THE ISLAMIC CORPORATION FOR THE INSURANCE OF INVESTMENT AND EXPORT CREDIT

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

31 DECEMBER 2017 (1438-1439H)

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Independent Auditors' Report
Your Excellencies the Chairman and Members of the Board of Governors
The Islamic Corporation for the Insurance of Investment and Export Credit

Opinion

We have audited the financial statements of The Islamic Corporation for the Insurance of Investment and Export Credit ("the Corporation"), which comprise the statement of financial position as at 31 December 2017 (13 Rabi Al-Thani 1439H), and the statements of income; comprehensive income, changes in shareholders' and policyholders' funds and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the requirements of the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information included in the Corporation's 2017 Annual Report

Other information consists of the information included in the Company's 2017 annual report, other than the financial statements and our auditors' report thereon. Management is responsible for the other information in its annual report. The annual report is expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Independent Auditors' Report
Your Excellencies the Chairman and Members of the Board of Governors
The Islamic Corporation for the Insurance of Investment and Export Credit (continued)

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRSs, and the Corporation's Articles of Agreement and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance is responsible for overseeing the Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

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Independent Auditors' Report
Your Excellencies the Chairman and Members of the Board of Governors
The Islamic Corporation for the Insurance of Investment and Export Credit (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

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

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

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

for Ernst & Young

Ahmed I. Reda
Certified Public Accountant
Registration No. 356

9 Jumada'll 1439H
25 February 2018

Jeddah

17/402/00

شركة ارنست ويونغ وشركاهم محاسبون قانونيون
ترخيص مهني رقم ٤٥
PROFESSIONAL LICENCE No. 45
ERNST & YOUNG & Co. PUBLIC ACCOUNTANTS

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2017 (CORRESPONDING TO 13 RABI AL-THANI 1439H)

	Notes	***2017 Islamic Dinars***	*2016 Islamic Dinars Restated*
ASSETS			
Cash and cash equivalents	3	**85,697,819**	41,360,060
Accounts receivable, net	7	**2,688,939**	2,134,877
Prepaid expenses and other assets	10	**2,759,986**	3,330,434
Due from affiliates	18	**1,179,638**	1,408,203
Available-for-sale investments	5	**45,389,716**	53,673,078
Murabaha financing, net	4	**67,231,605**	85,405,610
Held-to-maturity investments	6	**13,567,311**	14,448,743
Reinsurance share of outstanding claims	14	**34,047,423**	30,214,892
Reinsurance share of unearned premiums	9	**9,397,820**	10,532,367
Property and equipment	11	**124,697**	192,192
TOTAL ASSETS		**262,084,954**	242,700,456
LIABILITIES, SHAREHOLDERS' AND POLICYHOLDERS' FUNDS			
LIABILITIES			
Accounts payable and accruals	12	**29,691,819**	11,192,708
Due to affiliates	18	**3,975,814**	2,444,414
Claims payable	13	**250,705**	465,728
Pension liability	19 (f)	**3,720,172**	5,519,079
Outstanding claims	14	**49,597,534**	46,404,462
Unearned premiums	9	**19,620,585**	24,200,704
TOTAL LIABILITIES		**106,856,629**	90,227,095
SHAREHOLDERS' FUND			
Share capital	15	**140,467,500**	140,342,500
Reserves	16	**66,139,434**	65,873,883
Fair value reserve		**(466,814)**	659,817
Loan to policyholders' fund	17	**(17,203,786)**	(14,490,634)
TOTAL SHAREHOLDERS' FUND		**188,936,334**	192,385,566
POLICYHOLDERS' FUND			
Accumulated deficits		**(48,675,289)**	(49,637,987)
Actuarial loss on pension liability		**(2,236,506)**	(4,764,852)
Loan from shareholders' fund	17	**17,203,786**	14,490,634
TOTAL POLICYHOLDERS' FUND		**(33,708,009)**	(39,912,205)
TOTAL LIABILITIES, SHAREHOLDERS' AND POLICYHOLDERS' FUNDS		**262,084,954**	242,700,456

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 25 February 2018.

The attached notes 1 to 24 form part of these financial statements.

STATEMENT OF INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017 (CORRESPONDING TO 13 RABI AL- THANI 1439H)

	Notes	***From 1 January 2017 to 31 December 2017 Islamic Dinars***	*From 14 October 2015 to 31 December 2016 Islamic Dinars Restated*
SHAREHOLDERS' FUND			
Investment income		**2,828,245**	3,587,145
Investment management fees paid to Islamic Development Bank (IDB - OCR)	18	**(240,000)**	(300,000)
General and administrative expenses		**(303,386)**	(134,087)
Impairment of murabaha financing	4	**(71,383)**	-
Net income from shareholders' fund before exchange results		**2,213,476**	3,153,058
(Loss)/gain on foreign exchange translation		**(1,947,925)**	1,983,177
Net income from shareholders' fund after exchange results		**265,551**	5,136,235
POLICYHOLDERS' FUND			
Gross written premiums	9	**25,281,647**	33,498,608
Gross premium ceded to reinsurers	9	**(16,501,990)**	(16,496,234)
		8,779,657	17,002,374
Net change in reserves for unearned premiums		**3,445,572**	(5,105,844)
Net earned premiums		**12,225,229**	11,896,530
Outward reinsurance commission income		**3,447,301**	2,674,713
Policy fees earned		**132,446**	290,690
Income from disposal of assets and others		**10,245**	19,035
Total revenue		**15,815,221**	14,880,968
Gross claims paid	14	**(6,704,912)**	(9,693,648)
Reinsurance share of claims paid	14	**2,162,463**	6,420,519
Net claims paid	14	**(4,542,449)**	(3,273,129)
Change in net outstanding claims and other reserve		**788,181**	(9,579,058)
Net claims incurred		**(3,754,268)**	(12,852,187)
Acquisition cost		**(1,364,120)**	(1,836,523)
Employees' related costs		**(9,215,537)**	(10,036,256)
Sales and marketing expenses		**(456,539)**	(560,334)
General and administrative expenses		**(1,726,137)**	(1,344,387)
Total expenses		**(16,516,601)**	(26,629,687)
Net income from policyholder' fund before exchange results		**(701,380)**	(11,748,719)
Gain/(loss) on foreign exchange translation		**1,664,078**	(740,696)
Net income/(loss) from policyholders' fund after exchange results		**962,698**	(12,489,415)
NET CORPORATE GAIN/(LOSS)		**1,228,249**	(7,353,180)

The attached notes 1 to 24 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017 (CORRESPONDING TO 13 RABI AL- THANI 1439H)

	From 1 January 2017 to 31 December 2017 Islamic Dinars	*From 14 October 2015 to 31 December 2016 Islamic Dinars*
SHAREHOLDERS' FUND		
Net income from shareholders' fund	**265,551**	5,136,235
Other comprehensive income to be reclassified to statement of income in subsequent periods:		
Unrealized loss on available-for-sale investments	**(1,126,631)**	(786,837)
	(861,080)	4,349,398
POLICYHOLDERS' FUND		
Net income/(loss) from policyholders' fund	**962,698**	(12,489,415)
Other comprehensive income not to be reclassified to statement of income in subsequent periods:		
Actuarial gain/(loss) on pension liability	**2,528,346**	(4,764,852)
	3,491,044	(17,254,267)

The attached notes 1 to 24 form part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS'AND POLICYHOLDERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2017 (CORRESPONDING TO 13 RABI AL- THANI 1439H)

	Share capital *Islamic Dinars*	***Reserves*** *Islamic Dinars*	***Fair value reserve*** *Islamic Dinars*	***Loan to policyholders' fund*** *Islamic Dinars*	***Total*** *Islamic Dinars*
SHAREHOLDERS' FUND					
Balance at 13 October 2015	127,776,000	60,737,648	1,446,654	(25,188,308)	164,771,994
Subscriptions received (note 15 (a))	12,566,500	-	-	-	12,566,500
Net income for the period	-	5,136,235	-	-	5,136,235
Other comprehensive loss for the period	-	-	(786,837)	-	(786,837)
Net movement during the period (note 17)	-	-	-	10,697,674	10,697,674
Balance at 31 December 2016	140,342,500	65,873,883	659,817	(14,490,634)	192,385,566
Subscriptions received (note 15 (a))	125,000	-	-	-	125,000
Net income for the year	-	265,551	-	-	265,551
Other comprehensive loss for the year	-	-	(1,126,631)	-	(1,126,631)
Net movement during the year (note 17)	-	-	-	(2,713,152)	(2,713,152)
Balance at 31 December 2017	**140,467,500**	**66,139,434**	**(466,814)**	**(17,203,786)**	**188,936,334**

	Accumulated deficits *Islamic Dinars*	***Actuarial loss on pension liability*** *Islamic Dinars*	***Loan from shareholders' fund*** *Islamic Dinars*	***Total*** *Islamic Dinars*
POLICYHOLDERS' FUND				
Balance at 13 October 2015	(37,148,572)	-	25,188,308	(11,960,264)
Net loss for the period	(12,489,415)	-	-	(12,489,415)
Other comprehensive loss	-	(4,764,852)	-	(4,764,852)
Net movement during the period (note 17)	-	-	(10,697,674)	(10,697,674)
Balance at 31 December 2016	(49,637,987)	(4,764,852)	14,490,634	(39,912,205)
Net income for the year	962,698	-	-	962,698
Other comprehensive income for the year	-	2,528,346	-	2,528,346
Net movement during the year (note 17)	-	-	2,713,152	2,713,152
Balance at 31 December 2017	**(48,675,289)**	**(2,236,506)**	**17,203,786**	**(33,708,009)**

The attached notes 1 to 24 form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CORRESPONDING TO 13 RABI AL- THANI 1439H)

	Notes	**From 1 January 2017 to 31 December 2017 Islamic Dinars**	*From 14 October 2015 to 31 December 2016 Islamic Dinars Restated*
OPERATING ACTIVITIES			
Net corporate gain/(loss) for the year/period		**1,228,249**	(7,353,180)
Adjustments for:			
Depreciation	11	**68,143**	90,313
Unearned premiums		**(4,580,119)**	11,273,889
Reinsurers' share of unearned premiums		**1,134,547**	(6,168,045)
Movement in allowance for doubtful debts, net	7	**128,369**	140,876
Movement in allowance for doubtful claims, net	8	**(711,267)**	571,352
Impairment loss on murabaha financing	4	**71,383**	-
Gain on disposal of property and equipment		**-**	(18,438)
Service cost on pension liability		**729,439**	754,228
Accrued income from investments	6	**106,149**	(95,343)
Net foreign exchange differences		**3,963,072**	(3,655,117)
		2,137,965	(4,459,465)
Changes in operating assets and liabilities:			
Accounts receivable		**(682,431)**	962,105
Claims recoverable		**711,267**	(571,352)
Prepaid expenses and other assets		**570,448**	351,176
Accounts payable and accruals		**18,499,111**	4,239,312
Claims payable		**(215,023)**	212,781
Reinsurers' share of outstanding claim		**(3,832,531)**	(21,659,384)
Outstanding claim		**3,193,072**	31,453,091
Due from affiliates		**228,565**	182,233
Due to affiliates		**1,531,400**	576,164
Net cash from operating activities		**22,141,843**	11,286,661
INVESTING ACTIVITIES			
Redemption of available-for-sale investments, net	5	**3,968,942**	10,719,436
Purchase of held-to-maturity investments, net		**-**	(13,785,733)
Murabaha financing		**18,102,622**	29,208
Purchase of property and equipment	11	**(648)**	(135,029)
Cash proceeds from disposal of property and equipment		**-**	18,438
Net cash from/(used in) investing activities		**22,070,916**	(3,153,680)
FINANCING ACTIVITY			
Share subscriptions received	15	**125,000**	12,566,500
Net cash from financing activity		**125,000**	12,566,500
INCREASE IN CASH AND CASH EQUIVALENTS		**44,337,759**	20,699,481
Cash and cash equivalents at beginning of the year/period		**41,360,060**	20,660,579
CASH AND CASH EQUIVALENTS AT END OF THE YEAR /PERIOD	3	**85,697,819**	41,360,060
NON-CASH TRANSACTION			
Fair value adjustment on available-for-sale investments		**1,126,631**	786,837

The attached notes 1 to 24 form part of these financial statements.

1 ACTIVITIES

The Islamic Corporation for the Insurance of Investment and Export Credit ("the Corporation") was formed as an autonomous affiliate of The Islamic Development Bank (IDB) with full juristic personality under the terms of its Articles of Agreement, signed by IDB and Member countries of IDB (refer note 1(a)). The principal office of the Corporation is located in Jeddah, Saudi Arabia.

The objectives of the Corporation are to expand the scope of trade transactions and the flow of investments among member countries by providing, in accordance with the principles of Shari'ah, export credit insurance and reinsurance as well as insurance and reinsurance of investments.

The Articles of Agreement of the Corporation came into effect on 2 August 1994 (corresponding to 24 Safar 1415H) and the Corporation commenced operations on 1 July 1995 (corresponding to 4 Safar 1416H).

In accordance with the Articles of Agreement, the Corporation is required to maintain and administer two separate funds:

i. A policyholders' fund
ii. A shareholders' fund

All expenses to run the insurance business are charged to the policyholders' fund at cost, without any administration fee levied by the shareholders. The shareholders are not entitled to a share in any surplus accruing to the policyholders' fund; any deficit in the policyholders' fund is covered from the capital by way of a loan to be repaid from future surplus accruing to the policyholders' fund.

The accompanying financial statements are denominated in Islamic Dinars (ID). The value of one Islamic Dinar, which is equivalent to one Special Drawing Right (SDR) of the International Monetary Fund, was equal to U.S. $ 1.41241 as at 31 December 2017 (2016: U.S. $ 1.34433).

Current financial statements cover a period of 365 days from 1 January 2017 to 31 December 2017 and, the comparative figures cover a period of 444 days from 14 October 2015 to 31 December 2016 and therefore are not comparable.

a) The following are the Member countries of IDB in 2017 (2016: same):

S. No.	*Name of Member Country*	*S. No.*	*Name of Member Country*
1	Afghanistan	30	Malaysia
2	Albania	31	Maldives
3	Algeria	32	Mali
4	Azerbaijan	33	Mauritania
5	Bahrain	34	Morocco
6	Bangladesh	35	Mozambique
7	Benin	36	Niger
8	Brunei	37	Nigeria
9	Burkina Faso	38	Oman
10	Cameroon	39	Pakistan
11	Chad	40	Palestine
12	Comoros	41	Qatar
13	Cote dIvoire	42	Saudi Arabia
14	Djibouti	43	Senegal
15	Egypt	44	Sierra Leone
16	Gabon	45	Somalia
17	Gambia	46	Sudan
18	Guinea	47	Suriname
19	Guinea Bissau	48	Syria
20	Guyana	49	Tajikistan
21	Indonesia	50	Togo
22	Iran	51	Tunisia
23	Iraq	52	Turkey
24	Jordan	53	Turkmenistan
25	Kazakhstan	54	Uganda
26	Kuwait	55	United Arab Emirates
27	Kyrgyz	56	Uzbekistan
28	Lebanon	57	Yemen
29	Libya		

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the Corporation's Articles of Agreement.

b. Basis of preparation and reporting and functional currency

The financial statements are prepared under the historical cost convention as modified by the measurement at fair value of available-for-sale investments. These financial statements have been presented in Islamic Dinars which is the reporting and functional currency of the Corporation.

c. Summary of significant accounting policies

The accounting policies are consistent with those used in the previous period, except for the new standards and interpretations disclosed in note 2(e). The significant accounting policies adopted are as follows:

Premiums earned
The Corporation issues insurance contracts relating to export credit insurance and reinsurance as well as insurance and reinsurance of investments. Premiums are taken to income over the terms of the policies to which they relate on a pro-rata basis. Unearned premiums represent the portion of premiums written relating to the unexpired period of coverage. The change in the provision for unearned premiums is taken to the statement of income in order that revenue is recognised over the period of risk.

Reinsurance premiums
Reinsurance premiums ceded are recognised as an expense when payable.

Reinsurance premiums are charged to income over the terms of the policies to which they relate on a pro-rata basis.

Insurance contracts
Insurance contracts are those contracts when the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Corporation determines whether it has significan

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

Income from Murabaha placements
Murabaha income is accrued on a time apportionment basis over the period from actual disbursement of funds to the settlement date. Once a payment is overdue, no additional charge is made or income accrued.

Investments income
Income from shares is recognized when the right to receive the dividend is established. Income from investments in sukuk is accrued on a time apportionment basis using the rate of return advised by the issuing entities. Income from investment in fund is recognized when fund declares its income.

Bank commission income
As the Corporation is operating under Shari'ah law, bank commission income is not recognized in the statement of income. It is recorded in a liability account to be disposed of later on in accordance with Shari'ah principles.

Reinsurance premiums
Reinsurance premiums ceded are recognised as an expense when payable.

Cash and cash equivalents
Cash and cash equivalents comprise of bank balances and murabaha commodity placements having an original maturity of three months or less at the date of acquisition.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Summary of significant accounting policies (continued)

Murabaha financing

Murabaha financing, with original maturity of more than three months, are stated at total amounts due including mark-up at maturity date less provision for impairment, if any. The portion of mark-up which has not been accrued to income is considered as deferred income and deducted from the total amounts due including mark-up at maturity date.

Available-for-sale investments

Available-for-sale investments include equity investments. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale investments are subsequently measured at fair value with unrealised gains or losses recognised in statement of comprehensive income and credited in the fair value reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the fair value reserve to the statement of income in finance costs. Profit earned whilst holding available-for-sale investments, if any, is reported as investment income using the effective profit rate method.

For AFS financial investments, the Corporation assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. For investments classified as AFS, objective evidence would include a ‘significant or prolonged’ decline in the fair value of the investment below its cost. ‘Significant’ is evaluated against the original cost of the investment and ‘prolonged’ against the period in which the fair value has been below its original cost. For further impairments assessment, refer ‘impairment for financial assets’ accounting policy.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Corporation has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using effective interest rate, less impairment.

Interest income from held-to-maturity investments are recognised on an accruals basis, using the effective yield method and included under investment income in the statement of income.

Property and equipment

Property 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 of the assets. The estimated useful lives of the assets for the calculation of depreciation are as follows:

Vehicles	5 years
Furniture and fixtures	10 years
Office equipment	5 years
Computer equipment	4 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property and equipment. All other expenditures are recognized in the statement of income as the expense is incurred.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Summary of significant accounting policies (continued)

Derecognition and recognition of financial instrument

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Corporation 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 Corporation has transferred substantially all the risks and rewards of the asset, or (b) the Corporation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Corporation has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Corporation's continuing involvement in the asset. In that case, the Corporation also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Corporation has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Corporation could be required to repay.

Accounts payable and accruals
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Outstanding claims
Outstanding claims comprise the estimated cost of claims incurred but not settled at the reporting date, whether reported or not. Provisions for reported claims not paid as at the reporting date, are made on the basis of individual case estimates. In addition, a provision for unreported claims based on management's judgement and the Corporation's prior experience is maintained for the cost of settling claims incurred but not reported at the reporting date.

Any difference between the provisions at the reporting date and settlements of provisions in the following year is included in the underwriting account for that year.

Provisions
Provisions are recognised when the Corporation has an obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

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

Pension liability
The Corporation has two defined post-employment benefit plans, shared with all IDB group entities pension fund, which consists of the Staff Retirement Pension Plan and the Post-Employment Medical Scheme, both of which require contributions to be made to separately administered funds.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Summary of significant accounting policies (continued)

Pension liability (continued)
A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and percentage of final gross salary. Independent actuaries calculate the defined benefit obligation on an annual basis by using the projected unit credit method to determine the present value of the defined benefit plan and the related service costs. The underlying actuarial assumptions are used to determine the projected benefit obligations. The present value of the defined benefit obligation due till the retirement date is determined by discounting the estimated future cash outflows (relating to service accrued to the reporting date) using the yields available on high-quality corporate bonds. For intermediate years, the defined benefit obligation is estimated using approximate actuarial roll-forward techniques that allow for additional benefit accrual, actual cash flows and changes in the underlying actuarial assumptions. Actuarial gains or losses, if material, are recognized immediately in the reserves under members' equity in the year they occur. The pension liability is recognized as part of other liabilities in the statement of financial position. The liability represents the present value of the Corporate's defined benefit obligations, net of the fair value of plan assets. The Corporate's contributions to the defined benefit scheme are determined by the Retirement Plan Committee, with advice from the IDB's actuaries, and the contributions are transferred to the scheme's independent custodians

Fair values
For investments traded in active markets, fair value is determined by reference to quoted market bid prices at the close of business on the reporting date.

For investments where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the investee's latest available financial statements, or is based on the assessment by the Corporation of the value of future cash flows from the investment.

Translation of foreign currencies
The accompanying financial statements are denominated in Islamic Dinars (ID). Appropriate exchange rates are used to translate transactions or balances denominated in foreign currencies. The resulting gains or losses are included in the statement of income.

Offsetting
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the statement of income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Corporation. No offsetting has been made in these financial statements.

Impairment of financial assets
An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised for assets in the statement of income.

Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of income;
(b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset; and
(c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective profit rate.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Summary of significant accounting policies (continued)

Impairment of non-financial assets

The Corporation assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Corporation estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in the statement of income in expense categories consistent with the function of the impaired asset, except for a property, if any, previously revalued and the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Corporation estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Liability adequacy test

At each reporting date, the Company assesses whether its recognised insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of estimated future cash flows, the entire deficiency is immediately recognised in the statement of income and an unexpired risk provision created.

d. Summary accounting judgements, estimates and assumptions

The preparation of the Corporation's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The ultimate liability arising from claims made under insurance contracts

Judgement by management is required in the estimation of amounts due to policyholders and third parties arising from claims made under insurance contracts. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. The Corporation estimates its claims based on its previous experience of its insurance portfolio. Claims requiring court or arbitration decisions, if any, are estimated individually. Management reviews its provisions for claims incurred, and claims incurred but not reported, on a monthly basis. Any difference between the provisions at the statement of financial position date and settlements and provisions in the following year is included in the statement of income for that period. The provision for outstanding claims, as at 31 December, is also verified by an independent actuary.

Impairment of receivables

An estimate of the collectible amounts of accounts receivable and claims recoverable are made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Summary accounting judgements, estimates and assumptions (continued)

Fair value of financial instruments
The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price. Where the fair value of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgement is required to establish fair values.

Useful lives of property and equipment
The Corporation's management determines the estimated useful lives of its property and equipment for calculating depreciation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Impairment losses on available-for-sale financial assets
The Corporation determines that available-for-sale equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment. The Company evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows.

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

e. New IFRS, International Financial Reporting and Interpretations Committee's interpretations (IFRIC) and amendments thereof, adopted by the Corporation

The Corporation has adopted the following amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB):

Standard/ Amendments	***Description***
Amendments to IAS 7	Amendments to IAS 7, Statement of cash flows on disclosure initiative: Applicable for annual periods beginning on or after 1 January 2017. These amendments introduce an additional disclosure that will enable users of the financial statements to evaluate changes in liabilities arising from financing activities. This amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved. These adoptions have no material impact on the consolidated financial statements other than certain additional disclosures
IFRS 12	The amendments clarify that the disclosure requirements in IFRS 12 apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale or distribution. These amendments apply retrospectively.

The adoption of the above standards did not have any impact on the accounting policies, financial position or performance of the Corporation.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. New IFRS, IFRIC and amendments thereof, issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company financial statements are listed below. The listing is of standards issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards, where applicable, when they become effective.

Standard/ Interpretation	***Description***	***Effective from periods beginning on or after the following date***
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 2	Amendments to IFRS 2 Classification and Measurement of share-based Payment transactions.	1 January 2018
IFRIC 22	Foreign Currency Transactions and Advance consideration.	1 January 2018
IFRS 1	Annual Improvements 2016 to IFRS 2014- 2016 cycle.	1 January 2018
IAS 40	Amendments to IAS 40 Investment Property	1 January 2018
IAS 28	Long-term interests in associates and joint ventures	1 January 2019
IFRS 16	Leases	1 January 2019
IFRS 3, IAS 12 and IAS 23	Annual Improvements to IFRS 2015-2017 cycle	1 January 2019

The implementation of IFRS 9 is expected to result in a significant portion of a Corporation's financial assets classified as available-for-sale being re-classified as at fair value through profit or loss or fair value through other comprehensive income (OCI). Credit allowances for financial assets carried at amortized cost and debt securities measured at fair value, with changes in fair value recognized in OCI, are expected to increase due to the introduction of the expected credit loss methodology. Upon implementation of IFRS 17 'Insurance Contracts', more assets may be classified as at fair value through profit or loss under the fair value option. IFRS 17 also introduces a temporary exemption for the implementation of IFRS 9 for reporting entities whose activities predominantly relate to insurance. The Corporation is currently assessing the implications and eligibility for this temporary exemption and accordingly will consider to adopt or to defer the implementation of IFRS 9. However maximum deferment of IFRS 9 is allowed till 1 January 2021.

The Corporation is currently assessing the implications of the above mentioned standards, amendments or interpretations on the Company's financial statements on adoption.

3 CASH AND CASH EQUIVALENTS

	2017 *Islamic Dinars*	2016 *Islamic Dinars*
Shareholders' fund		
Cash at banks	**63,957,025**	9,168,497
Murabaha commodity placements (see note (a) and 4 below)	**-**	30,884,311
	63,957,025	40,052,808
Policyholders' fund		
Cash at banks	**21,740,794**	1,307,252
	21,740,794	1,307,252
	85,697,819	41,360,060

a) Murabaha commodity placements are held with Islamic banks and have an original maturity not exceeding three months.

b) All cash and cash equivalents are held in the name of IDB for and on behalf of the Corporation. The Corporation is the beneficial owner of these cash and cash equivalents.

4 MURAHABA FINANCING, NET

	2017 *Islamic Dinars*	2016 *Islamic Dinars*
Gross Murabaha commodity placements	**58,421,226**	115,547,368
Less: Murabaha commodity placements with an original maturity of three months or less (see note 3)	**-**	(30,884,311)
	58,421,226	84,663,057
Other Murahaba financing	**8,881,762**	742,553
Less: Impairment allowance (see note (b))	**(71,383)**	-
	67,231,605	85,405,610

a) All murabaha financing are held in the name of IDB for and on behalf of the Corporation. The Corporation is the beneficial owner of these murabaha financing.

b) The movement in the provision for impairment on trade Murabaha financing is as follows:

	2017 *Islamic Dinars*	2016 *Islamic Dinars*
Balance at beginning of the year/period	**-**	-
Charge for the year/period	**71,383**	-
Balance at end of the year/period	**71,383**	-

5 AVAILABLE-FOR-SALE INVESTMENTS

	***2017* Islamic Dinars**	*2016 Islamic Dinars*
Shareholders' fund		
Quoted investments (carried at fair value through other comprehensive income):		
Islamic Sukuks	**33,689,220**	39,620,046
Unquoted investments		
Units in ICD – Unit Investments Fund	**11,332,454**	13,229,694
Shares in Takaful Re (carried at cost) (see note (a) below):	**1,404,366**	1,859,662
Less: Impairment allowance	**(1,036,324)**	(1,036,324)
	368,042	823,338
Carrying value of unquoted investments	**11,700,496**	14,053,032
	45,389,716	53,673,078

a) The fair value of the unquoted investments is not readily available; however, the management believes that the carrying value is not significantly different compared to the fair value based on the audited financial statements of the investee.

b) All available-for-sale investments are held in the name of IDB for and on behalf of the Corporation. The Corporation is the beneficial owner of these available-for-sale investments.

The movement in available-for-sale investments is as follows:

	***Quoted* Islamic Dinars**	***Unquoted* Islamic Dinars**	***2017* Islamic Dinars**	*2016 Islamic Dinars*
Cost:				
At beginning of the year/period	39,377,593	13,635,668	**53,013,261**	60,645,248
Redemption	(3,614,284)	(354,658)	**(3,968,942)**	(10,719,436)
Foreign currency translation adjustment	(2,369,222)	(818,567)	**(3,187,789)**	3,087,449
At end of the year/period	33,394,087	12,462,443	**45,856,530**	53,013,261
Unrealised gains/(loss) on available-for-sale investments:				
At beginning of the year/period	242,453	417,364	**659,817**	1,446,654
Net movement during the year/period	52,681	(1,179,312)	**(1,126,631)**	(786,837)
At end of the year/period	295,134	(761,948)	**(466,814)**	659,817
Net carrying value	**33,689,221**	**11,700,495**	**45,389,716**	53,673,078

6 HELD-TO-MATURITY INVESTMENTS

	2017	*2016*
	Islamic Dinars	*Islamic Dinars*
Islamic Sukuk	**13,567,311**	14,448,743

The movement in held to maturity investments is as follows:		
Cost:		
At beginning of the year/period	**14,448,743**	-
Additions	**-**	13,268,221
Foreign currency translation adjustment	**(775,283)**	567,667
Accrued income, net	**(5,342)**	95,343
(Amortization)/premium paid	**(100,807)**	517,512
At end of the year/period	**13,567,311**	14,448,743

All held-to-maturity investments are held in the name of IDB for and on behalf of the Corporation. The Corporation is the beneficial owner of these held-to-maturity investments.

7 ACCOUNTS RECEIVABLE, NET

	2017	*2016*
	Islamic Dinars	*Islamic Dinars*
Policyholders' fund		
Trade accounts receivable	**3,085,841**	2,403,410
Allowance for doubtful debts	**(396,902)**	(268,533)
	2,688,939	2,134,877

Movement in the allowance for doubtful debts during the period was as follows:

	2017	*2016*
	Islamic Dinars	*Islamic Dinars*
Balance at beginning of the reporting year/period	**268,533**	127,657
Charge for the year/period	**135,880**	134,486
Foreign currency translation adjustment	**(7,511)**	6,390
Balance at end of the reporting year/period	**396,902**	268,533

The aging analysis of unimpaired accounts receivables was as follows:

		Past due but not impaired				
	Neither past due nor impaired	*Above 1 and up to 3 months*	*Above 3 and up to 6 months*	*Above 6 and up to 12 months*	*Above 12 months*	*Total*
	Islamic Dinars	*Islamic Dinars*	*Islamic Dinars*	*Islamic Dinars*	*Islamic Dinars*	*Islamic Dinars*
2017	**1,164,064**	**989,728**	**179,210**	**201,845**	**154,092**	**2,688,939**
2016	383,946	404,108	619,688	542,113	185,022	2,134,877

The Corporation's credit period is 30 days after which receivables are considered to be past due. Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable.

8 CLAIMS RECOVERABLE, NET

	2017 **Islamic Dinars**	*2016* *Islamic Dinars*
Policyholders' fund		
Claims recoverable	**11,730,919**	12,442,186
Allowance for doubtful claims	**(11,730,919)**	(12,442,186)
	-	-

Claims recoverable represents amounts recoverable from defaulted parties in respect of claims settled by the Corporation. Movement in the allowance for doubtful claims during the year/period:

	2017 **Islamic Dinars**	*2016* *Islamic Dinars*
Balance at beginning of the year/period	**12,442,186**	11,870,834
Allowance for impairment during the year/period	**(498)**	(31,396)
Foreign currency translation adjustment	**(710,769)**	602,748
Balance at end of the year/period	**11,730,919**	12,442,186

9 UNEARNED PREMIUMS, NET

	2017			*2016*		
	Gross ***Islamic Dinars***	***Reinsurance share*** ***Islamic Dinars***	***Net*** ***Islamic Dinars***	*Gross* *Islamic Dinars*	*Reinsurance share* *Islamic Dinars*	*Net* *Islamic Dinars*
At beginning of the reporting year/period	**24,200,704**	**(10,532,367)**	**13,668,337**	12,926,815	(4,364,322)	8,562,493
Gross premiums written (ceded) during the year/period	**25,281,647**	**(16,501,990)**	**8,779,657**	33,498,608	(16,496,234)	17,002,374
Premiums earned during the year/period	**(29,861,766)**	**17,636,537**	**(12,225,229)**	(22,224,719)	10,328,189	(11,896,530)
At end of the reporting year/period	**19,620,585**	**(9,397,820)**	**10,222,765**	24,200,704	(10,532,367)	13,668,337

10 PREPAID EXPENSES AND OTHER ASSETS

	2017 **Islamic Dinars**	*2016* *Islamic Dinars*
Shareholders' fund		
Accrued income	**269,881**	316,204
Other receivables	**(21,157)**	-
	248,724	316,204
Policyholders' fund		
Staff advances	**2,425,409**	2,705,952
Other receivables	**85,853**	308,278
	2,511,262	3,014,230
	2,759,986	3,330,434

11 PROPERTY AND EQUIPMENT

	Vehicles	***Furniture and fixtures***	***Office equipment***	***Computer equipment***	***Total***
	Islamic Dinars	*Islamic Dinars*	*Islamic Dinars*	*Islamic Dinars*	*Islamic Dinars*
Policyholders' fund					
Cost:					
At 13 October 2015	110,263	156,177	158,097	519,718	944,255
Additions	84,547	-	2,839	47,643	135,029
Disposal	(78,827)	-	-	-	(78,827)
At 31 December 2016	115,983	156,177	160,936	567,361	1,000,457
Additions	-	-	648	-	648
At 31 December 2017	**115,983**	**156,177**	**161,584**	**567,361**	**1,001,105**
Accumulated depreciation:					
At 13 October 2015	110,263	154,537	88,071	443,908	796,779
Charge for the period	19,319	1,114	27,735	42,145	90,313
Disposal	(78,827)	-	-	-	(78,827)
At 31 December 2016	50,755	155,651	115,806	486,053	808,265
Charge for the year	16,909	302	18,475	32,457	68,143
At 31 December 2017	**67,664**	**155,953**	**134,281**	**518,510**	**876,408**
Net book value:					
At 31 December 2017	**48,319**	**224**	**27,303**	**48,851**	**124,697**
At 31 December 2016	65,228	526	45,130	81,308	192,192

12 ACCOUNTS PAYABLE AND ACCRUALS

	2017 ***Islamic Dinars***	*2016* *Islamic Dinars*
Shareholders' liabilities		
Bank commission (see note (a) below)	**273,794**	278,141
Subscriptions received in advance, net (see note (b) below)	**308,935**	442,191
Other payables	**651,324**	698,912
	1,234,053	1,419,244
Policyholders' liabilities		
Accrued payables	**25,972,578**	5,669,697
Advance from customers	**1,413,429**	2,228,841
Other payables	**1,071,759**	1,874,926
	28,457,766	9,773,464
	29,691,819	11,192,708

12 ACCOUNTS PAYABLE AND ACCRUALS (continued)

a) This represents net accumulated income up to 31 December 2017 generated from placements with certain conventional banks and financial institutions which were not considered operating in compliance with Sharia principles. This amount will be used for donation or charitable purposes.

b) This represents subscriptions received in advance from the Member countries.

13 CLAIMS PAYABLE

Claims payable are related to the policyholders' fund where settlement procedures were not completed at the reporting date.

	2017 ***Islamic Dinars***	*2016* *Islamic Dinars*
Balance at beginning of the year/period	**465,728**	252,947
Additions during the year/period	**6,489,889**	9,421,767
Payments made during the year/period	**(6,704,912)**	(9,208,986)
Balance at end of the year/period	**250,705**	465,728

14 OUTSTANDING CLAIMS

	2017			*2016*		
	Gross Islamic Dinars	***Reinsurance share Islamic Dinars***	***Net Islamic Dinars***	*Gross Islamic Dinars*	*Reinsurance share Islamic Dinars*	*Net Islamic Dinars*
Outstanding at beginning of the reporting year/period	**46,404,462**	**(30,214,892)**	**16,189,570**	14,951,371	(8,555,508)	6,395,863
Claims paid during the year/period	**(6,704,912)**	**2,162,463**	**(4,542,449)**	(9,693,648)	6,420,519	(3,273,129)
Charge for during the year/period	**9,897,984**	**(5,994,994)**	**3,902,990**	41,146,739	(28,079,903)	13,066,836
Outstanding at end the of reporting year/period	**49,597,534**	**(34,047,423)**	**15,550,111**	46,404,462	(30,214,892)	16,189,570
Comprise of:						
- IBNR (Note 14.1)	**19,428,273**	**(12,742,646)**	**6,685,627**	13,715,838	(7,903,378)	5,812,460
- Reported (Note 14.2)	**30,169,261**	**(21,304,777)**	**8,864,484**	32,688,624	(22,311,514)	10,377,110
	49,597,534	**(34,047,423)**	**15,550,111**	46,404,462	(30,214,892)	16,189,570

14.1 The IBNR provision represents unreported general estimated amount of probable claims, which may arise in future out of the exposure that ICIEC holds at the end of the period, this provision is calculated based on a model developed to align the risk with the probable loss on a transaction level. Whereas for the reported claims ICIEC assigns a separate provision as covered below.

14.2 The reported claim provision represents a provision against a particular reported claim filed and remain unpaid at the end of the year. This provision balance for the period ended 31 December 2017 amounted to ID 30,169,261 (2016: ID 32,688,624), from which ID 21,304,777 (2016: ID 22,311,514) were ceded to re-insurer by 71%. These provisions are pertaining to three insurance policies covering the same underlying risk.

15 SHARE CAPITAL

	2017 ***Islamic Dinars***	*2016* *Islamic Dinars*
Authorized capital		
400,000 shares (2016 H: 400,000) of ID 1,000 each	**400,000,000**	400,000,000
IDB ("Special Account Resources Waqf Fund")		
Issued and subscribed capital		
150,000 shares of ID 1,000 each:		
50,000 shares of ID 1,000 each fully paid	**50,000,000**	50,000,000
50,000 shares of ID 1,000 each, of which ID 500 has been called	**25,000,000**	25,000,000
Member countries		
137,935 shares (2016: 137,935) of ID 1,000 each, of which ID 500 has been called	**68,967,500**	68,967,500
Less: Subscriptions receivable	**(3,500,000)**	(3,625,000)
	140,467,500	140,342,500

The uncalled subscriptions on issued capital are subject to call by the Corporation as and when required to meet its obligations and may be refunded in whole or in part in which event the amounts refunded shall become part of the callable capital obligation of the shareholders.

The shareholders (Member countries) may withdraw from the Corporation after the expiry of a period of 5 years from the date of their membership. In such an event, the Corporation shall arrange for the repurchase of the shares of a withdrawing shareholder at a price equal to the book value of such shares on the date shareholder ceases to be a member. The management believes that likelihood of member states withdrawing their capital is remote.

a) The subscriptions received from the Member countries and IDB are as follows:

	From 1 January 2017 to 31 December 2017 ***Islamic Dinars***	*From 14 October 2015 to 31 December 2016* *Islamic Dinars*
Shareholder		
Qatar	**62,500**	-
Nigeria	**-**	4,000
IDB	**-**	12,500,000
Comoros	**62,500**	62,500
	125,000	12,566,500

16 RESERVE

In accordance with Article 29 of Chapter IV of the Corporation's Articles of Agreement, all profits accruing to the shareholders' fund as well as the surplus accruing to the policyholders' fund shall be allocated to reserve, until such reserve equals five times the subscribed capital of the Corporation.

After the reserve of the Corporation have reached this level, the Board of Governors will decide to what extent the surplus accruing to the policyholders' fund and the net income accruing to the shareholders' fund may be distributed or allocated to reserve.

17 LOAN TO POLICYHOLDRS' FUND FROM SHAREHOLDERS' FUND

In accordance with clause 13(3) of the Articles of Agreement, the net deficit in the policyholders' fund should be covered by a loan from the shareholders' fund. The loan is recoverable only from the future surplus accruing to the policyholders' fund. The net deficit is interpreted as the shortfall of assets to meet any liabilities of the policyholders' fund.

Loan from shareholders' fund is comprised of the following:

	2017 ***Islamic Dinars***	*2016* *Islamic Dinars*
Policyholders' fund		
Total assets	**71,573,532**	48,730,498
Total liabilities	**(103,045,035)**	(83,877,851)
Accumulated deficits	**48,675,289**	49,637,987
Net deficit in policyholders' fund	**17,203,786**	14,490,634
Loan to policyholders' fund from shareholders' fund	**(17,203,786)**	(14,490,634)
	-	-

18 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent Board of Governors, directors and key management personnel of the Corporation, and affiliate entities of IDB Group. In the ordinary course of its activities, the Corporation transacts business with related parties. The terms of these transactions are approved by the Corporation's management.

Transactions with related parties included in the statement of income are as follows:

	From 1 January 2017 to 31 December 2017 ***Islamic Dinars***	*From 14 October 2015 to 31 December 2016* *Islamic Dinars*
Investment management fees paid to IDB – OCR	**240,000**	300,000
Charges for office space paid to IDB – OCR	**502,067**	229,020
Expenses paid by IDB on behalf of the Corporation	**563,840**	1,478,844
Pensions paid to IDB – pension and medical fund	**805,320**	864,030

Related parties balances included in the statement of financial position are as follows:

	2017 ***Islamic Dinars***	*2016* *Islamic Dinars*
Due from:		
Islamic Corporation for the Development of the Private Sectors (ICD)	**177,130**	190,449
Islamic Solidarity Fund for Development (ISFD)	**130,622**	138,377
IDB – Special Account Resources WAQF Fund	**857,944**	802,963
IDB - Staff Retirement Medical Plan and Staff Retirement Pension Plan	**13,942**	269,372
The Saudi Project for Utilization of Sacrificial Animals (ADAHI)	**-**	7,042
	1,179,638	1,408,203
Due to:		
Islamic Development Bank Ordinary Capital Resources – (IDB – OCR)	**3,797,406**	2,443,951
Islamic Trade Finance Corporation (ITFC)	**-**	463
IDB – Pension Fund	**170,292**	-
IDB – Medical Fund	**3,737**	-
The Saudi Project for Utilization of Sacrificial Animals (ADAHI)	**4,379**	-
	3,975,814	2,444,414

18 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

The compensation paid or payable to key management personnel is shown below:

	From 1 January 2017 to 31 December 2017 Islamic Dinars	*From 14 October 2015 to 31 December 2016 Islamic Dinars*
Salaries and other short term benefits	**379,025**	560,081
Post-employment benefits	**133,632**	67,211

19 PENSION LIABILITY

(a) The movements in the plan assets and liability are as follows:

	2017	
	Staff retirement pension plan ***Islamic Dinars***	**Staff retirement medical plan** ***Islamic Dinars***
ALLOCATION OF PENSION ASSETS FROM IDB	14,706,521	703,424
Adjustment on post close amendments	94,264	-
Income on Plan Assets	601,818	29,212
Return on Plan Assets less than discount rate	276,195	1,346
Plan participations contributions	302,908	15,864
Employer contribution	658,623	36,781
Disbursements from Plan Assets	(912,107)	(17,594)
Currency translation gain	(854,304)	(42,000)
Fair value of plan assets at 31 December 2017	**14,873,918**	**727,033**

	2017	
	Staff retirement pension plan ***Islamic Dinars***	**Staff retirement medical plan** ***Islamic Dinars***
ALLOCATION OF DEFINED PENSION LIABILITY FROM IDB	**19,632,235**	**1,296,790**
Current Service costs	1,141,029	103,016
Cost on Defined Benefit Obligation(DBO)	819,561	55,537
Plan participations contributions	302,908	15,864
Disbursements from Plan Assets	(912,107)	(17,594)
Net actuarial gain	(2,056,596)	80,481
Currency translation loss	(1,081,000)	(59,000)
Benefit obligation at 31 December 2017	**17,846,030**	**1,475,094**
Funded status - net liability recognized in the statement of financial position representing excess of benefit obligation over fair value of plan assets	**(2,972,112)**	**(748,060)**

19 PENSION LIABILITY (continued)

The above net liability represents the cumulative actuarial losses resulting from the difference between the actual experience and the assumptions used in estimating the liability, which is recognized by the Corporation in the members' equity immediately in the year, it arises, if material.

(b) Based on the actuarial valuations, the pension and medical benefit expenses for the period 2017 comprised the following:

	31 December 2017	
	Staff retirement pension plan *Islamic Dinars*	**Staff retirement medical plan** *Islamic Dinars*
Gross current service costs	(1,141,029)	(103,016)
Cost on DBO	(819,561)	(55,537)
Income on assets	601,818	29,212
Cost recognized in statement of income	**(1,358,772)**	**(129,341)**
Actuarial gain due to assumptions	2,056,596	(80,480)
Return on plan assets greater than discount rate	276,195	1,346
Cost recognized in statement of changes of equity	**974,019**	**(208,475)**

(c) Principal assumptions used in the actuarial valuations dated 31 December 2016 and extended as at end of the reporting period as follows:

	Staff retirement pension plan	**Staff retirement medical plan**
Discount rate	**4.15%**	**4.15%**
Rate of expected salary increase	**4.50%**	**4.50%**

The discount rate used in determining the benefit obligations is selected by reference to the long-term rates on AA Corporate Bonds.

The following table presents the plan assets by major category:

	31 December 2017	
	Staff retirement pension plan *Islamic Dinars '000*	**Staff retirement medical plan** *Islamic Dinars '000*
Cash and Cash Equivalent and Commodity placements	1,043	56
Syndicated Murabaha	485	44
Managed funds and Instalment sales	3,098	613
Investments in sukuk	8,265	10
Land	1,679	4
Other (net)	304	-
Plan assets	**14,874**	**727**

1.2% of staff retirement plan assets (2016: 1.2%) are invested as of 31 December 2017.

19 PENSION LIABILITY (continued)

(d) The following table summarizes the funding status of the staff retirement pension plan at end of the last five reporting periods:

	31 December 2017
	Islamic Dinars
Present value of defined benefit obligation	**17,846,030**
Fair value of plan assets	**(14,873,918)**
Plan deficit	**(2,972,112)**

(e) The following table summarizes the funding status of the staff retirement medical plan at end of the last five reporting years:

	31 December 2017
	Islamic Dinars
Present value of defined benefit obligation	**1,475,093**
Fair value of plan assets	**(727,033)**
Plan deficit	**(748,060)**

(f) Total pension liability

	31 December 2017		
	Staff retirement pension plan *Islamic Dinars*	**Staff retirement medical plan** *Islamic Dinars*	**Total** *Islamic Dinars*
Transfer of Actuarial Deficit from IDB-OCR	(2,972,112)	(748,060)	(3,720,172)
Balance at 31 December 2017	**(2,972,112)**	**(748,060)**	**(3,720,172)**

20 FAIR VALUES OF FINANCIAL INSTRUMENTS

a) 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 Corporation.

The Corporation’s financial assets include cash and cash equivalents, Murabaha financing, available-for-sale investments, accounts receivable, due from affiliates and certain other assets. The Corporation’s financial liabilities consist of claims payable, accounts payable, due to affiliates and certain other liabilities. The fair values of financial instruments are not materially different from their carrying values. At 31 December 2017, apart from the available-for-sale investments which are carried at fair value, there were no other financial instruments held by the Corporation that were measured at fair value.

20 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

b) The Corporation uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the same instrument (i.e., without modification or repackaging);

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data.

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

	Level 1 Islamic Dinars	*Level 2 Islamic Dinars*	*Level 3 Islamic Dinars*
For the year ended 31 December 2017			
Islamic Sukuk	**33,689,220**	**-**	**-**
Unit in IDB - Unit Investment Fund	**11,332,454**	**-**	**-**
Shares in Takaful Re.	**-**	**-**	**1,404,366**
For the period ended 31 December 2016			
Islamic Sukuk	39,620,046	-	-
Unit in IDB - Unit Investment Fund	13,229,694	-	-
Shares in Takaful Re.	-	-	1,859,662

There were no transfers between levels during the year/period ended 31 December 2017 and 31 December 2016.

21 RISK MANAGEMENT

Risk management lies at the heart of the Corporation’s operations. Insuring political and credit risk requires a sound risk management infrastructure and an effective risk culture. The Corporation considers the importance of risk management at all levels of its operations; from the Corporation’s Board of Directors to the underwriting officer level. The Corporation manages its risk in line with the guidelines and policies which have been approved by the Board of Directors. The Corporation shares the same Board of Directors and Audit Committee as that of IDB. Moreover, the Corporation is also represented in the IDB Group Risk Management Committee and coordinates with the Group Risk Management Department on risk issues pertaining to the Group.
The nature of activities and management policies with respect to risk management are provided under the various categories of risks faced by the Corporation:

Insurance Risk
As a multilateral institution, the Corporation provides two distinct services; credit insurance and political risk insurance to its policyholders. Both of these products require the Corporation to carry out buyer/project and country risk assessment in a way to minimize the payment of claims as the Corporation’s net earnings would depend upon the incidence of claims payment. The risk of paying out claims to its policyholders, though contingent in nature, is the major risk which the Corporation faces. The management of insurance risk is done effectively by employing various risk management techniques including risk diversification, risk transfer (reinsurance) and monitoring of technical provisions. The Corporation closely monitors its claim and recovery activities and provisions for outstanding claims. Cognizant of the importance of risk diversification the Corporation sets exposure limits per country, per buyer and per transaction. The Corporation has established well-functioning reinsurance programs which include treaty and facultative reinsurance that are helpful in managing its portfolio risk profile.

Reinsurance risk
In order to minimize its financial exposure arising from large claims, whether in its overall Short Term portfolio, or in large Medium Term transactions, and as per the industry practice, the Corporation enters into exposure ceding agreements (Quota Share Treaty or Facultative Agreement) with internationally operating and reputable reinsurance companies. Accordingly, the Corporation carefully evaluates the financial strength of the reinsurers, and monitors their concentration risk in geographic regions, economic sectors or in specific activities, in order to minimize its exposure to significant losses which may be due to reinsurers’ insolvency.

21 RISK MANAGEMENT (continued)

Reinsurance risk (continued)
Reinsurers are selected using stringent parameters and guidelines set by the management of the Corporation, focusing mainly on the following criteria:

- Minimum acceptable credit rating by recognized rating agencies (S&P, Moody's, A.M. Best, or Fitch)
- Financial strength, managerial and technical expertise, and historical performance
- Market reputation; and
- Existing or past business relationship/experience with the reinsurer.

Although the Corporation has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance arrangements.

Credit risk
Credit risk is a risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss.

For all classes of financial assets held by the Corporation, other than those relating to reinsurance contracts as described in reinsurance risk above, the maximum credit risk exposure to the Corporation is the carrying value as disclosed in the financial statements at the statement of financial position date.

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the Board of Directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowances for impairment.

The Corporation seeks to limit its credit risk with respect to customers by following its credit control policy and monitoring outstanding receivables on an on-going basis in order to reduce the Corporation's exposure to bad debts. Management estimates specific impairment provision on a case by case basis. In addition to specific provisions, the Corporation also makes an additional portfolio provision, estimated on a collective basis, based on the ageing profile of the overdue premium receivables. The Corporation seeks to limit its credit risk with respect to other counterparties by placing murabaha financing with reputable banks. The Corporation's investment portfolio is primarily managed by IDB and therefore, it is of the opinion that no credit loss is likely to occur.

The table below shows the maximum exposure to credit risk for the components of the statement of financial position:

	2017 ***Islamic Dinars***	*2016* *Islamic Dinars*
Cash at banks	**82,697,819**	10,475,749
Murabaha receivables	**67,302,988**	116,289,920
Accounts receivable	**3,085,841**	2,403,410
Islamic Sukuks	**47,256,531**	54,068,790
	200,343,179	183,237,869

Market risk
Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

The Corporation is exposed to market risk with respect to its investments. Market risk is managed by investing in reputed funds which maintain investments in diversified portfolios and by continuous monitoring of developments in equity and bond markets. In addition, the key factors that affect stock and bond market movements are monitored, including analysis of the operational and financial performance of investees.

Majority of the Corporation's investments are managed by the IDB Treasury, which follows the IDB Group risk policies on market risk management.

21 RISK MANAGEMENT (continued)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Corporation's investment portfolio is held in major currencies in line with the composition of the Islamic Dinar basket, namely US Dollars, Sterling Pound, Euro and Japanese Yen. The Corporation has a conservative policy whereby the currency composition of the portfolio is monitored and adjusted regularly.

The 5% movement in the exchange rate for the following currencies against Islamic Dinar would impact the statement of income as follows:

	2017		*2016*	
	+5% Islamic Dinar	***-5% Islamic Dinar***	*+5% Islamic Dinar*	*-5% Islamic Dinar*
US Dollar	**(4,961,591)**	**5,483,863**	(4,579,945)	5,062,044
Sterling Pound	**(597,029)**	**659,874**	(747,080)	825,719
Euro	**919,421**	**(919,421)**	(609,718)	3,604,113
Japanese Yen	**(3,549,318)**	**3,922,930**	(3,260,864)	673,899

However, as the insurance exposure is primarily in USD, the Corporation faces currency risk in terms of settling any claim payments which exceed the USD amount on its asset side. This risk is minimized to a certain extent, as the corresponding reinsurance receivables will also be in USD.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its commitments associated with financial liabilities when they fall due.

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

The following table summarizes the maturities of the Corporation's undiscounted financial assets and financial liabilities at the end of reporting period:

	Less than 3 months Islamic Dinars	***3 to 12 months Islamic Dinars***	***1 to 5 years Islamic Dinars***	***Total Islamic Dinars***
31 December 2017				
Financial assets	**98,692,337**	**54,973,186**	**62,212,253**	**215,877,776**
Financial liabilities	**(6,222,677)**	**-**	**-**	**(6,222,677)**
31 December 2016				
Financial assets	88,672,480	87,312,373	24,696,775	200,681,628
Financial liabilities	(9,866,530)	-	-	(9,866,530)

Mark-up risk

Mark-up risk arises from the possibility that changes in mark-up rates will affect the value of the financial instruments. The Corporation is exposed to mark-up risk on its investments in cash and cash equivalents, Murabaha financing and investments in Sukuk. In respect of the financial assets, the Corporation's returns are based on a benchmark and hence vary according to the market conditions.

The sensitivity analysis have been determined based on the exposure to markup rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point change is used when reporting mark-up rate risk internally to key management personnel and represents management's assessment of the possible change in mark-up rates.

At reporting date, if mark-up rates had been 50 basis points higher/lower and all other variables were held constant, the Corporation's net income would not be changed significantly.

21 RISK MANAGEMENT (continued)

Operational risk

The operational risk is defined as the risk of loss faced by a financial institution arising from failed processes, people and/or systems.

The Corporation has a full-fledged Risk Management function in place, which regularly monitors all operational risk aspects related to insurance as well as investment operations. In addition, it works very closely with the IDB Group Risk Management Department (GRMD) to ensure presence of an effective internal control system through which it attempts to manage its operational risk. Furthermore, the IDB Group Internal Audit Department (GIAD) regularly audits the Corporation's internal controls and recommends improvements under the risk based internal audit approach.

The Corporation continues to follow IDB Group 'Best Practices and Customer Due Diligence Standards' and internal operational regulations when dealing with clients.

Geographical risk

The Corporation carries on business mainly with Member countries in Africa and Asia. Due to the relatively high country risk of some of the countries in these continents, the Corporation is exposed to potential losses arising from large insurance claims. The maximum theoretical geographical risk based on the outstanding net exposure at the year-end amounts to ID 1,165 million (2016: ID 1,165 million). The Corporation minimizes any detrimental impact on its assets, due to the realization of such risks, by setting exposure limits for each country and monitoring outstanding exposures in addition to maintaining reserves.

The following table summarizes the Corporation's gross exposure country wise:

Country	***2017 Islamic Dinars***	*2016 Islamic Dinars*
Saudi Arabia	**536,783,013**	1,249,574,075
Egypt	**253,246,838**	162,275,714
United States Of America	**263,337,515**	45,110,466
Cameroon	**133,670,990**	34,483,975
Bangladesh	**121,432,278**	90,929,256
United Kingdom	**68,758,569**	36,943,375
Senegal	**44,596,716**	31,193,091
Indonesia	**43,203,877**	34,617,382
United Arab Emirates	**299,805,787**	189,678,984
Turkey	**380,312,134**	188,221,774
Sudan	**156,895,981**	166,209,367
Lebanon	**123,614,273**	136,789,296
Spain	**106,130,791**	93,475,576
Algeria	**97,019,083**	50,472,293
Pakistan	**63,395,714**	50,374,512
Other	**583,598,403**	1,026,444,411
Gross exposure	**3,275,801,962**	3,586,793,547
Ceded exposure to Reinsurers	**(2,110,600,188)**	(2,422,226,152)
Net exposure	**1,165,201,774**	1,164,567,395

22 CAPITAL MANAGEMENT

The capital structure of the Corporation consists of equity of the corporation (comprising issued capital and reserve).

As the Corporation is a multilateral organization, the capital of the corporation is not subject to external regulations. However, the Corporation intends to follow best industry practices in terms of prudent capital management policies. In this regard, the Corporation will following Article of Agreement.

23 ZAKAT AND TAX TREATMENT

Since the Corporation is part of Baitul Mal (public money), it is not subject to Zakat or tax.

24 COMPARATIVE INFORMATION

During the prior period ended 31 December 2016, the Corporation received an advance from a customer in relation to an insurance policy. The insurance cover started from 29 December 2016, i.e risk inception date but due to logistical delays, the policy and invoice were subsequently issued on 17 January 2017. Accordingly, the premium has been recorded in prior period when risk was incepted by restating the comparative numbers. The net impact on prior period's policyholders' fund is immaterial after considering the premium ceded and net earned premium over two days. Following balances have been restated:

	At 31 December 2016	
	Currently reported Islamic Dinars	*Previously reported Islamic Dinars*
Statement of financial position		
ASSETS		
Reinsurers' share of unearned premiums	10,532,367	7,218,718
LIABILITIES		
Accounts payable and accruals	11,192,708	13,678,333
Unearned premiums	24,200,704	18,401,430

	From 14 October 2015 to 31 December 2016	
	Currently reported Islamic Dinars	*Previously reported Islamic Dinars*
Statement of income		
Gross written premium	33,498,608	27,691,684
Gross premium ceded to reinsurers	(16,496,234)	(13,174,935)
	17,002,374	14,516,749
Net change in reserves for unearned premiums	(5,105,844)	(2,620,219)
Net earned premiums	11,896,530	11,896,530
Statement of cash flows		
Unearned premiums	11,273,889	5,474,615
Reinsurers' share of unearned premiums	(6,168,045)	(2,854,396)
Accounts payable and accruals	4,239,312	6,724,937