

National General Insurance Co. (P.S.C.)

Condensed interim financial statements

For the three month period ended 31 March 2017

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Independent Auditors' Report on Review of Condensed Interim Financial Information

The Shareholders
National General Insurance Co. (P.S.C.)

Introduction

We have reviewed the accompanying 31 March 2017 condensed interim financial information of National General Insurance Co. (P.S.C.) (the "Company"), which comprises:

- the condensed interim statement of financial position as at 31 March 2017;
- the condensed interim statement of profit or loss for the three-month period ended 31 March 2017;
- the condensed interim statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2017;
- the condensed interim statement of changes in shareholder's equity for the three-month period ended 31 March 2017;
- the condensed interim statement of cash flows for the three-month period ended 31 March 2017; and
- notes to the interim condensed financial information.

Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2017 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited

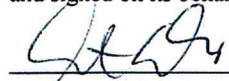
Fawzi AbuRass
Registration No.: 968
Dubai, United Arab Emirates
Date: 01 MAY 2017

National General Insurance Co. (P.S.C.)
Condensed interim statement of financial position
as at 31 March 2017

		(Un-audited) 31 March 2017 AED	(Audited) 31 December 2016 AED
	<i>Note</i>		
ASSETS			
Property and equipment		32,983,661	33,577,221
Intangible assets		1,618,379	1,671,597
Investment properties		227,277,827	227,277,827
Investment securities	8	223,740,950	226,906,252
Reinsurance assets		308,528,235	341,884,997
Insurance and other receivables		210,762,602	176,270,051
Cash and bank balances		268,231,595	247,254,414
Total assets		1,273,143,249	1,254,842,359
LIABILITIES			
Insurance contract provisions		554,836,871	575,909,907
Insurance and other payables		240,738,083	193,868,859
Payable to policyholders of unit-linked products	10	40,585,192	37,195,602
Total liabilities		836,160,146	806,974,368
EQUITY			
Share capital		149,954,112	149,954,112
Legal reserve		73,143,606	73,143,606
General reserve		72,527,620	72,527,620
Fair value reserve		513,414	356,121
Retained earnings		140,844,351	151,886,532
Total equity		436,983,103	447,867,991
Total liabilities and equity		1,273,143,249	1,254,842,359

The notes on pages 8 to 14 form an integral part of these condensed interim financial statements.

These condensed interim financial statements were authorised for issue and approved by the Board on _____ and signed on its behalf by :


H.E Hamad Mubarak Buamim
Chairman


Dr. Abdul Zahra A. Ali
CEO

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

National General Insurance Co. (P.S.C.)
Condensed interim statement of profit or loss
For the three month period ended 31 March 2017

		(Un-audited) For the three- month period ended 31 March 2017 AED	(Un-audited) For the three- month period ended 31 March 2016 AED
	<i>Note</i>		
Gross written premium	9	181,129,945	153,940,967
Reinsurance ceded		(97,854,194)	(84,851,693)
Net premium		83,275,751	69,089,274
Change in unearned premium provision		(14,286,341)	14,010,509
Net earned premiums	9	68,989,410	83,099,783
Reinsurance commission		9,520,082	8,679,987
Net underwriting income	9	78,509,492	91,779,770
Claims paid		(144,024,844)	(76,825,005)
Reinsurance share		98,248,448	19,267,769
Net claims paid		(45,776,396)	(57,557,236)
Change in outstanding claims provision		5,761,319	(1,218,976)
Net incurred claims	9	(40,015,077)	(58,776,212)
Commission incurred		(15,919,498)	(13,720,463)
Administrative expenses		(11,091,925)	(12,050,965)
Net underwriting expenses		(67,026,500)	(84,547,640)
Movement in life assurance fund and payable to policyholders of unit linked products	9	(7,148,300)	(3,931,585)
Increase in fair value of investment held for unit linked products		3,547,884	734,311
Total underwriting expense		(70,626,916)	(87,744,914)
Underwriting profit	9	7,882,576	4,034,856
Interest and other income (net)		4,977,139	4,224,313
Net income from investment securities	8.4	207,270	3,602,337
Administrative expenses		(4,589,461)	(5,492,601)
Profit for the period		8,477,524	6,368,905
Basic and diluted earnings per share		0.06	0.04

The notes on pages 8 to 14 form an integral part of these condensed interim financial statements.

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

National General Insurance Co. (P.S.C.)**Condensed interim statement of profit or loss and other comprehensive income***For the three month period ended 31 March 2017*

	(Un-audited) For the three- month period ended 31 March 2017 AED	(Un-audited) For the three- month period ended 31 March 2016 AED
Profit for the period	8,477,524	6,368,905
Other comprehensive income		
<i>Items that will not be classified to profit or loss:</i>		
Net change in fair value of investments at fair value through other comprehensive income	157,293	580,679
Total other comprehensive income	157,293	580,679
Total comprehensive income for the period	8,634,817	6,949,584

The notes on pages 8 to 14 form an integral part of these condensed interim financial statements.

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

National General Insurance Co. (P.S.C.)

Condensed interim statement of changes in shareholders' equity (Un-audited)

For the three month period ended 31 March 2017

	Attributable to equity holders of the Company					
	Share Capital AED	Legal reserve AED	General reserve AED	Fair value reserve AED	Retained earnings AED	Total AED
Balance at 1 January 2016	149,954,112	70,299,878	69,683,892	(100,545)	145,267,236	435,104,573
Total comprehensive income for the period						
Profit for the period	-	-	-	-	6,368,905	6,368,905
Other comprehensive income for the period						
Net change in fair value of investments FVTOCI	-	-	-	580,679	-	580,679
Total other comprehensive income for the period	-	-	-	580,679	-	580,679
Total comprehensive income for the period	-	-	-	580,679	6,368,905	6,949,584
Director's remuneration	-	-	-	-	(1,130,526)	(1,130,526)
Dividends paid	-	-	-	-	(15,000,000)	(15,000,000)
As at 31 March 2016	149,954,112	70,299,878	69,683,892	480,134	135,505,615	425,923,631
Balance at 1 January 2017	149,954,112	73,143,606	72,527,620	356,121	151,886,532	447,867,991
Total comprehensive income for the period						
Profit for the period	-	-	-	-	8,477,524	8,477,524
Other comprehensive income for the period						
Net change in fair value of investments FVTOCI	-	-	-	157,293	-	157,293
Total other comprehensive income for the period	-	-	-	157,293	-	157,293
Total comprehensive income for the period	-	-	-	157,293	8,477,524	8,634,817
Director's remuneration	-	-	-	-	(1,525,212)	(1,525,212)
Dividends paid	-	-	-	-	(17,994,493)	(17,994,493)
As at 31 March 2017	149,954,112	73,143,606	72,527,620	513,414	140,844,351	436,983,103

The notes on pages 8 to 14 form an integral part of these condensed interim financial statements.

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

National General Insurance Co. (P.S.C.)

Condensed interim statement of cash flows

For the three month period ended 31 March 2017

	(Un-audited) For the three- month period ended 31 March 2017 AED	(Un-audited) For the three- month period ended 31 March 2016 AED
Cash flows from operating activities		
Net profit for the period	8,477,524	6,368,905
<i>Adjustment for:</i>		
Depreciation and amortisation	925,859	903,783
Dividend income	(1,707,315)	(1,250,473)
Realised gains on investments fair valued through profit or loss	(1,845,713)	(2,391,109)
Unrealised loss / (gain) on investments fair valued through profit or loss	1,638,443	(1,211,228)
Change in unearned premium reserve and life assurance fund	18,499,710	(10,847,506)
Provision for gratuity – net of repayment	(430,210)	616,210
	<u>25,558,298</u>	<u>(7,811,418)</u>
Change in insurance and other receivables (including related parties)	(34,492,551)	(26,267,733)
Change in insurance and other payables *	29,304,941	14,974,382
Change in net outstanding claims	(5,761,319)	1,218,976
Directors' remuneration paid	(1,525,212)	(1,130,526)
<i>Net cash generated from / (used in) operating activities</i>	<u>13,084,157</u>	<u>(19,016,319)</u>
Cash flows from investing activities		
Purchase of property and equipment	(716,431)	(876,897)
Purchase of investments fair valued through profit or loss	(11,061,761)	(13,609,102)
Proceeds from sale of investments fair valued through profit or loss	17,963,901	42,370,027
Proceeds from sale of investments at amortised cost	-	425,763
Proceeds from sale of property and equipment	-	466,323
Dividend income	1,707,315	1,250,473
Change in bank deposits	(10,874,881)	(66,222,371)
<i>Net cash used in investing activities</i>	<u>(2,981,857)</u>	<u>(36,195,784)</u>
Net increase / (decrease) in cash and cash equivalents	10,102,300	(55,212,103)
Cash and cash equivalents at the beginning of the period	<u>55,416,004</u>	<u>107,616,467</u>
Cash and cash equivalents at the end of the period	<u>65,518,304</u>	<u>52,404,364</u>
These comprise the following:		
Cash in hand	346,669	114,434
Cash at bank	65,171,635	52,289,930
Fixed deposits	<u>202,713,291</u>	<u>164,027,370</u>
Total	268,231,595	216,431,734
Less: deposits with original maturities of greater than three months	<u>(202,713,291)</u>	<u>(164,027,370)</u>
Cash and cash equivalents as at 31 March	<u>65,518,304</u>	<u>52,404,364</u>

* - **non-cash transaction:** included in insurance and other payables is an amount of AED 17.9 million pertaining to dividend declared but not paid (31 March 2016: AED 15 million).

The notes on pages 8 to 14 form an integral part of these condensed interim financial statements.

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

National General Insurance Co. (P.S.C.)

Notes

(forming part of the condensed interim financial statements)

1. Legal status and principal activities

National General Insurance Co. (P.S.C) ("the Company") is a Public Shareholding Company registered under UAE Federal Law No. (8) of 1984 as amended, in the Emirate of Dubai with effect from 12 September 2001.

The Company was originally incorporated as a Private Limited Liability Company, registered under UAE Federal Law No. (8) of 1984, as amended, in the Emirate of Dubai.

The Company underwrites all classes of life and general insurance business as well as certain reinsurance business in accordance with the provisions of the UAE Federal Law no. 6 of 2007 relating to establishment of insurance authority.

The registered office of the Company is at the NGI House, P.O. Box 154, Dubai, UAE.

2. Basis of preparation

a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all of the information required for full annual audited financial statements, and should be read in conjunction with the annual audited financial statements as at and for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

On 1 April 2015, a new UAE Federal Law No. 2 of 2015 for the Commercial Companies ("UAE Companies Law of 2015") was issued with effective date on 1 July 2015. In June 2016, the UAE Cabinet passed a resolution to extend the deadline for existing companies in the UAE to ensure compliance with the new UAE Companies Law from 30 June 2016 to 30 June 2017. The Company is in the process of adopting the new federal law and will be fully compliant before the transitional provisions deadline.

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

b) Basis of measurement

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

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

c) Functional & presentation currency

These condensed interim financial statements have been prepared in United Arab Emirates Dirham (AED), which is the Company's functional currency.

d) Use of estimates and judgements

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

National General Insurance Co. (P.S.C.)

Notes (continued)

2. Basis of preparation (continued)

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

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited financial statements as at and for the year ended 31 December 2016.

3. Summary of significant accounting policies

The accounting policies used in the preparation of the condensed interim financial statements are consistent with those used in the preparation of the Company's annual audited financial statements for the year ended 31 December 2016.

4. Financial risk management

Aspects of the Company's financial risk management objectives and policies and procedures are consistent with those disclosed in the annual audited financial statements as at and for the year ended 31 December 2016.

5. Interim measurement

The nature of the Company's business is such that income and expense are incurred in a manner, which is not impacted by any form of seasonality. These interim condensed financial statements were prepared based upon an accrual concept, which requires income and expense to be recorded as earned or incurred and not as received or paid throughout the year.

6. Related party transactions

The Company, in the normal course of business, collects premiums, settles claims and enters into transactions with other business enterprises that fall within the definition of a related party as defined by International Accounting Standard 24 - (Revised). The Company's management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

a) The following are the details of transactions with related parties:

	(Un-audited) For the three- month period ended 31 March 2017 AED	(Un-audited) For the three- month period ended 31 March 2016 AED
Key management personnel compensation		
Remuneration and short term benefits	1,721,967	1,889,559
End of service benefits	5,623	304,123
Other related parties		
Premiums underwritten	27,964,971	31,533,382
Claims paid	6,429,620	11,401,719
Dividends paid	-	-
Interest income	90,794	345,230
	(Un-audited) 31 March 2017 AED	(Audited) 31 December 2016 AED
b) Due from related parties		
Insurance premium receivable (included in receivables)	7,615,040	10,342,898
c) Due to related parties		
Payable to related party (included in payable)	1,406,153	3,340,273

National General Insurance Co. (P.S.C.)

Notes (continued)

	(Un-audited) 31 March 2017 AED	(Audited) 31 December 2016 AED
6. Related party transactions (continued)		
d) Cash and cash equivalents		
Cash at bank	30,268,610	22,363,591
Short term deposit	59,292,175	58,964,049

7. Classes and categories of financial assets and financial liabilities

The table below sets out the classification of each class of financial assets and liabilities and their fair values:

At 31 March 2017 (Un-audited)

<u>Financial Assets</u>	FVTPL AED	FVTOCI AED	Amortised Cost AED	Total AED
Investment securities	163,616,556	45,124,394	15,000,000	223,740,950
Insurance and other receivables	-	-	196,381,645	196,381,645
Cash and cash equivalents	-	-	268,231,595	268,231,595
	163,616,556	45,124,394	479,613,240	688,354,190

Financial Liabilities

Insurance and other payables	-	-	229,304,868	229,304,868
Payable to policyholders of unit-linked products	40,585,192	-	-	40,585,192
	40,585,192	-	229,304,868	269,890,060

At 31 December 2016 (Audited)

<u>Financial Assets</u>	FVTPL AED	FVTOCI AED	Amortised cost AED	Total AED
Investment securities	166,931,334	44,974,918	15,000,000	226,906,252
Insurance and other receivables	-	-	161,835,937	161,835,937
Cash and cash equivalents	-	-	247,254,414	247,254,414
	166,931,334	44,974,918	424,090,351	635,996,603

Financial Liabilities

Insurance and other payables	-	-	182,005,434	182,005,434
Payable to policyholders of unit-linked products	-	-	37,195,602	37,195,602
	-	-	219,201,036	219,201,036

National General Insurance Co. (P.S.C.)

Notes (continued)

8. Investment securities

	(Un-audited)	(Audited)
	31 March 2017	31 December 2016
	AED	AED
Financial assets at fair value through profit or loss	163,616,556	166,931,334
Financial assets at fair value through other comprehensive income	45,124,394	44,974,918
Financial assets at amortised costs	15,000,000	15,000,000
	223,740,950	226,906,252

8.1 Investments fair valued through profit or loss

	(Un-audited)	(Audited)
	31 March 2017	31 December 2016
	AED	AED
Equity investments - quoted	55,822,414	74,306,519
Fixed income investments / bonds - quoted	67,208,951	55,429,213
Investments on behalf of policyholders of unit-linked products	40,585,191	37,195,602
Total	163,616,556	166,931,334

8.2 Investments - Geographic concentration

	(Un-audited)	(Audited)
	31 March 2017	31 December 2016
	AED	AED
Investments made :		
- Within U.A.E.	196,598,260	200,162,233
- Outside U.A.E.	27,142,690	26,744,019
	223,740,950	226,906,252

8.3 Fair value hierarchy

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

Investment Securities	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
At 31 March 2017 (Un-audited)				
FVTPL	163,616,556	-	-	163,616,556
FVTOCI	45,124,394	-	-	45,124,394
	208,740,950	-	-	208,740,950
31 December 2016 (Audited)				
FVTPL	166,931,334	-	-	166,931,334
FVTOCI	44,974,918	-	-	44,974,918
	211,906,252	-	-	211,906,252

8.4 Net income from investment securities

	(Un-audited)	(Un-audited)
	For the three month period ended 31 March 2017	For the three month period ended 31 March 2016
	AED	AED
Realised gain on disposal of investments	1,845,713	2,391,109
Revaluation of investments fair valued through profit or loss	(1,638,443)	1,211,228
	207,270	3,602,337

National General Insurance Co. (P.S.C.)

Notes (continued)

9. Segment information

Primary segment information

For management purposes the Company is organised into two business segments, general insurance and life assurance (including group life). These segments are the basis on which the Company reports its primary segment information.

	General insurance		Life assurance		Total	
	For the three-month period ended		For the three-month period ended		For the three-month period ended	
	31 March		31 March		31 March	
	2017	2016	2017	2016	2017	2016
	AED	AED	AED	AED	AED	AED
Profit or loss						
Underwriting income						
Gross written premium	161,674,516	138,845,940	19,455,429	15,095,027	181,129,945	153,940,967
Reinsurance ceded	(91,251,911)	(80,802,178)	(6,602,283)	(4,049,515)	(97,854,194)	(84,851,693)
Net premium	70,422,605	58,043,762	12,853,146	11,045,512	83,275,751	69,089,274
Change in unearned premium provision	(13,667,683)	14,667,320	(618,658)	(656,811)	(14,286,341)	14,010,509
Net earned premium	56,754,922	72,711,082	12,234,488	10,388,701	68,989,410	83,099,783
Reinsurance commission earned	7,885,167	6,614,422	1,634,915	2,065,565	9,520,082	8,679,987
Net underwriting income	64,640,089	79,325,504	13,869,403	12,454,266	78,509,492	91,779,770
Underwriting expenses						
Net incurred claims	(31,509,089)	(50,888,635)	(8,505,988)	(7,887,577)	(40,015,077)	(58,776,212)
Commission incurred	(14,861,622)	(11,725,734)	(1,057,876)	(1,994,729)	(15,919,498)	(13,720,463)
Administrative and general expenses	(9,559,506)	(10,564,120)	(1,532,419)	(1,486,845)	(11,091,925)	(12,050,965)
Net underwriting expense	(55,930,217)	(73,178,489)	(11,096,283)	(11,369,151)	(67,026,500)	(84,547,640)
Profit before movement in life assurance fund	8,709,872	6,147,015	2,773,120	1,085,115	11,482,992	7,232,130
Movement in life assurance fund and payable to participants of unit linked product	-	-	(7,148,300)	(3,931,585)	(7,148,300)	(3,931,585)
Increase in fair value of investment held for unit linked products	-	-	3,547,884	734,311	3,547,884	734,311
Underwriting profit for the period	8,709,872	6,147,015	(827,296)	(2,112,159)	7,882,576	4,034,856
Income from investments					5,184,409	7,826,650
Unallocated expenses					(4,589,461)	(5,492,601)
Profit for the period					8,477,524	6,368,905

National General Insurance Co. (P.S.C.)

Notes (continued)

9. Segment information (continued)

Primary segment information

For management purposes the Company is organised into two operating segments, general insurance and life assurance. These segments are the basis on which Company reports its primary segment information

Financial position	General insurance		Life assurance		Total	
	31 March	31 December	31 March	31 December	31 March	31 December
	2017	2016	2017	2016	2017	2016
	AED	AED	AED	AED	AED	AED
ASSETS						
Property and equipment	32,135,503	32,729,063	848,158	848,158	32,983,661	33,577,221
Intangible assets	1,618,379	1,671,597	-	-	1,618,379	1,671,597
Investment properties	227,277,827	227,277,827	-	-	227,277,827	227,277,827
Investments securities	131,864,648	138,672,770	91,876,302	88,233,482	223,740,950	226,906,252
Reinsurance assets	296,273,524	329,232,722	12,254,711	12,652,275	308,528,235	341,884,997
Insurance and other receivables	189,018,801	168,841,453	21,743,801	7,428,598	210,762,602	176,270,051
Cash and bank balances	239,953,684	216,857,238	28,277,911	30,397,176	268,231,595	247,254,414
Total assets	1,118,142,366	1,115,282,670	155,000,883	139,559,689	1,273,143,249	1,254,842,359
LIABILITIES						
Insurance contract provisions	460,473,727	485,391,344	94,363,144	90,518,563	554,836,871	575,909,907
Insurance and other payables	231,807,249	187,416,055	8,930,834	6,452,804	240,738,083	193,868,859
Payable to policyholders of unit linked products	-	-	40,585,192	37,195,602	40,585,192	37,195,602
Total liabilities	692,280,976	672,807,399	143,879,170	134,166,969	836,160,146	806,974,368
EQUITY						
Share capital	-	-	-	-	149,954,112	149,954,112
Legal reserve	-	-	-	-	73,143,606	73,143,606
General reserve	-	-	-	-	72,527,620	72,527,620
Fair value reserve	-	-	-	-	513,414	356,121
Retained earnings	-	-	-	-	140,844,351	151,886,532
Total equity	-	-	-	-	436,983,103	447,867,991
Total liabilities and equity					1,273,143,249	1,254,842,359

National General Insurance Co. (P.S.C.)

Notes (continued)

10. Payable to policyholders of unit-linked products

Movement during the period:

	(Un-audited) 31 March 2017 AED	(Audited) 31 December 2016 AED
As at 1 January	37,195,602	36,634,723
Amount invested by policyholders	2,738,383	7,199,689
Amount withdrawn at redemption stage/lapse/surrender by policyholder	(2,896,677)	(9,506,773)
Change in fair value	3,547,884	2,867,963
Balance as at 31 March / 31 December	<u>40,585,192</u>	<u>37,195,602</u>

11. Contingent liabilities and commitments

Capital commitments

Capital commitments as at 31 March 2017 amounted to AED nil (31 December 2016: nil).

Guarantees

	(Un-audited) 31 March 2017 AED	(Audited) 31 December 2016 AED
Letters of guarantees	<u>9,833,734</u>	<u>9,836,234</u>

Fixed deposits amounting to AED 15.7 million (31 December 2016: AED 15.4 million) are under lien as collateral in respect of above guarantees. Guarantees include an amount of AED 7.5 million (31 December 2016 AED 7.5 million) favoring the Ministry of Economy and Commerce.

Contingent liabilities

The Company, in common with other insurance companies, is involved as defendant in a number of legal cases in respect of its underwriting activities. A provision is made in respect of each individual case where it is probable that the outcome would result in a loss to the Company in terms of an outflow of economic resources and a reliable estimate of the amount of outflow can be made.