ANNUAL REPORT & ACCOUNTS

2018

INTERNATIONAL GENERAL INSURANCE HOLDINGS LIMITED

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In 2018, the Group surpassed the $300 million gross written premium (GWP) mark.

In 2018, Standard & Poor's and AM Best both reaffirmed IGI's rating of A-

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ABOUT US

We are a leading international specialist commercial insurer and reinsurer, underwriting a diversified portfolio of specialty lines.

Established in 2001, we are an entrepreneurial business with a worldwide portfolio. Registered in the Dubai International Financial Centre with operations in Bermuda, London, Dubai, Amman, Kuala Lumpur and Casablanca, we are renowned for delivering outstanding levels of service to our clients and brokers.

OFFICE LOCATIONS

1. BERMUDA
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

2. CASABLANCA
32-42, Bd Abdelmoumen
Residence Walili 25
4th Floor P.O. Box 20000
Casablanca
Morocco

3. LONDON
15-18 Lime Street
London EC3M 7AN
England

4. AMMAN
74 Abdel Hamid Sharaf St.
P.O. Box 941428
Amman 11194
Jordan

5. DUBAI
Office 606, Level 6, Tower 1
Al Fattan Currency House
Dubai International
Financial Centre
P.O. Box 506646, Dubai
United Arab Emirates

6. LABUAN
Level 1, LOT 7, Block F
Saguking Commercial
Building
Jalan Patau – Patau
87000 Labuan
Malaysia

7. KUALA LUMPUR
29th Floor, Menara TA One
Jalan P Ramlee 50250
Kuala Lumpur
Malaysia

BUSINESS CLASSES

ENERGY
Upstream Energy
Downstream Energy
Renewable Energy

MARINE & AVIATION
Ports & Terminals
Marine Liability
General Aviation

PROPERTY
Property
Forestry
Construction & Engineering
Political Violence
Denial of Access
Business Interruption
Casualty

PROFESSIONAL & FINANCIAL LIABILITIES
Financial Institution
Professional Indemnity
Directors' & Officers'
Legal Expenses

REINSURANCE
Treaty reinsurance

BOARD OF DIRECTORS

MOHAMMAD ABU GHAZALEH
Chairman
(Chairman and CEO, Fresh Del Monte Produce Inc. – Miami)

WASEF JABSHEH
CEO & Vice Chairman

KHALIFA AL MULHEM
Director
(Chairman, National Polypropylene Company Limited – Saudi Arabia)

DAVID KING
Director
(Non-executive Director of the Board of Directors of Forex Capital Markets Limited)

DAVID ANTHONY
Director

HANI JABSHEH
Director
(Co-founder Albawaba.com)

ANWAR AL JABRI
Director
(CEO Jabreen Capital – Oman)

In 2018, the Group surpassed the $300 million gross written premium (GWP) mark.

In 2018, Standard & Poor's and AM Best both reaffirmed IGI's rating of A-

LETTER FROM THE BOARD: IGI CONTINUES TO STRIVE FOR PROFITABLE GROWTH

2018 was the year in which IGI demonstrated the results of a clear and focused vision of growth in new and existing markets, and the Board of Directors is pleased to announce a strong performance and the continuation of the Group's clear strategy for controlled and profitable growth.

The insurance industry was shaken by Mother Nature in 2017, after a series of extreme weather events resulted in one of the most expensive years for natural catastrophes, creating a market-wide impact on underwriting profit. However, the Board fully understands that it is the insurance industry's role to be a supportive partner in time of need and provide cover and relief to help restore businesses, properties and communities when disasters occur.

Last year, IGI resumed its strategy of profitable growth, with the Group steadily building an international business based on specialist regional expertise and judicious underwriting. The Group generated a net profit of US$26.5 million for the 2018 year, compared to US$7.9 million the year before. The increase in net profit was aided by an 18% growth in gross earned premium, and a 9% positive variance in net claims. IGI posted a combined ratio of 88.97%, compared to 103.08% in 2017.

Meanwhile, IGI surpassed the $300 million gross written premium (GWP) mark for the first time, achieving a 9.5% growth from US$275.3 million in 2017 to US$301.6 million in 2018.

ON TRACK

Our balance sheet remains strong and the tracks we have been laying down for future success mean we are well placed to act on the opportunities presented by the changing market.

As a company, our balance in product and geography has benefited all our stakeholders, including our clients, brokers, policyholders and shareholders. IGI's expansion into Casablanca and Kuala Lumpur, has opened up new business opportunities, while the Group has seen noticeable results from our newest lines of business in London, including Directors & Officers, Legal Expenses and Renewable Energy.

IGI also continued to strengthen its global expertise and capabilities in technology and data with key appointments to the Amman and London offices, as well as making some important hires to its Board to help with the Group's initiatives to further strengthen its core operations.

IGI'S REGIONAL OPERATIONS EXPAND

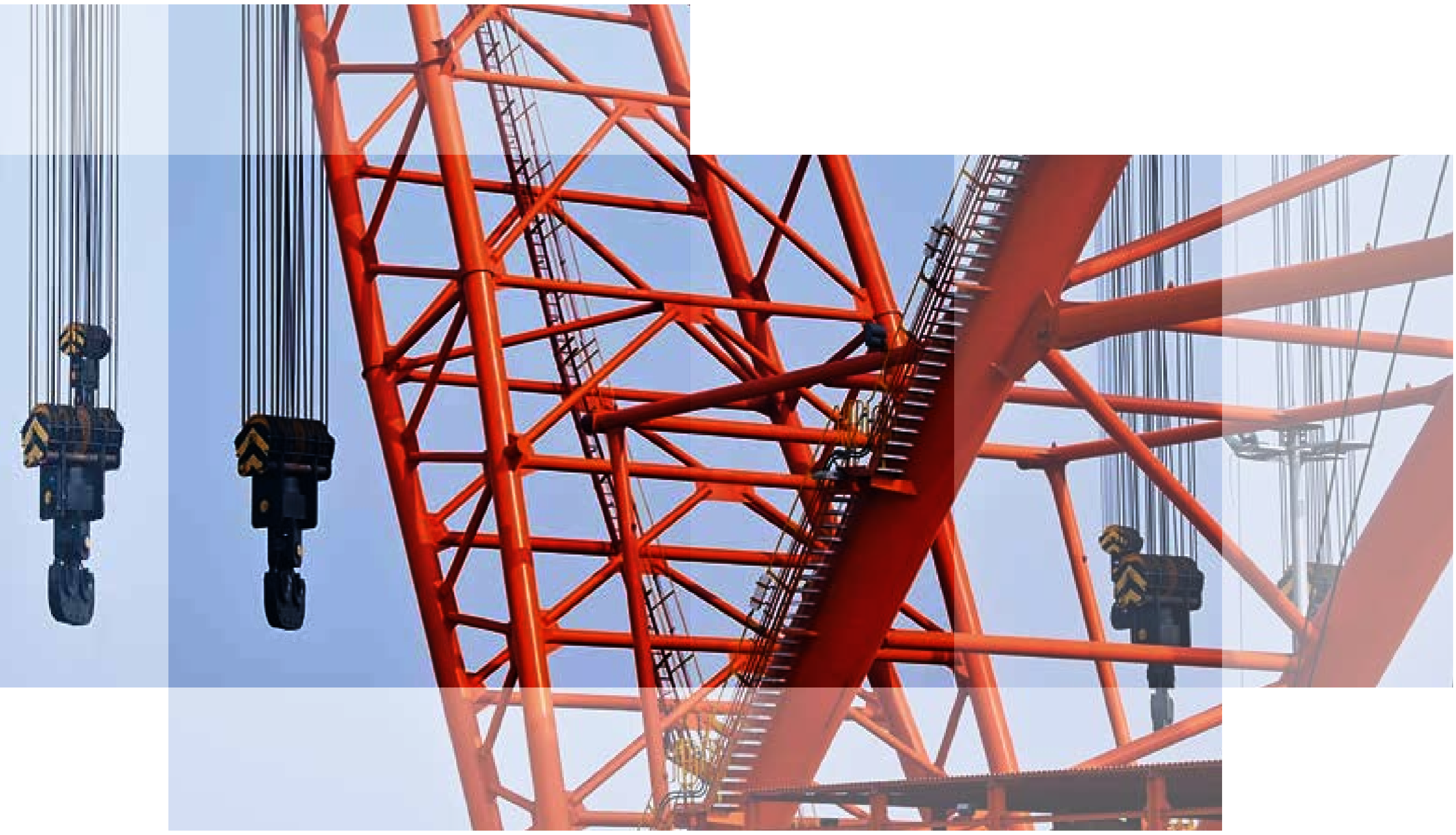
Despite a competitive trading environment, Asia continues to offer significant opportunities. IGI will further strengthen its offering in Asia Pacific, with a planned growth strategy from the Kuala Lumpur office, now serving as the Group's regional hub.

Meanwhile in the UK, delegates from the London office attended the British Insurance Brokers Association (BIBA) Conference in May to raise the company's profile in the UK regional broker market. The event surpassed expectations and it will now become a regular feature in the calendar for the London team as the office continues to expand business lines and underwriting teams in the UK.

ACHIEVEMENTS IN 2018

At IGI, we continued our strategy of investing in our people and our business during 2018 and will continue this throughout 2019 on our journey to be a truly international (re)insurer of choice.

In November 2018, IGI Chief Executive Officer Wasef Jabsheh was awarded Ernst & Young's



Entrepreneur of the Year for Jordan. Mr. Jabsheh will join entrepreneurs from all over the world in June 2019 as a nominee for the 'EY World Entrepreneur of the Year'.

Meanwhile, in July 2018, rating agency Standard & Poor's reaffirmed IGI's financial strength rating of A- with a stable outlook, followed by A.M. Best also reaffirming the company's rating at A- (Excellent), with a positive outlook in August.

During 2018, IGI continued its support of cancer research and charitable organisations and put 'diversity and inclusion' under the spotlight by backing various local and international initiatives.

IGI continued its support of Equal Playing Field, an initiative that challenges gender disparity in sports, and also hosted the 'Dive-In Festival' in Jordan in September. Dive-In is an annual Lloyd's of London-backed initiative that aims to encourage an inclusive culture in insurance organisations all over the globe. IGI also partnered with the Jordanian-founded social enterprise 'The World of Letters', which spearheaded a collective women's movement called Women as Partners in Progress (WPP), that looks to address gender imbalance in the work place.

OUTLOOK

The strength of the IGI brand and the company's values are important drivers of our growth and they have helped us to navigate the shifting tides in the markets in which we operate. The service we provide to our clients and brokers stems from a strong corporate culture of honesty and transparency, which is shared by the Board and the management team right through to our very newest recruits.

Our growth has continued and IGI has profitably diversified into 15 different classes of business and set up five operations around the world.

The market continues to bring opportunities in the classes of business and territories in which IGI operates, and the outlook for our industry looks positive. Important measures are being made by industry bodies and individual companies to facilitate a more stable environment by increasing rates and bringing pricing back to a point where they reflect technical adequacy.

Internally, IGI has taken important steps to invest in our people, products, infrastructure and technology, and together with a balanced business portfolio and a strict ethos of prudent underwriting, we are well-placed to take advantage of the changing market conditions.

The outlook for our industry is more positive than it was last year, and IGI is looking forward to more profitable years like 2018.

We would like to thank all our brokers and clients for the support and the confidence they continue to place in IGI.

At IGI, it is our people who differentiate us, and our successful growth is due to the great women and men who work here. It is the hard work, commitment and entrepreneurship of IGI's employees that have allowed the company to achieve what it has to date, and we would like to thank them for their loyalty and dedication.

FINANCIAL HIGHLIGHTS

PROFIT FOR THE YEAR

$26.5m

SHAREHOLDER'S EQUITY

$309.8m

POSITIVE OUTLOOK RATING

A- by A.M. Best

STABLE OUTLOOK RATING

A- by S&P

INVESTMENT INCOME

$10.4m

NET UNDERWRITING PROFIT

$55.8m

GROSS WRITTEN PREMIUM

$301.6m

FINANCIAL STATEMENTS & ACCOUNTS

Independent auditor's report to the shareholders of International General Insurance Holdings ltd.

Dubai - United Arab Emirates

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of International General Insurance Holdings Ltd (the "Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the shareholders of the Group (as a body), for our audit work, for this report, or for the opinions we have formed. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Dubai International Financial Centre ("DIFC"), 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.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and in compliance with the applicable provisions of the Companies Law pursuant to DIFC Law No. 5 of 2018, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated 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 ISAs 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 consolidated 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 consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We also confirm that, in our opinion, the consolidated financial statements include, in all material respects, the applicable requirements of the Companies Law pursuant to DIFC Law No. 5 of 2018. We have obtained all the information and explanations which we required for the purpose of our audit and, to the best of our knowledge and belief, no violations of the Companies Law pursuant to DIFC Law No. 5 of 2018 have occurred during the year which would have had a material effect on the business of the Group or on its financial position.

Ernst and Young
25 March 2019
Dubai, United Arab Emirates

EY

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 USD	2017 USD
ASSETS			
Property, premises and equipment	3	**12,216,997**	13,090,537
Intangible assets	4	**2,689,028**	2,029,015
Investment in associates	5	**11,973,419**	11,827,854
Investment properties	6	**30,374,290**	30,374,290
Investments	7	**200,853,371**	235,880,566
Deferred policy acquisition costs	8	**35,872,427**	32,915,965
Insurance receivables	9	**114,679,640**	113,290,374
Other assets	10	**5,061,050**	5,309,729
Deferred tax assets	25	**985,665**	991,449
Reinsurance share of unearned premiums	11	**32,566,847**	41,126,963
Reinsurance share of outstanding claims	12	**187,565,382**	180,020,116
Deferred XOL premiums		**12,448,671**	11,612,654
Cash and bank balances	13	**260,059,595**	210,322,741
TOTAL ASSETS		**907,346,382**	888,792,253

The attached notes 1 to 27 form part of these consolidated financial statements.

	Notes	2018 USD	2017 USD
EQUITY AND LIABILITIES			
EQUITY			
Issued share capital	14	**143,375,678**	143,375,678
Additional paid in capital	15	**2,773,000**	2,773,000
Treasury shares	15	**(15,050,000)**	–
Foreign currency translation reserve	14	**(294,929)**	(269,206)
Fair value reserve	14	**902,264**	15,708,956
Retained earnings		**178,074,162**	150,817,319
TOTAL EQUITY		**309,780,175**	312,405,747
LIABILITIES			
Gross outstanding claims	12	**384,379,841**	383,227,441
Gross unearned premiums	11	**168,254,688**	156,694,025
Other liabilities	17	**8,052,731**	7,093,914
Insurance payables	18	**28,868,563**	19,017,107
Unearned commissions	19	**8,010,384**	10,354,019
TOTAL LIABILITIES		**597,566,207**	576,386,506
TOTAL EQUITY AND LIABILITIES		**907,346,382**	888,792,253

The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 21 of March 2019.

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2018

	Notes	2018 USD	2017 USD
Gross written premiums	11	**301,555,980**	275,340,636
Change in unearned premiums		**(11,560,663)**	(23,023,130)
GROSS EARNED PREMIUMS	11	**289,995,317**	252,317,506
Reinsurers' share of insurance premiums	11	**(99,381,593)**	(106,497,204)
Reinsurers' share of change in unearned premiums		**(8,560,116)**	8,988,473
REINSURERS' SHARE OF GROSS EARNED PREMIUMS	11	**(107,941,709)**	(97,508,731)
NET PREMIUMS EARNED	11	**182,053,608**	154,808,775
Claims	12	**(211,044,400)**	(252,154,218)
Reinsurers' share of claims	12	**125,756,899**	158,651,778
Commissions earned	19	**17,817,154**	16,709,347
Policy acquisition costs	8	**(58,780,676)**	(52,941,057)
NET UNDERWRITING RESULT		**55,802,585**	25,074,625
Net investment income	20	**10,216,362**	12,546,694
Net share of profit from associates	5	**145,565**	199,274
General and administrative expenses	21	**(35,351,679)**	(31,252,936)
Provision for doubtful debts and expected credit losses	9	**(376,113)**	–
Other expenses – net	22	**(683,531)**	(609,502)
(Loss) gain on exchange		**(3,220,822)**	1,884,885
PROFIT BEFORE TAX		**26,532,367**	7,843,040
Tax (expense) benefit	25	**(62,241)**	19,368
PROFIT FOR THE YEAR		**26,470,126**	7,862,408

The attached notes 1 to 27 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	2018 USD	2017 USD
PROFIT FOR THE YEAR	**26,470,126**	7,862,408
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		
Net change in fair value reserve during the year for available for sale investments	**–**	4,714,533
Net change in fair value reserve during the year for bonds at fair value through OCI	**(2,706,303)**	–
Currency translation differences	**(25,723)**	93,529
Changes in allowance for expected credit losses transferred to income statement	**29,903**	–
OTHER COMPREHENSIVE INCOME WHICH WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		
Net change in fair value reserve during the year for equities at fair value through OCI	**(5,449,605)**	–
OTHER COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	**(8,151,728)**	4,808,062
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**18,318,398**	12,670,470

The attached notes 1 to 27 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	Notes	2018 USD	2017 USD
OPERATING ACTIVITIES			
Profit before tax		**26,532,367**	7,843,040
ADJUSTMENTS FOR:			
Depreciation and amortization	3, 4	**1,359,960**	1,485,134
Gain on sale of available-for-sale investments	20	**–**	(3,133,556)
Provision for doubtful debts and expected credit losses	9	**376,113**	–
Impairment of available for sale investments	20	**–**	71,863
Gain on sale of premises and equipment		**–**	(18,967)
Realized gain on sale of financial assets at FVTPL	20	**(2,048,908)**	–
Loss on revaluation of financial assets at FVTPL	20	**948,802**	–
Loss on sale of bonds at fair value through OCI	20	**763,569**	–
Expected credit loss on bonds at fair value through OCI	7	**29,903**	–
Loss on revaluation of held for trading investments	20	**–**	(95,582)
Dividends and interest income	20	**(10,741,945)**	(10,123,067)
Net share of profit from associates	5	**(145,565)**	(199,274)
Net foreign exchange differences		**3,220,822**	(1,884,885)
CASH FROM (USED IN) OPERATIONS BEFORE WORKING CAPITAL CHANGES		**20,295,118**	(6,055,294)

	Notes	2018 USD	2017 USD
WORKING CAPITAL ADJUSTMENTS			
Reinsurance share of unearned premiums		**8,560,116**	(8,988,473)
Reinsurance share of outstanding claims		**(7,545,266)**	(36,954,408)
Deferred XOL premiums		**(836,017)**	(2,733,686)
Gross outstanding claims		**1,152,400**	48,056,147
Gross unearned premiums		**11,560,663**	23,023,130
Deferred policy acquisition costs		**(2,956,462)**	(4,629,717)
Insurance receivables		**(3,531,380)**	(25,206,326)
Other assets		**248,679**	3,761,745
Unearned commission		**(2,343,635)**	2,061,920
Purchase of available-for-sale investments		**–**	(49,829,438)
Purchase of financial assets at FVTPL		**(1,380,207)**	–
Purchase of bonds through OCI		**(36,245,110)**	–
Proceeds from maturity of held to maturity investments		**–**	3,000,000
Proceeds from maturity of financial assets at amortized cost		**500,000**	–
Purchase of investment property		**–**	(264,111)
Proceeds from sale of available-for-sale investments		**–**	53,873,230
Proceeds from sale/maturity of bonds at fair value through OCI		**56,417,470**	–
Proceeds from sale of financial assets at FVTPL		**7,853,250**	–
Proceeds from redemption of trading securities		**–**	81,984
Term deposits (from 3 months to 1 year)		**8,302,428**	16,338,936
Insurance payables		**9,851,456**	(6,015,735)
Other liabilities		**958,817**	2,009,865
NET CASH FLOWS FROM OPERATING ACTIVITIES BEFORE TAX		**70,862,320**	11,529,769
INCOME TAX PAID		**(56,457)**	–
NET CASH FLOWS FROM OPERATING ACTIVITIES AFTER TAX		**70,805,863**	11,529,769

CONSOLIDATED STATEMENT OF CASH FLOWS continued

For the year ended 31 December 2018

	Notes	2018 USD	2017 USD
INVESTING ACTIVITIES			
Purchases of property, premises and equipment		**(414,716)**	(448,954)
Proceeds from sale of premises and equipment		**–**	50,394
Dividends and interest income		**10,741,945**	10,123,067
Purchases of intangible assets		**(731,717)**	(1,175,761)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**9,595,512**	8,548,746
FINANCING ACTIVITIES			
Dividends paid	16	**(4,091,271)**	(11,470,054)
Treasury shares		**(15,050,000)**	–
Net cash flows used in financing activities		**(19,141,271)**	(11,470,054)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**61,260,104**	8,608,461
Net foreign exchange differences		**(3,220,822)**	1,884,885
Cash and cash equivalents at the beginning of the year		**116,605,713**	106,112,367
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	13	**174,644,995**	116,605,713

The attached notes 1 to 27 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

At 31 December 2018

	Issued share capital USD	Additional paid in capital USD	Treasury shares USD	Foreign currency translation reserve USD	Fair value reserve USD	Retained earnings USD	Total USD
AS AT 1 JANUARY 2018	**143,375,678**	**2,773,000**	**–**	**(269,206)**	**15,708,956**	**150,817,319**	**312,405,747**
Impact of adopting IFRS 9 (note 2)	**–**	**–**	**–**	**–**	**(6,680,687)**	**4,877,988**	**(1,802,699)**
AS AT 1 JANUARY 2018 – (RESTATED)	**143,375,678**	**2,773,000**	**–**	**(269,206)**	**9,028,269**	**155,695,307**	**310,603,048**
Total comprehensive income	**–**	**–**	**–**	**(25,723)**	**(8,126,005)**	**26,470,126**	**18,318,398**
Purchase of treasury shares	**–**	**–**	**(15,050,000)**	**–**	**–**	**–**	**(15,050,000)**
Dividends paid during the year (note 16)	**–**	**–**	**–**	**–**	**–**	**(4,091,271)**	**(4,091,271)**
AS AT 31 DECEMBER 2018	**143,375,678**	**2,773,000**	**(15,050,000)**	**(294,929)**	**902,264**	**178,074,162**	**309,780,175**
AS AT 1 JANUARY 2017	143,375,678	2,773,000	–	(362,735)	10,994,423	154,424,965	311,205,331
Total comprehensive income	–	–	–	93,529	4,714,533	7,862,408	12,670,470
Dividends paid during the year (note 16)	–	–	–	–	–	(11,470,054)	(11,470,054)
AS AT 31 DECEMBER 2017	143,375,678	2,773,000	–	(269,206)	15,708,956	150,817,319	312,405,747

The attached notes 1 to 27 form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

1. ACTIVITIES

International General Insurance Holdings Ltd ("the Company") is incorporated as a company limited by shares under DIFC Law No. 5 of 2018 on 7 May 2006 and is engaged in the business of insurance and re-insurance. The Company's registered office is at unit 1, Gate Village 01, P. O. Box 506646, Dubai International Financial Centre.

The Company and its subsidiaries (together "the Group") operate in the United Arab Emirates, Bermuda, United Kingdom, Jordan, Morocco, Malaysia, and the Cayman Islands.

2. BASIS OF PREPARATION

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

The consolidated financial statements have been presented in United States Dollars "USD" which is also the Group's functional currency.

The consolidated financial statements are prepared under the historical cost convention modified to include the measurement at fair value of financial assets at fair value through profit or loss, financial asset at fair value through other comprehensive income and investment properties.

BASIS OF CONSOLIDATION

The financial statements of the subsidiaries are prepared for the same reporting year as the Group, using consistent accounting policies.

The consolidated financial statements comprise the financial statements of International General Insurance Holdings Ltd. and its subsidiaries as at 31 December 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Derecognizes the cumulative translation differences, recorded in equity, if any;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

All intra-group balances, transactions, income and expenses and profits and losses, including dividends resulting from intra-group transactions, are eliminated in full.

The Group has the following subsidiaries:

	Country of incorporation	Activity	Ownership	
			2018	2017
International General Insurance Underwriting	Jordan	Underwriting agency	**100%**	100%
North Star Underwriting Limited	United Kingdom	Underwriting agency	**100%**	100%
International General Insurance Co. Ltd.	Bermuda	Reinsurance and insurance	**100%**	100%
The following entities are wholly owned by the subsidiary International General Insurance Co. Ltd. Bermuda				
International General Insurance Company Ltd. Labuan Branch	Malaysia	Reinsurance and insurance	**100%**	100%
International General Insurance Company (UK) Limited	United Kingdom	Reinsurance and insurance	**100%**	100%
International General Insurance Company Dubai Ltd.	United Arab Emirates	Insurance intermediation and insurance management	**100%**	100%
Specialty Malls Investment Co.	Jordan	Real estate properties development and lease	**100%**	100%
IGI Services Limited	Cayman Islands	Owning and chartering aircraft	**100%**	100%

CHANGES IN ACCOUNTING POLICIES

New standards, interpretations and amendments adopted by the Group
The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2017 except for the following:

IFRS 15 Revenue from Contracts with Customers
IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized 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 standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 using the modified retrospective approach.

The effect of adopting IFRS 15 was not material and it did not impact the Group's accounting policy for revenue recognition as the Group concluded that its main revenue stream is covered under IFRS 4.

IFRS 9 Financial Instruments
IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group applied IFRS 9 prospectively, with an initial application date of 1 January 2018. The Group has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognized directly in retained earnings and other components of equity.

Classification and measurement
To determine their classification and measurement category, IFRS 9 requires all financial assets to be assessed based on a combination of the Group's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories for financial assets (held for trading, available for sale (AFS), held-to-maturity (HTM) and loans and receivables (L&R) at amortized cost) have been replaced by:

- Financial assets at fair value through profit or loss, including equity instruments and derivatives.
- Bonds at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition.
- Equity instruments at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition.
- Bonds at amortized cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

At 31 December 2018

The Group's classification of its financial assets is explained in note 2 "Summary of significant accounting policies".

The following sets out the impact of adopting IFRS 9 on the statement of financial position, including the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's Expected Credit Losses. A reconciliation between the carrying amounts under IAS 39 and the balances reported under IFRS 9 as of 1 January 2018 is, as follows:

Financial Assets Type	IAS 39 Classification	IAS 39 Measurement USD	IFRS 9 Classification	ECL* USD	IFRS 9 Measurement USD
Unquoted bonds	Held to maturity	**3,987,288**	Amortized cost	**(36,698)**	**3,950,590**
Quoted bonds	Available for sale	**185,806,397**	Fair value through other comprehensive income	**(73,596)**	**185,732,801**
Quoted equities	Available for sale	**32,017,989**	Fair value through profit and loss	**–**	**11,269,961**
			Fair value through other comprehensive income	**–**	**20,748,028**
Quoted funds & alternative investments	Available for sale	**7,971,825**	Fair value through profit and loss	**–**	**7,971,825**
Unquoted equities	Available for sale	**5,936,647**	Fair value through other comprehensive income	**–**	**5,936,647**
Quoted funds	Held for Trading	**160,420**	Fair value through profit or loss	**–**	**160,420**
		235,880,566			**235,770,272**
Insurance receivables	Receivables	**113,290,374**	Insurance receivables at amortized cost	**(1,766,001)**	**111,524,373**
		349,170,940		**(1,876,295)**	**347,294,645**

* The change in carrying amount is a result of additional impairment allowance. See the note on impairment below.

The net impact of the reclassifications and the impairment related to the expected credit losses model as of 1 January 2018 on the Group's retained earnings was an increase by USD 4,877,988.

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortized cost, or fair value through OCI. The classification is based on two criteria: The Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 did not have a significant impact to the Group. The Group continued measuring at fair value all financial assets previously held at fair value under IAS 39. The following are the changes in the classification of the Group's financial assets:

- Debt instruments classified as Held to Maturity financial assets as at 31 December 2017 continue to be classified and measured as debt instruments at amortized cost beginning 1 January 2018. The Group expects to hold the assets to collect contractual cash representing solely payments of principal and interest.
- Quoted debt instruments classified as Available-For-Sale (AFS) financial assets as at 31 December 2017 continue to be classified and measured as debt instruments at fair value through OCI beginning 1 January 2018. The Group expects not only to hold the assets to collect contractual cash flows, but also to sell a significant amount on a relatively frequent basis. The Group's quoted debt instruments are regular government and corporate bonds that passed the SPPI test.
- Certain quoted equity shares and the entire portfolio of alternative investments & mutual funds designated as AFS financial assets are reclassified and remeasured as financial assets at fair value through profit or loss beginning 1 January 2018. The Group elected to classify irrevocably these investments under this category at the date of initial application as it intends to hold these investments for trading. The AFS reserve of USD 3,475,423 related to those securities which was presented as accumulated OCI, is reclassified to retained earnings.

- Certain quoted equity shares designated as AFS financial assets as at 31 December 2017 are reclassified and remeasured as financial assets at fair value through OCI beginning 1 January 2018. The Group elected to classify these investments under this category at the date of initial application as it intends to hold these investments for the foreseeable future.
- Unquoted equity investments designated as AFS financial assets as at 31 December 2017 are reclassified and remeasured as financial assets at fair value through OCI beginning 1 January 2018.

  The Group elected to classify irrevocably its unquoted equity investments under this category at the date of initial application as it intends to hold these investments for the foreseeable future.

  As a result of the change in classification, an impairment loss amounted to USD 3,278,860 that was recognized in profit or loss during prior periods is reclassified to accumulated OCI fair reserve as at 1 January 2018.
- Insurance receivables as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of due amounts. These are classified and measured as financial asset at amortized cost beginning 1 January 2018.

The Group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's financial liabilities.

Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to recognize an allowance for ECLs for all financial assets not held at fair value through profit or loss and contract assets.

The following set out the impact of replacing IAS 39's incurred credit loss calculations with IFRS 9's ECLs. A reconciliation between the carrying amounts under IAS 39 and the balances reported under IFRS 9 as of 1 January 2018 is, as follows:

	Allowance for impairment under IAS 39 USD	Re-measurement USD	ECL under IFRS 9 as at 1 January 2018 USD
As at 1 January 2018			
Insurance receivables	2,864,350	1,766,001	4,630,351
Debt instruments at amortized cost	–	73,596	73,596
Debt instruments at FVOCI	250,000	36,698	286,698
	3,114,350	1,876,295	4,990,645

The following table analyses the impact on transition to IFRS 9 on reserves and retained earnings at 1 January 2018:

	Fair value reserve USD	Retained earnings USD	Total USD
As at 1 January 2018	15,708,956	150,817,319	166,526,275
Reclassifications			
Reclassification of unrealized gains of equities and other investments reclassified from AFS to FVTPL	(3,475,423)	3,475,423	–
Reversal of impairment of unquoted equities reclassified from AFS to FVOCI	(3,278,860)	3,278,860	–
Recognition of Expected Credit Losses under IFRS 9			
Insurance receivables	–	(1,766,001)	(1,766,001)
Debt instruments at FVOCI	73,596	(73,596)	–
Debt instruments at amortized cost	–	(36,698)	(36,698)
Restated at 1 January 2018	9,028,269	155,695,307	164,723,576

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IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

This Interpretation does not have any impact on the Group's consolidated financial statements.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

These amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met.

If applicable – The Company's accounting policy for cash-settled share based payments is consistent with the approach clarified in the amendments. In addition, the Company has no share-based payment transaction with net settlement features for withholding tax obligations and had not made any modifications to the terms and conditions of its share-based payment transaction.

These amendments are not relevant to the Group.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendments address concerns arising from implementing the new financial instrument standard, IFRS 9, before implementing IFRS 17 insurance contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing contracts: a temporary exemption from applying IFRS 9 and an overlay approach.

The Group has applied IFRS 9 with an initial application date of 1 January 2018.

Amendments to IAS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associates or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

These amendments do not have any impact on the Group's consolidated financial statements.

Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing of standards and interpretations issued are those that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

IFRS 16 Leases

During January 2016, the IASB issued IFRS 16 "Leases" which sets out the principles for the recognition, measurement, presentation and disclosure of leases.

IFRS 16 substantially carries forward the lessor accounting 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.

IFRS 16 introduced a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted.

The Group has the option to adopt IFRS 16 retrospectively and restate each prior reporting period presented or using the modified retrospective approach by applying the impact as an adjustment on the opening retained earnings. The Group will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4.

The Group will adopt IFRS 16 using the modified retrospective approach. During 2018, the Group has performed a detailed impact assessment of IFRS 16.

The Group expect the effect of adopting IFRS 16 to be USD 2,548,101 on the total assets and USD 2,548,101 on the total liabilities.

IFRS 17 Insurance Contracts

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 -Insurance Contracts. The standard applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The interpretation is effective for annual reporting periods beginning on or after 1January 2019, but certain transition reliefs are available.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognized in full.

Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

The Group will apply these amendments when they become effective.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss.

An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted.

Summary of significant accounting policies

Property, premises and equipment

Property, premises and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives using the following estimated useful lives:

	Years
Office buildings	20
Aircraft (Average)	12.5
Office furniture	5
Computers	3
Equipment	4
Leasehold improvements	5
Vehicles	5

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income when the asset is derecognized.

The assets' residual values, useful lives and method of depreciation are reviewed and adjusted if appropriate at each financial year-end. Impairment reviews take place when events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment losses are recognized in the consolidated statement of income as an expense.

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Intangible assets

Intangible assets acquired through business combinations are recorded at their fair value on that date. Other intangible assets are measured on initial recognition at cost.

Intangible assets with finite lives are amortized over the useful economic lives, while intangible assets with indefinite useful lives are assessed for impairment at each reporting date or when there is an indication that the intangible asset may be impaired.

Internally generated intangible assets are not capitalised and are expensed in the consolidated statement of income.

Indications of impairment of intangible assets are reviewed and their useful economic lives are reassessed at each reporting date. Adjustments are reflected in the current and subsequent periods.

Intangible assets include computer software and software licenses. These intangible assets are amortized on a straight line basis over their estimated economic useful lives of 5 years.

Work in progress assets

Work in progress assets are stated at cost, and include other direct costs and it is not depreciated until it is available for use.

Investments in associates

The Group's investment in its associates is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statement of income reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Profits or losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of the associate is shown on the face of the consolidated statement of income. This is profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associates.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring its accounting policies in line with the Group's.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's Investments in associates. The Group determines at each reporting date, whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the 'share of profit of an associate' in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognizes any remaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal is recognized in profit or loss.

Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of income in the period in which they arise. Fair values are evaluated annually by an accredited external, independent valuator.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of income in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Financial assets

a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial instruments are initially recognized on the trade date measured at their fair value. Except for financial assets and financial liabilities recorded at FVTPL, transaction costs are added to this amount.

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms. The categories include the following:

- Amortized cost
- FVOCI
- FVTPL

i) Bonds and debt instruments measured at amortized cost

Bonds and debt instruments are held at amortized cost if both of the following conditions are met:

- The instruments are held within a business model with the objective of holding the instrument to collect the contractual cash flows.

- The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group holds financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The Group considers the timing, amount and volatility of cash flow requirements to support insurance liability portfolios in determining the business model for the assets as well as the potential to maximise return for shareholders and future business development.

The Group business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios that is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- The expected frequency, value and timing of asset sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test

As a second step of its classification process the Group assesses the contractual terms to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

ii) Bonds and debt instruments measured at fair value through other comprehensive income

The Group applies the new category under IFRS 9 for debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset meet the SPPI test.

These instruments largely comprise debt instruments that had previously been classified as available-for-sale under IAS 39. Bonds and debt instruments in this category are those that are intended to be held to collect contractual cash flows and which may be sold in response to needs for liquidity or in response to changes in market conditions.

iii) Financial assets measured at fair value through profit or loss

Financial assets in this category are those assets which have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9. Management designates an instrument as FVTPL that otherwise meet the requirements to be measured at amortized cost or at FVOCI only if it eliminates, or significantly reduces, an accounting mismatch that would otherwise arise. Financial assets with contractual cash flows not representing solely payment of principal and interest are mandatorily required to be measured at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value. Changes in fair value are recognized in the consolidated statement of income. Interest income is recognized using the effective interest method.

Dividend income from equity investments measured at FVTPL is recognized in the consolidated statement of income when the right to the payment has been established.

iv) Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income include equities investments. Equity investments classified as financial assets measured at fair value through other comprehensive income are those, which are not classified as financial assets measured at fair value through profit or loss.

v) Insurance receivables

Insurance companies and intermediaries receivables except for reinsurance assets are recognized when due and measured on initial recognition at the fair value of the consideration received or receivable.

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vi) Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line.

b) Subsequent measurement

For purposes of subsequent measurement, financial assets in the scope of IFRS 9 are classified in four categories:

- Financial assets at amortized cost (bonds, debt instruments and insurance receivables)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (bonds and debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss.

i) Financial assets at amortized cost (bonds, debt instruments and insurance receivables)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- 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.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's debt instruments at amortized cost includes investments in unquoted debt instruments and insurance receivable.

ii) Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and,
- 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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments and insurance receivables.

iii) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as investment income in the statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its unquoted equity investments and some quoted equity investments under this category.

iv) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of income.

This category includes quoted funds, alternative investments and quoted equity investments which the Group had not irrevocably elected to classify at fair value through OCI.

Dividends on quoted equity investments are also recognized as investment income in the statement of income when the right of payment has been established.

c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

d) Impairment of financial assets in scope of IFRS 9

The Group recognizes an allowance for expected credit losses (ECLs) for debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For insurance receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, The Group considers an insurance premium receivable in default when contractual payments are 360 days past due.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

The Group's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the Accredited Rating Agency and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the Accredited Rating Agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognized in OCI with a corresponding charge to profit or loss. The accumulated gain recognized in OCI is recycled to the profit or loss upon derecognition of the assets.

The Group considers a financial asset in default when contractual payments are 90 days or for insurance receivables 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

In its ECL models, the Group relies on a broad range of forward looking information as economic inputs, such as:

- Real GDP growth by region
- Projected GDP growth by region

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. There were no write-offs over the periods reported in these consolidated financial statements.

For cash flow purposes the Group classifies the cash flow for the acquisition and disposal of financial assets as operating cash flows, as the purchases of these investments is funded from the net cash flows associated with the origination of insurance and investment contracts and payment of benefits and claims incurred for such insurance contracts, which are respectively treated under operating activities.

Gross written premiums

Gross written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognized on the date on which the policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods. Rebates that form part of the premium rate, such as no-claim rebates, are deducted from the gross premium; others are recognized as an expense. Premiums also include estimates for pipeline premiums, representing amounts due on business written but not yet notified. The Group generally estimates the pipeline premium based on management's judgment and prior experience.

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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 pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

Reinsurance premiums

Gross general reinsurance premiums written comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognized on the date on which the policy incepts.

Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses occurring contracts.

Commission income

Insurance and investment contract policyholders are charged for policy administration services, investment management services, surrenders and other contract fees. These fees are recognized as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognized over those future periods.

Claims

Claims, comprising amounts payable to contract holders and third parties and related loss adjustment expenses, net of salvage and other recoveries, are charged to income as incurred. Claims comprise the estimated amounts payable, in respect of claims reported to the Group and those not reported at the consolidated statement of financial position date.

The Group generally estimates its claims based on appointed loss adjusters or leading underwriters' recommendations. In addition a provision based on management's judgement and the Group's prior experience is maintained for the cost of settling claims incurred but not reported at the consolidated statement of financial position date.

Policy acquisition costs

Policy acquisition costs represent commissions paid to intermediaries and other direct costs incurred in relation to the acquisition and renewal of insurance contracts which are deferred and expensed over the terms of the insurance contracts to which they relate as premiums are earned.

Liability adequacy test

At each statement of financial position date the Group assesses whether its recognized insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its unearned premiums (less related deferred policy acquisition costs) is inadequate in the light of estimated future cash flows, the entire deficiency is immediately recognized in income and an unexpired risk provision created.

The Group does not discount its liability for unpaid claims as substantially all claims are expected be paid within one year of the statement of financial position date.

Reinsurance

The Group cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. The impairment loss is recorded in the consolidated statement of income.

Gains or losses on buying reinsurance are recognized in the consolidated statement of income immediately at the date of purchase and are not amortized.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

The Group also assumes reinsurance risk in the normal course of business for non-life insurance contracts where applicable. Premiums and claims on assumed reinsurance are recognized as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the statement of financial position. These are deposit assets or financial liabilities that are recognized based on the consideration paid or received less any explicit identified premiums or fees to be retained by the reinsured.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances, and short-term deposits with an original maturity of three months or less after deducting bank overdraft balances and short-term deposits with an original maturity ranges from three months to one year.

Provisions

Provisions are recognized when the Group has an obligation (legal or constructive) as a result of a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Cash settled - Share based payment plan

A phantom share option plan linked to the value of an ordinary share of the Group as approved by the Board of directors has been declared during 2011. The scheme is applicable to senior executives with more than 12 months service. The amount of bonus is determined by reference to the increase in the book value of shares covered by the option. No shares are actually issued or transferred to the option holder on the exercise of the option.

The options vest equally over a span of 5 years from the grant date. The bonus due amounts to the excess of book value on vesting date over grant date plus an additional 20% on the value of the excess.

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in share premium.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense is not offset in the consolidated statement of income unless required or permitted by any accounting standard or interpretation.

Foreign currencies

The Group's consolidated financial statements are presented in United States Dollars, which is also the functional currency of the Group. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Group companies

The assets and liabilities of foreign operations are translated into United States Dollars at the rate of exchange prevailing at the reporting date and their statements of income are translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognized in consolidated statement of comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the consolidated statement of income.

Taxation

The charge or credit for taxation is based upon the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries were the Group operates and generates taxable income.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credit and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Interest income

Interest income included in investment income is recognized as the interest accrues using the effective interest method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividend income

Dividend revenue included in investment income is recognized when right to receive the payment is established.

Chartered flights revenues

Chartered flights revenues are recognized when the transportation is provided.

Leasing

The Group has no finance lease arrangements.

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a lessee

Leases that do not transfer to the Group substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognized as an expense in the income statement on a straight line basis over the lease term. Contingent rentals are recognized as an expense in the period in which they are incurred.

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Group as a lessor

Leases in which the Group does not transfer substantially all of the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Rental income from operating leases is recognized on a straight-line basis over the term of lease.

Fair values

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 Group.

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 Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated 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 recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted available for sales financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group 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.

Judgements

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

Operating lease commitments-group as lessor

The Group has entered into commercial property leases on its premises and equipment. The Group, as a lessor, has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of its property and so accounts for them as operating leases.

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Classification of investments

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial instruments are initially recognized on the trade date measured at their fair value. Except for financial assets and financial liabilities recorded at FVTPL, transaction costs are added to this amount.

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms. The categories include the following:

- Amortized cost
- FVOCI
- FVTPL

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the consolidated 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 right:

Valuation of outstanding claims, whether reported or not

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 assumptions about several factors involving varying, and possibly significant, degrees of judgement and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the consolidated statement of financial position date and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the consolidated statement of financial position date. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using past claim settlement trends to predict future claims settlement trends.

Claims requiring court or arbitration decisions are estimated individually. Independent loss adjustors normally estimate property claims. Management reviews its provisions for claims incurred, and claims incurred but not reported, on a quarterly basis.

Investment properties

Investment properties are stated at fair value which is determined based on valuations performed by professional independent valuers.

Expected credit loss

The Group uses a provision matrix to calculate ECLs for insurance receivables. The provision rates are based on days past due for groupings of various policy holder's segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of policy holder's actual default in the future.

In determining impairment of financial assets, judgement is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

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3. PROPERTY, PREMISES AND EQUIPMENT

	Office buildings USD	Aircraft* USD	Office furniture USD
COST			
At 1 January 2018	**2,669,763**	**11,290,405**	**1,513,831**
Additions	**4,758**	**–**	**119,483**
At 31 December 2018	**2,674,521**	**11,290,405**	**1,633,314**
DEPRECIATION			
At 1 January 2018	**704,219**	**903,232**	**1,273,047**
Depreciation for the year	**52,981**	**903,232**	**52,522**
At 31 December 2018	**757,200**	**1,806,464**	**1,325,569**
NET CARRYING AMOUNT			
At 31 December 2018	**1,917,321**	**9,483,941**	**307,745**
COST			
At 1 January 2017	2,661,944	–	1,439,242
Additions	7,819	93,554	67,268
Written off and disposals	–	–	–
Transfers	–	11,196,851	7,321
At 31 December 2017	2,669,763	11,290,405	1,513,831
DEPRECIATION			
At 1 January 2017	635,188	–	1,173,601
Depreciation for the year	69,031	903,232	99,446
Written off and disposals	–	–	–
At 31 December 2017	704,219	903,232	1,273,047
NET CARRYING AMOUNT			
At 31 December 2017	1,965,544	10,387,173	240,784

* The aircraft is registered in the name of IGI Services Limited being a company registered in Cayman Islands and wholly owned subsidiary of IGI Co. Ltd. (subsidiary). The aircraft was put in use on 1 January 2017 after the completion of the pre-commissioning testing. The depreciation of the aircraft which amounted to USD 903,232 was allocated proportionally between the other expenses and general and administrative expenses based on the of flight hours of chartered trips and business-related trips.

Computers USD	Equipment USD	Leasehold improvements USD	Vehicles USD	Work in Progress USD	Total USD
1,413,182	**274,433**	**1,177,342**	**964,531**	**–**	**19,303,487**
140,607	**6,937**	**142,931**	**–**	**–**	**414,716**
1,553,789	**281,370**	**1,320,273**	**964,531**	**–**	**19,718,203**
1,184,117	**272,606**	**1,177,341**	**698,388**	**–**	**6,212,950**
113,822	**5,657**	**42,759**	**117,283**	**–**	**1,288,256**
1,297,939	**278,263**	**1,220,100**	**815,671**	**–**	**7,501,206**
255,850	**3,107**	**100,173**	**148,860**	**–**	**12,216,997**
1,224,416	272,105	1,177,342	945,081	11,239,732	18,959,862
159,565	2,328	–	118,420	–	448,954
(6,359)	–	–	(98,970)	–	(105,329)
35,560	–	–	–	(11,239,732)	–
1,413,182	274,433	1,177,342	964,531	–	19,303,487
1,039,597	267,238	1,139,393	625,004	–	4,880,021
150,271	5,368	37,948	141,535	–	1,406,831
(5,751)	–	–	(68,151)	–	(73,902)
1,184,117	272,606	1,177,341	698,388	–	6,212,950
229,065	1,827	1	266,143	–	13,090,537

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The depreciation and amortization (note 4) charges for the year 2018 and 2017 was allocated as follows:

	2018 USD	2017 USD
Property premises and equipment depreciation charge for the year	**1,288,256**	1,406,831
Intangible assets amortization charge for the year (note 4)	**71,704**	78,303
Aircraft depreciation allocated to other expenses	**(490,820)**	(462,184)
TOTAL DEPRECIATION AND AMORTIZATION ALLOCATED TO G&A	**869,140**	1,022,950

Fully depreciated property, premises and equipment still in use amounted to USD 5,303,179 as at 31 December 2018 (2017: USD 3,881,072).

4. INTANGIBLE ASSETS

	2018			2017		
	Computer software / licenses USD	Work in progress* USD	Total USD	Computer software / licenses USD	Work in progress* USD	Total USD
COST						
Beginning balance	**1,171,134**	**1,874,003**	**3,045,137**	1,168,633	700,743	1,869,376
Additions	**12,207**	**719,510**	**731,717**	2,501	1,173,260	1,175,761
Ending balance	**1,183,341**	**2,593,513**	**3,776,854**	1,171,134	1,874,003	3,045,137
AMORTIZATION						
Beginning balance	**1,016,122**	**–**	**1,016,122**	937,819	–	937,819
Additions	**71,704**	**–**	**71,704**	78,303	–	78,303
Ending balance	**1,087,826**	**–**	**1,087,826**	1,016,122	–	1,016,122
NET CARRYING AMOUNT	**95,515**	**2,593,513**	**2,689,028**	155,012	1,874,003	2,029,015

* Work in progress balance represents the payments towards purchase of new insurance software. The management expects that the software will be installed during the second quarter of 2019.

5. INVESTMENTS IN ASSOCIATES

The Group holds 33% equity ownership interest in companies registered in Lebanon as shown below, the investments in associated companies are accounted for using the equity method:

	Country of incorporation	Ownership	
		2018	2017
Star Rock SAL Lebanon	Lebanon	**33%**	33%
Sina SAL Lebanon	Lebanon	**33%**	33%
Silver Rock SAL Lebanon	Lebanon	**33%**	33%
Golden Rock SAL Lebanon	Lebanon	**33%**	33%
Movement on investment in associates is as follows:		2018 USD	2017 USD
Opening balance		**11,827,854**	11,628,580
Net share of profit from associated companies		**145,565**	199,274
		11,973,419	11,827,854

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The following table includes summarized information of the Group's investments in associates:

2018	Star Rock SAL Lebanon USD	Sina SAL Lebanon USD	Silver Rock SAL Lebanon USD	Golden Rock SAL Lebanon USD	Total USD
Current assets	**44,501**	**46,251**	**91,487**	**587,587**	**769,826**
Non-current assets	**4,869,500**	**3,872,800**	**5,696,251**	**36,813,179**	**51,251,730**
Current liabilities	**(2,328,240)**	**(2,478,735)**	**(1,830,695)**	**(9,100,798)**	**(15,738,468)**
NET ASSETS	**2,585,761**	**1,440,316**	**3,957,043**	**28,299,968**	**36,283,088**
THE GROUP'S SHARE OF NET ASSETS	**853,301**	**475,304**	**1,305,824**	**9,338,990**	**11,973,419**
ASSOCIATES' REVENUES AND RESULTS					
Revenues	**86,774**	**68,183**	**109,958**	**1,165,729**	**1,430,644**
Profit (loss)	**25,056**	**26,653**	**(10,350)**	**399,747**	**441,106**
THE GROUP'S SHARE OF PROFIT (LOSS)	**8,269**	**8,795**	**(3,416)**	**131,917**	**145,565**

2017	Star Rock SAL Lebanon USD	Sina SAL Lebanon USD	Silver Rock SAL Lebanon USD	Golden Rock Lebanon USD	Total USD
Current assets	141,254	31,382	181,360	688,654	1,042,650
Non-current assets	4,869,502	3,872,799	5,703,348	36,838,278	51,283,927
Current liabilities	(2,450,051)	(2,490,518)	(1,917,315)	(9,626,711)	(16,484,595)
NET ASSETS	2,560,705	1,413,663	3,967,393	27,900,221	35,841,982
THE GROUP'S SHARE OF NET ASSETS	845,032	466,509	1,309,240	9,207,073	11,827,854
ASSOCIATES' REVENUES AND RESULTS					
Revenues	162,808	52,727	148,125	1,271,123	1,634,783
(Loss) profit	(39,853)	39,627	41,352	562,733	603,859
THE GROUP'S SHARE OF (LOSS) PROFIT	(13,151)	13,077	13,646	185,702	199,274

The associates' main business is investing in investment properties. The Investment properties of the associates are stated at fair value, which has been determined based on valuations performed by professional independent third party who are specialists in valuing these types of investment properties. The fair value represents the amount, which the assets could be exchanged between a knowledgeable, willing seller in an arm's length transaction at the date of valuation. All the investment properties generated rental income during the current year and the prior years.

6. INVESTMENT PROPERTIES

The following table includes summarized information of the Group's investment properties:

2018	Commercial building USD	Land* USD	Total USD
Opening balance	**20,192,458**	**10,181,832**	**30,374,290**
ENDING BALANCE	**20,192,458**	**10,181,832**	**30,374,290**

2017	Commercial building USD	Land* USD	Total USD
Opening balance	20,189,934	9,920,245	30,110,179
Additions	2,524	261,587	264,111
ENDING BALANCE	20,192,458	10,181,832	30,374,290

* Land amounting to USD 10,181,832 as at 31 December 2018 (2017: USD 10,181,832) is registered in the name of one of the Directors of the Group. The Group has obtained an irrevocable proxy over this investment property.

The carrying amount of the investment property approximates its fair value as of 31 December 2018 based on valuations performed by professional third-party valuator and accordingly no fair value adjustments were recorded. The valuation model used was in accordance with that recommended by the International Valuation Standards Committee. The investment properties are valued using the market comparable approach. Under the market comparable approach, a property's fair value is estimated based on comparable transactions. The market comparable approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. The unit of comparison applied by the Group is the price per square metre (sqm).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

At 31 December 2018

7. INVESTMENTS

The details of the Groups financial investments for the year 2018 and 2017 are as follows:

31 December 2018	Amortized Cost USD	Fair value through other comprehensive income USD	Fair value through statement of income USD	Total USD
Unquoted bonds	**3,737,287**	**–**	**–**	**3,737,287**
Quoted bonds	**–**	**162,161,914**	**–**	**162,161,914**
Quoted funds and alternative investments	**–**	**–**	**8,383,593**	**8,383,593**
Quoted equities	**–**	**15,320,310**	**5,594,070**	**20,914,380**
Unquoted equities	**–**	**5,936,647**	**–**	**5,936,647**
Expected credit losses and impairment	**(280,450)**	**–**	**–**	**(280,450)**
	3,456,837	**183,418,871**	**13,977,663**	**200,853,371**

The loss allowance for bonds at FVTOCI for the year 2018 of USD 29,903 does not reduce the carrying amount of these investments (which are measured at fair value, but gives rise to an equal and opposite gain in OCI).

31 December 2017	Held to maturity USD	Available for sale USD	Held for trading USD	Total USD
Unquoted bonds	3,987,288	–	–	3,987,288
Quoted funds and alternative investments	–	7,971,825	160,420	8,132,245
Quoted equities	–	32,017,989	–	32,017,989
Quoted bonds	–	185,806,397	–	185,806,397
Unquoted equities	–	5,936,647	–	5,936,647
	3,987,288	231,732,858	160,420	235,880,566

The movement on the expected credit losses and impairment provision for the bonds at amortized cost is as follows:

	2018 USD
BEGINNING BALANCE UNDER IAS 39	**250,000**
Re-measurement ECL – Impact of IFRS 9 adoption	**36,698**
ECL release for investment in debt securities	**(6,248)**
ENDING BALANCE UNDER IFRS 9	**280,450**

8. DEFERRED POLICY ACQUISITION COSTS

	2018 USD	2017 USD
Opening balance	**32,915,965**	28,286,248
Acquisition costs	**61,737,138**	57,570,774
Charged to consolidated income statement	**(58,780,676)**	(52,941,057)
	35,872,427	32,915,965

9. INSURANCE RECEIVABLES

	2018 USD	2017 USD
Receivables from insurance companies and intermediaries	**119,686,104**	116,154,724
Less: Provision for doubtful debts and expected credit losses	**(5,006,464)**	(2,864,350)
	114,679,640	113,290,374

The movement in the provision of doubtful debts and expected credit losses is as follows:

	2018 USD	2017 USD
Opening balance	**2,864,350**	2,864,350
Impact of IFRS 9 adoption	**1,766,001**	–
RESTATED OPENING BALANCE	**4,630,351**	2,864,350
Provision for the year	**376,113**	–
	5,006,464	2,864,350

The following table provides an aging analysis of receivables arising from insurance and reinsurance contracts past due but not impaired:

		Past due but not impaired					
	Neither past due nor impaired USD	Up to 90 days USD	91 to 180 days USD	181 to 270 days USD	271 to 360 days USD	Over 360 days USD	Total USD
31 December 2018	**83,710,059**	**18,030,100**	**7,520,870**	**4,155,322**	**1,263,289**	**–**	**114,679,640**
31 December 2017	89,809,095	16,133,317	5,995,891	1,137,328	–	214,743	113,290,374

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

At 31 December 2018

10. OTHER ASSETS

	2018 USD	2017 USD
Accrued interest income	**1,830,722**	1,784,012
Prepaid expenses	**1,284,738**	1,078,932
Refundable deposits	**221,779**	107,099
Employees receivables	**445,374**	652,723
Funds held in trust accounts	**1,006,735**	826,217
Income tax receivables	**187,604**	161,650
Trade receivables*	**9,366**	436,126
Others	**74,732**	262,970
	5,061,050	5,309,729

* This amount represents the balances due from the Specialty Malls (Subsidiary) customers against rental income. There are no impaired trade receivables and management believes that the trade receivables will be recovered in full. The aging of the trade receivables is less than 180 days.

The following table provides an aging analysis of trade receivables arising from Specialty Malls customers past due but not impaired:

		Past due but not impaired		
	Neither past due nor impaired USD	Up to 90 days USD	91 to 180 days USD	Total USD
31 December 2018	**–**	**–**	**9,366**	**9,366**
31 December 2017	–	–	436,126	436,126

11. UNEARNED PREMIUMS

	2018			2017		
	Gross USD	Reinsurers' share USD	Net USD	Gross USD	Reinsurers' share USD	Net USD
Opening balance	**156,694,025**	**(41,126,963)**	**115,567,062**	133,670,895	(32,138,490)	101,532,405
Premiums written	**301,555,980**	**(99,381,593)**	**202,174,387**	275,340,636	(106,497,204)	168,843,432
Premiums earned	**(289,995,317)**	**107,941,709**	**(182,053,608)**	(252,317,506)	97,508,731	(154,808,775)
	168,254,688	**(32,566,847)**	**135,687,841**	156,694,025	(41,126,963)	115,567,062

12. OUTSTANDING CLAIMS

Movement in outstanding claims

	2018			2017		
	Gross USD	Reinsurers' share USD	Net USD	Gross USD	Reinsurers' share USD	Net USD
AT THE BEGINNING OF THE YEAR						
Reported claims	**303,254,937**	**(172,045,315)**	**131,209,622**	244,216,392	(122,735,801)	121,480,591
Claims incurred but not reported	**79,972,504**	**(7,974,801)**	**71,997,703**	90,954,902	(20,329,907)	70,624,995
	383,227,441	**(180,020,116)**	**203,207,325**	335,171,294	(143,065,708)	192,105,586
Claims paid	**(209,892,000)**	**118,211,633**	**(91,680,367)**	(204,098,071)	121,697,370	(82,400,701)
Provided during the year related to current accident year	**196,708,805**	**(102,442,564)**	**94,266,241**	278,298,318	(161,385,081)	116,913,237
Provided during the year related to previous accident years	**14,335,595**	**(23,314,335)**	**(8,978,740)**	(26,144,100)	2,733,303	(23,410,797)
At the end of the year	**384,379,841**	**(187,565,382)**	**196,814,459**	383,227,441	(180,020,116)	203,207,325
AT THE END OF THE YEAR						
Reported claims	**285,770,257**	**(170,124,934)**	**115,645,323**	303,254,937	(172,045,315)	131,209,622
Claims incurred but not reported	**98,609,584**	**(17,440,448)**	**81,169,136**	79,972,504	(7,974,801)	71,997,703
	384,379,841	**(187,565,382)**	**196,814,459**	383,227,441	(180,020,116)	203,207,325

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

At 31 December 2018

CLAIMS DEVELOPMENT

The following tables show the estimate of cumulative incurred claims, including both reported claims and claims incurred but not reported for each successive accident year at each statement of financial position date, together with cumulative payments to date.

	2005 USD	2006 USD	2007 USD	2008 USD	2009 USD	2010 USD
AT END OF ACCIDENT YEAR	27,313,047	25,254,263	37,939,544	114,560,922	94,375,639	122,323,418
One year later	54,275,546	35,110,485	54,041,148	125,149,178	75,295,485	108,522,816
Two years later	59,120,766	40,894,923	53,379,611	119,412,667	67,118,529	105,943,110
Three years later	58,723,328	39,641,082	53,971,648	121,676,478	68,496,704	100,572,066
Four years later	58,546,081	37,331,379	53,468,989	119,839,220	68,217,208	99,513,334
Five years later	58,011,998	37,665,596	53,393,860	113,090,591	67,908,658	101,599,381
Six years later	58,595,434	36,800,576	50,534,739	112,125,348	67,807,370	100,198,544
Seven years later	57,574,645	35,600,935	49,718,456	110,400,053	67,613,678	100,302,961
Eight years later	57,642,634	35,318,464	49,552,802	110,588,511	68,114,668	100,073,144
Nine years later	57,522,791	34,796,272	49,374,891	111,162,234	68,950,049	–
Ten years later	57,036,376	34,609,372	49,361,720	111,371,580	–	–
Eleven years later	56,714,595	34,553,537	49,312,510	–	–	–
Twelve years later	56,747,872	34,422,917	–	–	–	–
Thirteen years later	56,852,834	–	–	–	–	–
Current estimate of cumulative claims incurred	56,852,834	34,422,917	49,312,510	111,371,580	68,950,049	100,073,144
Cumulative payments to date	56,852,834	33,676,924	49,312,510	110,643,538	67,600,001	99,499,226
TOTAL LIABILITY INCLUDED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION						

2011 USD	2012 USD	2013 USD	2014 USD	2015 USD	2016 USD	2017 USD	2018 USD	Total USD
128,498,162	133,595,104	159,549,092	152,384,186	174,601,048	175,094,042	278,298,318	**196,708,806**	
106,566,918	119,424,721	155,958,329	114,972,073	160,100,166	173,369,296	309,257,783	**–**	
100,764,212	108,556,804	148,160,641	101,352,163	149,533,104	167,694,979	–	**–**	
110,286,014	110,046,062	142,309,348	92,846,420	145,920,851	–	–	**–**	
114,464,267	103,996,492	133,916,518	88,210,215	–	–	–	**–**	
110,266,231	104,540,662	132,991,755	–	–	–	–	**–**	
111,774,284	103,167,021	–	–	–	–	–	**–**	
110,644,445	–	–	–	–	–	–	**–**	
–	–	–	–	–	–	–	**–**	
–	–	–	–	–	–	–	**–**	
–	–	–	–	–	–	–	**–**	
–	–	–	–	–	–	–	**–**	
–	–	–	–	–	–	–	**–**	
–	–	–	–	–	–	–	**–**	
110,644,445	103,167,021	132,991,755	88,210,215	145,920,851	167,694,979	309,257,783	**196,708,806**	**1,675,578,889**
99,507,777	96,316,072	127,203,814	81,904,051	130,678,623	136,585,691	177,118,795	**24,299,192**	**1,291,199,048**
								384,379,841

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

At 31 December 2018

13. CASH AND BANK BALANCES

	2018 USD	2017 USD
Cash and bank balances	**159,478,364**	74,161,936
Time deposits – short-term	**100,581,231**	136,160,805
	260,059,595	210,322,741

The time deposits, which are denominated in US Dollars and dollar pegged currencies, are made for varying periods between one month to one year depending on the immediate cash requirements of the Group.

All deposits are subject to an average variable interest rate of 2.75% (2017: 2.46%).

Cash and cash equivalents at 31 December 2018, in the consolidated statement of cash flows represent the balance of cash and short-term deposits netted by the balance of term deposits from three months to one year as of 31 December 2018.

	2018 USD	2017 USD
Cash and short-term deposits	**260,059,595**	210,322,741
Less: short-term deposits averages from three months to one year	**(85,414,600)**	(93,717,028)
Cash and cash equivalents	**174,644,995**	116,605,713

14. EQUITY

ISSUED SHARE CAPITAL

	Authorised, issued and fully paid	
	2018 USD	2017 USD
Shares of USD 1 each	**143,375,678**	143,375,678

FAIR VALUE RESERVE

The movement of this item are as follows:

	2018 USD	2017 USD
Balance at the beginning of the year	**15,708,956**	10,994,423
Impact of IFRS 9 adoption (note 2)	**(6,680,687)**	–
Restated balance	**9,028,269**	10,994,423
Change in fair value during the year	**(8,155,908)**	4,714,533
ECL transferred to income statement	**29,903**	–
Balance at the end of the year	**902,264**	15,708,956

FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve is used to record the exchange difference arising from the translation of the financial statements of foreign subsidiaries to the Group's functional currency.

15. TREASURY SHARES

The general shareholders meeting approved in its extraordinary meeting dated 24 November 2013 the purchase of its own shares up to 15% of the issued shares to be treated as treasury shares in accordance with the applicable DIFC laws and regulations. Pursuant to the above authorization, 7,000,000 treasury shares were purchased during the year which were recorded at an amount of USD 15,050,000 as at 31 December 2018 (2017: Nil).

Additional paid in capital
The additional paid in capital of USD 2,773,000 had been recorded in year 2015 from sale transaction of 7,900,000 treasury shares at total price of USD 14,773,0000. The foregoing treasury shares were originally purchased at total price of USD 12,000,000.

16. DIVIDENDS PAID

The Board of Directors resolved to pay the following dividends for the years 2018 and 2017:
– On 16 August 2018: USD 4,091,271 (Dividend per share excluding treasury shares: USD 0.030)
– On 9 March 2017: USD 5,735,027 (Dividend per share: USD 0.040)
– On 16 August 2017: USD 5,735,027 (Dividend per share: USD 0.040)

17. OTHER LIABILITIES

	2018 USD	2017 USD
Accounts payable	**2,441,208**	2,676,641
Accrued expenses	**5,611,523**	4,417,273
	8,052,731	7,093,914

18. INSURANCE PAYABLES

	2018 USD	2017 USD
Payables due to insurance companies and intermediaries	**233,316**	707,704
Reinsurers – amounts due in respect of ceded premium	**28,635,247**	18,309,403
	28,868,563	19,017,107

19. UNEARNED COMMISSIONS

The movement in unearned commissions in the consolidated statement of financial position is as follows:

	2018 USD	2017 USD
AS AT 1 JANUARY	**10,354,019**	8,292,099
Commissions received	**15,473,519**	18,771,267
Commissions earned	**(17,817,154)**	(16,709,347)
AS AT 31 DECEMBER	**8,010,384**	10,354,019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

At 31 December 2018

20. NET INVESTMENT INCOME

	2018 USD	2017 USD
Interest income	**9,698,069**	8,632,460
Dividends	**1,043,876**	1,490,607
Net gain on sale of available-for-sale investments	**–**	3,133,556
Realized loss on sale of bonds at FVTOCI	**(763,569)**	–
Realized gain on sale of FVTPL equities and mutual funds	**2,048,908**	–
Expected credit loss on financial assets at FVOCI	**(29,903)**	–
Release of expected credit loss on financial assets at amortized cost	**6,248**	–
Unrealized loss on revaluation of financial assets at FVTPL	**(948,802)**	–
Fair value changes of held for trading investments	**–**	95,582
Impairment on available for sale investments	**–**	(71,863)
Investments custodian fees and other investments expenses	**(1,445,327)**	(1,741,631)
Income from real estate	**606,862**	1,007,983
	10,216,362	12,546,694

21. GENERAL AND ADMINISTRATIVE EXPENSES

	2018 USD	2017 USD
Human resources expenses	**23,448,838**	21,695,853
Business promotion, travel and entertainment	**3,492,472**	3,002,921
Statutory, advisory and rating	**3,040,841**	1,816,318
Information technology and software	**1,838,585**	1,542,740
Office operation	**1,783,868**	1,491,240
Depreciation and amortization	**869,140**	1,022,950
Bank charges	**153,055**	129,750
Board of directors expenses	**724,880**	551,164
	35,351,679	31,252,936

22. OTHER EXPENSES – NET

	2018 USD	2017 USD
Chartered flights net revenue	**902,750**	837,712
Aircraft operational cost	**(1,095,461)**	(1,003,858)
Aircraft depreciation expense	**(490,820)**	(462,184)
Net loss of aircraft operations	**(683,531)**	(628,330)
Others	**–**	18,828
	(683,531)	(609,502)

23. COMMITMENTS AND CONTINGENCIES

As of the date of the consolidated financial statements, the Group is contingently liable for the following:

- Letters of Credit amounting to USD 7,335,896 to the order of reinsurance companies for collateralizing insurance contract liabilities in accordance with the reinsurance arrangements (31 December 2017: USD 9,039,158).
- Letter of Guarantee amounting to USD 307,936 to the order of Friends Provident Life Assurance Limited for collateralizing rent payment obligation in one of the Group entity's office premises (31 December 2017: USD 326,315).
- One of the Group's entities has committed to contribute an amount of USD 1,250,000 to the University of California, San Francisco Foundation to support cancer research projects in five instalments over five years. The entity has paid USD 1,000,000 up to 2018 and the entity is still committed to pay the remaining instalment amounted to USD 250,000 during year 2019.

Litigations

The Group has no significant outstanding litigations as of the date of the consolidated financial statements.

24. RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, associates, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties, pricing policies and terms of these transactions are approved by the Group's management.

Compensation of key management personnel of the Group, consisting of salaries and benefits was USD 9,167,244 (2017: USD 8,379,883). Out of the total amount of key management personnel compensation, an amount of USD 423,547 (2017: USD 318,076) represents long-term benefits. These long-term benefits represents a phantom share option plan linked to the value of an ordinary share of the Group as approved by the Board of directors during 2011. The scheme is applicable to senior executives responsible for the management, growth and protection of business of the Group. The amount of bonus is determined by reference to the increase in the book value of shares covered by the option. No shares are actually issued or transferred to the option holder on the exercise of the option. The options vest equally over a span of five years starting on the first anniversary of continued employment following the date on which it is granted. The bonus due amounts to the excess of book value of shares on vesting date over grant date as determined in the latest audited financial statements as of 31 of December of the year prior to vesting and grant date respectively plus an additional 20% on the value of the excess.

Moreover, the Group rented a boat for business promotion from a company owned by major shareholder, the total expense charged to the general and administrative expenses was USD 211,058 (2017: USD 211,739). In addition to this the Group has paid an aircraft management fees amounted to USD 84,000 (2017: USD 168,221) to Arab wings Co. which is owned by a major shareholder.

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At 31 December 2018

25. DEFFERRED TAX ASSETS

Following is the movement on the deferred tax assets:

	2018 USD	2017 USD
Opening balance	**991,449**	1,032,988
Amortization of deferred tax assets	**(5,784)**	(60,907)
Deferred tax assets for the year	**–**	19,368
ENDING BALANCE	**985,665**	991,449

The deferred tax assets amounted to USD 985,665 are in respect to the Group's subsidiary in United Kingdom trading losses using the tax rate of 17% as per Finance Act 2016. The Group management expects to generate sufficient taxable profits to utilize this balance.

The income tax expense appearing in the consolidated statement of income represent the following:

	2018 USD	2017 USD
Income tax (expense) benefit for IGI UK	**(13,487)**	19,368
Amortization of deferred tax assets	**(5,784)**	–
Income tax expense for IGI Underwriting	**(42,970)**	–
TAX (EXPENSE) BENEFIT FOR THE YEAR	**(62,241)**	19,368

26. RISK MANAGEMENT

The risks faced by the Group and the way these risks are mitigated by management are summarized below.

INSURANCE RISK

Insurance risk includes the risks of inappropriate underwriting, ineffective management of underwriting, inadequate controls over exposure management in relation to catastrophic events and insufficient reserves for losses including claims incurred but not reported.

To manage this risk, the Group's underwriting function is conducted in accordance with a number of technical analytical protocols which include defined underwriting authorities, guidelines by class of business, rate monitoring and underwriting peer reviews.

The risk is further protected by reinsurance programs which respond to various arrays of loss probabilities.

The Group has in place effective exposure management systems. Aggregate exposure is modelled and tested against different stress scenarios to ensure adherence to Group's overall risk appetite and alignment with reinsurance programs and underwriting strategies.

Loss reserve estimates are inherently uncertain. Reserves for unpaid losses are the largest single component of the liabilities of the Group. Actual losses that differ from the provisions, or revisions in the estimates, can have a material impact on future earnings and the statement of financial position. The Group has an in house experienced actuarial function reviewing and monitoring the reserving policy and its implementation at quarterly intervals. They work closely with the underwriting and claims team to ensure an understanding of the Group's exposure and loss experience.

In addition, the Group receives external independent analysis of its reserve requirements on a annual basis.

In order to minimize financial exposure arising from large claims, the Group, in the normal course of business, enters into contracts with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is affected under treaty, facultative and excess-of-loss reinsurance contracts.

GEOGRAPHICAL CONCENTRATION OF RISKS

The Group's insurance risk based on geographical concentration of risk is illustrated in the table below:

	2018		2017	
	Gross written premiums USD	Concentration percentage %	Gross written premiums USD	Concentration percentage %
Africa	**9,460,837**	**3**	9,859,019	4
Asia	**31,994,592**	**11**	34,224,236	12
Australasia	**12,598,107**	**4**	8,626,834	3
Central America	**26,707,462**	**9**	35,550,319	13
Europe	**120,686,787**	**40**	76,203,054	28
MENA	**36,553,364**	**12**	40,952,842	15
North America	**2,506,866**	**1**	2,042,637	1
Caribbean Islands	**13,531,845**	**4**	9,513,671	3
South America	**26,352,201**	**9**	33,379,498	12
Worldwide	**21,163,919**	**7**	24,988,526	9
	301,555,980		275,340,636	

LINE OF BUSINESS CONCENTRATION OF RISK

The Group's insurance risk based on line of business concentration is illustrated in the table below:

	2018		2017	
	Gross written premiums USD	Concentration percentage %	Gross written premiums USD	Concentration percentage %
Energy	**81,377,114**	**27**	87,937,007	31
Property	**40,851,543**	**14**	51,272,773	19
Ports & Terminals	**19,079,843**	**6**	17,263,245	6
Casualty	**73,665,448**	**24**	43,119,887	16
Political Violence	**11,406,211**	**4**	9,730,839	4
Financial	**16,147,579**	**5**	14,271,496	5
Reinsurance	**17,757,047**	**6**	17,890,905	6
Engineering	**18,194,161**	**6**	10,375,952	4
Aviation	**17,996,462**	**6**	18,998,073	7
Marine	**2,146,617**	**1**	2,014,461	1
Forestry	**2,933,955**	**1**	2,465,998	1
	301,555,980		275,340,636	

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At 31 December 2018

SENSITIVITIES

The analysis below shows the estimated impact on gross and net insurance contracts claims liabilities and on profit before tax, of an ultimate development on net claims liabilities of 5% greater than from that reported in the statement of financial position. The impact on gross claims liabilities assumes that recovered rates remain constant.

	%	Impact on gross insurance contract claims liabilities USD	Impact on net insurance contract claims liabilities USD	Impact on profit USD
2018	**+ 5**	**19,218,992**	**9,840,723**	**9,840,723**
2017	+ 5	19,161,372	10,160,366	10,160,366

FINANCIAL RISK

The Group's principal financial instruments are financial assets financial assets at fair value through OCI, financial assets at fair value through profit or loss, financial assets at amortized cost, receivables arising from insurance, Investments in associates, investment properties and reinsurance contracts, and cash and cash equivalents.

The Group does not enter into derivative transactions.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, market price risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarized below.

INTEREST RATE RISK

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Group is exposed to interest rate risk on certain of its investments and cash and cash equivalents. The Group limits interest rate risk by monitoring changes in interest rates in the currencies in which its cash and interest bearing investments and borrowings are denominated.

Details of maturities of the major classes of financial assets are as follows:

	Less than 1 year USD	1 to 5 years USD	More than 5 years USD	Non-interest bearing items USD	Total USD	Effective Interest Rate on interest bearing assets %
2018						
Financial assets at FVTPL	**–**	**–**	**–**	**13,977,663**	**13,977,663**	**–**
Financial assets at FVOCI	**50,095,407**	**108,481,889**	**3,584,618**	**21,256,957**	**183,418,871**	**5.72**
Financial assets at amortized cost	**3,456,837**	**–**	**–**	**–**	**3,456,837**	**2.92**
Cash and bank balances	**260,059,595**	**–**	**–**	**–**	**260,059,595**	**1.88**
	313,611,839	**108,481,889**	**3,584,618**	**35,234,620**	**460,912,966**	
2017						
Investments held for trading	–	–	–	160,420	160,420	–
Available-for-sale investments	40,433,675	135,457,031	9,915,691	45,926,461	231,732,858	2.78
Held to maturity investments	3,987,288	–	–	–	3,987,288	3.87
Cash and bank balances	210,322,741	–	–	–	210,322,741	1.59
	254,743,704	135,457,031	9,915,691	46,086,881	446,203,307	

The following table demonstrates the sensitivity of profit or loss statement to reasonably possible changes in interest rates, with all other variables held constant.

The sensitivity of the income statement is the effect of the assumed changes in interest rates on the Group's profit for the year, based on the floating rate financial assets and financial liabilities held at 31 December.

	Increase / decrease in basis points	Effect on profit for the year USD
2018	**+ 25**	**665,500**
	- 50	**1,331,000**
2017	+ 25	814,886
	- 50	1,629,772

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FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Management believes that there is minimal risk of significant losses due to exchange rate fluctuations since predominantly 70% of the business transactions and investments are in US Dollars and US Dollars pledged currencies and consequently the Group does not hedge its foreign currency exposure.

CREDIT RISK

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk primarily from unpaid insurance receivables and fixed income instruments.

The Group has in place credit appraisal policies and procedures for inward business and receivables from insurance transactions are monitored on an ongoing basis to restrict Group's exposure to doubtful debts.

The Group has in place security standards applicable to all reinsurance purchases and monitors the financial status of all reinsurance debtors at regular intervals.

The Group's portfolio of fixed income investment is managed by the Investments Committee in accordance with the investment policy established by the board of directors which has various credit standards for investment in fixed income securities.

Reinsurance and fixed income investments are monitored for the occurrence of a downgrade or other changes that might cause them to fall below the Group's security standards. If this occurs, management takes appropriate action to mitigate any loss to the Group.

The Group's bank balances are maintained with a range of international and local banks in accordance with limits set by the board of directors. There are no significant concentrations of credit risk within the Group. The table below provides information regarding the credit risk exposure of the Group by classifying assets according to the Group's credit rating of counterparties:

	Neither past due nor impaired			
	Investment grade USD	Non investment grade (satisfactory) USD	Past due but not impaired USD	Total USD
2018				
FVOCI – debts securities	**158,945,525**	**3,216,389**	**–**	**162,161,914**
Financial assets at amortized cost	**–**	**2,469,550**	**987,287**	**3,456,837**
Insurance receivables	**–**	**83,710,059**	**30,969,581**	**114,679,640**
Reinsurance share of outstanding claims	**186,061,539**	**1,503,843**	**–**	**187,565,382**
Deferred XOL premium	**–**	**12,448,671**	**–**	**12,448,671**
Cash and bank balances	**184,747,414**	**75,312,181**	**–**	**260,059,595**
	529,754,478	**178,660,693**	**31,956,868**	**740,372,039**
2017				
Available for sale investments – bonds and debt securities	183,175,820	2,630,577	–	185,806,397
Held to maturity investments – bonds and debt securities	–	3,000,000	987,288	3,987,288
Insurance receivables	–	89,809,095	23,481,279	113,290,374
Reinsurance share of outstanding claims	160,665,999	19,354,117	–	180,020,116
Deferred XOL premium	–	11,612,654	–	11,612,654
Cash and bank balances	163,416,461	46,906,280	–	210,322,741
	507,258,280	173,312,723	24,468,567	705,039,570

For assets to be classified as 'past due and impaired' contractual payments are in arrears for more than 90 days for the debt instruments and 360 days for insurance receivables. An impairment adjustment is recorded in the consolidated statement of income for this or when collectability of the amount is otherwise assessed as being doubtful. When the credit exposure is adequately secured, arrears more than 360 days might still be classified as 'past due but not impaired', with no impairment adjustment recorded.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

At 31 December 2018

The Schedule below shows the distribution of bonds and debt securities with fixed interest rate according to the international agencies classification:

Rating grade	Bonds USD	Unquoted bonds USD	Total USD
2018			
A	19,653,276	–	**19,653,276**
A-	11,914,322	–	**11,914,322**
A+	15,840,316	–	**15,840,316**
A1	12,009,630	–	**12,009,630**
A2	9,512,157	–	**9,512,157**
A3	10,679,082	–	**10,679,082**
AA	7,124,087	–	**7,124,087**
AA-	17,408,093	–	**17,408,093**
AA+	4,771,755	–	**4,771,755**
Aa1	755,556	–	**755,556**
Aa2	7,876,959	–	**7,876,959**
Aa3	5,527,355	–	**5,527,355**
AAA	2,353,731	–	**2,353,731**
Baaa1	1,744,245	–	**1,744,245**
Baaa2	1,385,487	–	**1,385,487**
BB-	203,749	–	**203,749**
BBB	14,273,503	–	**14,273,503**
BBB-	2,899,954	–	**2,899,954**
BBB+	13,216,017	–	**13,216,017**
Not rated	3,012,640	3,456,837	**6,469,477**
TOTAL	**162,161,914**	**3,456,837**	**165,618,751**

Rating grade	Bonds USD	Unquoted bonds USD	Total USD
2017			
A	31,581,864	–	31,581,864
A-	23,326,258	–	23,326,258
A+	20,561,108	–	20,561,108
A1	4,002,610	–	4,002,610
A2	5,267,194	–	5,267,194
A3	17,680,818	–	17,680,818
AA	7,553,019	–	7,553,019
AA-	23,361,272	–	23,361,272
AA+	5,602,497	–	5,602,497
Aa2	2,621,590	–	2,621,590
Aa3	750,180	–	750,180
AAA	3,320,507	–	3,320,507
BB+	208,999	–	208,999
BBB	10,515,726	–	10,515,726
BBB-	6,653,025	–	6,653,025
BBB+	20,378,152	–	20,378,152
Not rated	2,421,578	3,987,288	6,408,866
TOTAL	185,806,397	3,987,288	189,793,685

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

At 31 December 2018

The schedule below shows the geographical distribution of bonds and debt securities with fixed interest rate:

Country	Total USD
2018	
Australia	3,207,541
Bahrain	203,750
Canada	9,769,854
China	5,477,734
Europe	1,407,141
Finland	1,016,430
France	1,947,095
Germany	15,825,716
Global	910,686
Hong Kong	1,183,742
Italy	1,602,864
Japan	11,252,935
Jordan	3,456,838
Korea	4,681,965
KSA	2,262,838
Kuwait	978,170
Mexico	1,015,749
Netherlands	1,844,370
Norway	2,239,722
Pacific basin	3,466,916
Qatar	5,048,451
South Korea	815,744
UAE	12,683,997
UK	8,195,522
USA	65,122,981
TOTAL	**165,618,751**

Country	Total USD
2017	
Australia	3,360,039
Bahrain	209,000
Canada	5,573,350
Europe	19,649,099
Global	951,775
Jordan	3,987,288
KSA	3,843,760
Kuwait	1,003,850
Oman	14,947
Pacific basin	29,528,702
Qatar	6,579,031
Russia	600,750
South America	2,062,011
UAE	17,471,710
UK	15,858,744
USA	79,099,629
TOTAL	189,793,685

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

At 31 December 2018

MARKET PRICE RISK

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

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

The following table demonstrates the sensitivity of the profit for the period and the cumulative changes in fair value to reasonably possible changes in equity prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

	Change in equity price USD	Effect on profit for the year USD	Effect on equity USD
2018			
Amman Stock Exchange	+5%	60,718	60,718
Saudi Stock Exchange	+5%	–	665,120
Qatar Stock Exchange	+5%	25,369	25,369
Abu Dhabi Security Exchange	+5%	57,175	57,175
New York Stock Exchange	+5%	109,111	147,031
Kuwait Stock Exchange	+5%	–	2,012
Other quoted	+5%	446,510	507,473

	Change in equity price USD	Effect on profit for the year USD	Effect on equity USD
2017			
New York Stock Exchange	+5%	–	233,869
Amman Stock Exchange	+5%	–	45,559
Saudi Stock Exchange	+5%	–	902,416
Qatar Stock Exchange	+5%	–	30,688
Kuwait stock exchange	+5%	8,021	96,348
Abu Dhabi security exchange	+5%	–	234,419
NASDAQ Dubai	+5%	–	22,264
Other quoted	+5%	–	485,735

The Group also has unquoted investment carried at fair value determined based on valuation techniques as per level 3 of fair value hierarchy.

The Group limits market risk by maintaining a diversified portfolio and by monitoring of developments in equity markets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

At 31 December 2018

LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its commitments associated with insurance contracts and financial liabilities as they fall due.

The Group continually monitors its cash and investments to ensure that the Group meets its liquidity requirements. The Group's asset allocation is designed to enable insurance liabilities to be met with current assets.

All liabilities are non-interest bearing liabilities.

The table below summarizes the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted payments:

	Less than one year USD	More than one year USD	Total USD
2018			
Gross outstanding claims	**269,065,888**	**115,313,953**	**384,379,841**
Gross unearned premiums	**82,444,797**	**85,809,891**	**168,254,688**
Other liabilities	**8,052,731**	**–**	**8,052,731**
Insurance payables	**28,868,563**	**–**	**28,868,563**
Unearned commissions	**3,925,088**	**4,085,296**	**8,010,384**
TOTAL LIABILITIES	**392,357,067**	**205,209,140**	**597,566,207**
2017			
Gross outstanding claims	268,259,209	114,968,232	383,227,441
Gross unearned premiums	109,685,817	47,008,208	156,694,025
Other liabilities	7,093,914	–	7,093,914
Insurance payables	19,017,107	–	19,017,107
Unearned commissions	7,247,814	3,106,205	10,354,019
TOTAL LIABILITIES	411,303,861	165,082,645	576,386,506

MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled:

	31 December 2018			
	Less than one year USD	More than one year USD	No term USD	Total USD
ASSETS				
Premises and equipment	–	12,216,997	–	12,216,997
Intangible assets	–	2,689,028	–	2,689,028
Investment in associated companies	–	–	11,973,419	11,973,419
Investment property	–	–	30,374,290	30,374,290
Investments	53,552,244	112,066,507	35,234,620	200,853,371
Deferred policy acquisition costs	35,872,427	–	–	35,872,427
Insurance receivables	114,679,640	–	–	114,679,640
Other assets	5,061,050	–	–	5,061,050
Deferred tax assets	985,665	–	–	985,665
Reinsurance share of unearned premiums	15,957,755	16,609,092	–	32,566,847
Reinsurance share of outstanding claims	131,295,767	56,269,615	–	187,565,382
Deferred XOL premiums	12,448,671	–	–	12,448,671
Cash and short term deposits	260,059,595	–	–	260,059,595
TOTAL ASSETS	**629,912,814**	**199,851,239**	**77,582,329**	**907,346,382**
EQUITY AND LIABILITIES				
Equity				
Share capital	–	–	143,375,678	143,375,678
Contributed capital	–	–	2,773,000	2,773,000
Treasury shares	–	–	(15,050,000)	(15,050,000)
Foreign currency translation reserve	–	–	(294,929)	(294,929)
Fair value reserve	–	–	902,264	902,264
Retained earnings	–	–	178,074,162	178,074,162
Total equity	**–**	**–**	**309,780,175**	**309,780,175**
Liabilities				
Gross outstanding claims	269,065,888	115,313,953	–	384,379,841
Gross unearned premiums	82,444,797	85,809,891	–	168,254,688
Other liabilities	8,052,731	–	–	8,052,731
Insurance payables	28,868,563	–	–	28,868,563
Unearned commissions	3,925,088	4,085,296	–	8,010,384
Total liabilities	**392,357,067**	**205,209,140**	**–**	**597,566,207**
TOTAL EQUITY AND LIABILITIES	**392,357,067**	**205,209,140**	**309,780,175**	**907,346,382**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

At 31 December 2018

	31 December 2017			
	Less than one year USD	More than one year USD	No term USD	Total USD
ASSETS				
Premises and equipment	–	13,090,537	–	13,090,537
Intangible assets	–	2,029,015	–	2,029,015
Investment in associated companies	–	–	11,827,854	11,827,854
Investment property	–	–	30,374,290	30,374,290
Investments	44,420,961	145,372,724	46,086,881	235,880,566
Deferred policy acquisition costs	23,041,175	9,874,790	–	32,915,965
Insurance receivables	113,075,631	214,743	–	113,290,374
Other assets	5,309,729	–	–	5,309,729
Deferred tax assets	991,449	–	–	991,449
Reinsurance share of unearned premiums	28,788,874	12,338,089	–	41,126,963
Reinsurance share of outstanding claims	126,014,081	54,006,035	–	180,020,116
Deferred XOL premiums	11,612,654	–	–	11,612,654
Cash and short term deposits	210,322,741	–	–	210,322,741
TOTAL ASSETS	563,577,295	236,925,933	88,289,025	888,792,253
EQUITY AND LIABILITIES				
Equity				
Share capital	–	–	143,375,678	143,375,678
Contributed capital	–	–	2,773,000	2,773,000
Foreign currency translation reserve	–	–	(269,206)	(269,206)
Cumulative changes in fair value	–	–	15,708,956	15,708,956
Retained earnings	–	–	150,817,319	150,817,319
Total equity	–	–	312,405,747	312,405,747
Liabilities				
Gross outstanding claims	268,259,209	114,968,232	–	383,227,441
Gross unearned premiums	109,685,817	47,008,208	–	156,694,025
Other liabilities	7,093,914	–	–	7,093,914
Insurance payables	19,017,107	–	–	19,017,107
Unearned commissions	7,247,814	3,106,205	–	10,354,019
Total liabilities	411,303,861	165,082,645	–	576,386,506
TOTAL EQUITY AND LIABILITIES	411,303,861	165,082,645	312,405,747	888,792,253

CAPITAL MANAGEMENT

The Group manages its capital by 'Enterprise Risk Management' techniques, using a dynamic financial analysis model. The Asset Liability match is reviewed and monitored on regular basis to maintain a strong credit rating and healthy capital adequacy ratios to support its business objectives and maximize shareholders' value.

Adjustments to capital levels are made in light of changes in market conditions and risk characteristics of the Group's activities.

Capital comprises issued share capital, additional paid in capital, treasury shares, foreign currency translation reserve, fair value reserve, and retained earnings and is measured at USD 309,780,175 as at 31 December 2018 (2017: USD 312,405,747).

FAIR VALUE

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	31 December 2018			
	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
FVTPL	**13,977,663**	**–**	**–**	**13,977,663**
FVOCI	**177,482,224**	**–**	**5,936,647**	**183,418,871**
Investment properties	**–**	**30,374,290**	**–**	**30,374,290**
	191,459,887	**30,374,290**	**5,936,647**	**227,770,824**

	31 December 2017			
	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Held for trading	160,420	–	–	160,420
Available-for-sale	225,796,211	–	5,936,647	231,732,858
Investment properties	–	30,374,290	–	30,374,290
	225,956,631	30,374,290	5,936,647	262,267,568

27. SUBSEQUENT EVENTS

There have been no material events between 31 December 2018 and the date of this report which are required to be disclosed.

NOTES

At 31 December 2018