ADNIC
شركة أبوظبي الوطنية للتأمين
ABU DHABI NATIONAL INSURANCE COMPANY

2016
ANNUAL REPORT

ADNIC
شركـــة أبوظبـــي الوطنيـــة للتأميـــن
ABU DHABI NATIONAL INSURANCE COMPANY

2016
ANNUAL REPORT

The Late
Sheikh Zayed bin Sultan Al Nahyan
The Founding Father of the United Arab Emirates

His Highness
Sheikh Khalifa bin Zayed Al Nahyan
President of the United Arab Emirates
and Ruler of Abu Dhabi

His Highness
Sheikh Mohammed bin Rashid Al Maktoum
Vice President and Prime Minister
of the UAE and Ruler of Dubai

His Highness
Sheikh Mohamed bin Zayed Al Nahyan
Crown Prince of Abu Dhabi and
Deputy Supreme Commander
of the UAE Armed Forces

TABLE OF CONTENTS

08 Our Geographical Expansion

10 The Board of Directors

12 Chairman's Statement

14 Chief Executive Officer's Statement

17 Our Corporate Team

28 Our Mission and Vision

30 About Us

32 Our Core Values

33 Our Strategic Pillars

34 Our Global & Regional Recognition

37 Our Corporate Governance

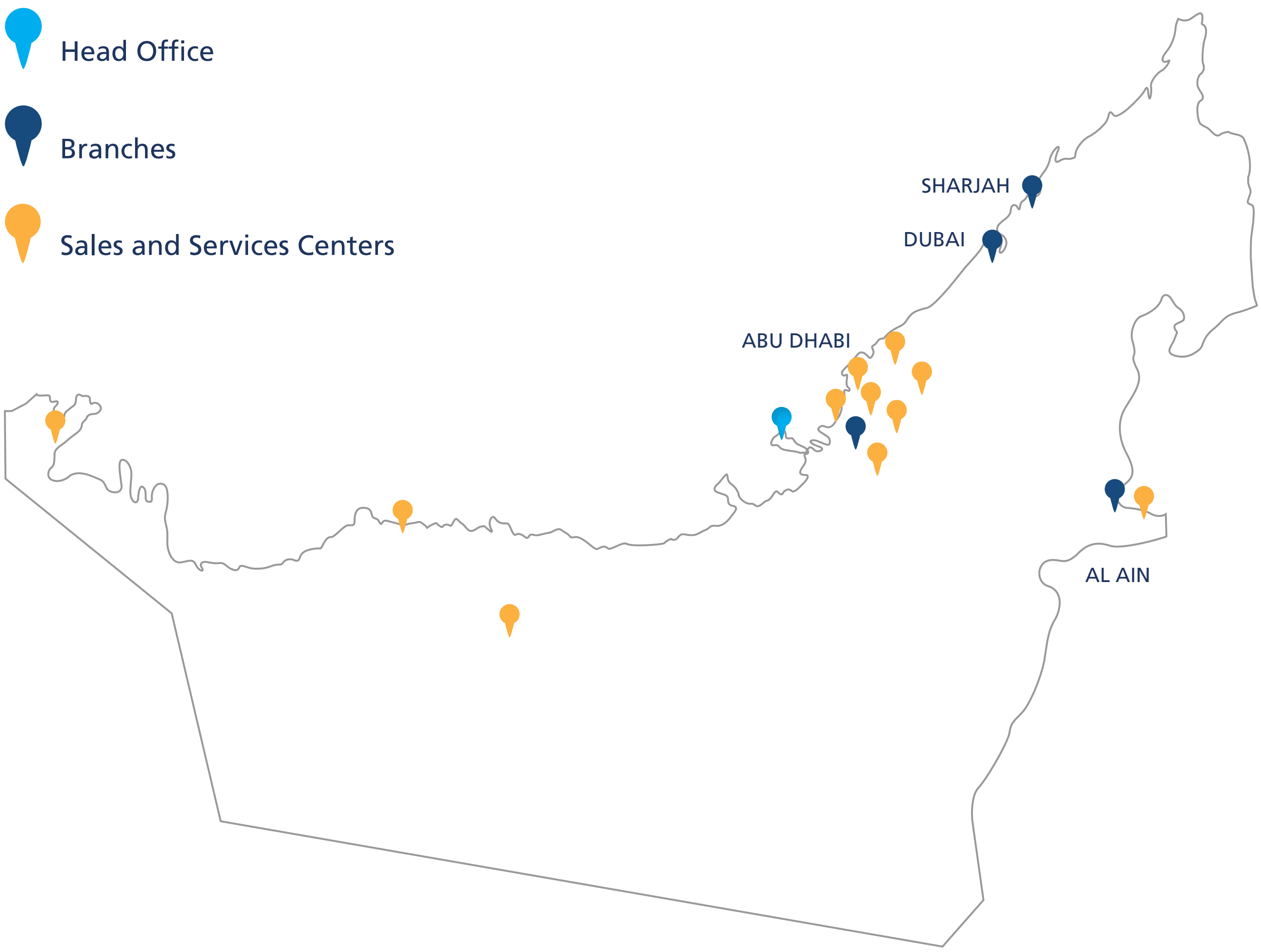
40 Our Corporate Commitment to the Community

42 Our Work-Life Balance

45 Our Financial Statements

118 Our Locations

OUR GEOGRAPHICAL EXPANSION


Head Office
Branches
Sales and Services Centers
SHARJAH
DUBAI
ABU DHABI
AL AIN

THE BOARD OF DIRECTORS

Shaikh Mohamed Bin Saif
Al-Nahyan
Chairman

Shaikh Theyab Bin Tahnoon
Al-Nahyan
Vice Chairman

H.E. Sultan Rashed Al-Dhaheri
Board Member

Mr. Abdulla Khalaf Al-Otaiba
Board Member

Mr. Omar Liaqat
Board Member

Mr. Jamal Sultan Al-Hameli
Board Member

Mr. Abdulrahman Hamad
Al-Mubarak
Board Member

Mr. Hazzaa Mohamed Rybayea
Al-Mheiri
Board Member

Mr. Hamoodah Ghanem
Bin Hamoodah
Board Member

A MESSAGE FROM THE CHAIRMAN OF THE BOARD

On behalf of the Board of Directors of Abu Dhabi National Insurance Company (ADNIC), I hereby present our 44th Board of Directors' Report and Audited Financial Statements for the year ended 31st December 2016.

The Board of Directors is pleased to note that ADNIC has sustained its profitability throughout the year 2016 with strong underwriting results and net profit. The realignment of ADNIC's operational strategy has delivered positive results and has enabled the Company to report a strong financial performance.

The Company's selective underwriting policy and its continued focus on balance sheet strength has been validated with consistent positive results in every quarter of 2016. Even as the business environment remains challenging, the Board of Directors, as well as the management team, are committed to delivering growth and shareholder value. Our priority is to ensure that ADNIC remains one of the regional market leaders both in terms of its financial standing and its product portfolio as we continue to develop cutting edge solutions and best-in-class customer service.

Cash Balances

ADNIC's cash balances increased by 54.4% to AED 1.030 billion as on December 31st 2016, compared to AED 667 million as on December 31st 2015.

Investments

Total company investments including cash in time deposits, bank accounts and investment properties increased by 14.6% to AED 3.14 billion as on December 31st 2016, compared to AED 2.74 billion as on December 31st 2015.

Total Assets

The total assets of the company increased by 15.8% to AED 6.49 billion as on December 31st 2016, compared to AED 5.60 billion as at December 31st 2015.

Gross Technical Reserves

The Gross Technical Reserves increased by 5.7% to AED 3.68 billion as on 31st December 2016, compared to AED 3.48 billion as on 31st December 2015.

Shareholders' Equity

The Shareholders' Equity increased by 42.2% to AED 1.77 billion as on 31st December 2016, compared to AED 1.24 billion as on 31st December 2015. The issuance of Mandatory Convertible Bonds (MCB) as well as the net profit contributed to the growth in the shareholders' equity.

Return on Shareholders' Equity

The return on Shareholders' Equity increased to 13.6% for the year 2016, compared to a loss of 23.3% for the year 2015.

Basic and Diluted Earnings Per Share and Net Profit

Basic and diluted earnings per ordinary share grew to 43 Fils as a result of achieving a net profit of AED 205.0 million for the year 2016 compared to basic and diluted loss per ordinary share of 89 Fils resulting from a net loss of AED 334.5 million last year.

I wish to extend our most sincere appreciation and gratitude to His Highness Sheikh Khalifa Bin Zayed Al Nahyan, President of the UAE, His Highness Sheikh Mohammed Bin Rashed Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, His Highness Sheikh Mohamed Bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces for their continued support.

On behalf of the Board of Directors, I would like to thank the management and the employees of the company for their commitment and dedication throughout 2016.

Shaikh Mohamed Bin Saif Al-Nahyan
Chairman of the Board of Directors

A MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

I hereby present the company's financial results for the year ended 31st December 2016.

I am pleased to report that ADNIC has achieved strong results in 2016. In spite of the implementation of prudent underwriting strategy, ADNIC has achieved premium growth for the year and also has strengthened its long term financial and operational performance.

Key Financial Highlights

Gross Premium Written

For the year 2016, ADNIC's Gross Premium Written was AED 2.38 billion compared to AED 2.29 billion last year.

Premium Retention

The overall premium retention ratio for the company reached 44% for the year 2016 compared to 48% for 2015.

Net Underwriting Results

For the year 2016, ADNIC reported a Net Underwriting profit of AED 342.6 million, against a Net Underwriting Loss of AED 228.9 million for 2015.

General and Administrative Expenses

General and Administrative Expenses was AED 239.9 million for 2016 compared to AED 207.6 million for 2015.

Net Technical Results
The company has reported a net technical profit of AED 102.6 million for 2016, compared to a net technical loss of AED 436.5 million for 2015.

Net Investment Income
ADNIC's Net Investment and Other Income was AED 102.4 million for 2016 compared to AED 102.0 million for 2015.

Net Profit
The company has reported a net profit of AED 205.0 million for 2016, compared to a net loss of AED 334.5 million for 2015.

Appreciation
The management team is thankful to our customers, business partners and shareholders, who have supported the continuous development of ADNIC.

Ahmad Idris
Chief Executive Officer

OUR CORPORATE TEAM

EXECUTIVE MANAGEMENT

From left to right (Standing)

Anil Dixit
Chief Investment Officer

Vijay Singh
Chief Claims Officer - Commercial Lines (Marine & Aviation)

Alaa Fares
Chief Financial Officer

Hema Padmanabhan
Chief Claims Officer - Commercial Lines (Non Marine)

Mazen Allabadi
Chief Claims Officer - Consumer Lines

Vaidyanathan Srinivasan
Chief Underwriting Officer - Consumer Lines

Osama Altajer
Chief Underwriting Officer - Commercial Lines (Marine & Aviation)

From left to right (Seated)

Lazhar Charfeddine
Chief Operations Officer

Raed Haddadin
Chief Legal & Compliance Officer

Hani Hirzallah
Chief Human Resources & Administration Officer

Abdulla Alnuaimi
Chief Officer - Shared Services

Hussein Samara
Chief Information Officer

Tariq Zietoun
Chief Officer - Underwriting & Strategic Accounts Management

Not present

Jugal Madaan
Chief Underwriting Officer - Commercial Lines (Non Marine)

Andrew Woodward
Chief Business Development Officer

SENIOR MANAGEMENT

Underwriting and Strategic Accounts Management Team (SAM)

From left to right (Standing)

Laeeque Shrieff
Senior Manager - Medical Underwriting

Sathish Krishnan
Senior Manager - Property & Energy Underwriting

Wissam Al-Khaldi
Senior Manager - Strategic Accounts Management (Abu Dhabi)

Khalid Rawashdeh
Senior Manager - Engineering, Construction, Energy - Construction & Professional Indemnity Underwriting

Anand Kalandy
Senior Manager - Medical Underwriting

Nabil Azzouz
Senior Manager - Marine & Energy

From left to right (Seated)

Sirish Rao
Senior Manager - Commercial & Motor Underwriting (Dubai & Northern Emirates)

Fatme El-Issa
Senior Manager - Motor Underwriting

Krishnan Raghunathan
Senior Manager – Marine, Energy & Aviation Claims

Gurumurthy Lakshminarayanan
Senior Manager - Marine Underwriting

Not Present

Vamshidar Vanama
Head of Underwriting - International Division

Tarek Moukarzel
Deputy Chief Underwriting Officer - Life & Personal Accident

SENIOR MANAGEMENT

Operations

From left to right (Standing)

Haitham Ali
Senior Manager - Motor Claims (Abu Dhabi)

Nadhmi Dammak
Deputy Chief Reinsurance Officer

Khurram Masud
Senior Manager - Risk Management & Actuarial Services

Adrian Alexander
Deputy Chief Claims Officer - Commercial Lines (Marine & Aviation)

Vetrivelan Andigounder
Senior Manager - Customer Service (Consumer Lines Operations)

From left to right (Seated)

Sajiv Gopalkrishnan
Senior Manager - Risk Engineering Services

Ashraf Genina
Senior Manager - Motor Claims (Dubai & Northern Emirates)

Smita Srivastava
Deputy Chief Claims Officer - Medical, Life, Travel, Personal Accident & General Claims

Sami Khalil
Deputy Chief Officer - Risk Engineering Services

Nehal El Trmesany
Senior Manager - Medical Provider Relations and Life Claims

SENIOR MANAGEMENT

Business Development

From left to right

Mansour Rahme
Branch Manager - Sharjah

Mahmoud Swaidan
Branch Manager - Al Ain

Bassam El Jbeili
Regional Manager (Abu Dhabi & Western Region)

Alya Al Tamimi
Regional Manager (Dubai & Northern Emirates)

Jihad Francis
Head of Brokers Business (Abu Dhabi & Western Region)

Aditya Kulkarni
Deputy Head of Brokers Business (Dubai & Northern Emirates)

Not present

Anand Nair

Head of Broker Relations (Dubai & Northern Emirates) and Head of Bancassurance & Alternative Distribution

SENIOR MANAGEMENT

Support Services

From left to right (Standing)

Amjad Alhayek
Senior Manager - Legal

Anishbabu Kanakkayil
Senior Manager - IT Operations

Ravichandran Nair
Senior Manager - Accounting, Budgeting & Reporting

Omar Khedr
Senior Manager - Legal

Manoj Khemani
Senior Manager - Rewards & Performance Management, HRMS/Payroll

Esmat Taha
Senior Manager - Investments & Investor Relations

Prabhatha Bellikoth
Senior Manager - IT Applications

From left to right (Seated)

Mustafa Ahmed
Senior Manager - Database

Hashem Shubbar
Senior Manager - Credit Control & Payables

Dana Hudairi
Senior Manager - Marketing

Mohammed Bin Naqib
Senior Manager - Public Relations

Bouchra Al Wazzan
Senior Manager - Administration

C. P Chakamparambil
Deputy Chief Information Officer- IT Applications

Not present

Hassan Al Khuwaildi
Senior Manager – Corporate Communications

OUR MISSION & VISION

Our Mission

To serve our customers by offering quality and innovative, regional, and international insurance and reinsurance solutions.

Our Vision

To be the leading insurer of choice across the Middle East and North Africa region.

"ADNIC transacts both Life and Non-Life Insurance and provides a range of innovative insurance products that are customizable and scalable."

ABOUT US

Founded in the United Arab Emirates (UAE) in 1972, Abu Dhabi National Insurance Company (ADNIC) PJSC is a leading multi-line regional insurance company providing insurance services to individuals and corporates. The Company has a wide network of branches and sales and service centers across the country. ADNIC is publicly owned and listed on the Abu Dhabi Securities Exchange (ADX).

ADNIC transacts both Life and Non-Life Insurance and provides a range of innovative insurance products that are customizable and scalable. This flexibility enables the Company to meet the unique needs of individuals, as well as small, mid-sized and large companies in the UAE and the wider Middle East and North Africa (MENA) region.

ADNIC is committed to making a positive contribution to the communities within which it operates. Since 2013, ADNIC has been supporting Al Bayt Mitwahid Association campaign, which was launched by the Crown Prince Court of Abu Dhabi, H.H. Sheikh Mohamed Bin Zayed Al Nahyan. The campaign provides an open platform for UAE communities to give back to society in a number of ways. This can include taking part in creating, fundraising, planning, and implementing a variety of caring initiatives that benefit a wide range of social causes across all of the seven emirates.

ADNIC is proud to work with the government to encourage UAE nationals to work in the private sector. During 2012, ADNIC joined the UAE Government's ABSHER Initiative to promote Emiratization. The Company's current level of Emiratization is amongst the highest in the UAE insurance sector.

ADNIC has worked to build its asset base up to AED 6.5 billion in 2016, while maintaining solid levels of liquidity and capitalization. Financial maturity and a robust balance sheet enables the Company to meet its obligations and this reliability helps to provide ADNIC's clients and customers with peace of mind.

In October 2016, ADNIC transitioned to the revised ISO standard ISO 9001 / 2015 and has received a number of industry awards. These include the Corporate LiveWire Innovation and Excellence Award in 2015; Best Consumer Insurance Product at the 2015 & 2016 Banker Middle East Industry Awards; MEA Risk Insurance Excellence Award 2016; Best Mobile Experience at the Customer Festival Awards 2015.

OUR CORE VALUES

We pride ourselves in continuously operating in line with our corporate core values when we interact with our shareholders, partners, clients, and employees. These values are integral to the way we do business and communicate with our stakeholders:

- Reliability
- Innovation
- Fairness
- Customer Centricity
- Loyalty

OUR STRATEGIC PILLARS

At the foundation of our business strategy lies seven strategic pillars, which help us to maintain our commitment to be Your Reliable Insurer.

- **Modernization** of our processes, facilities, and infrastructure
- **Expansion** of our suite of products and services
- **Employer of Choice** within the insurance industry
- **Product Development** to ensure solutions are created to address your evolving business needs
- **Distribution** of our products and services wherever you are
- **Customer Service** to ensure that each interaction with you is effective
- **Innovation & Technology** to ensure solutions are offered efficiently

OUR GLOBAL & REGIONAL RECOGNITION

Corporate LiveWire Business Award
Innovation & Excellence Award 2015

Banker Middle East – UAE Product Awards
Best Consumer Insurance Products 2015 & 2016

MEA Risk and Insurance Excellence Awards 2016

- MEA Insurers Claims Initiative of the year
- MEA Insurers CEO's CEO

Etisalat Stratigic Award Supplier's Conference, 2016
In recognition for ADNIC's valuable contribution to the success of Etisalat

Best Insurance Firm - Shiptek Award
ADNIC awarded best insurance firm of the year 2016 at Shiptek 7th International Awards for the company's excellence in maritime & energy insurance

Customer Festival Award
Best Mobile Experience for the year 2015

ENOC Strategic Suppliers Recognition Award
Emirates National Oil Company (ENOC) recognition award in appreciation of the valuable contribution to the business during 2015

Forbes Middle East, Top 500 companies in the Arab World
ADNIC ranked 3rd out of 31 companies in the insurance sector

OUR CORPORATE GOVERNANCE

ADNIC acknowledges its responsibilities to its shareholders, employees, partners, and customers in the UAE. ADNIC also believes that good corporate governance helps to achieve the Management's commitment of delivering value to all stakeholders through setting and achieving appropriate strategic business objectives.

ADNIC maintains high level of transparency and accountability throughout its Management practices. We believe we have this responsibility to our shareholders and the community collectively. To this end, ADNIC implements and monitors business objectives, strategies, and procedures that comply with its legal and ethical responsibilities. This is how we embed good corporate governance principles and practices into the way we do business.

The Board has established four permanent Board-Level Committees to assist in executing its functions, empowered, and entrusted with responsibilities to implement the resolutions of the Board.

Audit Committee

The Audit Committee aims at assisting the Board of Directors in monitoring the duties related to preparing the Company's Financial Statements. It also recommends the appointment of the External and Internal Auditors along with supervising their independency, finding weaknesses and strengths in the Internal Controls, and recommending improvements. The Committee holds its meetings at least once every three months or whenever it deems necessary.

The Audit Committee comprises the following members:

- Mr. Omar Liaqat
  Chairman
- Mr. Jamal Sultan Al-Hameli
  Member
- Mr. Hamoodah Ghanem Bin Hamoodah
  Member
- Mrs. Munira Muhammadi
  Committee Secretary

Nomination & Remuneration Committee

The Nomination and Remuneration Committee monitors the independency of the Independent Board Members. It also prepares the Remuneration and Incentives Policies and the Human Resources Policies, in order to recruit and maintain qualified staff and to supervise their suitability. Moreover, the Committee develops and implements the plans and initiatives for employing UAE nationals.

The Nomination & Remuneration Committee comprises the following members:

- Mr. Jamal Sultan Al-Hameli
  Chairman
- Mr. Abdulla Khalaf Al-Otaiba
  Member
- Mr. Hamoodah Ghanem Bin Hamoodah
  Member
- Mr. Hani Hirzallah
  Committee Secretary

Investment Committee

The Investment Committee assists the Board of Directors in supervising, monitoring, and evaluating the Company's investments. The Investment Committee performs its duties efficiently and in the best interest of the Company's shareholders through the following:

1. Establishing the Investment Strategy and Policy for approval of the Board.
2. Setting the investment guidelines including asset allocation, benchmark and other metrics deemed necessary.
3. Reviewing and monitoring the investments.
4. In conjunction with the Audit Committee, determining the scope of the rigorous audit procedures that include full coverage of the investment activities and ensure timely identification of internal control weaknesses and operating system deficiencies.
5. Assisting the Board of Directors in its evaluation of the adequacy and efficiency of the investment policies, procedures, practices and controls applied in the day-to-day management of its business through an audit report (either independent internal or external) that is to be submitted to the Audit Committee.
6. Proposing a delegation of authority document relating to Investment Activities.
7. Appointing and retaining external consultants, industry experts and investment managers in order to perform specific investment related activities and agree fees for said services.
8. Exercising oversight on strategic investment activities related to capital utilization including but not limited to regional expansion.

The Investment Committee comprises the following members:

- Shaikh Theyab Bin Tahnoon Al-Nahyan
  Chairman
- Mr. Abdulrahman Hamad Al-Mubarak
  Member
- Mr. Hazzaa Mohamed Rybayea Al-Mheiri
  Member
- Mr. David Beau
  External Member
- Mr. Esmat Taha
  Commmitte Secretary

Risk Management Committee

The Risk Management Committee assists the Board in providing leadership, direction and oversight of the Company's overall risk appetite, risk tolerance, and risk management frameworks. The duties of risk management committee include, but are not limited to, the following:

1. Recommend the risk profile and risk appetite across the Company.
2. Review and robustly assess the design, completeness, and effectiveness of the risk management framework relative to the Company's activities.
3. Provide independent and objective review, advice, and assistance in developing Board policies and monitoring corporate activity.

The Committee meets every quarter to discuss matters related to risk profile of the Company and provides recommendations to the Board.

The Risk Management Committee comprises the following members:

- Shaikh Mohamed Bin Saif Al-Nahyan
  Chairman
- H.E. Sultan Rashed Al-Dhaheri
  Member
- Mr. Abdulla Khalaf Al-Otaiba
  Member
- Mr. Omar Liaqat
  Member
- Mr. Abdulrahman Hamad Al-Mubarak
  Member
- Mr. Khurram Masud
  Committee Secretary

OUR CORPORATE COMMITMENT

OUR CORPORATE COMMITMENT TO THE COMMUNITY

Our corporate philosophy embraces a commitment to improving the quality of life in the community. At ADNIC, we always seek to play a vital role as a major employer and significant contributor to local charities.

During 2016, we contributed and participated in several community events across the UAE.

- **ABSHER Initiative**
  Ministry of Presidential Affairs (MOPA) initiative for the support of Emiratis
- **Al Bayt Mitwahid**
  An initative launched by the Crown Prince Court employees to celebrate and promote the nation's unity
- **Blood Donation Day**
  ADNIC staff donating blood to Abu Dhabi Blood Bank (ADBB)
- **Operation Smile UAE**
  For operating on kids with cleft lip
- **Mohammed Bin Rashid Al Maktoum Knowledge Foundation**
  To support My Family Reads Initiative
- **Martyr's Day Commemoration**
- **Homat Al Watan**
- **Rashid Center for the Disabled**

Operation Smile UAE

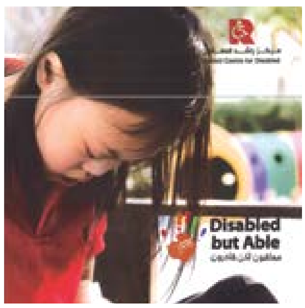
Blood Donation Day

Al Bayt Mitwahid

Homat Al Watan

Mohammed Bin Rashid Al Maktoum Knowledge Foundation

Martyr's Day Commemoration



Rashid Center for the Disabled

Absher

OUR WORK-LIFE BALANCE

ADNIC recognizes the importance of balancing work with social life activities. Therefore, we have established a committee, ADNIC*ity* Life Committee, which seeks to balance our employees' work and social life by engaging them and their families in social activities.

ADNIC*ity* Life Committee is an approach to employee relations that helps us in our continuous effort to be the Employer of Choice in the insurance industry.

- ADNIC Health Day
- ADNIC Cricket Team
- Annual Ramadan Iftar
- National Day Celebration
- Flag Day Celebration
- Reading Day

Flag Day Celebration

Reading Day

National Day Celebration

ADNIC Health Day

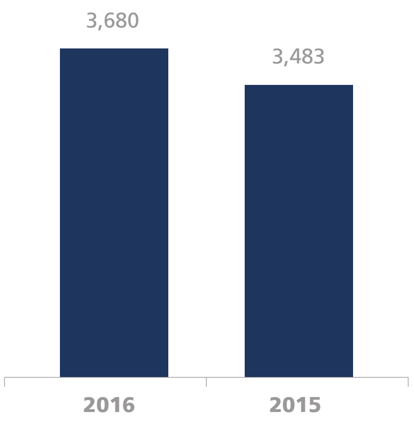
Annual Ramadan Iftar

ADNIC Cricket Team

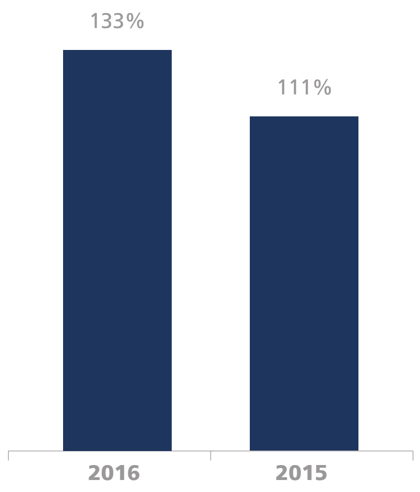
FINANCIAL STATEMENTS

TECHNICAL RESERVES

Gross technical reserves (AED mn)

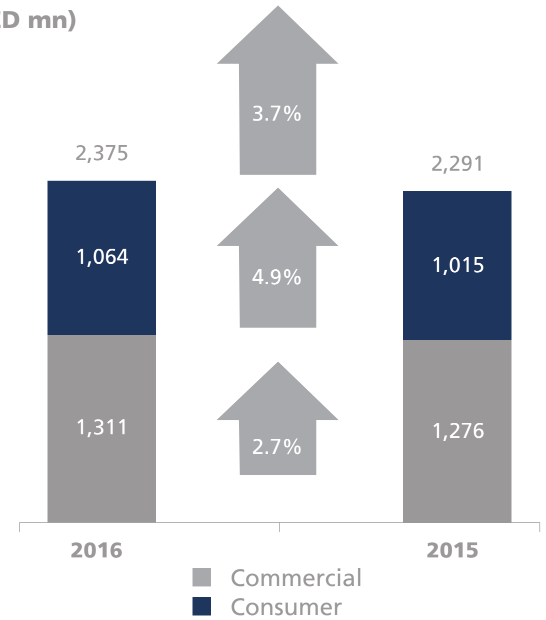


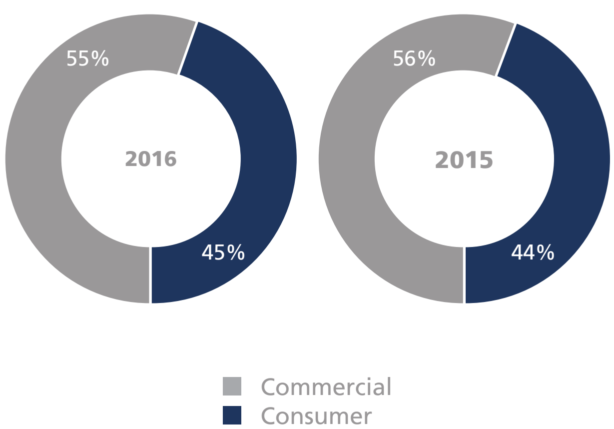
Liquidity on net technical reserves (%)



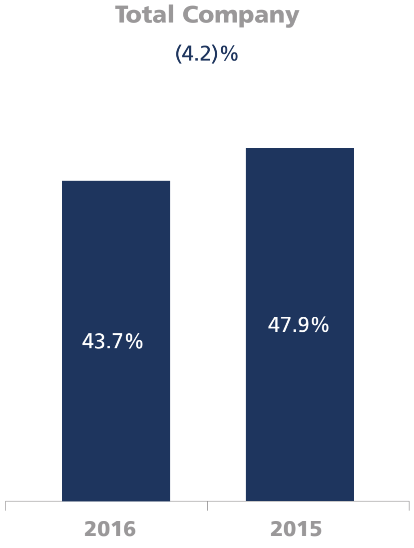
GROSS WRITTEN PREMIUM

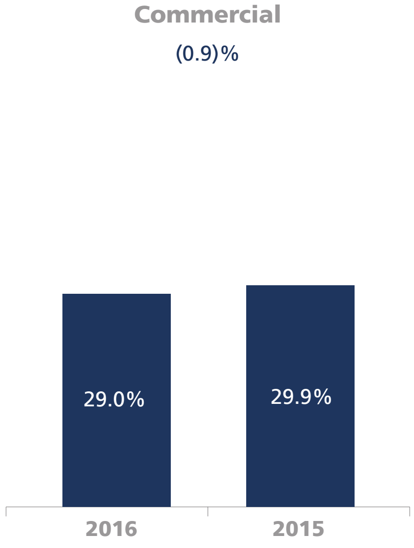
(AED mn)

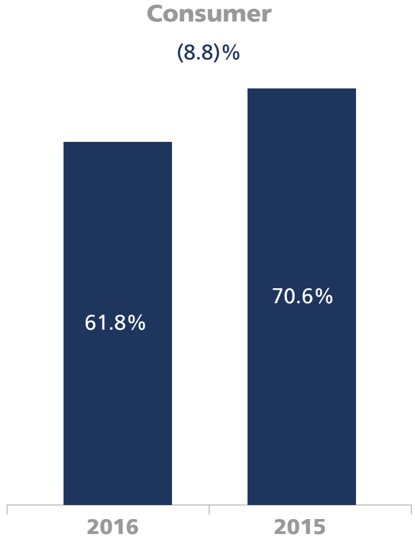




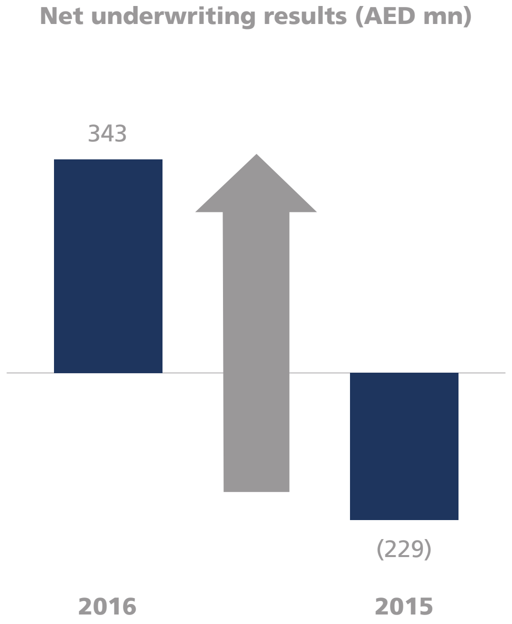
PREMIUM RETENTION RATIO

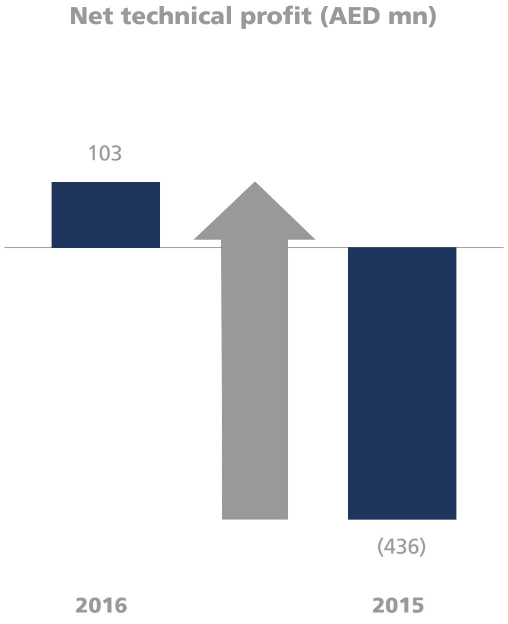




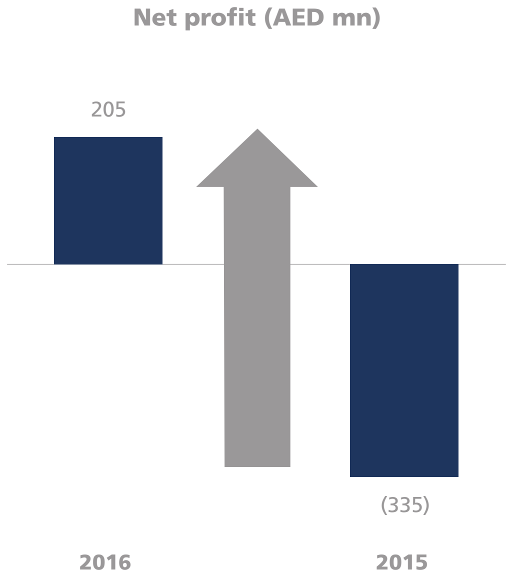


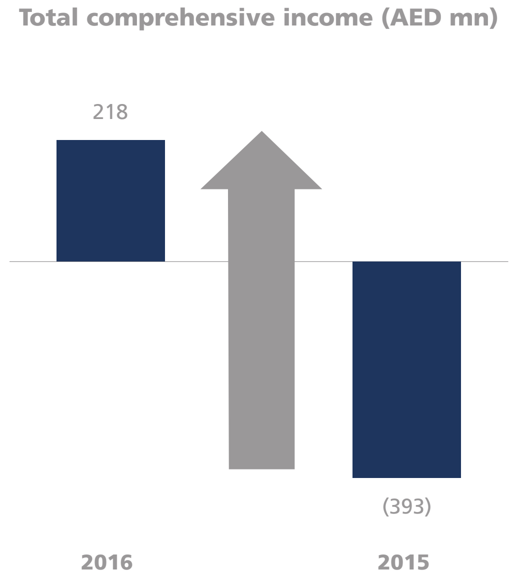
INSURANCE RESULTS



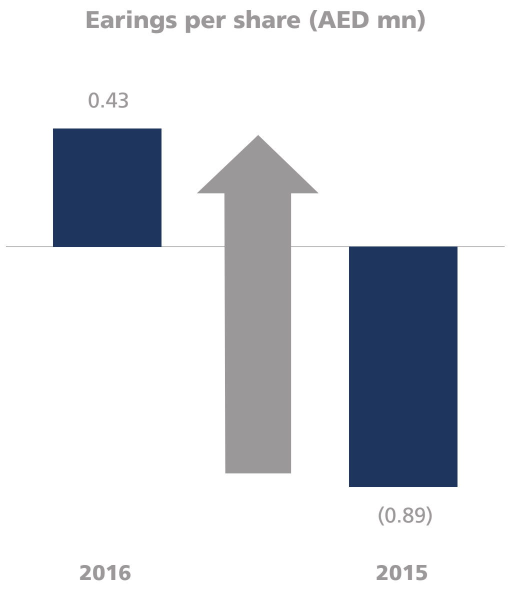


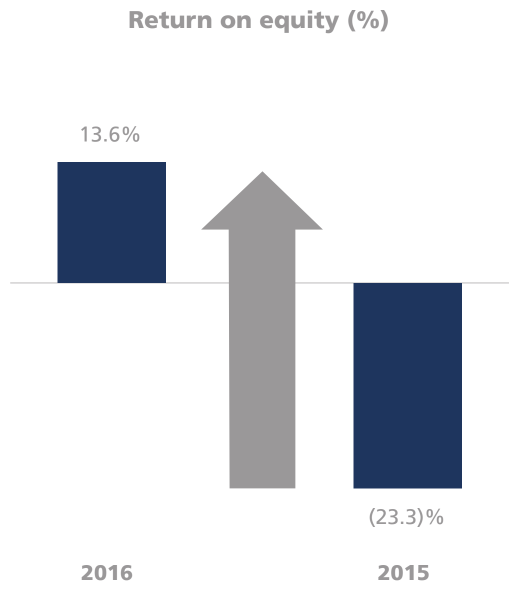
PROFITABILITY



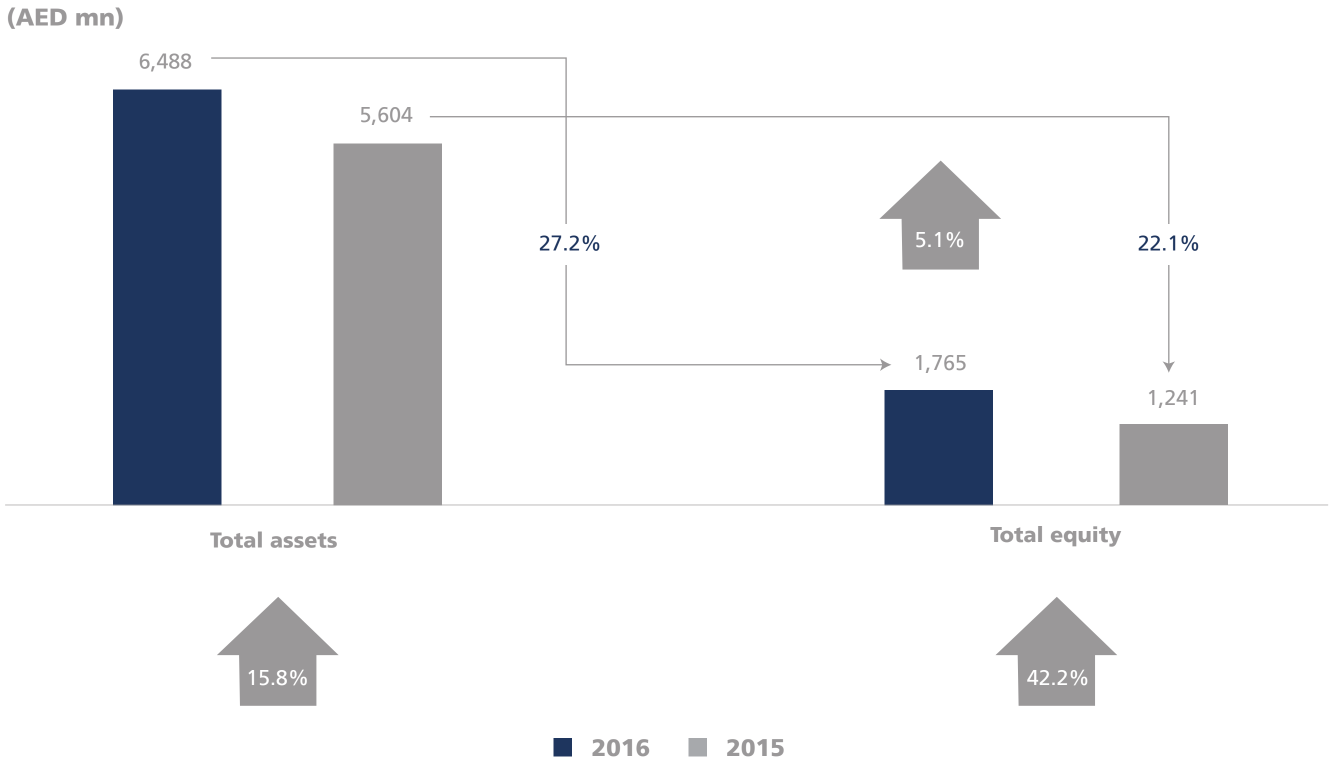


EPS AND RETURN ON EQUITY





FINANCIAL STRENGTH



PROPOSALS TO SHAREHOLDERS

For the year ended 31 December 2016

The Board of Directors, after the review of the Company's operations during the year 2016, proposes the following to the shareholders for their approval:

44th Annual general assembly

(1) To approve the Board of Directors' report about the Company's operation and its financial position and to approve the Auditor's report for the year ended 31 December 2016.

(2) To approve the Balance Sheet and Profit & Loss statements for the year ended 31 December 2016.

(3) To approve the Board of Directors' proposal to appropriate retained profit which amounted to AED 314,477 thousand including the opening retained earnings as follows:

	AED '000
• The proposed cash dividends to the shareholders being 15% of the nominal value per share	56,250
• Proposed Board of Directors' remuneration	5,800
• Proposed to transfer from Retained Earnings to the General Reserve	200,000
• Retained earnings carried forward	52,427
Total	314,477

(4) To relieve the Directors and the External Auditor from responsibilities for action in performing their duties during the financial year ended 31 December 2016.

(5) To appoint the External Auditor for 2017 and to define the audit fees.

Note:

The above proposals to shareholders were approved during the annual general assembly meeting held on 28th March 2017.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Abu Dhabi National Insurance Company PSC (the "Company"), which comprise the statement of financial position as at 31 December 2016, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRS').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the *Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

(a) Estimates and judgements used in calculation of insurance contract provisions (refer to note 8 in the financial statements)

The measurement of insurance contract provisions, which includes the following, involves key judgements and estimates over uncertain future outcomes.

- Claims incurred but not reported (IBNR);
- Insurance premium deficiency reserve (PDR);
- Unexpired risk reserve (URR); and
- Allocated & unallocated loss adjustment expense (ALAE & ULAE).

The insurance contract provisions of the Company are calculated as documented in the financial statements disclosure under the section "use of estimates and judgements".

Key audit matters continued

We considered the results of an independent actuarial review of the insurance contract provisions as at the reporting date. We involved our actuarial specialists to assist us in performing the audit procedures in this area, which included amongst others, review of methodology, data used as input and estimates and judgements used in the Actuary's valuation. We also assessed the Actuary's independence, qualifications and expertise and read their terms of engagement to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work.

Further, we assessed the adequacy of the disclosures regarding these liabilities in the financial statements in accordance with International Financial Reporting Standards.

(b) Estimation of liability against outstanding claims (refer to note 8 in the financial statements)

The valuation of claim reserving incorporates a significant amount of estimates and judgements. It is reasonably possible that uncertainties inherent in the reserving process, delays in insureds or ceding companies reporting losses to the Company, litigations arising in the ordinary course of business, together with the potential for unforeseen adverse developments, could lead to the ultimate amount paid varying materially from the amount estimated at the reporting date.

We understood, assessed and tested the design and operational effectiveness of key controls over the Company's reserving process, including the review and approval of the reserves and probability of outflow of economic resources and reliability of estimating such outflow. Further, we considered, on a sample basis, the review and results of internal claims department, external third party loss adjustors and internal and external legal counsel to assist us in assessing the reserves recorded by the Company. Certain matters, in particular those involving litigation are subject to many uncertainties and the outcome on timing of closure and outflow of economic resources may vary materially from the amount estimated at the reporting date.

(c) Valuation of investment properties (refer to note 11 in the financial statements)

The valuation of investment properties involves a degree of complexity and significant judgements and estimates. The property valuations were carried out by external valuers (the "Valuers"). In determining a property's valuation the Valuers take into account property-specific information such as the current tenancy agreements and rental income and apply assumptions for yields and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to arrive at valuation.

We read the valuation reports for properties and assessed that the valuation approach for each was in accordance with the established standards for valuation of properties and suitable for use in determining the carrying value for the purpose of the financial statements.

We assessed the Valuers' independence, qualifications and expertise and read their terms of engagement to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work.

We involved our internal valuation specialists in reviewing the valuation of the properties. The review included discussions with management, and consideration of the estimates and judgements used in Valuer's valuation and assessment of valuation against our expectations. Where the assumptions were outside expected range or otherwise unusual, we obtained further audit evidence to support the explanations provided by management.

(d) Recoverability of insurance receivables from policy holders, insurance companies and reinsurance companies (refer to note 7 in the financial statements)

Key audit matters continued

The Company in its normal course of business is exposed to risks of non - recoverability from policyholders, insurance companies and reinsurance companies due to disputes / litigations or due to deterioration of financial conditions of the counter party. The key associated risk is the recoverability of insurance receivables of AED 901,160 thousand. Management's related provision is subjective and is influenced by assumptions concerning the probability of default and probable losses in the event of default.

We reviewed the past trend of actual amounts written off and the credit ratings of the counter parties (where available) to assess the provision held as at year-end.

Furthermore, we discussed with management and reviewed correspondence, where relevant, to identify any disputes, and assessed whether such matters were considered in the bad debt provision.

(e) Valuation of unquoted investments (refer to note 10 in the financial statements)

The valuation of unquoted investments involves a degree of significant judgements and estimates due to the lack of availability of observable inputs. These investments amounting to AED 311,841 thousand are classified as fair value through profit or loss / fair value through other comprehensive income and are based on the value as determined by the external fund managers.

We obtained confirmation from the external fund manager for the net asset value at the reporting date. For investments, where the confirmation was not available, we performed alternative procedures to assess the fair value determined by the management.

Other information included in the Company's 2016 Annual Report

Other information consists of the information included in the Company's 2016 Annual Report and Board of Directors report, other than the financial statements and our auditor's report thereon. We obtained the Board of Directors Report prior to the date of our audit report, and we expect to obtain the sections of the Annual Report after the date of our auditor's opinion. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and in compliance with the applicable provisions of the Company's Article of Association, the UAE Federal Law No. (2) of 2015, the UAE Federal Law No. (6) of 2007, 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. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's Responsibilities for the Audit of the Financial Statements continued

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charge with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

We report that:

(i) we have obtained all the information and explanations 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, the UAE Federal Law No. (6) of 2007, and the Articles of Association of the Company;

(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 and records of the Company;

(v) investments in shares and stocks are included in note 10 to the financial statements and include purchases and investments made by the Company during the year ended 31 December 2016;

(vi) note 23 reflects material related party transactions and the terms under which they were conducted; and

(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 2016, any of the applicable provisions of the UAE Federal Law No. (2) of 2015, the UAE Federal Law No. (6) of 2007, or of its Articles of Association which would have a material impact on its activities or its financial position as at 31 December 2016.

Signed by:
Mohammad Mobin Khan
Partner
Ernst & Young
Registration No. 532

26 February 2017
Abu Dhabi

STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Notes	2016 AED'000	2015 AED'000
ASSETS			
Bank balances and cash	24	**1,030,061**	667,205
Trade and other receivables	7	**943,987**	768,829
Reinsurance contract assets	8	**2,327,261**	2,013,310
Investments	10	**1,353,615**	1,292,187
Investment properties	11	**757,704**	782,236
Property and equipment	12	**75,860**	80,010
TOTAL ASSETS		**6,488,488**	5,603,777
EQUITY AND LIABILITIES			
Equity			
Share capital	13	**375,000**	375,000
Legal reserve	14	**187,500**	187,500
General reserve	15	**550,000**	550,000
Investments revaluation reserve		**32,579**	41,616
Retained earnings	16	**314,477**	87,100
Mandatory convertible bonds – equity component	17	**305,925**	-
Total equity		**1,765,481**	1,241,216
LIABILITIES			
Provision for staff end of service benefits	18	**31,204**	27,050
Trade and other payables	19	**929,577**	852,809
Insurance contract liabilities	8	**3,679,682**	3,482,702
Mandatory convertible bonds – liability component	17	**82,544**	-
Total liabilities		**4,723,007**	4,362,561
TOTAL EQUITY AND LIABILITIES		**6,488,488**	5,603,777

Chairman of the Board of Directors

Chief Executive Officer

The attached notes 1 to 26 form an integral part of these financial statements.

STATEMENT OF INCOME

Year ended 31 December 2016

	Notes	*2016* *AED'000*	*2015* *AED'000*
Underwriting revenue			
Gross written premium	25	**2,375,475**	2,290,734
Change in unearned premium provision		**(84,917)**	226,951
Premium income earned		**2,290,558**	2,517,685
Reinsurance premium ceded	25	**(1,337,373)**	(1,192,702)
Change in reinsurance share of unearned premium		**128,454**	(40,018)
Reinsurance premium ceded		**(1,208,919)**	(1,232,720)
Net premium earned	25	**1,081,639**	1,284,965
Underwriting expenses			
Gross claims paid	25	**(1,440,587)**	(1,879,725)
Changes in outstanding claims and IBNR provision		**(112,063)**	(483,538)
Gross claims incurred		**(1,552,650)**	(2,363,263)
Reinsurance share of claims paid	25	**662,342**	721,969
Change in reinsurance share of outstanding claims and IBNR provision		**185,497**	206,049
Reinsurance share of claims incurred		**847,839**	928,018
Net claims incurred	25	**(704,811)**	(1,435,245)
Commissions			
Commission income	25	**130,754**	98,307
Less: commission expenses	25	**(139,146)**	(147,122)
Net commission expenses		**(8,392)**	(48,815)
Other income related to underwriting activities	25	**10,538**	9,869
Other expenses related to underwriting activities	25	**(36,423)**	(39,674)
Net other underwriting expenses	25	**(25,885)**	(29,805)
Net underwriting results		**342,551**	(228,900)
Net investment and other income	20	**102,366**	101,952
General and administrative expenses	21	**(239,913)**	(207,572)
Profit (loss) for the year		**205,004**	(334,520)
Basic and diluted earnings (loss) per share (AED)	22	**0.43**	(0.89)

The attached notes 1 to 26 form an integral part of these financial statements.

STATEMENT OF OTHER COMPREHENSIVE INCOME

Year ended 31 December 2016

	Notes	2016 AED'000	2015 AED'000
Profit (loss) for the year		**205,004**	(334,520)
Other comprehensive income (loss)			
Items that will not be reclassified to the statement of income:			
Gain on sale of investments at fair value through other comprehensive income		**22,373**	25,852
Changes in fair value of investments at fair value through other comprehensive income	10	**(9,037)**	(84,585)
Total other comprehensive income (loss)		**13,336**	(58,733)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**218,340**	(393,253)

The attached notes 1 to 26 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2016

	Share capital AED '000	*Legal reserve AED '000*	*General reserve AED '000*	*Investments revaluation reserve AED '000*	*Mandatory convertible bond AED '000*	*Retained earnings AED '000*	*Total AED '000*
Balance at 1 January 2015	375,000	187,500	900,000	126,201	-	45,768	1,634,469
Loss for the year	-	-	-	-	-	(334,520)	(334,520)
Other comprehensive loss	-	-	-	(84,585)	-	25,852	(58,733)
Total comprehensive loss for the year	-	-	-	(84,585)	-	(308,668)	(393,253)
Transfer from general reserve to retained earnings (notes 15 & 16)	-	-	(350,000)	-	-	350,000	-
Balance at 31 December 2015	375,000	187,500	550,000	41,616	-	87,100	1,241,216
Balance at 1 January 2016	375,000	187,500	550,000	41,616	-	87,100	1,241,216
Profit for the year	-	-	-	-	-	205,004	205,004
Other comprehensive (loss) income	-	-	-	(9,037)	-	22,373	13,336
Total comprehensive (loss) income for the year	-	-	-	(9,037)	-	227,377	218,340
Mandatory convertible bonds – equity component (note 17)	-	-	-	-	305,925	-	305,925
Balance at 31 December 2016	**375,000**	**187,500**	**550,000**	**32,579**	**305,925**	**314,477**	**1,765,481**

The attached notes 1 to 26 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

Year ended 31 December 2016

	Notes	2016 AED'000	2015 AED'000
OPERATING ACTIVITIES			
Profit (loss) for the year		**205,004**	(334,520)
Adjustments for:			
Depreciation expense	12	**10,873**	12,489
Net movement in unearned premium reserve		**(43,537)**	(186,933)
Change in outstanding claims and IBNR provision		**112,063**	483,538
Changes in reinsurance share of outstanding claims and IBNR provision		**(185,497)**	(206,049)
Net impairment loss on trade receivables	7	**37,153**	11,915
Revaluation of investment property	11	**26,536**	709
Loss on disposal of investments through profit or loss	20	**-**	49
Gain on disposal of investments at amortized cost	20	**(3,929)**	-
Change in fair value of investments through profit or loss	10	**(12,714)**	(5,109)
Net amortization expense	10	**2,231**	2,114
End of service benefits charge	18	**6,175**	3,836
Amortisation of transaction cost - mandatory convertible bonds		**100**	-
Accretion on mandatory convertible bonds	17	**533**	-
(Gain) loss on disposal of property and equipment		**(2)**	274
		154,989	(217,687)
Working capital changes:			
Trade and other receivables		**(211,861)**	116,455
Trade and other payables		**76,768**	204,000
Cash generated from operations		**19,896**	102,768
End of service benefits paid	18	**(2,021)**	(2,432)
Net cash generated from operating activities		**17,875**	100,336
INVESTING ACTIVITIES			
Proceeds from sale of investments		**640,443**	502,680
Change in bank deposits		**(56,463)**	(339,096)
Proceeds from disposal of property and equipment		**4**	36
Purchase of investments	10	**(674,123)**	(460,228)
Purchase of property and equipment	12	**(6,725)**	(12,229)
Payment for investment property under development	11	**(2,004)**	(1,843)
Net cash used in investing activities		**(98,868)**	(310,680)
FINANCING ACTIVITIES			
Proceeds from issuance of mandatory convertible bonds, net		**387,386**	-
Repayment of loan from financial institution		**-**	(20,777)
Net cash from (used in) financing activities		**387,386**	(20,777)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**306,393**	(231,121)
Cash and cash equivalents at the beginning of the year		**161,137**	392,258
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	24	**467,530**	161,137

The attached notes 1 to 26 form an integral part of these financial statements.

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

Abu Dhabi National Insurance Company PSC (the "Company") is a public joint stock company incorporated in Abu Dhabi, United Arab Emirates, by Law No. (4) of 1972 as amended, and is governed by the provisions of the Federal Law No. (6) of 2007 Concerning the Establishment of the Insurance Authority & Organization of the Insurance Operations and the Federal Law No. (2) of 2015 Concerning the Commercial Companies which has come into effect from 1 July 2015.

The Company's principal activity is the transaction of insurance and reinsurance business of all classes.

The registered office of the Company is Khalifa Street, ADNIC Building, P O Box 839, Abu Dhabi, UAE.

The Company's financial statements were approved for issuance by the Board of Directors on 26 February 2017.

2.1 BASIS OF PREPARATION

The financial statements are prepared under the historical cost convention as modified for re-measurement of investment securities and investment properties at fair value.

The financial statements have been prepared in accordance with International Financial Reporting Standards and applicable requirements of the Federal Law No. (6) of 2007 Concerning the Establishment of the Insurance Authority & Organization of the Insurance Operations, the Federal Law No. (2) of 2015 Concerning the Commercial Companies which has come into effect from 1 July 2015 and Insurance Authority Board Decision No. (25) of 2014 Pertinent to Financial Regulations for Insurance Companies.

The financial statements are presented in United Arab Emirates Dirhams (AED) being the functional currency of the Company.

The Company presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement of assets and liabilities within 12 months after the statement of financial position date (current) and more than 12 months after the statement of financial position date (non-current) is presented in note 4.3.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year, except for the following relevant amendments to IFRS effective as of 1 January 2016. Their adoption had no significant impact on the amounts reported in these financial statements or disclosures but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 1 – Disclosure Initiative;
- Amendments to IFRS 11 – Accounting for acquisition of interests in Joint Operations;
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment entities – Applying the consolidation exception;
- Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortization;
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 - Investments in Associates & Joint Ventures.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES continued

A brief description of the changes is provided below:

Amendments to IAS 1 – Disclosure Initiative
The amendments provide clarifications and narrow-focus improvements on materiality, presentation of primary statements, structure of notes, disclosure of accounting policies, and presentation of OCI arising from equity accounted investments. The amendments are designed to further encourage companies to apply professional judgement in determining what information to disclose and how to structure notes in their financial statements.

Amendments to IFRS 11 – Accounting for acquisition of interests in Joint Operations
The amendments clarify that when acquiring an interest in a joint operation where the activity of the joint operation constitutes a business, all of the principles on business combinations accounting in IFRS 3, and other IFRSs, that do not conflict with the guidance in IFRS 11, are to be applied. The requirements apply to the acquisition of both the initial interest and additional interests in a joint operation but any previously held interest in the joint operation would not be remeasured.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment entities – Applying the consolidation exception
The amendments define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

Amendments to IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortization
The amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 - Investments in Associates & Joint Ventures
The amendment clarifies the treatment of the sale or contribution of assets from an investor to its ssociate or joint venture, as follows:

(a) require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations).
(b) require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

2.3 SIGNIFICANT ACCOUNTING POLICIES

Financial assets and liabilities
Recognition
The Company initially recognises deposits and debt securities issued on the date that they are originated. Regular way purchases and sales of financial assets are recognised on the trade date at which the Company commits to purchase or sell the asset. All other financial assets and liabilities (including assets designated at fair value through profit or loss) are initially recognised on the trade date at which the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

2.3 SIGNIFICANT ACCOUNTING POLICIES continued

Financial assets and liabilities continued

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognised in:

(i) income statement, for securities held at amortised cost or FVTPL, or
(ii) other comprehensive income, for investments at FVTOCI. At the time of derecognition of FVTOCI investment any revaluation reserve is transferred to retained earnings.

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

The Company also derecognises certain assets when it writes off balances pertaining to the assets deemed to be uncollectible.

Designation at amortised cost

Debt instruments are classified as investments at amortised cost only if:

(i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the two criteria is not met the financial instrument is classified at fair value through profit or loss. Further, even if the asset meets the amortised cost criteria, the Company may choose at initial recognition to designate the financial asset as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

Investments in equity instruments are classified and measured at fair value through profit or loss except if the equity investment is not held for trading and is designated by the Company at fair value through other comprehensive income. If the equity investment is designated at fair value through other comprehensive income, all gains and losses, except for dividend income recognised in accordance with IAS 18 Revenue, are recognised in other comprehensive income and are not subsequently reclassified to the statement of income.

Other financial assets

Other non-derivative financial assets, such as cash and cash equivalents, statutory deposits, insurance and other receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the amounts and intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by accounting standards. Gains and losses arising from a group of similar transactions are reported on a net basis.

2.3 SIGNIFICANT ACCOUNTING POLICIES continued

Financial assets and liabilities continued

Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

Fair value measurement

The Company measures financial instruments, such as investments carried at fair value through other comprehensive income and investments carried at fair value through profit or loss and non-financial assets such as investment properties, at fair value at each reporting date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 6.

2.3 SIGNIFICANT ACCOUNTING POLICIES continued

Fair value measurement continued

External valuers are involved for valuation of significant assets, such as investment properties. Selection criteria for valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

The management, in conjunction with the Company's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Impairment of financial assets

The Company assesses at each statement of financial position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, default or delinquency in interest or principal payments and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of 'Interest income'. Financial assets at amortised cost together with the associated allowance are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the 'Other income'.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks with original maturities of three months or less.

2.3 SIGNIFICANT ACCOUNTING POLICIES continued

Insurance contracts

Classification

The Company issues contracts that transfer either insurance risk or both insurance and financial risks. The Company does not issue contracts that transfer only financial risks.

Contracts under which the Company accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder are classified as insurance contracts. Insurance risk is significant if an insured event could cause the Company to pay significant additional benefits due to occurrence of the insured event as compared to the non - occurrence. Once a contract is classified as an insurance contract it remains classified as an insurance contract until all rights and obligations are extinguished or expired.

Premiums

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

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

Unearned premium provision

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a reserve for unearned premiums.

Unexpired risk reserve

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

Provision for premium deficiency / liability adequacy test

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

Claims

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 methods used and the estimates made are reviewed regularly.

Reinsurance

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

2.3 SIGNIFICANT ACCOUNTING POLICIES continued

Insurance contracts continued

Reinsurance continued

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

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

Deferred commission expenses and other expenses and Unearned commission income and other income

At the end of each reporting period, portion of commission income and other income and portion of commission expenses and other expenses related to underwriting activities are deferred to cover for unexpired risks. The reserves are calculated on a time-proportion basis over the effective period of the policy.

Insurance receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the statement of income.

Insurance payables

Insurance payables are recognised when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.

Insurance contract liabilities

Insurance contract liabilities include claims incurred but not reported (IBNR), claims incurred but not enough reported (IBNER), premium deficiency reserve (PDR), outstanding claims (OSLR), provision for unearned premium (UPR), provision for unexpired risk reserve (URR) and the provision for allocated and unallocated loss adjustment expenses (ALAE/ULAE).

Insurance contract liabilities towards outstanding claims are made for all claims intimated to the Company and still unpaid at the statement of financial position date, in addition for claims incurred but not reported.

The unearned premium considered in the insurance contract liabilities comprise the estimated proportion of the gross premiums written which relates to the periods of insurance subsequent to the statement of financial position date. Unearned premiums are calculated on a time proportion basis over the effective period of the policy. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums. The Company provides unearned premium reserve based on actual terms of the policy.

The liability relating to IBNR, IBNER, ALAE/ULAE and PDR reserve is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money.

The reinsurers' portion towards the above contract liabilities is classified as reinsurance contract assets in the financial statements.

2.3 SIGNIFICANT ACCOUNTING POLICIES continued

Finance cost

Interest paid is recognised in the income statement as it accrues and is calculated by using the effective interest rate method.

Property and equipment

Recognition and measurement

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

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

Subsequent cost

The cost of replacing a part of property and equipment is recognised in the carrying amount of the item if it is probable that future economic benefits within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The cost of day to day servicing of property and equipment is recognised in the income statement.

Gains and losses on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment and is recognised net within other operating income in the income statement.

Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the remaining economic useful lives of all property and equipment. Freehold land and capital work in progress are not depreciated.

The economic useful lives of assets, from the date of use, for the current and comparative period are estimated to be as follows:

	Useful life
Building	10 -20 years
Furniture, fixtures and leasehold improvements	4 -10 years
Office equipment	2 - 8 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

Impairment

The carrying amounts are reviewed at each reporting date for indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. 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.

An impairment loss is recognised in the income statement to the extent that carrying values do not exceed the recoverable amounts.

2.3 SIGNIFICANT ACCOUNTING POLICIES continued

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded securities or other available fair value indicators.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the assets' or cash-generating units' recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment, annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill is allocated. Where the recoverable amount of the cash-generating units is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at fair value with any change therein recognised in operating income in the income statement. When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting. The Company holds investment properties which are disclosed in note 11.

2.3 SIGNIFICANT ACCOUNTING POLICIES continued

Revenue - non insurance
Revenue is measured at the fair value of the consideration received or receivable in the normal course of business.

Rental income
Rental income from investment properties is recognised on a straight-line basis over the term of the lease and is stated net of related expenses.

Interest income
Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable.

Dividend income
Dividend income is recognised when the right to receive dividend is established. Usually this is the ex-dividend date for equity securities.

Investment income
Interest income is recognised in the income statement as it accrues and is calculated by using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective interest rate of the instrument.

Investment income also includes dividends when the right to receive payment is established.

Realised and unrealised gain
Net gains/losses on financial assets classified at fair value through profit or loss and fair value through other comprehensive income are described under the accounting policy for financial assets and liabilities.

Foreign currency
Transactions denominated in foreign currencies are translated to AED at the foreign exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to AED at the foreign exchange rates ruling at the statement of financial position date. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to AED at the foreign exchange rate ruling at the date of the transaction. Realised and unrealised exchange gains and losses have been dealt with in the income statement.

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

Lease payments
Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. All of the Company's operating lease contracts are renewable.

2.3 SIGNIFICANT ACCOUNTING POLICIES continued

Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Lease payments are separated using the interest rate implicit in the lease to identify the finance cost, which is charged against income over the lease period, and the capital repayment, which reduces the liability to the lessor. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The Company enters into operating leases for their investment properties. Rental income from such operating leases is recognised on a straight-line basis over the term of the relevant lease.

Staff end of service benefits

Defined benefit plan

The Company provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Defined contribution plan

The Company pays its obligations for UAE citizens into a Social Security and UAE Pension Fund in accordance with the Federal Law No. (7) of 1999 for Pension and Social Security.

Dividend

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.

3 FUTURE CHANGES IN ACCOUNTING POLICIES – NEW STANDARDS AND AMENDMENTS TO EXISTNG STANDARDS ISSUED BUT NOT YET EFFECTIVE

New standards and amendments to existing standards issued but not yet effective up to the date of the issuance of the Company's financial statements are listed below.

IFRS 9: Financial Instruments - hedge accounting (Amendments to IFRS 9, IFRS 7 and IAS 39) introduces new requirements for hedge accounting that align hedge accounting more closely with risk management. The requirements also establish a more principles-based approach to hedge accounting and address inconsistencies and weaknesses in the hedge accounting model in IAS 39. The Company is in the process of assessing the impact of the new amendment.

IFRS 9: Financial Instruments - impairment introduces new requirements for impairment. On 24 July 2014, the International Accounting Standards Board (IASB) issued the final version of IFRS 9 Financial Instruments, bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The IASB has addressed the key concern that arose as a result of the financial crisis that the incurred loss model in IAS 39 contributed to the delayed recognition of credit losses, by issuing the new impairment requirements that are based on a more forward-looking expected credit loss model. The requirements of IFRS 9 relating to impairment are for annual periods beginning on or after 1 January 2018, with early application permitted. The Company is in the process of assessing the impact of the new amendment.

IFRS 15: Revenue from Contracts with Customers was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Company does not expect that IFRS 15 will have any significant impact on the financial statements.

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IFRS 16: Leases was issued in January 2016 and sets out the principles for the recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. For lessor accounting, It substantially carries forward the requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. An entity shall apply this Standard for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of this Standard. The Company does not expect that IFRS 16 will have any significant impact on the financial statements.

IAS 7: Statement of Cash Flows (Amendment) was issued in January 2016 with the intention to improve disclosers of financing activities and help users to better understand reporting entities' liquidity positions. Under the new requirements, entities will need to disclose changes in their liabilities as a result of financing activities such as changes from cash flows and non-cash items. The amendment is effective from 1 January 2017. The Company is in the process of assessing the impact of the new amendment.

IAS 12: Income Taxes (Amendment) In January 2016, through issuing amendments to IAS 12, the IASB clarified the accounting treatment of deferred tax assets of debt instruments measured at fair value for accounting, but measured at cost for tax purposes. The amendment is effective from 1 January 2017. The Company is currently evaluating the impact, but does not anticipate that adopting the amendments would have a material impact on its financial statements.

4 RISK MANAGEMENT

This section summarises the risks faced by the Company and the way the Company manages them.

4.1 Introduction and overview

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

Capital management framework
The Company has an internal risk management framework for identifying risks to which each of its business units and the Company as a whole is exposed, quantifying their impact on economic capital. The internal framework estimates indicate how much capital is needed to mitigate the risk of insolvency to a selected remote level of risk applied to a number of tests (both financial and non-financial) on the capital position of the business.

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

The operations of the Company are also subject to regulatory requirements within the UAE. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise. The chairman of the Insurance Authority vide Board of Directors' Decision No. (25) of 2014 dated 28th December 2014, issued Financial Regulation for Insurance Companies (FRIC) applicable to insurance companies incorporated in the UAE and the foreign insurance companies licensed to practice the activity in the UAE. The major highlights of the new regulation is summarized in the below table:

Regulation
1. Basis of Investing the Rights of the Policy Holders
2. Solvency Margin and Minimum Guarantee Fund
3. Basis of calculating the technical provisions
4. Determining the Company's assets that meet the accrued insurance liabilities
5. Records which the Company shall be obligated to organise and maintain as well as the data and documents that shall be made available to the Authority
6. Principles of organising accounting books and records of the Company, agents and brokers and determining data to be maintained in these books and records
7. Accounting policies to be adopted and the necessary forms needed to be prepare and present reports and financial statements

4.2 Disclosure as per the circular no.33 of 2016 of UAE Insurance Authority

Persuant to the requirement of financial regulations of Insurance Authority, United Arab Emirates, the Company has presented the statement of financial position and statement of comprehensive income of General Insurance (referred as "Property and Liability Insurance') and Life Insurance (referred as "Persons and Funds Accumulation Operation) as follows:

4 RISK MANAGEMENT continued

4.2 Disclosure as per the circular no.33 of 2016 of UAE Insurance Authority continued

Statement of Income of property and liability insurance:

	2016 AED'000	2015 AED'000
Gross premium	2,214,057	2,082,790
Reinsurance share of ceded premiums	(1,292,946)	(1,111,776)
Net premium	921,111	971,014
Net transfer to unearned premium reserve, unexpired risk reserve and premium deficiency reserve	38,761	191,172
Net premium earned	959,872	1,162,186
Commissions earned	130,489	94,182
Commissions incurred	(128,940)	(136,211)
Other technical expenses, net	(24,573)	(27,385)
Gross underwriting income	936,848	1,092,772
Gross claims paid	(1,291,538)	(1,722,550)
Reinsurance share of ceded paid claims	593,057	656,023
Net claims paid	(698,481)	(1,066,527)
Change in provisions for outstanding claims	(218,676)	(200,866)
Change in reinsurance share of outstanding claims	241,732	31,101
Change in incurred but not reported claims reserves	62,900	(25,398)
Change in allocated and unallocated loss adjustment expense reserves	(38,257)	(10,169)
Net claims incurred	(650,782)	(1,271,859)
Net underwriting profit (loss)	286,066	(179,087)
Income from investments	82,763	70,216
Income from investment properties	15,224	29,134
Loss on foreign currency exchange fluctuation	(633)	(848)
Total income (loss)	383,420	(80,585)
General and administrative expenses	(226,933)	(195,076)
NET PROFIT (LOSS) FOR THE YEAR	156,487	(275,661)
Gain on sale of investments at fair value through other comprehensive income	22,373	25,852
Changes in fair value of investments at fair value through other comprehensive income	(9,037)	(84,585)
Total other comprehensive income (loss)	13,336	(58,733)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	169,823	(334,394)

4 RISK MANAGEMENT continued

4.2 Disclosure as per the circular no.33 of 2016 of UAE Insurance Authority continued

Statement of financial position of property and liability insurance:

	Notes	2016 AED'000	2015 AED'000
ASSETS			
Property and equipment	12	**73,734**	80,010
Investments at amortised cost	10	**349,279**	534,851
Investments at fair value through other comprehensive income	10	**772,528**	577,964
Investments carried at fair value through profit or loss	10	**166,863**	179,372
Investment properties	11	**757,704**	782,236
Reinsurers' share of unearned premium reserves, unexpired risk reserve and premium deficiency reserve	8	**758,012**	627,314
Statutory deposits	9	**6,000**	6,000
Premiums and insurance balances receivable	7	**689,538**	544,722
Reinsurers' share of outstanding claims reserve	8	**1,159,609**	917,877
Reinsurers' share of incurred but not reported reserve	8	**345,400**	357,600
Other receivables and prepayments	7	**200,797**	190,133
Receivable from insurance of persons and funds accumulation operations		**-**	28,549
Deposits	24	**402,039**	246,068
Cash and cash equivalents	24	**463,155**	161,137
TOTAL ASSETS		**6,144,658**	5,233,833
EQUITY AND LIABILITIES			
Equity			
Allocated paid up share capital		**275,000**	275,000
Retained earnings		**262,475**	83,615
Statutory reserve		**187,500**	187,500
General reserve		**550,000**	550,000
Mandatory convertible bonds – equity component	17	**305,925**	-
Cumulative change in fair value through other comprehensive income		**32,579**	41,616
Total equity		**1,613,479**	1,137,731
Liabilities			
Retirement benefit obligation	18	**30,743**	26,792
Other accounts payable	19	**280,584**	301,649
Payable to insurance of persons and funds accumulation operations		**34,580**	-
Mandatory convertible bonds – liability component	17	**82,544**	-
Insurance liabilities			
Trade accounts payable	19	**594,595**	533,298
Technical reserves			
Unearned premium reserve and premium deficiency reserve	8	**1,097,297**	978,674
Unexpired risk reserve	8	**76,795**	103,481
Outstanding claims reserve	8	**1,735,015**	1,516,339
Incurred but not reported reserve	8	**550,600**	625,700
Allocated and unallocated loss adjustment expense reserve	8	**48,426**	10,169
Total technical reserves		**3,508,133**	3,234,363
Total liabilities		**4,531,179**	4,096,102
TOTAL EQUITY AND LIABILITIES		**6,144,658**	5,233,833

4 RISK MANAGEMENT continued

4.2 Disclosure as per the circular no.33 of 2016 of UAE Insurance Authority continued

Statement of Income of persons and funds accumulation operations:

	2016 AED'000	2015 AED'000
Gross premium	161,418	207,944
Reinsurance share of ceded premiums	(44,427)	(80,926)
Net premium	116,991	127,018
Net transfer to unearned premium reserve, unexpired risk reserve and premium deficiency reserve	4,776	(4,239)
Net premium earned	121,767	122,779
Commissions earned	265	4,125
Commissions incurred	(10,206)	(10,911)
Other technical expenses, net	(1,312)	(2,420)
Gross underwriting income	110,514	113,573
Gross claims paid	(149,049)	(157,175)
Reinsurance share of ceded paid claims	69,285	65,946
Net claims paid	(79,764)	(91,229)
Change in provisions for outstanding claims	47,218	(128,859)
Change in reinsurance share of outstanding claims	(29,635)	75,547
Change in incurred but not reported claims reserves	11,900	(18,219)
Change in allocated and unallocated loss adjustment expense reserves	(3,748)	(626)
Net claims incurred	(54,029)	(163,386)
Net underwriting income (loss)	56,485	(49,813)
Income from investments	5,012	3,450
Total income (loss)	61,497	(46,363)
General and administrative expenses	(12,980)	(12,496)
NET PROFIT (LOSS) FOR THE YEAR	48,517	(58,859)

4 RISK MANAGEMENT continued

4.2 Disclosure as per the circular no.33 of 2016 of UAE Insurance Authority continued

Statement of financial position of persons and funds accumulation operations:

	Notes	2016 AED'000	2015 AED'000
ASSETS			
Property and equipment	12	**2,126**	-
Investments at amortised cost	10	**64,945**	-
Reinsurers' share of unearned premium reserves, unexpired risk reserve and premium deficiency reserve	8	**632**	2,876
Statutory deposits	9	**4,000**	4,000
Premiums and insurance balances receivable	7	**49,861**	29,035
Reinsurers' share of outstanding claims reserve	8	**45,808**	75,443
Reinsurers' share of incurred but not reported reserve	8	**17,800**	32,200
Other receivables and prepayments	7	**3,791**	4,939
Receivable from property and liability insurance company		**34,580**	-
Deposits	24	**150,492**	250,000
Cash and cash equivalents	24	**4,375**	-
TOTAL ASSETS		**378,410**	398,493
EQUITY AND LIABILITIES			
Equity			
Allocated paid up share capital		**100,000**	100,000
Retained earnings		**52,002**	3,485
Total equity		**152,002**	103,485
Liabilities			
Retirement benefit obligation	18	**461**	258
Other accounts payable	19	**23,750**	50
Payable to property and liability insurance company		**-**	28,549
Insurance liabilities			
Trade accounts payable	19	**30,648**	17,812
Technical reserves			
Unearned premium reserve and premium deficiency reserve	8	**22,319**	29,339
Unexpired risk reserve	8	**-**	-
Outstanding claims reserve	8	**94,856**	142,074
Incurred but not reported reserve	8	**50,000**	76,300
Allocated and unallocated loss adjustment expense reserve	8	**4,374**	626
Total technical reserves		**171,549**	248,339
Total liabilities		**226,408**	295,008
TOTAL EQUITY AND LIABILITIES		**378,410**	398,493

4 RISK MANAGEMENT continued

4.3 Insurance risk

The Company accepts insurance risk through its written insurance contracts. The Company is exposed to uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Company writes the following types of general insurance contracts:

- Marine hull insurance
- Marine cargo insurance
- Aviation insurance
- Engineering insurance
- Energy insurance
- Liability insurance
- Financial lines insurance
- Property insurance
- Accident insurance
- Group life insurance
- Motor insurance
- Health insurance

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

Underwriting strategy

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

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

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

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

The Company operates a number of oversight committees that monitor aggregate risk data and take overall risk management decisions.

4 RISK MANAGEMENT continued

4.3 Insurance risk continued

Geographical concentration of risks

The insurance risk arising from insurance contracts is primarily concentrated in the United Arab Emirates. The geographical concentration of risks is similar to last year.

Reinsurance Strategy

The reinsurance arrangements include excess and catastrophe coverage. The Company reinsures a portion of the insurance risks it underwrites in order to control its exposure to losses and protect capital resources.

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

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

The estimated loss ratios are analysed below by class of business for the current and previous year:

	Year ended 31 December 2016		*Year ended 31 December 2015*	
Type of risk	***Gross loss ratio***	***Net loss ratio***	*Gross loss* ratio	*Net loss* ratio
Commercial	**66%**	**59%**	81%	117%
Consumer	**70%**	**68%**	111%	109%

4 RISK MANAGEMENT continued

4.3 Insurance risk continued

Claim development

The following schedule reflects the actual claims (based on year end estimates including IBNR) compared to the previous estimates for the last five years on an accident year basis:

	2011 and earlier AED'000	2012 AED'000	2013 AED'000	2014 AED'000	2015 AED'000	2016 AED'000	Total AED '000
Commercial (gross)							
At the end of the reporting year		187,180	403,478	1,148,446	864,515	961,942	3,565,561
One year later		341,395	618,804	1,344,165	785,954		3,090,318
Two years later		389,420	717,837	1,337,958			2,445,215
Three years later		394,774	669,447				1,064,221
Four years later		378,322					378,322
Current estimate of cumulative claims		378,322	669,447	1,337,958	785,954	961,942	4,133,623
Cumulative payments to date		322,795	549,735	832,714	259,773	91,201	2,056,218
Liability recognized in the statement of financial position 2011 and earlier	12,654						12,654
Total liability recognized in the statement of financial position	12,654	55,527	119,712	505,244	526,181	870,741	2,090,059
Consumer (gross)							
At the end of the reporting year		863,730	930,511	1,134,084	975,619	889,236	4,793,180
One year later		903,379	1,003,752	1,307,344	895,816		4,110,291
Two years later		913,182	1,062,435	1,296,552			3,272,169
Three years later		917,710	1,062,469				1,980,179
Four years later		917,203					917,203
Current estimate of cumulative claims		917,203	1,062,469	1,296,552	895,816	889,236	5,061,276
Cumulative payments to date		916,035	1,058,036	1,273,575	820,507	599,911	4,668,064
Total liability recognized in the statement of financial position		1,168	4,433	22,977	75,309	289,325	393,212
Total commercial and consumer (gross)	12,654	56,695	124,145	528,221	601,490	1,160,066	2,483,271

Sensitivity of underwriting profit and losses

The underlying risk of any agreed insurance contract is the possibility that the insured event occurs and the level of certainty the Insurer can project on any resulting claim. By the nature of an insurance contract, this risk is often random and the amount of payable claim even more unpredictable. Therefore ADNIC applies the principle of probability across all pricing and provisioning. Despite this principle the risk that actual claims payments exceed the estimated amount of the insurance liabilities is still ever present due to the uncertainty of the frequency or severity of claims being greater than estimated. Whilst ADNIC applies the portfolio approach to understand its projected claims, events leading to actual claims vary and therefore profitability is impacted, either positively or negatively on an annual basis.

4 RISK MANAGEMENT continued

4.3 Insurance risk continued

Sensitivity of underwriting profit and losses continued

The Company has an overall risk retention level in the region of 44% (2015: 48%) and this is mainly due to overall low retention levels in commercial lines. Despite these low retention levels on commercial lines, due to the unpredictability in events and their extreme volatility, large events stress the performance of the Company despite transferring risks to other parties. For all lines of business, the Company is adequately covered by excess of loss reinsurance programs to guard against any major financial impact.

Concentration of insurance 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 arrangements with other parties for reinsurance purposes. ADNIC manages its risks through it's prudent underwriting strategy, reinsurance arrangements aligned with the Company's risk appetite and thorough claims handling.

Underwriting limits are in place to enforce appropriate risk selection criteria for the type of risk being underwritten based on our historical data and market analysis.

As part of our strategy to decrease volatility due to concentration of exposure, 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.

The concentration of insurance risk as at 31 December 2016 was as follows:

	Commercial		*Consumer*		*Total exposure*	
	Gross AED'000	*Net AED'000*	*Gross AED'000*	*Net AED'000*	*Gross AED'000*	*Net AED'000*
UAE	**809,233,092**	**62,842,136**	**11,743,082**	**11,706,068**	**820,976,174**	**74,548,204**
GCC countries	**43,452,574**	**1,191,020**	**494,238**	**340,586**	**43,946,812**	**1,531,606**
Others	**49,543,900**	**2,336,043**	**1,783,444**	**944,449**	**51,327,344**	**3,280,492**
	902,229,566	**66,369,199**	**14,020,764**	**12,991,103**	**916,250,330**	**79,360,302**

The concentration of insurance risk as at 31 December 2015 was as follows:

	Commercial		*Consumer*		*Total exposure*	
	Gross AED'000	*Net AED'000*	*Gross AED'000*	*Net AED'000*	*Gross AED'000*	*Net AED'000*
UAE	725,799,939	59,750,881	124,285,531	61,446,765	850,085,470	121,197,646
GCC countries	47,209,211	1,184,589	479,401	430,241	47,688,612	1,614,830
Others	38,979,402	460,656	9,022,908	8,845,526	48,002,310	9,306,182
	811,988,552	61,396,126	133,787,840	70,722,532	945,776,392	132,118,658

4.4 Financial risk

The Company has exposure to the following risks from financial instruments:

- Credit risk
- Liquidity risk
- Market risks
- Operational risks

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

A credit risk policy setting out the assessment and determination of what constitutes credit risk for the Company has been established and policies and procedures are in place to mitigate the Company's exposure to credit risk:

	2016	*2015*
	AED'000	*AED'000*
Maximum exposure		
Investments at amortised cost	**414,224**	534,851
Reinsurance contract assets	**1,205,417**	993,320
Trade and other receivables	**827,602**	674,433
Bank balances	**1,029,981**	667,136
Total	**3,477,224**	2,869,025

Compliance with the policy is monitored and exposures and breaches are regularly reviewed for changes in the risk environment.

For all classes of financial assets held by the Company, the maximum credit risk exposure to the Company is the carrying value as disclosed in the financial statements at the statement of financial position date.

Reinsurance is placed with reinsurers approved by the management, which are generally international reputed companies.

To minimise 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.

Management of credit risk

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

The credit risk on liquid funds maintained with banks is limited because the counterparties are banks with high credit-rating assigned by international credit-rating agencies or reputable local banks closely monitored by the regulatory body.

4 RISK MANAGEMENT continued

4.4 Financial risk continued

Credit risk continued

Management of credit risk continued

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

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

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities.

Liquidity requirements are monitored on a daily basis and management ensures that sufficient funds are available to meet commitments as they arise.

Management of 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.

Details of the Company's financial liabilities are summarised in the table below by the maturity profile of the Company's assets and liabilities based on the contractual repayment arrangements. The contractual maturities of liabilities have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

		Contractual cash outflows	
	Carrying amount AED'000	*Upto 180 days AED'000*	*181 to 365 days AED'000*
Financial liabilities at 31 December 2016			
Insurance contract liabilities	**2,483,271**	-	**(2,483,271)**
Trade and other payables	**737,779**	**(737,779)**	-
Mandatory convertible bonds	**82,544**	**(29,250)**	-
Total	**3,303,594**	**(767,029)**	**(2,483,271)**
Financial liabilities at 31 December 2015			
Insurance contract liabilities	2,371,208	-	(2,371,208)
Trade and other payables	680,911	(680,911)	-
Total	3,052,119	(680,911)	(2,371,208)

4 **RISK MANAGEMENT** continued

4.4 **Financial risk** continued

Liquidity risk continued

Management of liquidity risk continued

The expected maturity profile of the assets at 31 December 2016 and 2015 is as follows:

	Current AED'000	*Non-current AED'000*	*Total AED'000*
31 December 2016			
Bank balances and cash	**1,030,061**	**-**	**1,030,061**
Trade and other receivables	**943,987**	**-**	**943,987**
Reinsurance contracts assets	**2,327,261**	**-**	**2,327,261**
Investments	**762,604**	**591,011**	**1,353,615**
Investment properties	**-**	**757,704**	**757,704**
Property and equipment	**-**	**75,860**	**75,860**
	5,063,913	**1,424,575**	**6,488,488**
31 December 2015			
Bank balances and cash	667,205	-	667,205
Trade and other receivables	768,829	-	768,829
Reinsurance contracts assets	2,013,310	-	2,013,310
Investments	967,918	324,269	1,292,187
Investment properties	-	782,236	782,236
Property and equipment	-	80,010	80,010
	4,417,262	1,186,515	5,603,777

Except for end of service benefits of AED 31,204 thousand (2015: AED 27,050 thousand) and mandatory convertable coupon liability for years 2018 and 2019 amounting to AED 53,739 thousand (2015: Nil), the Company expects its liabilities of AED 4,638,064 thousand (2015: AED 4,335,511 thousand) to mature in less than twelve months from the date of the statement of financial position.

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 limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in local equity, real estate and debt markets. In addition, the Company actively monitors the key factors that affect market movements, including analysis of the operational and financial performance of investees and properties.

Management of market risk

The Company separates its exposure to market risk between trading and non-trading portfolios. Trading portfolios include positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis.

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 and properties.

4 RISK MANAGEMENT continued

4.4 Financial risk continued

Market risk continued

Interest rate risk

Interest rate risk arises from interest bearing financial instruments and reflects the possibility that changes in interest rates will adversely affect the value of the financial instruments and the related income. The Company manages this risk principally through monitoring interest rate gaps and by matching the re-pricing profile of assets and liabilities.

The substantial portion of the Company's assets and liabilities are re-priced within one year. Accordingly, interest rate risk is limited to that extent.

The effective interest rate of a monetary financial instrument is the rate that, when used in a present value calculation, results in the carrying amount of the instrument. The rate is an original effective interest rate for a fixed rate instrument carried at amortised cost and a current market rate for a floating instrument or an instrument carried at fair value.

At the statement of financial position date if the interest rates are 1% (100 basis point) higher/lower and all the other variables were held constant the Company's net loss would have increased/decreased by AED 10,300 thousand (2015: AED 6,671 thousand).

Currency risk

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

The Company has considerable exposures denominated in US Dollar. As the AED Dirham is pegged to the US Dollar since November 1980 accordingly, the Company's exposure to currency risk is limited to that extent.

Equity price risk

Equity price risk arises from the change in fair value of equity investments. The Company manages this risk through diversification of investments in terms of geographical distribution and industry concentration.

At the statement of financial position date if the equity prices are 10% higher/lower as per the assumptions mentioned below and all the other variables were held constant:

For investments held at fair value through profit or loss

Loss would have increased/decreased by AED 16,686 thousand (2015: AED 17,937 thousand).

For investments held at fair value through other comprehensive income

Changes in revaluation reserves of shares would increase/decrease by AED 77,253 thousand (2015: AED 57,796 thousand) as a result of the changes in fair value of quoted shares.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, human error, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

4 RISK MANAGEMENT continued

4.4 Financial risk continued

Operational risk continued

The Board has oversight responsibilities for operational risk management in the Company. These responsibilities are exercised through the Risk Management Committee with an established framework of policies and procedures to identify, assess, monitor, control, manage and report risks. The Risk Management Committee employs clear internal policies and procedures to reduce the likelihood of any operational losses. Where appropriate, risk is mitigated by way of insurance. The framework also provides the interrelation with other risk categories.

Compliance with policies and procedures is supported by periodic reviews undertaken by the Audit and Compliance Division. The results of these reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Company.

4.5 Capital risk management

The Company's objectives when managing capital is to comply with the insurance capital requirements required by the Federal Law No. (6) of 2007 Concerning the Establishment of the Insurance Authority & Organization of the Insurance Operations.

In UAE, 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.

On 28 December 2014, the United Arab Emirates (UAE) Insurance Authority issued Financial Regulations for Insurance Companies and were then subsequently published in the UAE Official Gazette No. 575 on 28th January 2015 and came into force on 29 January 2015. The Company is subject to local insurance solvency regulations with which it has complied with during the year. The Company has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with such regulations. Insurance Authority allows an alignment period of up to three years for the insurance companies to be in compliance with the regulations.

As per the Federal Law No. (6) of 2007 Concerning the Establishment of the Insurance Authority & Organization of the Insurance Operations, the minimum capital requirement remains at AED 100 million for Insurance companies.

The table below summarizes the Minimum Capital Requirement of the Company and the total capital held by the Company.

	2016 AED'000	*2015 AED'000*
Total capital held by the Company	**375,000**	375,000
Minimum regulatory capital	**100,000**	100,000

5 USE OF ESTIMATES AND JUDGEMENTS

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect in the amounts recognised in the financial statements.

Classification of investments

Management designates at the time of acquisition of securities whether these should be classified as at fair value through other comprehensive income, fair value through profit or loss or amortised cost. In judging whether investments in securities are as at fair value through other comprehensive income, fair value through profit or loss or amortised cost, 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.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statements of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Provision for unearned premium reserve and unexpired risk reserve

Unearned premium reserves includes premium deficiency reserve (PDR) and unexpired risk reserve (URR) which are estimated using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The carrying value at the statement of financial position date of UPR, PDR and URR reserve (net of related reinsurance asset) is AED 437.8 million (2015: AED 481.3 million).

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), using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The carrying value at the statement of financial position date of IBNR reserve (net of related reinsurance receivable) is AED 237 million (2015: AED 312 million).

Provision for outstanding claims

Provision for outstanding claims include provision for ALAE and ULAE reserves. Considerable judgement by management 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 management's 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 using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation
The carrying value at the statement of financial position date of provision for outstanding claims (net of related reinsurance assets including ALAE/ULAE reserves) is AED 677.3 million (2015: AED 675.9 million).

5 USE OF ESTIMATES AND JUDGEMENTS continued

Estimation uncertainty continued

Reinsurance

The Company is exposed to disputes with, and possibility of defaults by its reinsurer. The Company monitors on a monthly basis the evolution of disputes with and the strength of its reinsurer.

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 policy holders and the insurance and reinsurance companies, historical recovery rates including detailed investigations carried out during 2016 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. Provision for the doubtful debts on insurance receivables at 31 December 2016 was AED 161,761 thousand (2015: AED 124,608 thousand).

Impairment of investments at amortised cost

The Company evaluates impairment on investments at amortised cost on an ongoing basis and a comprehensive review on a quarterly basis to assess whether an impairment charge should be recognised in the income statement. In particular, considerable judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of impairment charge required. In estimating these cash flows, management makes judgements about counterparty's financial situation and other means of settlement and the net realisable value of any underlying collateral. Such estimates are based on assumptions about several factors involving varying degrees of judgement and uncertainty, and actual results may differ resulting in future changes to such impairment charges.

Estimation of fair value of investment properties

The fair value of investment properties is determined by independent real estate valuation consultants based on Discounted Cash Flow (DCF) and Investment Method of Valuation. The Investment method analyses potential rental income from the property and deducts the expenses incurred in the operation of the asset. The net rental income is then capitalised at market standards to arrive at Fair Value. The DCF method calculates the net.

Such valuations are based on certain assumptions, which are subject to uncertainty and might materially differ from the actual values realised. The change in fair value recognised in the income statement for the year was a decrease of AED 26,536 thousand (2015: decrease of AED 709 thousand).

Valuation of private equities

The valuation of private equity investments is based on net asset value determined by external fund managers.

6 FAIR VALUES OF FINANCIAL INSTRUMENTS

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as 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.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

If the inputs used to measure the fair value of an asset or a liability might be categorised in the different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

Assets measured at fair value – fair value hierarchy

The table below analyses assets at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

	Level 1 AED'000	*Level 2 AED'000*	*Level 3 AED'000*	*Total AED'000*
31 December 2016				
Investments at fair value through profit or loss	-	-	**166,863**	**166,863**
Investment at fair value through OCI	**627,550**	-	**144,978**	**772,528**
	627,550	-	**311,841**	**939,391**
31 December 2015				
Investments at fair value through profit or loss	2,177	-	177,195	179,372
Investment at fair value through OCI	430,891	-	147,073	577,964
	433,068	-	324,268	757,336

6 FAIR VALUES OF FINANCIAL INSTRUMENTS continued

Fair value of financial instruments measured at amortised cost

Except as detailed in the following table, management considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

	Carrying amount AED'000	*Fair value AED'000*
31 December 2016		
Investments at amortised cost	**414,224**	**423,684**
31 December 2015		
Investments at amortised cost	534,851	541,643

Movement in level 3 for investments at fair value through profit or loss and investments at fair value through OCI is as follows:

	2016 AED'000	*2015 AED'000*
Balance as at 1 January	**324,268**	299,446
Gains (loss) from change of fair value of investments	**21,860**	(28)
Additions	**21,089**	72,844
Disposals	**(55,376)**	(47,994)
Balance at 31 December	**311,841**	324,268

During the years ended 31 December 2016 and 2015, there were no transfers between level 1 and 2.

7 TRADE AND OTHER RECEIVABLES

	31 December 2016			31 December 2015		
	General AED'000	***Life AED'000***	***Total AED'000***	*General AED'000*	*Life AED'000*	*Total AED'000*
Trade receivables	**849,018**	**52,142**	**901,160**	668,289	30,076	698,365
Less: impairment provision of receivables	**(159,480)**	**(2,281)**	**(161,761)**	(123,567)	(1,041)	(124,608)
Net trade receivables	**689,538**	**49,861**	**739,399**	544,722	29,035	573,757
Other receivables:						
Deferred acquisition costs	**78,813**	**1,502**	**80,315**	69,130	1,489	70,619
Rental income receivable	**74,038**	**-**	**74,038**	83,183	-	83,183
Prepayments	**36,064**	**6**	**36,070**	23,777	-	23,777
Other receivables	**11,882**	**2,283**	**14,165**	14,043	3,450	17,493
Total other receivables	**200,797**	**3,791**	**204,588**	190,133	4,939	195,072
Total trade and other receivables	**890,335**	**53,652**	**943,987**	734,855	33,974	768,829

The average credit period on sale of services is 120 days. No interest is charged on trade and other receivables. Trade receivables are provided for, after considering claims payable to policyholders.

Before accepting any new customer, the Company assesses the potential customer's credit quality and defines credit limits by customer. In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

Impaired trade receivable of AED 465,475 thousand (2015: AED 326,124 thousand) have a provision of AED 161,761 thousand (2015: AED 124,608 thousand) recorded against them.

As at 31 December, the ageing analysis of unimpaired trade receivables and amounts due from related parties is as follows:

			Past due but not impaired	
	Total AED '000	*Neither past due nor impaired AED '000*	*121-365 days AED '000*	*Above 365 days AED '000*
31 December 2016				
Trade receivables	**435,685**	**395,109**	**36,857**	**3,719**
31 December 2015				
Trade receivables	372,241	332,896	36,931	2,414

Unimpaired receivables are expected on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over receivables and the vast majority are therefore, unsecured.

7 TRADE AND OTHER RECEIVABLES continued

Movements in the provision for impairment of trade receivables were as follows:

	31 December 2016			31 December 2015		
	General AED'000	Life AED'000	Total AED'000	General AED'000	Life AED'000	Total AED'000
At 1 January	123,567	1,041	124,608	111,652	1,041	112,693
Charge for the year	35,913	1,240	37,153	11,915	-	11,915
At 31 December	159,480	2,281	161,761	123,567	1,041	124,608

Movement in deferred acquisition costs were as follows:

	31 December 2016			31 December 2015		
	General AED'000	Life AED'000	Total AED'000	General AED'000	Life AED'000	Total AED'000
Total at 1 January	69,130	1,489	70,619	96,345	1,813	98,158
Acquisition costs paid / payable during the year	173,565	11,699	185,264	146,089	13,169	159,258
Amortised during the year	(163,882)	(11,686)	(175,568)	(173,304)	(13,493)	(186,797)
Total at 31 December	78,813	1,502	80,315	69,130	1,489	70,619

7 TRADE AND OTHER RECEIVABLES continued

In accordance with the Board of Director's Decision Number (25) of 2014 pertinent to the Financial Regulations for Insurance Companies, the Company has categorized the Insurance receivables as follows:

	2016 AED'000	2015 AED'000
Due from policyholders	351,362	312,853
Less: allowance for doubtful debts	(87,338)	(77,753)
	264,024	235,100
Due from brokers, insurance and reinsurance companies	549,798	385,512
Less: allowance for doubtful debts	(74,423)	(46,855)
Insurance receivable – net	739,399	573,757
Inside UAE:		
Due from policyholders	348,976	311,238
Less: allowance for doubtful debts	(85,882)	(76,404)
	263,094	234,834
Due from brokers, insurance and reinsurance companies	438,863	299,843
Less: allowance for doubtful debts	(31,685)	(24,437)
Insurance receivable – net	670,272	510,240
Outside UAE:		
Due from policyholders	2,386	1,615
Less: allowance for doubtful debts	(1,456)	(1,349)
	930	266
Due from brokers, insurance and reinsurance companies	110,935	85,669
Less: allowance for doubtful debts	(42,738)	(22,418)
Insurance receivable – net	69,127	63,517

7 TRADE AND OTHER RECEIVABLES continued

Receivable ageing details:

	Not due AED'000	*Less than 90 days AED'000*	*91 – 180 days AED'000*	*181 – 365 days AED'000*	*>366 days AED'000*	*Total AED '000*
General class of business						
31 December 2016						
Inside UAE						
Policyholders	**147,913**	**66,134**	**4,666**	**(1,002)**	**15,246**	**232,957**
Brokers, insurance and reinsurance companies	**283,526**	**21,446**	**60,041**	**59,287**	**(20,902)**	**403,398**
Total	**431,439**	**87,580**	**64,707**	**58,285**	**(5,656)**	**636,355**
Outside UAE						
Policyholders	**85**	**328**	**586**	**2**	**(71)**	**930**
Brokers, insurance and reinsurance companies	**16,573**	**18,012**	**6,733**	**9,659**	**1,276**	**52,253**
Total	**16,658**	**18,340**	**7,319**	**9,661**	**1,205**	**53,183**
31 December 2015						
Inside UAE						
Policyholders	149,901	32,712	5,786	3,734	20,978	213,111
Brokers, insurance and reinsurance companies	179,654	61,352	25,240	19,531	(15,527)	270,250
Total	329,555	94,064	31,026	23,265	5,451	483,361
Outside UAE						
Policyholders	196	93	3	(67)	41	266
Brokers, insurance and reinsurance companies	29,559	6,749	11,042	10,746	2,999	61,095
Total	29,755	6,842	11,045	10,679	3,040	61,361

7 TRADE AND OTHER RECEIVABLES continued

	Not due AED'000	*Less than 90 days AED'000*	*91 – 180 days AED'000*	*181 – 365 days AED'000*	*>366 days AED'000*	*Total AED '000*
Life class of business						
31 December 2016						
Inside UAE						
Policyholders	**(98)**	**13,355**	**566**	**6,154**	**10,160**	**30,137**
Brokers, insurance and reinsurance companies	**(61)**	**2,781**	**(733)**	**5,558**	**(3,765)**	**3,780**
Total	**(159)**	**16,136**	**(167)**	**11,712**	**6,395**	**33,917**
Outside UAE						
Policyholders	-	-	-	-	-	-
Brokers, insurance and reinsurance companies	**(69)**	**15,384**	**200**	**72**	**357**	**15,944**
Total	**(69)**	**15,384**	**200**	**72**	**357**	**15,944**
31 December 2015						
Inside UAE						
Policyholders	6,470	1,476	2,129	5,131	6,517	21,723
Brokers, insurance and reinsurance companies	(3)	5,331	2,966	1,593	(4,731)	5,156
Total	6,467	6,807	5,095	6,724	1,786	26,879
Outside UAE						
Policyholders	-	-	-	-	-	-
Brokers, insurance and reinsurance companies	-	3,464	(1,231)	38	(115)	2,156
Total	-	3,464	(1,231)	38	(115)	2,156

8 INSURANCE CONTRACT LIABILITIES AND RE-INSURANCE CONTRACT ASSETS

	31 December 2016			31 December 2015		
	General AED'000	Life AED'000	Total AED'000	General AED'000	Life AED'000	Total AED'000
Insurance contract liabilities						
Outstanding claims (i)	1,783,441	99,230	1,882,671	1,526,508	142,700	1,669,208
Claims incurred but not reported	550,600	50,000	600,600	625,700	76,300	702,000
Unearned premium reserve (ii)	1,174,092	22,319	1,196,411	1,082,155	29,339	1,111,494
	3,508,133	171,549	3,679,682	3,234,363	248,339	3,482,702
Re-insurance contract assets						
Outstanding claims	1,159,609	45,808	1,205,417	917,877	75,443	993,320
Claims incurred but not reported	345,400	17,800	363,200	357,600	32,200	389,800
Unearned premium reserve	758,012	632	758,644	627,314	2,876	630,190
	2,263,021	64,240	2,327,261	1,902,791	110,519	2,013,310
Insurance liabilities - net						
Outstanding claims (i)	623,832	53,422	677,254	608,631	67,257	675,888
Claims incurred but not reported	205,200	32,200	237,400	268,100	44,100	312,200
Unearned premium reserve (ii)	416,080	21,687	437,767	454,841	26,463	481,304
	1,245,112	107,309	1,352,421	1,331,572	137,820	1,469,392

(i) Outstanding claims includes allocated and unallocated loss adjustment expenses reserve of AED 52,800 thousand (2015: AED 10,795 thousand) which includes reserve relating to general class of business of AED 48,426 thousand (2015: AED 10,169 thousand) and AED 4,374 thousand relating to life class of business (2015: AED 626 thousand).

(ii) Unearned premium reserve includes:

	31 December 2016			31 December 2015		
	General AED'000	Life AED'000	Total AED'000	General AED'000	Life AED'000	Total AED'000
Premium deficiency reserve - gross	129,600	-	129,600	41,050	-	41,050
Premium deficiency reserve - net	14,700	-	14,700	55,050	-	55,050
Unexpired risk reserve - gross	76,795	-	76,795	103,481	-	103,481
Unexpired risk reserve - net	29,651	-	29,651	31,513	-	31,513

8 INSURANCE CONTRACT LIABILITIES AND RE-INSURANCE CONTRACT ASSETS continued

Actuarial valuation for Incurred But Not Reported Reserve (IBNR), Allocated and Unallocated Loss Adjustment Expenses Reserve (ALAE/ULAE), Premium Deficiency Reserve (PDR), Unexpired Risk Reserve (URR) and related assumptions.

Incurred but not reported (IBNR) reserve along with reserves for incurred but not enough reported (IBNER) and Allocated and unallocated loss adjustment expenses reserves (ALAE/ULAE) are calculated by external actuaries using a selection of actuarial methods. The analysis is segmented by line of business to provide enough credible and homogeneous claims data and different (selection of) methods are used to take into account different claim development trends for each line of business. IBNR (and IBNER) and ALAE / ULAE are calculated both gross and net of reinsurance using actual reinsurance data to ensure the correct impact of reinsurance is reflected in the reserves.

Premium Deficiency Reserve (PDR) and Unexpired risk reserve (URR) is calculated by external actuaries using a selection of actuarial methods on those lines of business where the unearned premiums is not adequate to meet the expected future liabilities from claims, commissions and expenses. Actuaries analyzed the expected losses on the in-force policies separately for each of these lines of business using a selection of actuarial method. Actual commission payouts and expected expenses on the in-force portfolio were used to calculate premium deficiency reserves. PDR also includes consideration of cost of capital or other profit loadings. Additional URR is held for lines of business where the risk is not linear across the policy term.

8 INSURANCE CONTRACT LIABILITIES AND RE-INSURANCE CONTRACT ASSETS continued

Movement in the insurance contract liabilities and reinsurance contract assets during the year was as follows:

	31 December 2016			*31 December 2015*		
	Gross	*Re-insurance*	*Net*	*Gross*	*Re-insurance*	*Net*
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*
Claims						
Outstanding claims	1,669,208	993,320	675,888	1,328,687	886,671	442,016
Incurred but not reported	702,000	389,800	312,200	558,983	290,400	268,583
Total at 1 January	2,371,208	1,383,120	988,088	1,887,670	1,177,071	710,599
Claims settled	(1,440,587)	(662,342)	(778,245)	(1,879,725)	(721,969)	(1,157,756)
Increase in liabilities	1,552,650	847,839	704,811	2,363,263	928,018	1,435,245
Total at 31 December	2,483,271	1,568,617	914,654	2,371,208	1,383,120	988,088
Outstanding claims	1,882,671	1,205,417	677,254	1,669,208	993,320	675,888
Incurred but not reported	600,600	363,200	237,400	702,000	389,800	312,200
Total at 31 December	2,483,271	1,568,617	914,654	2,371,208	1,383,120	988,088
Unearned premium						
Total at 1 January	1,070,444	644,190	426,254	1,184,926	559,742	625,184
Increase during the year	2,375,475	1,337,373	1,038,102	2,290,734	1,192,702	1,098,032
Release during the year	(2,379,108)	(1,337,819)	(1,041,289)	(2,405,216)	(1,108,254)	(1,296,962)
Net (decrease) increase during the year	(3,633)	(446)	(3,187)	(114,482)	84,448	(198,930)
Total at 31 December	1,066,811	643,744	423,067	1,070,444	644,190	426,254
Provision for Premium Deficiency Reserve						
Total at 1 January	41,050	(14,000)	55,050	153,519	110,466	43,053
Net increase (decrease) during the year	88,550	128,900	(40,350)	(112,469)	(124,466)	11,997
Total at 31 December	129,600	114,900	14,700	41,050	(14,000)	55,050
Grand total	3,679,682	2,327,261	1,352,421	3,482,702	2,013,310	1,469,392

8 INSURANCE CONTRACT LIABILITIES AND RE-INSURANCE CONTRACT ASSETS continued

Movement in the insurance contract liabilities and reinsurance contract assets of general class of business during the year was as follows:

	31 December 2016			31 December 2015		
	Gross AED'000	Re-insurance AED'000	Net AED'000	Gross AED'000	Re-insurance AED'000	Net AED'000
Claims						
Outstanding claims	1,526,508	917,877	608,631	1,315,472	886,775	428,697
Incurred but not reported	625,700	357,600	268,100	514,198	271,496	242,702
Total at 1 January	2,152,208	1,275,477	876,731	1,829,670	1,158,271	671,399
Claims settled	(1,291,538)	(593,057)	(698,481)	(1,722,550)	(656,023)	(1,066,527)
Increase in liabilities	1,473,371	822,589	650,782	2,045,088	773,229	1,271,859
Total at 31 December	2,334,041	1,505,009	829,032	2,152,208	1,275,477	876,731
Outstanding claims including ALAE and ULAE	1,783,441	1,159,609	623,832	1,526,508	917,877	608,631
Incurred but not reported	550,600	345,400	205,200	625,700	357,600	268,100
Total at 31 December	2,334,041	1,505,009	829,032	2,152,208	1,275,477	876,731
Unearned premium						
Total at 1 January	1,041,105	641,314	399,791	1,161,683	558,723	602,960
Increase during the year	2,214,057	1,292,946	921,111	2,082,790	1,111,776	971,014
Release during the year	(2,210,670)	(1,291,148)	(919,522)	(2,203,368)	(1,029,185)	(1,174,183)
Net increase (decrease) during the year	3,387	1,798	1,589	(120,578)	82,591	(203,169)
Total at 31 December	1,044,492	643,112	401,380	1,041,105	641,314	399,791
Provision for Premium Deficiency Reserve						
Total at 1 January	41,050	(14,000)	55,050	153,519	110,466	43,053
Net increase (decrease) during the year	88,550	128,900	(40,350)	(112,469)	(124,466)	11,997
Total at 31 December	129,600	114,900	14,700	41,050	(14,000)	55,050
Grand total	3,508,133	2,263,021	1,245,112	3,234,363	1,902,791	1,331,572

8 INSURANCE CONTRACT LIABILITIES AND RE-INSURANCE CONTRACT ASSETS continued

Movement in the insurance contract liabilities and reinsurance contract assets of life class of business during the year was as follows:

	31 December 2016			31 December 2015		
	Gross AED'000	Re-insurance AED'000	Net AED'000	Gross AED'000	Re-insurance AED'000	Net AED'000
Claims						
Outstanding claims	142,700	75,443	67,257	13,215	(104)	13,319
Incurred but not reported	76,300	32,200	44,100	44,785	18,904	25,881
Total at 1 January	219,000	107,643	111,357	58,000	18,800	39,200
Claims settled	(149,049)	(69,285)	(79,764)	(157,175)	(65,946)	(91,229)
Increase in liabilities	79,279	25,250	54,029	318,175	154,789	163,386
Total at 31 December	149,230	63,608	85,622	219,000	107,643	111,357
Outstanding claims including ALAE and ULAE	99,230	45,808	53,422	142,700	75,443	67,257
Incurred but not reported	50,000	17,800	32,200	76,300	32,200	44,100
Total at 31 December	149,230	63,608	85,622	219,000	107,643	111,357
Unearned premium						
Total at 1 January	29,339	2,876	26,463	23,243	1,019	22,224
Increase during the year	161,418	44,427	116,991	207,944	80,926	127,018
Release during the year	(168,438)	(46,671)	(121,767)	(201,848)	(79,069)	(122,779)
Net (decrease) increase during the year	(7,020)	(2,244)	(4,776)	6,096	1,857	4,239
Total at 31 December	22,319	632	21,687	29,339	2,876	26,463
Grand total	171,549	64,240	107,309	248,339	110,519	137,820

9 STATUTORY DEPOSIT

In accordance with the Federal Law No. (6) of 2007 Concerning the Establishment of the Insurance Authority & Organization of the Insurance Operations the Company maintains a bank deposit of AED 10,000,000 (2015: AED 10,000,000) (AED 4,000,000 for insurance of persons and funds accumulation operations and AED 6,000,000 for property and liability insurance company) which cannot be utilised without the consent of the Chairman of the Insurance authority's Board of Directors.

10 INVESTMENTS

	31 December 2016			31 December 2015		
	General AED'000	Life AED'000	Total AED'000	General AED'000	Life AED'000	Total AED'000
Investments at fair value through other comprehensive income	772,528	-	772,528	577,964	-	577,964
Investments at amortised cost	349,279	64,945	414,224	534,851	-	534,851
Investment at fair value through profit or loss	166,863	-	166,863	179,372	-	179,372
	1,288,670	64,945	1,353,615	1,292,187	-	1,292,187

Investments at fair value through other comprehensive income

	31 December 2016			31 December 2015		
	General AED'000	Life AED'000	Total AED'000	General AED'000	Life AED'000	Total AED'000
Fair value at 1 January	577,964	-	577,964	672,995	-	672,995
Additions during the year	487,171	-	487,171	375,055	-	375,055
Disposals during the year	(283,570)	-	(283,570)	(385,501)	-	(385,501)
Net change in fair value	(9,037)	-	(9,037)	(84,585)	-	(84,585)
	772,528	-	772,528	577,964	-	577,964

Investment at amortised cost

	31 December 2016			31 December 2015		
	General AED'000	Life AED'000	Total AED'000	General AED'000	Life AED'000	Total AED'000
Opening balance at 1 January	534,851	-	534,851	543,076	-	543,076
Additions during the year	117,220	65,079	182,299	60,699	-	60,699
Disposals during the year	(300,695)	-	(300,695)	(66,810)	-	(66,810)
Amortisation expense	(2,097)	(134)	(2,231)	(2,114)	-	(2,114)
	349,279	64,945	414,224	534,851	-	534,851

10 INVESTMENTS continued

Investments at fair value through profit or loss

	31 December 2016			31 December 2015		
	General AED'000	Life AED'000	Total AED'000	General AED'000	Life AED'000	Total AED'000
Fair value at 1 January	179,372	-	179,372	174,355	-	174,355
Additions during the year	4,653	-	4,653	24,474	-	24,474
Disposals during the year	(29,876)	-	(29,876)	(24,566)	-	(24,566)
Net change in fair value	12,714	-	12,714	5,109	-	5,109
	166,863	-	166,863	179,372	-	179,372

Geographical concentration of investments is as follows:

	31 December 2016			31 December 2015		
	General AED'000	Life AED'000	Total AED'000	General AED'000	Life AED'000	Total AED'000
Within UAE	540,088	57,763	597,851	577,398	-	577,398
Outside UAE	748,582	7,182	755,764	714,789	-	714,789
	1,288,670	64,945	1,353,615	1,292,187	-	1,292,187

11 INVESTMENT PROPERTIES

	Abu Dhabi Head Office Land and Building [i]	*Al Ain Land and Building [ii]*	*Sharjah Land and Building [iii]*	*Al Raha Beach (Plot 406) and Building [iv]*	*Al Raha Beach (Plot 408) and Building [v]*	*Total*
	AED '000	*AED '000*	*AED '000*	*AED '000*	*AED '000*	*AED '000*
2016						
At 1 January 2016	**158,666**	**11,900**	**47,000**	**287,120**	**277,550**	**782,236**
Additions	**-**	**-**	**-**	**-**	**2,004**	**2,004**
(Decrease) increase in fair value during the year (note 20)	**(12,481)**	**135**	**(850)**	**11,478**	**(24,818)**	**(26,536)**
At 31 December 2016	**146,185**	**12,035**	**46,150**	**298,598**	**254,736**	**757,704**
2015						
At 1 January 2015	168,820	11,500	32,000	355,001	213,781	781,102
Additions	-	-	-	-	1,843	1,843
(Decrease) increase in fair value during the year (note 20)	(10,154)	400	15,000	(67,881)	61,926	(709)
At 31 December 2015	158,666	11,900	47,000	287,120	277,550	782,236

(i) The construction of this building which is comprised of 14 floors was completed in 1980.

(ii) The construction of this six storey building was completed in 2003. The entire building is available for letting to third parties.

(iii) This 16 storey building was purchased during 1993. The entire building is available for letting to third parties.

(iv) In 2007, the Company purchased land at Al Raha Beach in Abu Dhabi City (Plot 406). The construction on plot no 406 was completed in 2013.

(v) In 2007, the Company purchased land at Al Raha Beach in Abu Dhabi City (Plot 408). The construction on plot no 408 was completed in 2015.

Measurement of fair value

In accordance with the requirements of the Insurance Authority Board Decision No. (25) of 2014, two independent real estate valuators performed the revaluation of the investment properties, with the average of the two being accounted for the purpose of financial reporting.

The fair value of investment properties is determined using market based approach, discounted cash flow (DCF) model and cap rate (2015: DCF). The fair values of the Company's investment properties are categorised into level 3 of the fair value hierarchy. The fair value of the investment properties were determined either (a) by an external, independent property valuer having appropriate recognised professional qualifications and recent experience in the locations and categories of the properties being valued (for DCF valuations) or (b) market based valuations.

Market based approach considers recent market transactions for similar assets or quotes / bid prices for same or similar assets.

11 INVESTMENTS PROPERTIES continued

DCF considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.

The estimated fair value would increase / (decrease) if:
- expected market rental growth were higher / (lower);
- void periods were shorter / (longer);
- the occupancy rate were higher / (lower);
- rent-free periods were shorter (longer); or
- the risk-adjusted discount rate were lower (higher).

12 PROPERTY AND EQUIPMENT

Property and equipment consist of the Company's building, furniture and fixtures, office equipment, motor vehicles and capital work in progress. Cost and accumulated depreciation accounts are aggregated as follows:

	Building AED'000	*Furniture, fixtures and leasehold improvements AED'000*	*Office equipment AED'000*	*Motor vehicles AED'000*	*Capital work in progress AED'000*	*Total AED'000*
2016:						
Cost:						
At 1 January 2016	24,547	40,158	41,414	208	32,271	138,598
Additions	-	145	4,007	-	2,573	6,725
Disposals	-	(100)	(3)	(7)	-	(110)
Transfers	-	-	13,042	-	(13,042)	-
At 31 December 2016	**24,547**	**40,203**	**58,460**	**201**	**21,802**	**145,213**
Depreciation:						
At 1 January 2016	5,620	28,824	24,021	123	-	58,588
Charge for the year	1,292	4,270	5,289	22	-	10,873
Disposal for the year	-	(99)	(3)	(6)	-	(108)
At 31 December 2016	**6,912**	**32,995**	**29,307**	**139**	**-**	**69,353**
Carrying amounts:						
At 31 December 2016	**17,635**	**7,208**	**29,153**	**62**	**21,802**	**75,860**

12 PROPERTY AND EQUIPMENT continued

	Building AED'000	Furniture, fixtures and leasehold improvements AED'000	Office equipment AED'000	Motor vehicles AED'000	Capital work in progress AED'000	Total AED'000
2015:						
Cost:						
At 1 January 2015	24,547	41,373	34,461	161	28,596	129,138
Additions	-	1,200	2,160	73	8,796	12,229
Disposals	-	(2,415)	(328)	(26)	-	(2,769)
Transfers	-	-	5,121	-	(5,121)	-
At 31 December 2015	24,547	40,158	41,414	208	32,271	138,598
Depreciation:						
At 1 January 2015	4,329	25,887	18,217	125	-	48,558
Charge for the year	1,291	5,083	6,091	24	-	12,489
Disposal for the year	-	(2,146)	(287)	(26)	-	(2,459)
At 31 December 2015	5,620	28,824	24,021	123	-	58,588
Carrying amounts:						
At 31 December 2015	18,927	11,334	17,393	85	32,271	80,010

Property and equipment are classified under general insurance, with the exception of AED 2,126 thousand relating to office equipment, which pertains to life insurance.

13 SHARE CAPITAL

	2016 AED'000	2015 AED'000
Authorised		
375,000,000 ordinary shares of AED 1 each (2015: 375,000,000 ordinary shares of AED 1 each)	**375,000**	375,000
Issued and fully paid		
375,000,000 ordinary shares of AED 1 each (2015: 375,000,000 ordinary shares of AED 1 each)	**375,000**	375,000

Out of the total paid up capital, an amount of AED 100 million has been allocated by the Company to life insurance based on minimum capital requirement for insurance of persons and fund accumulated operations Company. The remaining balance of AED 275 million is allocated to general insurance.

14 LEGAL RESERVE

In accordance with the Federal Law No. (2) of 2015 Concerning the Commercial Companies and the Company's Articles of Association, 10% of net profit is to be transferred to a non-distributable legal reserve until the balance of the legal reserve equals 50% of the Company's paid up share capital. This reserve is not available for dividend distribution. Since the Company reached the 50% limit, no transfer has been made during this year.

15 GENERAL RESERVE

Transfers to and from the general reserve are made at the discretion of the Board of Directors and the approval of the General Assembly. This reserve may be used for such purposes as the Directors deem fit. During 2015, the Board of Directors proposed, subsequently approved at Annual General Assembly, the transfer of AED 350,000 thousand from general reserve to retained earnings. No such transfers were done for the year ended 31 December 2016.

16 RETAINED EARNINGS

The Board of Directors proposed, subject to the approval of the Annual General Assembly, a cash dividend in respect of the year 2016 of AED 0.15 per share (2015: nil).

During 2015, the Board of Directors proposed transfer of AED 350,000 thousand from general reserve to retained earnings. The General Assembly meeting held on 15 February 2016 approved the proposal of transfer of AED 350,000 thousand from "General reserve" to "Retained earnings". No such transfers were done for the year ended 31 December 2016.

17 MANDATORY CONVERTIBLE BONDS

During the year, the Company issued mandatory convertible bonds with a nominal value amounting to AED 390,000 thousand that are convertible into new ordinary shares at the end of the third year from the date of issue being 15 June 2016 at the rate of AED 2 per share. The bonds bear interest at a fixed rate of 7.5% per annum, payable annually in arrears, commencing on 15 June 2017 until the conversion date.

The issue of mandatory convertible bonds was approved in the Annual General Assembly of the Company on 15 February 2016.

The proceeds received from issue of mandatory convertible bonds have been split between a liability component arising from present value of contractual interest payments and an equity component, representing the residual value attributable to the future delivery of the ordinary shares of the Company.

17 MANDATORY CONVERTIBLE BONDS continued

A reconciliation between the amounts presented in the statement of financial position is as follows:

	AED'000
Proceeds of issue	390,000
Transaction costs	(2,614)
Net proceeds received	387,386

	Liability component AED'000	Equity component AED'000	Prepaid transaction costs AED'000	Total AED'000
Mandatory convertible bonds - gross	82,011	307,989	-	390,000
Transaction costs	-	(2,064)	(550)	(2,614)
Mandatory convertible bonds - net	82,011	305,925	(550)	387,386
Accretion expense	533	-	-	533
Amortisation of transaction costs	-	-	100	100
Balance at 31 December 2016	82,544	305,925	(450)	388,019

Liability component of mandatory convertible bonds is analysed in the statement of financial position as follows:

	AED'000
Current	28,805
Non-current	53,739
Total	82,544

18 PROVISION FOR STAFF END OF SERVICE BENEFITS

	31 December 2016			31 December 2015		
	General AED'000	Life AED'000	Total AED'000	General AED'000	Life AED'000	Total AED'000
Balance at the beginning of the year	26,792	258	27,050	25,445	201	25,646
Charge for the year	5,972	203	6,175	3,779	57	3,836
Paid during the year	(2,021)	-	(2,021)	(2,432)	-	(2,432)
	30,743	461	31,204	26,792	258	27,050

19 TRADE AND OTHER PAYABLES

	31 December 2016			31 December 2015		
	General AED'000	Life AED'000	Total AED'000	General AED'000	Life AED'000	Total AED'000
Trade accounts payable	594,595	30,648	625,243	533,298	17,812	551,110
Other payables:						
Accrued expenses	31,787	1,459	33,246	21,574	-	21,574
Deferred commission income	70,811	2	70,813	74,742	30	74,772
Deferred income	87,718	21	87,739	97,107	20	97,127
Other accounts payable	90,268	22,268	112,536	108,226	-	108,226
Total other payables	280,584	23,750	304,334	301,649	50	301,699
Total trade and other payables	875,179	54,398	929,577	834,947	17,862	852,809

In accordance with the Board of Director's Decision Number (25) of 2014 pertinent to the Financial Regulations for Insurance Companies, the Company has categorized the Trade payables as follows:

	2016 AED'000	2015 AED'000
Payables – Inside UAE	273,218	222,791
Payables – Outside UAE	352,025	328,319
Total	625,243	551,110
Inside UAE:		
Insurance companies payable	55,792	28,863
Reinsurance companies payable	18,251	10,886
Policyholders payable	108,930	121,758
Brokers payable	90,245	61,284
Total	273,218	222,791
Outside UAE:		
Insurance companies payable	21,502	29,432
Reinsurance companies payable	79,362	38,092
Policyholders payable	4,871	6,219
Brokers payable	246,290	254,576
Total	352,025	328,319

20 NET INVESTMENT AND OTHER INCOME

	2016 AED'000	2015 AED'000
Decrease in fair value of investment properties (note 11)	**(26,536)**	(709)
Dividend income	**38,864**	39,377
Net rental income	**41,760**	29,844
Net interest income on bank deposits and bonds	**37,603**	33,555
Change in fair value of investments at fair value through profit or loss account (note 10)	**12,714**	5,109
Gain on disposal of investment at amortized cost	**3,929**	-
Loss on disposal of investments at fair value through profit or loss account	**-**	(49)
Others	**(5,968)**	(5,175)
	102,366	101,952

21 GENERAL AND ADMINISTRATIVE EXPENSES

	2016 AED'000	2015 AED'000
Salaries and other benefits	**152,522**	143,701
Impairment of receivables (note 7)	**37,153**	11,915
Depreciation charge (note 12)	**10,873**	12,489
Advertisement	**3,447**	3,666
Rent	**4,799**	4,951
Communication and office supplies	**5,119**	5,296
Others	**26,000**	25,554
	239,913	207,572

22 BASIC AND DILUTED EARNINGS (LOSS) PER ORDINARY SHARE

Basic earnings per share are calculated by dividing the profit (loss) for the year by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would be issued on the conversion of mandatory convertible bond

Diluted earnings (loss) per share are calculated by dividing the profit (loss) for the year by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would be issued on the conversion of mandatory convertible bonds.

	2016	*2015*
	AED'000	*AED'000*
Profit (loss) for the year used for basic earnings (loss) per share	**205,004**	(334,520)
Accretion recognised during the year on mandatory convertible bonds	**533**	-
Profit (loss) for the year used for calculating basic and diluted earnings (loss) per share	**205,537**	(334,520)
Ordinary shares in issue throughout the year	**375,000**	375,000
Effect of conversion of mandatory convertible bonds	**105,625**	-
Weighted average number of ordinary shares adjusted for the effect of mandatory convertible bonds used for calculating basic and diluted earnings (loss) per share	**480,625**	375,000
Basic earnings (loss) per share (AED)	**0.43**	(0.89)
Diluted earnings (loss) per share (AED)	**0.43**	(0.89)

23 RELATED PARTIES

Identity of related parties

Related parties comprise major shareholders, associated companies, directors and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. Government of Abu Dhabi holds 24 percent shareholding in the Company through Abu Dhabi Investment Council.

Pricing policies and terms of these transactions are approved by the management. The Company maintains significant balances with these related parties which arise from commercial transactions as follows:

Balances

Balances with related parties at the reporting date are shown below:

	Directors and key management 31 December 2016 AED'000	***Major shareholder 31 December 2016 AED'000***	***Others 31 December 2016 AED'000***	***Total 31 December 2016 AED'000***
Trade and other receivables	**391**	**1**	**254,521**	**254,913**
Trade and other payables	**6**	**-**	**9,932**	**9,938**
Cash and bank balances	**-**	**-**	**653,413**	**653,413**
Investments	**-**	**-**	**241,428**	**241,428**
Statutory deposits	**-**	**-**	**10,000**	**10,000**
Insurance contract liabilities	**7**	**1,378**	**291,977**	**293,362**

	Directors and key management 31 December 2015 AED'000	*Major shareholder 31 December 2015 AED'000*	*Others 31 December 2015 AED'000*	*Total 31 December 2015 AED'000*
Trade and other receivables	298	338	223,802	224,438
Trade and other payables	-	-	10,447	10,447
Cash and bank balances	-	-	591,472	591,472
Investments	-	-	218,147	218,147
Statutory deposits	-	-	10,000	10,000
Insurance contract liabilities	443	1,703	357,701	359,847

23 RELATED PARTIES continued

Transactions

Transactions carried out during the reporting period with related parties are shown below:

	Directors and key management 31 December 2016 AED'000	Major shareholder 31 December 2016 AED'000	Others 31 December 2016 AED'000	Total 31 December 2016 AED'000
Premium written	53	4,027	365,694	369,774
Claims incurred	142	2,994	252,572	255,708
Dividend income	-	-	7,288	7,288
Interest income	-	-	15,480	15,480
Other investment income	-	-	388	388

	Directors and key management 31 December 2015 AED'000	Major shareholder 31 December 2015 AED'000	Others 31 December 2015 AED'000	Total 31 December 2015 AED'000
Premium written	692	4,209	419,665	424,566
Claims incurred	478	2,830	221,483	224,791
Dividend income	-	-	8,370	8,370
Interest income	-	-	10,064	10,064
Other investment income	-	-	181	181

An amount of AED 79,919 thousand have been recognized as allowances for impairment against trade and other receivables extended to related parties (year ended 31 December 2015: AED 39,724 thousand). Contingent liabilities were issued in favour of related parties during the year 2016 amounting to AED 47,388 thousand (2015: AED 45,206 thousand).

Transactions with key management personnel

Key management compensation is as shown below:

	2016 AED'000	2015 AED'000
Salaries and short term benefits	11,130	11,526
Staff end of service benefits	1,192	548
	12,231	12,074

24 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the year as shown in the cash flow statement can be reconciled to the related items in the statement of financial position as follows:

	31 December 2016			31 December 2015		
	General AED'000	Life AED'000	Total AED'000	General AED'000	Life AED'000	Total AED'000
Cash in hand	80	-	80	69	-	69
Statutory deposit	6,000	4,000	10,000	6,000	4,000	10,000
Deposits / call / current accounts at local UAE banks	865,114	154,867	1,019,981	407,136	250,000	657,136
	871,194	158,867	1,030,061	413,205	254,000	667,205
Less: deposits with original maturities of greater than three months	(408,039)	(154,492)	(562,531)	(252,068)	(254,000)	(506,068)
Cash and cash equivalents	463,155	4,375	467,530	161,137	-	161,137

Geographical concentration of cash and cash equivalents and deposits with original maturities of three months or more is as follows:

	31 December 2016			31 December 2015		
	General AED'000	Life AED'000	Total AED'000	General AED'000	Life AED'000	Total AED'000
Within UAE	853,594	157,185	1,010,779	367,524	254,000	621,524
Outside UAE	17,600	1,682	19,282	45,681	-	45,681
	871,194	158,867	1,030,061	413,205	254,000	667,205

Fixed deposits and call accounts with banks carry interest rates of 0.55% to 3% (2015: 0.25% - 2.55%) per annum.

25 SEGMENT INFORMATION

The Company is organised into two main business segments:

Underwriting of commercial lines of business – incorporating all classes of general insurance including marine cargo, marine hull, aviation, energy, property and engineering.

Underwriting of consumer line of business – incorporating all classes of insurance including accident, motor, life and medical.

Assets and liabilities of the Company are commonly used across the segments. There were no transactions between the segments.

	Commercial		*Consumer*		*Total*	
	2016 AED'000	*2015 AED'000*	***2016 AED'000***	*2015 AED'000*	***2016 AED'000***	*2015 AED'000*
Gross written premium	**1,311,125**	1,276,048	**1,064,350**	1,014,686	**2,375,475**	2,290,734
Less: reinsurance premium ceded	**(930,562)**	(894,536)	**(406,811)**	(298,166)	**(1,337,373)**	(1,192,702)
Net written premium	**380,563**	381,512	**657,539**	716,520	**1,038,102**	1,098,032
Net change in unearned premium reserves	**(26,801)**	16,496	**70,338**	170,437	**43,537**	186,933
Net premium earned	**353,762**	398,008	**727,877**	886,957	**1,081,639**	1,284,965
Gross claims paid	**(590,625)**	(836,912)	**(849,962)**	(1,042,813)	**(1,440,587)**	(1,879,725)
Less: reinsurance share of claims paid	**361,254**	602,420	**301,088**	119,549	**662,342**	721,969
Net claims paid	**(229,371)**	(234,492)	**(548,874)**	(923,264)	**(778,245)**	(1,157,756)
Net change in outstanding claims and IBNR	**19,876**	(231,280)	**53,558**	(46,209)	**73,434**	(277,489)
Net claims incurred	**(209,495)**	(465,772)	**(495,316)**	(969,473)	**(704,811)**	(1,435,245)
Gross commission income	**88,345**	88,904	**42,409**	9,403	**130,754**	98,307
Less : commission expenses incurred	**(94,044)**	(91,333)	**(45,102)**	(55,789)	**(139,146)**	(147,122)
Net commissions expenses	**(5,699)**	(2,429)	**(2,693)**	(46,386)	**(8,392)**	(48,815)
Other underwriting income	**5,385**	4,929	**5,153**	4,940	**10,538**	9,869
Less: other underwriting expenses	**(19,553)**	(20,549)	**(16,870)**	(19,125)	**(36,423)**	(39,674)
Net other underwriting expenses	**(14,168)**	(15,620)	**(11,717)**	(14,185)	**(25,885)**	(29,805)
Net underwriting results	**124,400**	(85,813)	**218,151**	(143,087)	**342,551**	(228,900)
Net investment and other income					**102,366**	101,952
General and administrative expenses					**(239,913)**	(207,572)
Profit (loss) for the year					**205,004**	(334,520)

26 CONTINGENT LIABILITIES AND COMMITMENTS

Legal claims

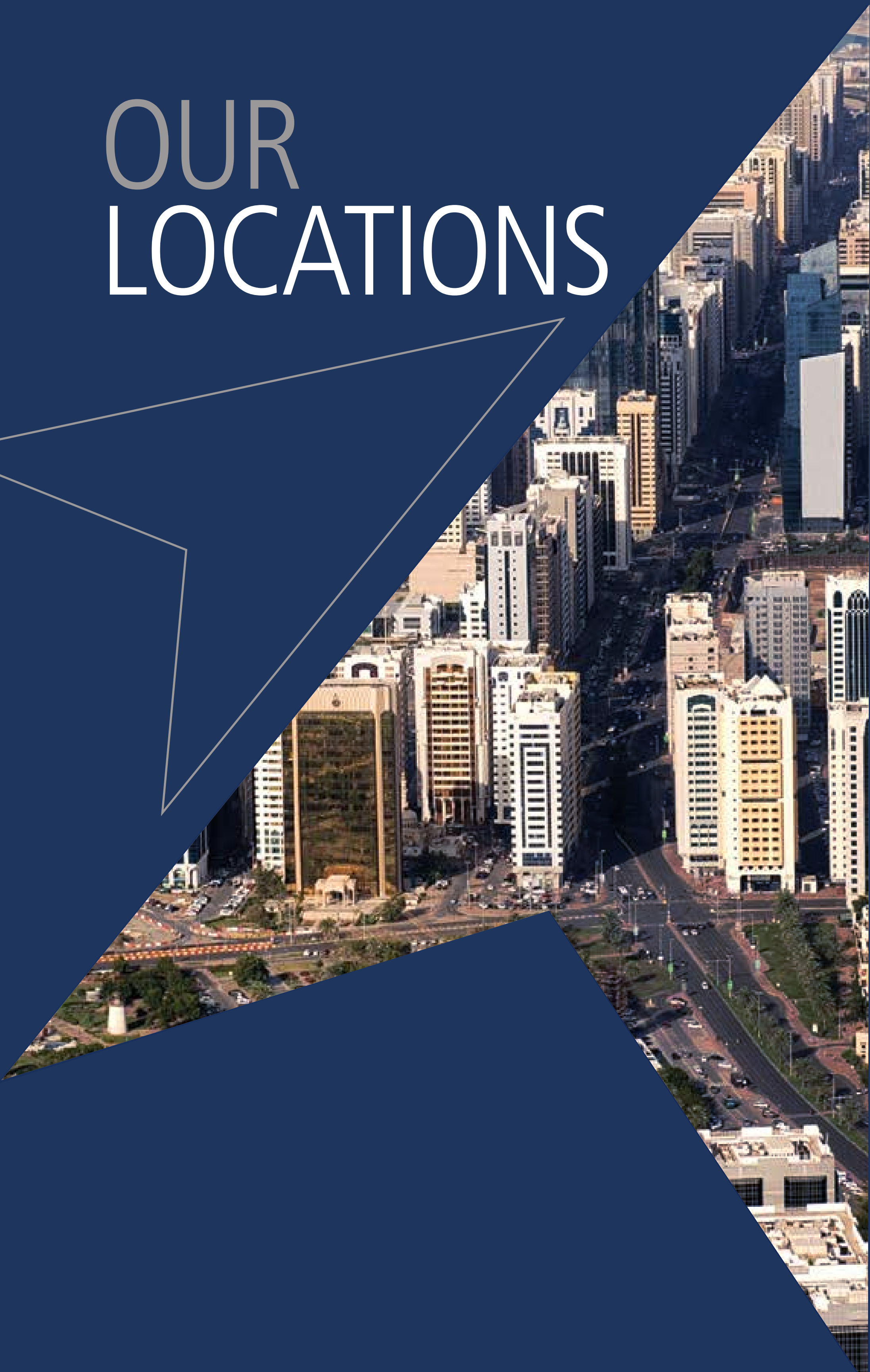
The Company, in common with the majority of insurers, is subject to claims and litigation in the normal course of its business. Based on advice from internal claims department and independent legal advice, the management records provision representing best estimate of probable outflow of economic resources

Contingent liabilities and commitments

	2016 AED'000	2015 AED'000
Commitments in respect of uncalled subscription of equities held as Investments	39,128	62,020
Bank guarantees	135,840	89,425
Letters of credit	425	425

The above bank guarantees and letters of credit were issued in the normal course of business.

OUR LOCATIONS



Head Office and Main Branches

Head Office
ADNIC Corporate Headquarters
P.O. Box: 839 – Abu Dhabi
Tel: 02 4080100
Fax: 02 4080604
Email: adnic@adnic.ae

Mussafah Branch
The Village Mall
Workers Village
Mussafah M24
Shops (GF-A11 and A07)
P.O. Box: 92572 – Abu Dhabi
Tel: 02 4080696
Fax: 02 4080690

Al Ain Branch
Khalaf Bin Ahmad
Al-Otaibah Building
Main Street (Sheikh Zayed Road)
P.O. Box: 1407 – Al Ain
Tel: 03 7641834
Fax: 03 7663147

Dubai Branch
Al Muraikhi Tower,
Al Maktoum Street
P.O. Box: 11236 – Deira
Tel: 04 5154850
Fax: 04 5154910

Sharjah Branch
Al Hosn Tower,
Showroom No. 2, Building
No. 617/A
Al Ittihad Street
P.O. Box: 3674 – Sharjah
Tel: 06 5683743
Fax: 06 5682713

Sales and Services Centers

Motor Claims Department and Salam Street Sales Center
Al Zubara Tower, Ground Floor,
Al Salam Street
P.O. Box: 3275 – Abu Dhabi
Tel: 02 4080400
Fax: 02 4080699

Abu Dhabi Office
Abu Dhabi Traffic Police –
Vehicle Test Section
Tel: 02 4448611
Fax: 02 4447872

Mussafah Office
No. M42, Mussafah Industrial Area
Heavy Vehicle Registration Office,
Abu Dhabi, Traffic Department
Tel: 02 5511382
Fax: 02 5511382

Samha Traffic Office
Samha ADNOC Station
Tel: 02 5620162
Fax: 02 5620162

Madinat Zayed Office
Abu Dhabi Traffic Police –
Heavy Vehicle
Tel: 02 8841577
Fax: 02 8841577

Ruwais Office
Ruwais City – Main ADNOC Station
Tel: 02 8772123
Fax: 02 8772123

Al Ain Office
Al Ain Traffic Police Dept. – Zakher
Tel: 03 7828666
Fax: 03 7663147

Mizyad Office
Abu Dhabi Traffic Police Dept.
Tel: 03 7824250
Fax: 03 7663147

Ghuwaifat Border Office
Tel: 02 8723080
Fax: 02 8723080

Khalifa City Office
C9, Ground Floor, Etihad
Plaza Complex
Tel: 02 4080547/02 5568048
Fax: 02 5567697

Al Shamkha Office
ADNOC Service Station
169 | Motor World
Tel: 02 4080575/576
Fax: 02 4080604