). Moving forward, we have currently started a number of initiatives that will definitely enhance our position furthermore even with tougher market conditions.

Alliance Insurance (Public Shareholding Company) P.O. Box 5501 , Dubai, U.A.E.
Tel : (971-4) 6051111, Fax : (971-4) 6051112, 6051113
Website: www.alliance-uae.com
Subject to Federal Law No.(6) of 2007 on insurance & registered under insurance companies registration No.18/1984

اللاينس للتأمين (شركة مساهمة عامة) ص.ب ٥٥٠١، دبي، الإمارات العربية المتحدة
هاتف: ٦٠٥١١١١ (٤-٩٧١)، فاكس: ٦٠٥١١١٢، ٦٠٥١١١٣ (٤-٩٧١)
Website: www.alliance-uae.com
خاضعة لأحكام قانون التأمين الاتحادي رقم (٦) لسنة ٢٠٠٧م ومسجلة في سجل شركات التأمين تحت رقم ١٨/١٩٨٤

الـلايـنـس
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ALLIANCE
INSURANCE

The overall performance of the company during 2012 was very good regardless of the difficulties we faced. The Cash position along with bank deposits have increased from AED 658,362,114 as of 31st December, 2011 to AED 699,619,208 as 31st December, 2012 and the net assets increased to AED 355,572,199 in 2012 compared to AED 322,866,471 in 2011. The total assets at the end of 2012 amounted to AED 1,066,547,807 against AED 1,019,198,628 in 2011. Premium of AED 287,727,798 produced in the year 2012 compared with AED 280,141,199 in 2011. Total claims paid in 2012 reached an amount of AED 34,269,075 compared with AED 51,021,602 in 2011.

The net profit for the year 2012 after technical reserves and doubtful debts stands at AED 40,755,930 compared to 41,611,054 in 2011.

In light of the results for the financial year 2012 ended December 31, 2012, the Board of Directors presents for your consideration the following recommendations:

1. The approval of the Directors' report and the Auditors' report for the year 2012.

2. The approval of the financial statements for the year ended December 31, 2012.

3. To approve the recommendation of the Board for the distribution of profits for the year 2012 and the retained earnings of the year 2011, after transferring 10% to the Legal Reserve and 10% to the Regular Reserve as well as the Directors' remunerations, as per Company statute, as follows:
   a. Allocation of AED 15,000,000 being 15% of the Company's paid-up capital as dividends to be paid in cash to shareholders,

   b. Transfer of AED 20,000,000 to the General Reserve,

   c. Carry forward AED 3,541,258 to Retained Earnings for the next year.

4. To discharge the Chairman, Board of Directors and Auditors from their responsibility for the year ended December 31, 2012.

5. To appoint or re-appoint the Auditors for the year 2013 and determine their fees.

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خاضعة لأحكام قانون التأمين الإتحادي رقم (٦) لسنة ٢٠٠٧ م ومسجلة في سجل شركات التأمين تحت رقم ١٩٨٤/١٨

In conclusion, the Board of Directors would like to take this opportunity to extend their sincere appreciation and gratitude to His Highness Sheikh Khalifa Bin Zayed Bin Sultan Al Nahyan, the president of the United Arab Emirates, His Highness Sheikh Mohamed Bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, and their Highnesses, the brothers Sheikhs, members of the Supreme Council of the Union for their continuous support of national companies.

We also take this opportunity to express our appreciation to all our reinsurance partners who continue to support us and to our clients for their trust in our company as well as the management and staff for their dedication, hard work and loyalty. In the end, we ask God Almighty to bless and protect our country.

Chairman of the Board

February 20, 2013

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اللاينس للتأمين (شركة مساهمة عامة) ص.ب ٥٥٠١، دبي، الإمارات العربية المتحدة
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خاضعة لأحكام قانون التأمين الإتحادي رقم (٦) لسنة ٢٠٠٧ م ومسجلة في سجل شركات التأمين تحت رقم ١٩٨٤/١٨

Grant Thornton

Report of the Independent Auditor

Public Accountants
P.O. Box 1620
Warba Centre
Deira-Abu Baker Al Siddique Road
Dubai, United Arab Emirates
Tel. : 971 (4) 2688070
Fax. : 971 (4) 2694599
E-mail : info@ae.gt.com
Website : www.gtuae.net

To the Shareholders of
Alliance Insurance (PSC)
Dubai, United Arab Emirates

Report on the Financial Statements

We have audited the accompanying financial statements of Alliance Insurance (PSC) (the "Company"), which comprise the statement of financial position as at December 31, 2012, the statement of comprehensive income, statement of underwriting results – General, long term business (Life) account, statement of underwriting results – Life, statement of changes in equity and the 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 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. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 judgement, 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.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2012, and of 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

As required by the U.A.E. Federal Law No. 6 of 2007 regarding Establishment of the Insurance Authority and Organization of its Operations & Executive Regulations of 2010 and U.A.E. Federal Law No. 8 of 1984 (as amended), we also confirm that we have obtained all the information and explanations necessary for our audit, proper books of account have been kept by the Company and the contents of the Directors' report which relate to the financial statements are in agreement with the Company's books of account. To the best of our knowledge and belief, no violations of the above mentioned Laws or of the Articles of Association of the Company have occurred during the year which would have had a material effect on the business of the Company or on its financial position.

Grant Thornton

GRANT THORNTON
Farouk Mohamed
Insurance Registration no: 54
Dubai, United Arab Emirates
February 20, 2013

ALLIANCE INSURANCE (PSC)
Dubai - United Arab Emirates

Statement of financial position as at December 31, 2012

	Notes	2012 AED	2011 AED
Assets			
Non-current			
Investment property	5	180,619,600	181,244,600
Financial assets - deposits	6	-	109,131,389
Statutory deposit	7	10,000,000	10,000,000
Policyholders' loans	8	45,446,443	47,460,908
Property and equipment	9	3,153,033	2,842,251
Non-current assets		239,219,076	350,679,148
Current			
Financial assets - deposits	6	688,126,353	538,288,738
Financial assets - equities and funds	6	24,534,655	17,032,761
Insurance and other receivables	10	39,357,283	38,488,750
Reinsurance contract assets	11	58,432,048	62,618,982
Cash and cash equivalents	12	16,878,392	12,090,249
Current assets		827,328,731	668,519,480
Total assets		1,066,547,807	1,019,198,628
Equity and liabilities			
Equity			
Share capital	13	100,000,000	100,000,000
Legal reserve	14	52,316,417	48,240,824
Regular reserve	15	42,727,217	38,651,624
General reserve	16	140,000,000	120,000,000
Fair value reserve		(18,012,687)	(25,514,581)
Retained earnings		38,541,252	41,488,604
Total equity		355,572,199	322,866,471
Liabilities			
Non-current			
Employees' end-of-service benefits	19	4,773,097	4,990,921
Policyholders' funds	20	554,549,964	540,527,641
Non-current liabilities		559,323,061	545,518,562
Current			
Insurance contract liabilities	11	77,594,349	82,623,387
Insurance and other payables	17	34,691,892	38,147,572
Due to other insurers and reinsurers	18	39,366,306	30,042,636
Current liabilities		151,652,547	150,813,595
Total liabilities		710,975,608	696,332,157
Total equity and liabilities		1,066,547,807	1,019,198,628

These financial statements were approved by the Board on February 20, 2013 and signed on their behalf by:

Sheikh Ahmed Bin Saeed Al Maktoum	**Juma Saif Rashid Bin Bakhit**	**Aimen Saba Azara**
Chairman	**Vice-Chairman**	**Director & G.M.**

The notes from 1 to 36 form an integral part of these financial statements.

ALLIANCE INSURANCE (PSC)
Dubai - United Arab Emirates

Statement of comprehensive income
for the year ended December 31, 2012

	Notes	2012 AED	2011 AED
Net underwriting income - General		7,726,039	10,374,724
Interest income on deposits - General		8,333,873	8,930,983
Income from investment property (net)	21	4,291,113	3,358,658
Profit from investment activities	22	536,171	672,962
Other income	23	2,367,292	2,193,055
Profit from general insurance business		23,254,488	25,530,382
Surplus transferred from long-term business (Life) account	20	17,501,442	16,080,672
Net income for the year		40,755,930	41,611,054
Earnings per share - basic and diluted	25	40.76	41.61
Other comprehensive income			
Unrealised gain / (loss) on financial assets at fair value through other comprehensive income		7,501,894	(4,244,467)
Total comprehensive income		48,257,824	37,366,587

The notes from 1 to 36 form an integral part of these financial statements.

ALLIANCE INSURANCE (PSC)
Dubai - United Arab Emirates

Statement of underwriting results - General
for the year ended December 31, 2012

	Notes	2012 AED	2011 AED
Underwriting income			
Gross premiums written		144,763,456	140,809,012
Reinsurance premiums ceded		(126,941,874)	(120,938,788)
Net premiums written		17,821,582	19,870,224
Movement in unearned premium reserve	11	(1,794,375)	(7,297,195)
Movement in reinsurance share of unearned premium reserve	11	2,590,255	8,963,236
Net premiums earned		18,617,462	21,536,265
Commission received from reinsurers		9,376,138	9,702,148
Total underwriting income		27,993,600	31,238,413
Underwriting expenses			
Gross claims paid		11,253,367	13,116,386
Reinsurance recoveries		(3,813,299)	(3,796,345)
Net claims paid		7,440,068	9,320,041
Movement in outstanding claims	11	(5,057,622)	(1,985,427)
Movement in reinsurer's share in outstanding claims	11	5,566,083	1,287,697
Movement in IBNR	11	(180,981)	(477,890)
Net claims incurred		7,767,548	8,144,421
Commission paid to agents and brokers		1,192,069	1,334,121
Total underwriting expenses		8,959,617	9,478,542
Underwriting surplus		19,033,983	21,759,871
Management expenses	24	(11,307,944)	(11,385,147)
Net underwriting income		7,726,039	10,374,724

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ALLIANCE INSURANCE (PSC)
Dubai - United Arab Emirates

Long-term business (Life) account
for the year ended December 31, 2012

	Notes	2012 AED	2011 AED
Net underwriting (loss)/income - Life		(467,854)	8,860,305
Income from investment property (net)	21	7,509,960	6,842,884
Profit from investment activities	22	3,019,665	2,904,521
Interest income		19,613,685	24,173,827
Other income	23	1,848,309	3,851,018
Profit before fund movement		31,523,765	46,632,555
Funds at January 1,	20	540,527,641	509,975,758
Surplus transferred to statement of comprehensive income	20	(17,501,442)	(16,080,672)
Funds at December 31,		554,549,964	540,527,641

The notes from 1 to 36 form an integral part of these financial statements.

ALLIANCE INSURANCE (PSC)
Dubai - United Arab Emirates

Statement of underwriting results - Life
for the year ended December 31, 2012

	Notes	2012 AED	2011 AED
Gross premiums written		142,964,342	139,332,187
Reinsurance premium ceded		(21,087,075)	(19,441,750)
Net written premium		121,877,267	119,890,437
Commission received		905,356	659,559
Total underwriting income		122,782,623	120,549,996
Underwriting expenses:			
Gross claims paid		23,015,708	37,905,216
Reinsurance recovery		(15,011,550)	(24,585,987)
Net claims paid		8,004,158	13,319,229
Movement in outstanding claims	11	(1,584,809)	(2,962,642)
Movement in reinsurer's share in outstanding claims	11	1,211,106	1,403,652
Net claims incurred		7,630,455	11,760,239
Commission for field staff and agents		9,075,529	8,913,511
Policies surrendered		11,254,045	13,297,491
Bonus paid to policyholders		17,909,931	13,239,510
Maturity payments		63,268,357	50,059,370
Other underwriting expenses		2,195,512	2,325,531
Total underwriting expenses		111,333,829	99,595,652
Underwriting surplus		11,448,794	20,954,344
Management expenses	24	(11,916,648)	(12,094,039)
Net underwriting (loss) / income		(467,854)	8,860,305

The notes from 1 to 36 form an integral part of these financial statements.

ALLIANCE INSURANCE (PSC)
Dubai - United Arab Emirates

Statement of changes in equity
for the year ended December 31, 2012

	Notes	Share capital AED	Legal reserve AED	Regular reserve AED	General reserve AED	Fair value reseve on financial assets at fair vlaue through other comprehensive income AED	Retained earnings AED	Total equity AED
As at January 1, 2011		100,000,000	44,079,719	34,490,519	100,000,000	(21,270,114)	43,765,536	301,065,660
Directors' remuneration		-	-	-	-	-	(565,776)	(565,776)
Dividends paid		-	-	-	-	-	(15,000,000)	(15,000,000)
Transactions with owners		-	-	-	-	-	(15,565,776)	(15,565,776)
Net income for the year		-	-	-	-	-	41,611,054	41,611,054
Transfer to legal reserve	14	-	4,161,105	-	-	-	(4,161,105)	-
Transfer to regular reserve	15	-	-	4,161,105	-	-	(4,161,105)	-
Transfer to general reserve	16	-	-	-	20,000,000	-	(20,000,000)	-
Other comprehensive income:								
Net unrealised loss on investments		-	-	-	-	(4,244,467)	-	(4,244,467)
Total comprehensive income for the year		-	-	-	-	(4,244,467)	-	(4,244,467)
As at December 31, 2011		100,000,000	48,240,824	38,651,624	120,000,000	(25,514,581)	41,488,604	322,866,471
Directors' remuneration		-	-	-	-	-	(552,096)	(552,096)
Dividends paid		-	-	-	-	-	(15,000,000)	(15,000,000)
Transactions with owners		-	-	-	-	-	(15,552,096)	(15,552,096)
Net income for the year		-	-	-	-	-	40,755,930	40,755,930
Transfer to legal reserve	14	-	4,075,593	-	-	-	(4,075,593)	-
Transfer to regular reserve	15	-	-	4,075,593	-	-	(4,075,593)	-
Transfer to general reserve	16	-	-	-	20,000,000	-	(20,000,000)	-
Other comprehensive income:								
Net unrealised gain on investments		-	-	-	-	7,501,894	-	7,501,894
Total comprehensive income for the year		-	-	-	-	7,501,894	-	7,501,894
As at December 31, 2012		100,000,000	52,316,417	42,727,217	140,000,000	(18,012,687)	38,541,252	355,572,199

The notes from 1 to 36 form an integral part of these financial statements.

ALLIANCE INSURANCE (PSC)
Dubai - United Arab Emirates

Statement of cash flows
for the year ended December 31, 2012

	Notes	2012 AED	2011 AED
Operating activities			
Net income for the year		40,755,930	41,611,054
Adjustments for:			
Increase in Life fund (long term business)		14,022,323	30,551,883
Decrease in provision for insurance contract liabilities		(5,029,038)	(7,092,000)
Fair value adjustments to investment property	5	625,000	1,525,000
Provision for employees' end of service benefits	19	726,427	534,057
Depreciation on property and equipment	9	228,048	256,465
Gain on disposal of property and equipment	23	(64,026)	(19,369)
		51,264,664	67,367,090
Changes in working capital			
(Increase) / decrease in insurance and other receivables		(868,533)	4,696,009
Decrease in claims recoverable from reinsurers		4,186,934	2,633,750
Decrease in insurance and other payables		(3,455,680)	(3,622,438)
Increase / (decrease) in due to other insurers and reinsurers		9,323,670	(1,769,884)
		60,451,055	69,304,527
Employees' end of service benefits paid	19	(944,251)	(161,493)
Directors' remuneration paid		(552,096)	(565,776)
Net cash from operating activities		58,954,708	68,577,258
Investing activities			
Increase in financial assets at amortised cost		(40,706,226)	(48,984,022)
Decrease / (increase) in loans to policyholders		2,014,465	(3,788,772)
Purchase of property and equipment	9	(590,614)	(124,237)
Proceeds from disposals of property and equipment		115,810	22,418
Net cash used in investing activities		(39,166,565)	(52,874,613)
Financing activity			
Dividends paid		(15,000,000)	(15,000,000)
Net cash used in financing activity		(15,000,000)	(15,000,000)
Net increase in cash and cash equivalents		4,788,143	702,645
Cash and cash equivalents as at January 1,		12,090,249	11,387,604
Cash and cash equivalents as at December 31,	12	16,878,392	12,090,249

The notes from 1 to 36 form an integral part of these financial statements.

1. Legal status and activities

Alliance Insurance (PSC) ("the Company") is a Public Shareholding Company ('PSC'), which was originally established in Dubai with limited liability on July 1, 1975 under the name of Credit and Commerce Insurance Company. The Company was subsequently incorporated in Dubai with limited liability on January 6, 1982 under an Emiri Decree. The Company became a PSC in January 1995, in accordance with the U.A.E. Federal Commercial Companies Law No. (8) of 1984 (as amended).

The Company underwrites all classes of general insurance, life assurance and health insurance businesses in accordance with the provisions of the U.A.E. Federal Law No. 6 of 2007 regarding Establishment of the Insurance Authority and Organization of its Operations & Executive Regulations of 2010.

The registered address of the Company is Warba Centre, P.O. Box 5501, Dubai, United Arab Emirates (UAE).

2 Statement of compliance with IFRS

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and applicable requirements of U.A.E Federal Law No. 6 of 2007 regarding Establishment of the Insurance Authority and Organization of its Operations & Executive Regulations of 2010 and U.A.E. Federal Law No. 8 of 1984 (as amended).

The principal accounting policies applied in the preparation of these financial statements are set out as below. These policies have been consistently applied in all the years presented.

3 Standards, interpretations and amendments to existing standards

3.1 Standards, interpretations and amendments to existing standards that are effective in 2012

Certain revisions and amendments to existing standards were issued by the IASB, which are effective for the accounting period on or after 1 January 2012. The following are relevant to the Company and have been adopted in the current year:

- Amendments to IFRS 7 *Financial Instruments: Disclosures* (effective for accounting period on or after July 1, 2011).

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

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

At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to existing standards have been published but are not yet effective, and have not been early adopted by the Company.

The Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning on or after the effective date of the pronouncements. Information on new standards, amendments and interpretations that are not yet effective have been provided below and are not expected to have a material impact on the Company's financial statements, except where stated specifically.

Standard number	Title	Effective date
IAS 1	Presentation of Financial Statements - Amendment	1 July 2012
IAS 19	Employee Benefits - Amendment	1 January 2013
IAS 27	Separate Financial Statements - Revised 2011	1 January 2013
IAS 28	Investments in Associates and Joint Ventures - Revised 2011	1 January 2013
IFRS 1	First-time Adoption of IFRS - Amendment	1 January 2013
IFRS 7	Financial Instruments: Disclosures - Amendment	1 January 2013
IFRS 10	Consolidated Financial Statements - New and Amendment	1 January 2013
IFRS 11	Joint Arrangements - New and Amendment	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities - New and Amendment	1 January 2013
IFRS 13	Fair Value Measurement - New	1 January 2013
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine - New	1 January 2013
IAS 32	Financial Instruments: Presentation - Amendment	1 January 2014

Annual Improvements 2009 - 2011

IFRS 1	First-time Adoption of IFRS - Amendment	1 January 2013
IAS 1	Presentation of Financial Statements - Amendment	1 January 2013
IAS 16	Property, Plant and Equipment - Amendment	1 January 2013
IAS 32	Financial Instruments: Presentation - Amendment	1 January 2013
IAS 34	Interim Financial Reporting - Amendment	1 January 2013

3 Standards, interpretations and amendments to existing standards (continued

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

IFRS 7 Financial Instruments: Disclosures – Amendment (effective for accounting period on or after 1 January 2013)

Qualitative and quantitative disclosures have been added to IFRS 7 'Financial Instruments: Disclosures' (IFRS 7) relating to gross and net amounts of recognised financial instruments that are (a) set off in the statement of financial position and (b) subject to enforceable master netting arrangements and similar agreements, even if not set off in the statement of financial position.

The required disclosures should be provided retrospectively.

IFRS 13 Fair Value Measurement – New (effective for accounting period on or after 1 January 2013)

This standard does not affect which items are required to be fair-valued, but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements.

IAS 32 Financial Instruments: Presentation – Amendment (effective for accounting period on or after 1 January 2014)

The Amendments to IAS 32 add application guidance to address inconsistencies in applying IAS 32's criteria for offsetting financial assets and financial liabilities in the following two areas:

- the meaning of 'currently has a legally enforceable right of set-off'
- that some gross settlement systems may be considered equivalent to net settlement.

The Amendments are required to be applied retrospectively.

4 Summary of significant accounting policies

4.1 Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

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

4.2 Revenue

Premiums

Premiums on individual life business are accounted for on a "cash" basis after deducting premiums received in advance.

For medical and health insurance business, personal accident, and group life business, premiums written are taken into income over the term of the policies to which they relate to, on a pro-rata basis. An unearned premium reserve is established to cover the portions of the risks which have not expired as at the year end date. The unearned premium reserve for medical and health insurance business and group life business has been valued by the actuaries and is included as part of net liabilities under life insurance.

Premiums written under general business are taken into income over the terms of the policies to which they relate to, on a pro-rata basis. At the end of each year, a proportion of unearned premiums of the general insurance business is provided to cover portions of risks which have not expired as at the reporting date, at the following percentages:

Marine	25%
All other businesses	40%

However, these reserves are stated at gross values with re-insurance portion being shown separately under current assets.

Ceded reinsurance premiums are accounted for in the same accounting periods as the premiums for the related direct insurance, and are calculated in accordance with reinsurance arrangements in place during the year.

Interest income

Interest income is reported on an accrual basis using the effective interest method.

Dividend income

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

4 Summary of significant accounting policies (continued)

4.2 Revenue (continued)

Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

4.3 Claims

Claims paid

Claims paid during the year are charged against income on the basis of actual settlements made.

Outstanding claims and IBNR provision

On an on-going basis, provisions are made for all known and reported claims, including handling costs, for all classes of business which have not been paid as at the year end date and are stated gross with the reinsurance portion being shown separately under current assets. An additional provision is also made for any claims incurred but not reported (IBNR) at the year end date on the basis of management estimates. The method used by the Company to calculate claims incurred but not reported takes into account historical data, past estimates and details of reinsurance programmes to assess the expected size of reinsurance recoveries.

4.4 Liability adequacy test

All recognised insurance liabilities, including outstanding claims, are subject to a liability adequacy test at each reporting date. This involves comparison of current estimates of all contractual cash flows attached to these liabilities with their carrying amounts. Estimates of contractual cash flows include expected claims, handling costs and recoveries from third parties.

Any deficiency in carrying amounts is immediately charged to the statement of insurance operations by establishing a provision for losses arising from liability adequacy tests.

4 Summary of significant accounting policies (continued)

4.5 Financial instruments

Recognition, initial measurement and derecognition

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

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

A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Financial assets and financial liabilities are measured subsequently as described below.

Classification and subsequent measurement of financial assets

The Company classifies its financial assets as investments at 'fair value through other comprehensive income' ('FVTOCI') and 'loans and receivables' at amortised cost. The classification depends on the nature of these investments.

Investments at fair value through other comprehensive income *('FVTOCI')*

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

Fair value measurement

For investments traded in organised financial markets, fair value is determined by reference to stock exchange quoted prices at the close of business on the statement of financial position date. Investments in unquoted securities are measured at fair value, except in the limited circumstances where cost may be an appropriate estimate of fair value. This may be the case if insufficient more recent information is available to determine fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

4 Summary of significant accounting policies (continued)

4.5 Financial instruments (continued)

Gains and losses on subsequent measurement

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

De-recognition

A financial asset is derecognised when the Company loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, expired or surrendered. A financial liability is derecognised when it is extinguished. The Company uses the specific identification method to determine the gains or losses on de-recognition.

Financial assets at amortised cost

Investments in debt instruments which comprise of short and long term deposits and other receivables are measured at amortised cost using the effective interest method. Debt instruments comprise of short and long term deposits placed with various banks.

Impairment and un-collectability of financial assets at amortised cost

An assessment is made for financial assets at amortised costs at each statement of financial position date to determine whether there is an objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognized in the income statement. The amount of the impairment loss recognized is the difference between the asset's carrying value and the present value of future cash flows, reflecting the impact of collateral guarantees, discounted at the financial asset's original effective interest rate.

Classification and subsequent measurement of financial liabilities

Financial liabilities comprise insurance contract liabilities, policy holders' fund, insurance and other payables, and due to other insurers and reinsurers.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

4 Summary of significant accounting policies (continued)

4.6 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Subsequent to initial recognition, investment properties are accounted for using the fair value model.

Investment properties are revalued annually and are included in the statement of financial position at their fair values determined by the independent valuer. These are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property and supported by market evidence.

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in profit or loss within 'Income from investment property'.

Rental income and operating expenses from investment property are reported in 'Income from investment property'.

4.7 Insurance and other receivables

Insurance and other receivables are stated at their cost less provision for doubtful debts, which approximates their fair value.

4.8 Insurance and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed or not to the Company. Insurance and other payables are stated at their cost which approximates to their fair value.

4.9 Property and equipment

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

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

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

	Years
Furniture and fixtures	4
Office equipment	4
Motor vehicles	4

4 Summary of significant accounting policies (continued)

4.10 Impairment testing of property and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles, such as market and asset-specific risks factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

4.11 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits, current accounts and short term deposits balances with original maturities of three months or less.

4.12 Employees' end of service benefits

Short-term employee benefits

The cost of short-term employee benefit (those payable within 12 months after the service is rendered such as paid vacation leave and sick leave, bonuses and non-monetary benefits such as medical care) are recognized in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognized as an expense when the employee renders services that increase their entitlement or, in the case of non-accumulating absences, when the absences occur.

4 Summary of significant accounting policies (continued)

4.12 Employees' end of service benefits (continued)

Defined benefit plan

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

The Company operates an unfunded defined benefit plan for gratuity covering all eligible employees completing the minimum qualifying period of service. Provisions are made annually to cover obligation for gratuity calculated by the Company's management, which takes into consideration the projected unit credit method (PUCM).

The UAE Government has introduced Federal Law No. 7 of 1999 for pension and social security. Under this law, employers are required to contribute 12.5% of the 'contribution calculation salary' (basic salary plus allowances) of those employees who are UAE Nationals. These employees are also required to contribute 5% of the 'contribution calculation salary' to the scheme. The Company's contribution is recognised as an expense in the statement of comprehensive income as incurred. The employees and employer's contribution, to the extent remaining unpaid at the reporting date, are shown under provisions.

The provision for staff terminal benefit is based on the liability that would arise if the employment of all the employees was terminated at the end of the reporting period.

4.13 Foreign currency transactions

Functional and presentation currency

These financial statements are presented in Arab Emirates Dirham (AED), which is the Company's functional and presentation currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognised in profit or loss.
Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

4 Summary of significant accounting policies (continued)

4.14 Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the total lease expenses.

4.15 Provisions, contingent liabilities and contingent assets

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

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

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

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

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

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

4 Summary of significant accounting policies (continued)

4.16 Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements. Critical estimation uncertainties are described in note 4.17.

Insurance liabilities

The estimation of the ultimate liability arising from claims made, claims incurred but not reported and unearned premium under insurance contracts are the Company's most critical accounting estimates. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such estimates. The Company estimates for reported and unreported losses and establishing resulting provisions and related reinsurance recoverability is continually reviewed and updated, and adjustments resulting from this review are reflected in statement of comprehensive income. The process relies upon the basic assumption that past experience, adjusted for the effect of current developments and likely trends, is an appropriate basis for predicting future events.

Classification of investment property

The Company makes judgement to determine whether a property qualifies as investment property and follows the guidance of IAS 40 'Investment Property' to consider whether any owner occupied property is not significant and is classified accordingly as investment property at fair value.

4.17 Estimation uncertainty

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

Impairment

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

4 Summary of significant accounting policies (continued)

4.17 Estimation uncertainty (continued)

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

Fair value of financial instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Provisions

The Company is currently defending certain lawsuits where the actual outcome may vary from the amount recognised in the financial statements.

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

4.19 Equity, reserves and dividend payments

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

Accounting policies and other details for reserves are mentioned in notes 14, 15 and 16 to the financial statements.

Retained earnings include all current and prior year retained profits.

Dividend distribution payable to equity shareholders is included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

4 Summary of significant accounting policies (continued)

4.20 Offsetting financial instruments

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

5 Investment property

	2012 AED	2011 AED
Beginning balance	181,244,600	182,769,600
Fair value adjustment (note 21)	(625,000)	(1,525,000)
Ending balance	180,619,600	181,244,600

Investment property comprises two commercial buildings in Dubai.

An independent valuer Technical and Loss Adjusting Services Company LLC estimated the fair market value of the investment properties at the year end to be AED 180,619,600 (2011: 181,244,600).

The Company occupies part of these properties for use in its own business. The Directors consider it appropriate for fairer presentation to include all properties under investment property rather than a part as 'owner occupied properties' under property and equipment as the Company occupied in 2012 and 2011 an insignificant area (11.89%) of the property for business use.

6 Financial assets

At amortised cost	2012 AED	2011 AED
Financial assets - deposits		
Short-term deposits - local	672,740,816	527,271,865
Accrued interest	15,385,537	11,016,873
Short term deposits- amortised cost	688,126,353	538,288,738
Long-term deposits - local	-	109,000,000
Accrued interest	-	131,389
Long term deposits- amortised cost	-	109,131,389
	688,126,353	647,420,127
Accrued interest		
Accrued interest - short-term deposits	15,385,537	11,016,873
Accrued interest – long term deposits	-	131,389
	15,385,537	11,148,262

6 Financial assets (continued)

At fair value through other comprehensive income	2012 AED	2011 AED
Financial assets – equities and funds		
Quoted investments		
Equities and funds – local	8,479,927	8,479,927
Fair value adjustment	2,520,652	640,590
	11,000,579	9,120,517
Equities and funds – foreign	14,927,648	14,927,648
Fair value adjustment	(1,393,572)	(7,015,404)
	13,534,076	7,912,244
	24,534,655	17,032,761

Short term deposits comprise of fixed deposits with various banks bearing annual interest rates ranging from 1.5% to 4.50% p.a. (2011: from 1.5% to 6.0% p.a.). The maturity of these deposits falls within one year.

The net movement in fair value in the current year was an increase in value of AED 7,501,894 (2011: decrease of AED 4,244,467) which has been carried to the fair value reserve in equity.

7 Statutory deposit

A deposit of AED 10,000,000 (2011: AED 10,000,000) has been placed with one of the Company's bankers, in accordance with Article 42 of Federal Law No. (6) of 2007 regarding Establishment of the Insurance Authority and Organization of its Operations & Executive Regulations of 2010. This deposit has been pledged to the bank as security against a guarantee issued by the Bank in favour of the Insurance Authority for the same amount. This deposit cannot be withdrawn without prior approval of the Insurance Authority and bears an interest rate between 2.5% and 4.25% p.a. (2011: 4.25% p.a.).

8 Policyholders' loans

	2012 AED	2011 AED
Balance as at January 1,	49,633,992	45,399,340
Loans given during the year	24,835,498	28,449,591
Repayment of loans	(26,829,813)	(24,214,939)
Balance as at December 31,	47,639,677	49,633,992
Accrued interest on loan balances	(2,193,234)	(2,173,084)
	45,446,443	47,460,908

The interest on policyholders' loan for the current year is 8% (2011: 8%).

9 Property and equipment

	Land	Furniture and fixtures	Office equipment	Motor vehicles	Total
Cost					
As at January 1, 2011	2,470,555	6,550,247	5,040,370	1,179,350	15,240,522
Additions	-	16,500	107,737	-	124,237
Disposals	-	-	(29,672)	(48,500)	(78,172)
As at December 31, 2011	2,470,555	6,566,747	5,118,435	1,130,850	15,286,587
Additions	-	9,852	308,262	272,500	590,614
Disposals	-	-	(1,831,515)	(519,900)	(2,351,415)
As at December 31, 2012	2,470,555	6,576,599	3,595,182	883,450	13,525,786

9 Property and equipment (continued)

	Land	Furniture and fixtures	Office equipment	Motor vehicles	Total
Accumulated depreciation					
As at January 1, 2011	-	6,431,945	4,834,899	996,148	12,262,992
Charge for the year	-	10,209	159,895	86,361	256,465
Disposals	-		(29,652)	(45,469)	(75,121)
As at December 31, 2011	-	6,442,154	4,965,142	1,037,040	12,444,336
Charge for the year	-	10,912	141,185	75,951	228,048
Disposals	-	-	(1,829,734)	(469,897)	(2,299,631)
As at December 31, 2012	-	6,453,066	3,276,593	643,094	10,372,753
Net book value					
As at December 31, 2012	2,470,555	123,533	318,589	240,356	3,153,033
As at December 31, 2011	2,470,555	124,593	153,293	93,810	2,842,251

Depreciation is allocated as follows:

	2012 AED	2011 AED
Management expenses (note 24)	165,142	213,731
Maintenance expenses	63,366	42,734
	228,048	256,465

The gross carrying amount of fully depreciated property and equipment still in use as at December 31, 2012 is AED 10,099,933 (2011: AED 11,847,426).

10 Insurance and other receivables

	2012 AED	2011 AED
Trade		
Due from policy holders	23,793,731	23,639,674
Due from brokers and agents	7,621,854	7,986,493
Due from insurers for insurance operations	2,229,159	2,382,615
	33,644,744	34,008,782
Less: provision for doubtful debts	(1,254,742)	(1,690,058)
	32,390,002	32,318,724
Others		
Prepayments and other receivables	6,422,544	5,623,508
Rents receivable	293,911	398,065
Accrued interest	210,208	247,414
Due from a related party	168,002	105,070
	39,484,667	38,692,781
Less: provision for doubtful debts	(127,384)	(204,031)
	39,357,283	38,488,750

Receivables amounting to AED 13,162,764 (2011: AED 13,277,941) are outstanding for more than 120 days. Out of this amount, the Company provided AED 1,254,742 (2011: AED 1,690,058) as doubtful debts.

11 Insurance contract liabilities and reinsurance contract assets

		2012			2011		
		Gross insurance contract liabilities AED	Reinsurance contract assets AED	Net insurance contract liabilities AED	Gross insurance contract liabilities AED	Reinsurance contract assets AED	Net insurance contract liabilities AED
Provision for unearned premium	a	56,649,665	(49,622,904)	7,026,761	54,855,290	(47,032,649)	7,822,641
Outstanding claims							
Provision for IBNR	b	2,123,367	-	2,123,367	2,304,349	-	2,304,349
General division	c	10,524,749	(5,549,564)	4,975,185	15,582,371	(11,115,647)	4,466,724
		12,648,116	(5,549,564)	7,098,552	17,886,720	(11,115,647)	6,771,073
Life division	d	8,296,568	(3,259,580)	5,036,988	9,881,377	(4,470,686)	5,410,691
Total outstanding claims		20,944,684	(8,809,144)	12,135,540	27,768,097	(15,586,333)	12,181,764
Closing balance		77,594,349	(58,432,048)	19,162,301	82,623,387	(62,618,982)	20,004,405

a) Provision for unearned premium (General division)

	2012			2011		
	Gross AED	Reinsurance share AED	Net AED	Gross AED	Reinsurance share AED	Net AED
Balance as at January 1,	54,855,290	(47,032,649)	7,822,641	47,558,095	(38,069,413)	9,488,682
Movement during the year	1,794,375	(2,590,255)	(795,880)	7,297,195	(8,963,236)	(1,666,041)
Balance as at December 31,	56,649,665	(49,622,904)	7,026,761	54,855,290	(47,032,649)	7,822,641

11 Insurance contract liabilities and reinsurance contract assets (continued)

b) Provision for IBNR (General division)

	2012			2011		
	Gross AED	Reinsurance share AED	Net AED	Gross AED	Reinsurance share AED	Net AED
Balance as at January 1,	2,304,348	-	2,304,348	2,782,239	-	2,782,239
Movement during the year	(180,981)	-	(180,981)	(477,890)	-	(477,890)
Balance as at December 31,	2,123,367	-	2,123,367	2,304,349	-	2,304,349

c) Movement in outstanding claims (General division)

	2012			2011		
	Gross AED	Reinsurance share AED	Net AED	Gross AED	Reinsurance share AED	Net AED
Balance as at January 1,	15,582,371	(11,115,647)	4,466,724	17,567,798	(12,403,344)	5,164,454
Movement during the year	(5,057,622)	5,566,083	508,461	(1,985,427)	1,287,697	(697,730)
Balance as at December 31,	10,524,749	(5,549,564)	4,975,185	15,582,371	(11,115,647)	4,466,724

d) Movement in outstanding claims (Life division)

	2012			2011		
	Gross AED	Reinsurance share AED	Net AED	Gross AED	Reinsurance share AED	Net AED
Balance as at January 1,	9,881,377	(4,470,686)	5,410,691	12,844,019	(5,874,338)	6,969,681
Movement during the year	(1,584,809)	1,211,106	(373,703)	(2,962,642)	1,403,652	(1,558,990)
Balance as at December 31,	8,296,568	(3,259,580)	5,036,988	9,881,377	(4,470,686)	5,410,691

11 Insurance contract liabilities and reinsurance contract assets (continued)

e) Claims incurred

Assumptions and sensitivities

Process used to determine the assumptions

The process used to determine the assumptions for calculating the provision for outstanding claims is intended to result in neutral estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate case by case basis with due regard to the claim circumstances, information available from loss adjusters and historical evidence of the size of similar claims. Case estimates are regularly reviewed and updated based on latest available information.

The provisions are based on information currently available. However, the ultimate liabilities may vary as a result of subsequent developments or if catastrophic events occur. The impact of many of the items affecting the ultimate costs of the loss is difficult to estimate.

The provision estimation difficulties also differ by class of business due to differences in the underlying insurance contract, claim complexity, the volume of claims and the individual severity of claims, determining the occurrence date of a claim, and reporting lags.

The method used by the Company to calculate the provision for Incurred but not reported (IBNR) takes into account historical data, past estimates and details of the reinsurance programme, to assess the expected size of reinsurance recoveries.

Assumptions and sensitivities to changes in key variables

The assumptions that have the greatest effect on the measurement of insurance contract provisions are the expected loss ratios for the most recent accident years for accident and liabilities. These were used for assessing the IBNR for the accident years 2011 and 2012.

Where variables are considered to be immaterial, no impact is assessed for insignificant changes to these variables. Particular variables may not be considered material at present. However, should the materiality level of an individual variable change, assessment of changes to that variable in the future may be required.

Analysis of sensitivity around various scenarios provides an indication of the adequacy of the Company's estimation process. The Company believes that the liability for claims reported in the statement of financial position is adequate. However, it recognises that the process of estimation is based upon certain variables and assumptions which could differ when claims arise.

12 Cash and cash equivalents

	2012 AED	2011 AED
Cash at banks – current accounts	15,276,310	9,307,596
Cash in hand	1,602,082	2,782,653
	16,878,392	12,090,249

13 Share capital

	2012 AED	2011 AED
Authorised, issued and fully paid:		
1,000,000 ordinary shares of AED 100 each	100,000,000	100,000,000

14 Legal reserve

In accordance with the Company's Articles of Association and Article 192 of the U.A.E. Commercial Companies Law of 1984 (as amended), a minimum of 10% of the Company's annual net income should be transferred to a non-distributable statutory reserve. As per the Company's Articles of Association, such transfers are required until the balance on the statutory reserve equals 100% of the Company's paid-up share capital. Accordingly, AED 4,075,593 (2011: AED 4,161,105) (10% of the net income for the year) was transferred to the statutory reserve on December 31, 2012.

15 Regular reserve

In accordance with the Company's Articles of Association, at least 10% of the Company's annual net income must be transferred to a regular reserve which was previously called general reserve. Such transfers are required until the balance on this reserve equals 100% of the Company's paid-up share capital, or until the transfer is suspended by resolution of the shareholders. Accordingly, AED 4,075,593 (2011: AED 4,161,105) (10% of the net income for the year) was transferred to the statutory reserve on December 31, 2012.

16 General reserve

The Board of Directors approved the transfer of AED 20,000,000 in 2012 (2011: AED 20,000,000) to a general reserve which can be utilised for any purpose approved by the shareholders as per the Articles and Memorandum of Association of the Company.

17 Insurance and other payables

	2012 AED	2011 AED
Insurance customer payables	14,743,618	17,767,194
Accruals and provisions	9,076,861	10,244,082
Premiums received in advance	6,813,116	6,136,135
Rent received in advance	1,265,231	1,288,651
Other payables	2,793,066	2,711,510
	34,691,892	38,147,572

18 Due to other insurers and reinsurers

Due to other insurers and reinsurers for insurance operations	39,366,306	30,042,636

19 Employees' end of service benefits

The movement in this account during the year was as follows:

Balance as at January 1,	4,990,921	4,618,357
Charge for the year	726,427	534,057
Payments during the year	(944,251)	(161,493)
Balance as at December 31,	4,773,097	4,990,921

20 Policyholders' funds

Balance as at January 1,	540,527,641	509,975,758
Excess of income over expenditure for the year in the long-term business	31,523,765	46,632,555
Surplus transferred to statement of comprehensive income	(17,501,442)	(16,080,672)
Balance as at December 31,	554,549,964	540,527,641

Policyholders' funds represent amounts set aside to meet the aggregate amount of the liabilities of the Company in relation to its long-term Life business as at December 31, 2012.

The consulting actuaries assessed a surplus of AED 17,501,442 in the Life Insurance Fund as at December 31, 2012 (2011: AED 16,080,672).

20 Policyholders' funds (continued)

The Company's consulting actuaries during the year were M/s Nauman Associates. In their report for the year 2012, the Company's consulting actuaries determined the liability arising out of the actuarial valuation of individual life, group life and personal accident policies and medical and health insurance business (life assurance fund) to be as follows:

	2012 **AED**	**2011** **AED**
Net liabilities under insurance policies	395,930,300	384,234,564
Provision for terminal bonus to policy holders	158,619,664	156,293,077
	554,549,964	540,527,641

21 Income from investment property - Net

	2012			2011		
	General AED	Life AED	Total AED	General AED	Life AED	Total AED
Rental income	6,420,818	10,102,044	16,522,862	6,228,244	9,872,251	16,100,495
Fair value adjustment to investment property (a)	(45,000)	(580,000)	(625,000)	(615,000)	(910,000)	(1,525,000)
Maintenance expenses	(2,084,705)	(2,012,084)	(4,096,789)	(2,254,586)	(2,119,367)	(4,373,953)
Net income	4,291,113	7,509,960	11,801,073	3,358,658	6,842,884	10,201,542

Rental income includes notional rent of AED 1,519,375 (2011: AED 1,519,375) relating to the portion of investment properties occupied by the Company. A corresponding charge is included under management expenses (note 24).

(a) This amount represents the unrealised loss from the revaluation of investment property.

22 Profit from investment activities

	2012			2011		
	General AED	Life AED	Total AED	General AED	Life AED	Total AED
Dividend income	536,171	18,412	554,583	672,962	173,541	846,503
Interest on policyholders' loans	-	3,001,253	3,001,253	-	2,730,980	2,730,980
Total profit	536,171	3,019,665	3,555,836	672,962	2,904,521	3,577,483

23 Other income

Other income included in the statement of comprehensive income consists of:

	2012			2011		
	General AED	Life AED	Total AED	General AED	Life AED	Total AED
Gain on disposal of non-current assets	59,326	4,700	64,026	19,369	-	19,369
Miscellaneous	2,307,966	1,843,609	4,151,575	2,173,686	3,851,018	6,024,704
	2,367,292	1,848,309	4,215,601	2,193,055	3,851,018	6,044,073

24 Management expenses

	2012			2011		
	General AED	Life AED	Total AED	General AED	Life AED	Total AED
Staff costs	8,284,547	5,021,736	13,306,283	8,047,099	4,955,979	13,003,078
Bonus and other benefits	500,000	2,250,000	2,750,000	750,000	2,250,000	3,000,000
Rent (a)	884,846	1,189,963	2,074,809	848,811	1,211,883	2,060,694
Branch overheads	-	1,185,471	1,185,471	-	1,180,887	1,180,887
Finance charges	45,849	1,024,604	1,070,453	123,125	944,247	1,067,372
Communication expenses	297,869	169,397	467,266	292,521	191,022	483,543
Depreciation on property and equipment	100,842	64,300	165,142	130,626	83,105	213,731
Travel and conveyance	3,275	29,178	32,453	8,117	26,942	35,059
Other expenses	1,190,716	981,999	2,172,715	1,184,848	1,249,974	2,434,822
	11,307,944	11,916,648	23,224,592	11,385,147	12,094,039	23,479,186

(a) Rent expense includes a notional rent of AED 1,519,375 (2011: AED 1,519,375) relating to the portion of investment properties occupied by the Company. The segregation of said rent to General division and Life division is AED 620,175 (2011: 620,175) and AED 899,200 (2011: 899,200) respectively.

25 Earnings per share - basic and diluted

	2012 AED	2011 AED
Net income for the year	40,755,931	41,611,054
Average number of shares outstanding during the year	1,000,000	1,000,000
Earnings per share	40.76	41.61

26 Contingent liabilities and commitments

Commitments

Letters of guarantee	11,419,212	11,306,181

Capital commitments

As at the year end, there were no major capital commitments (2011: nil).

Contingencies

As at the year end date, there were certain legal cases pending in different court of laws against the Company claiming AED 723,542 (2011: AED 1,544,980) in total. The legal counsel is confident that these legal cases will be judged in favour of the Company.

27 Risk management objectives and policies for mitigating insurance risks

The primary insurance activity carried out by the Company assumes the risk of loss from persons or organisations that are directly subject to the risks. Such risks may relate to property, liability, life, accident, health, financial or other perils that may arise from an insurable event. The Company also has exposure to market risks through its insurance and investment activities. The Company manages the risk through well laid out procedures and delegation levels for both underwriting and settlement of claims. They are laid out with two layer signatory levels.

The Company has structured policies for acceptance and pricing risks. Experienced and qualified professionals undertake the assessment of risks and pricing, with a conservative and cautious approach. Survey, risk measurement, sensitivity analysis, reinsurance term etc., are followed meticulously before acceptance of risk. Apart from these, study of portfolio, probability, market trend, past history are also considered while pricing.

27 Risk management objectives and policies for mitigating insurance risks (continued)

Underwriting strategy

This involves the Company's own risk assessment procedures and is based on balance portfolio. The philosophy and plan is set out in terms of industry, type of exposures, limits for each class, and quality of risks with acceptance levels. This is percolated down to the lower levels of the underwriting sections with the authorities specified along with their limits. Risk selection is set out as per risk management.

Reinsurance strategy

In parlance with other insurance companies to minimise and control the net exposure, the Company enters into reinsurance arrangements. This provides for additional capacity, better diversification of business and better management control on losses from any large risk.

These reinsurances are through treaty and facultative reinsurance contracts. The reinsurers are selected based on their standing in the market, rating, relationship experience and length of association.

Reinsurance receivables are monitored on a regular basis and exchanges of reconciliation are done with complete control over the receivables.

Terms and conditions of insurance contracts

Insurance is based on uncertainty of an event. As such the terms and conditions of Insurance contracts vary but are normally based on the international guidance and policy wordings as followed by all insurance companies in the market.

Normally, an insurance contract contains the coverage of the subject of insurance, the exclusions and obligations of the insured and the insurers. Deviations are reported forthwith to the insurer by the insured and any accident event to be reported immediately. Long term business is generally those, which, prolong for the long period of time to finalise and settle claims (those of marine/ construction and liability contracts).

Insurance companies normally provide for 'IBNR' claims as a matter of abundant precaution to take care of any such anticipated claims. These are based on historical data and experience of the respective class with a foresight.

28 Claims development

Claims development tables are disclosed in order to put the unpaid claims estimates included in the financial statements into a context, allowing comparison of the development claims provisions with those seen in previous years.

In effect, the table highlights the Company's ability to provide an estimate of the total value of claims. This table provides a review of current estimates of cumulative claims and demonstrates how the estimated claims have changed at subsequent reporting or accident year ends. The estimate is increased or decreased as losses are paid and more information becomes known about the frequency and severity of unpaid claims. Data in the table related to acquired businesses is included from the acquisition date onwards.

The Company believes that the estimates of total claims outstanding as of the end of 2011 are adequate. However, due to the inherent uncertainties in the reserving process, it cannot be assured that such balances will ultimately prove to be adequate.

Analysis of claims development (gross – General)

	2007 AED	2008 AED	2009 AED	2010 AED	2011 AED	2012 AED
Estimate of cumulative claims- General						
At end of underwriting year	7,818,725	14,733,962	7,373,140	2,834,451	3,275,759	3,282,661
One year earlier	6,004,225	9,018,973	10,598,545	5,526,182	2,365,311	3,328,787
Two years earlier	4,754,099	5,478,897	3,593,201	3,702,402	4,593,166	795,684
Three years earlier	1,223,105	2,018,107	4,226,145	2,014,986	2,872,768	2,735,709
Four years earlier	821,332	2,444,587	706,125	3,000,710	923,719	228,767
Five years earlier	388,003	1,453,063	11,138,067	489,065	1,551,648	153,141
Gross outstanding liabilities	21,009,489	35,147,589	37,635,223	17,567,796	15,582,371	10,524,749

The above table does not include cumulative claims for life insurance.

29 Capital management

The Company's capital management objectives are to ensure that the Company maintains a strong credit rating and healthy ratios in order to support its business and maximise shareholders' and policyholders' value.

29 Capital management (continued)

The capital structure of the Company consists of the following:

	2012 AED	2011 AED
Policyholders' funds	554,549,964	540,527,641
Financial assets at amortised cost	688,126,353	647,420,127
Cash and cash equivalents	16,878,392	12,090,249
Equity attributable to the shareholders	355,572,199	322,866,471

30 Financial instruments risks

The financial assets of the Company include cash at bank and in hand, policy holders' loan, insurance and other receivables, due from other insurers, due from related parties and investments carried at amortized costs and at fair value through other comprehensive income. Financial liabilities include insurance and other payables, insurance contract liabilities, due to other insurers and policyholders' liabilities.

Credit risk

All of the Company's underwriting activities are carried out in the UAE. Management believes that all the banks where deposits have been placed have good credit ratings. Credit risk on account receivables is spread, as they are due from a large number of customers. Credit risk with respect to 'due from insurers' is diversified due to the dispersion of amounts recoverable over a large number of insurers.

Credit risk with respect to reinsurers is mitigated by placement only with those companies having an acceptable rating. Credit risk with respect to policyholders' loans is limited as these are secured by the cash value of the policies.

The total due from policyholders and brokers which are outstanding for more than 120 days amounting to AED 13,162,764 (2011: AED 13,277,941) are considered to be past due. The management estimates that out of this total, a balance of AED 1,254,742 (2011: AED 1,690,058) is impaired as of the reporting date and related provision has already been made.

30 Financial instruments (continued)

Managing reinsurance risk

The Company carries reinsurance cover to minimise exposure to potential losses arising from large insurance claims and consequently in the normal course of business enters into arrangements with other parties for reinsurance purposes. 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 arrangements.

Interest rate risk

The Company's borrowings are made at normal commercial rates and the interest rate risk arises from the possibility that the changes in interest rates will affect future profitability or the fair values of financial instruments. The risk is managed by the Company by maintaining an approximate mix between fixed and floating rate on short term deposits. Exposure to interest rate risk, based on the earlier of contractual repricing or maturity date as at December 31, 2012 is disclosed in the financial instruments table.

Liquidity risk

Liquidity risk is the risk that the Company faces in meeting its present and future financial obligations in a timely manner. Solvency risk refers to the excess of assets over liabilities, and hence, to the adequacy of the Company's capital. 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.

Exchange risk

A major portion of the Company's liabilities associated with conventional life policies are denominated in US Dollars whereas the major portion of its assets are denominated in U.A.E. Dirhams. This creates a risk for the Company due to the guaranteed nature of the conventional life policies where the liabilities are guaranteed in US Dollars but the assets backing the liabilities are mostly denominated in U.A.E. Dirhams. However, since the Dirham is pegged to US Dollar, the exchange risk is minimal. Moreover, the Company has foreign currency deposits with banks which are insignificant in terms of amount and hence exchange risk related to these deposits is minimal.

30 Financial instruments (continued)

Market risk

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

The Company is exposed to market risk with respect to its investments in quoted shares and funds.

The Company limits market risks by maintaining a diversified portfolio and by continuous monitoring of developments in stock markets. In addition, the Company actively monitors the key factors that affect stock movements, including analysis of the operational and financial performance of investees.

Most of the Company's investments are within the United Arab Emirates.

Fair value

The fair value of the Company's financial instruments, except for short-term investments and policyholders' funds, approximates their carrying amounts. Short-term investments are stated at market value, with any resultant gain or loss recognised in the statement of comprehensive income. The fair value of policyholders' liabilities has been determined by the consulting actuaries (see note 20).

30 Financial instruments (continued)

	2012										
	Interest bearing							Non-interest bearing			
	Effective yield % p.a.	0 > 1 month	1 > 3 months	3 > 6 months	6 months > 1 year	> 1 year	Sub total	0 > 1 year	> 1 year	Sub total	Total
Financial Assets											
Financial assets at amortised cost	1.5 to 6.0	55,977,593	37,301,340	137,555,000	457,292,420	-	688,126,353	-	-	-	688,126,353
Statutory deposit	2.5 to 4.25	-	-	-	-	10,000,000	10,000,000	-	-	-	10,000,000
Policyholders' loans	8.0	-	-	-	-	45,446,443	45,446,443	-	-	-	45,446,443
Financial assets at fair value through other comprehensive income		-	-	-	-	-	-	24,534,655	-	24,534,655	24,534,655
Insurance and other receivables		-	-	-	-	-	-	32,934,739	-	32,934,739	32,934,739
Reinsurance contract assets		-	-	-	-	-	-	58,432,048	-	58,432,048	58,432,048
Cash and cash equivalents		-	-	-	-	-	-	16,878,392	-	16,878,392	16,878,392
		55,977,593	37,301,340	137,555,000	457,292,420	55,446,443	743,572,796	132,779,834	-	132,779,834	876,352,630
Financial Liabilities											
Insurance contract liabilities		-	-	-	-	-	-	77,594,349	-	77,594,349	77,594,349
Insurance and other payables		-	-	-	-	-	-	25,615,031	-	25,615,031	25,615,031
Due to other insurers and reinsurers		-	-	-	-	-	-	39,366,306	-	39,366,306	39,366,306
Policyholders' funds		-	-	-	-	-	-	-	554,549,964	554,549,964	554,549,964
		-	-	-	-	-	-	142,575,686	554,549,964	697,125,650	697,125,650
On-balance sheet sensitivity gap		55,977,593	37,301,340	137,555,000	457,292,420	55,446,443	743,572,796				
Total yield / interest rate risk sensitivity gap		55,977,593	37,301,340	137,555,000	457,292,420	55,446,443	743,572,796				

30 Financial instruments (continued)

2011

	Interest bearing							Non-interest bearing			
	Effective yield % p.a.	0 > 1 month	1 > 3 months	3 > 6 months	6 months > 1 year	> 1 year	Sub total	0 > 1 year	> 1 year	Sub total	Total
Financial Assets											
Financial assets - held to maturity	1.5 to 6.0	49,211,550	30,400,000	142,950,000	304,710,315	109,000,000	636,271,865	11,016,873	131,389	11,148,262	647,420,127
Statutory deposit	2.5 to 4.25	-	-	-	-	10,000,000	10,000,000	-	-	-	10,000,000
Policyholders' loans	8.0	-	-	-	-	47,460,908	47,460,908	-	-	-	47,460,908
Financial assets at fair value through other comprehensive income		-	-	-	-	-	-	17,032,761	-	17,032,761	17,032,761
Insurance and other receivables		-	-	-	-	-	-	32,865,242	-	32,865,242	32,865,242
Reinsurance contract assets		-	-	-	-	-	-	62,618,982	-	62,618,982	62,618,982
Cash and cash equivalents		-	-	-	-	-	-	12,090,249	-	12,090,249	12,090,249
		49,211,550	30,400,000	142,950,000	304,710,315	166,460,908	693,732,773	135,624,107	131,389	135,755,496	829,488,269
Financial Liabilities											
Insurance contract liabilities		-	-	-	-	-	-	82,623,387	-	82,623,387	82,623,387
Insurance and other payables		-	-	-	-	-	-	27,903,490	-	27,903,490	27,903,490
Due to other insurers and reinsurers		-	-	-	-	-	-	30,042,636	-	30,042,636	30,042,636
Policyholders' funds		-	-	-	-	-	-	-	540,527,641	540,527,641	540,527,641
		-	-	-	-	-	-	140,569,513	540,527,641	681,097,154	681,097,154
On-balance sheet sensitivity gap		49,211,550	30,400,000	142,950,000	304,710,315	166,460,908	693,732,773				
Total yield / interest rate risk sensitivity gap		49,211,550	30,400,000	142,950,000	304,710,315	166,460,908	693,732,773				

31 Financial instruments measured at fair value

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- level 2: 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)
- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2012	Note	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
Listed securities	(a)	24,534,655	-	-	24,534,655
2011					
Listed securities	(a)	17,032,761	-	-	17,032,761

Measurement of fair value

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

a) Listed securities

All the listed equity securities are stated in AED and are publicly traded in AED, US Dollar and Euro. Fair values have been determined by reference to their quoted bid prices at the reporting date.

32 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are as follows:

	2012 AED	2011 AED
Less than one year	357,597	107,852

The Company leases their office and retail premises under operating leases. The leases typically run for a period of one year, with an option to renew the lease after that date. Lease rentals are usually increased periodically to reflect market rentals. During the current year, an amount of AED 2,074,809 (2011: AED 2,060,694) was recognised as an expense in the statement of comprehensive income, which includes AED 1,519,375 (2011: AED 1,519,375) relating to internal rent.

Leases as lessor

The Company leases out its investment properties under operating leases (see note 5).

Non-cancellable operating lease rentals receivable are as follows:

	2012 AED	2011 AED
Less than one year	1,265,231	1,288,651

The rental income receivable in less than one year includes operating lease rentals relating to internal rents.

During the current year AED 16,522,862 (2011: AED 16,100,495) was recognised as rental income in the statement of comprehensive income in respect of operating leases, which includes AED 1,519,375 (2011: AED 1,519,375) relating to internal rent.

33 Related parties

The Company, in the normal course of business, collects premiums from and settles claims of other businesses that fall within the definition of related parties as contained in International Financial Reporting Standards. Management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties. The following are the details of transactions with related parties:

	2012 AED	2011 AED
Premium written	4,624,197	4,338,226

Details of related party balances are as follows

	2012 AED	2011 AED
Amount due from related parties	218,745	105,070
Amount due to related parties	(107,074)	(547,785)

Details of related parties

Name	Relationship
H.H.Sh Ahmed bin Saeed Al Maktoum	Chairman
Mr. Juma Saif Rashid bin Bakhit	Vice Chairman
Mr. Ahmed Saif Rashid bin Bakhit	Director
Mr. Khalifa Salim Humaid Al Meshwi	Director
Other entities	Common directorship

Compensation of key management personnel

	2012 AED	2011 AED
Short – term benefits	3,380,237	4,300,000
Directors' remuneration	552,096	565,776

34 Subsequent events

The Board has proposed cash dividend of 15% of paid up capital, AED 15 million (AED 15 per share) for the year ended December 31, 2012. This is treated as a non-adjusting subsequent event.

35 Segment analysis

In identifying its operating segments, management generally follows the Company's lines of business. Each of these operating segments is managed separately as each of these business lines requires different resources as well as marketing approaches.

Under IFRS 8, reported segment profits are based on internal management reporting information that is regularly reviewed by the chief operating decision maker, and is reconciled to Company profit or loss. The measurement policies used by the Company for segment reporting under IFRS 8 are the same as those used in its financial statements.

The Company operates two main business segments: General Insurance and Life Insurance. The main source of revenue for these operating segments is from underwriting all classes of general insurance and life insurance policies.

	2012			2011		
	Life Business	**General Business**	**Total**	**Life Business**	**General Business**	**Total**
Net underwriting income	(467,854)	7,726,039	7,258,185	8,860,305	10,374,724	19,235,029
Interest income	19,613,685	8,333,873	27,947,558	24,173,827	8,930,983	33,104,810
Income from investment property (net)	7,509,960	4,291,113	11,801,073	6,842,884	3,358,658	10,201,542
Profit from investment activities	3,019,665	536,171	3,555,836	2,904,521	672,962	3,577,483
Other income	1,848,309	2,367,292	4,215,601	3,851,018	2,193,055	6,044,073
	31,523,765	23,254,488	54,778,253	46,632,555	25,530,382	72,162,937
Surplus transferred to policy holders' fund	(14,022,323)	-	(14,022,323)	(30,551,883)	-	(30,551,883)
Net surplus (life) / net income (general)	17,501,442	23,254,488	40,755,930	16,080,672	25,530,382	41,611,054
Segment assets	620,537,570	446,010,237	1,066,547,807	603,675,925	415,522,703	1,019,198,628
Segment liabilities	603,036,128	107,939,480	710,975,608	587,595,254	108,736,903	696,332,157

36 Comparative figures

The Company has grossed up its insurance contract liabilities and reinsurance contract assets in line with the requirements of "IFRS 4 Insurance Contracts", which were disclosed on net basis in prior year's financial statements. Prior year figures have been reclassified as mentioned below, to make it comparable with the current year. This has not affected previously reported net profit, cash and cash equivalents and net worth of the Company.

Statement of financial position	Notes	2011 Audited AED	2011 Reclassified AED
Current assets			
Insurance and other receivables	10	39,377,587	38,488,750
Reinsurance contract assets	11	14,697,496	62,618,982
		54,075,083	101,107,732
Current liabilities			
Insurance contract liabilities	11	35,590,738	82,623,387
		35,590,738	82,623,387