

**NATIONAL GENERAL INSURANCE CO. (P.J.S.C.)**

**Review report and condensed interim financial information  
for the six months period ended 30 June 2019**

# **NATIONAL GENERAL INSURANCE CO. (P.J.S.C.)**

<b>Contents</b>	<b>Pages</b>
<b>Independent auditor's review report</b>	<b>1</b>
<b>Condensed statement of financial position</b>	<b>2</b>
<b>Condensed statement of profit or loss (unaudited)</b>	<b>3</b>
<b>Condensed statement of comprehensive income (unaudited)</b>	<b>4</b>
<b>Condensed statement of changes in equity</b>	<b>5</b>
<b>Condensed statement of cash flows (unaudited)</b>	<b>6</b>
<b>Notes to the condensed interim financial information</b>	<b>7 – 21</b>

## INDEPENDENT AUDITOR'S REVIEW REPORT

**The Board of Directors of  
National General Insurance Co. (P.J.S.C.)  
Dubai  
United Arab Emirates**

### *Introduction*

We have reviewed the accompanying condensed statement of financial position of **National General Insurance Co. (P.J.S.C.) (the "Company") – Dubai, United Arab Emirates** as at 30 June 2019 and the related condensed statement of profit or loss, condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the six months period then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34: "*Interim Financial Reporting*" as issued by International Accounting Standards Board (IASB). 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 International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of 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.

### *Other Matter*

The condensed interim financial information of the Company for the six months period ended 30 June 2018 and the annual financial statements for the year ended 31 December 2018 were reviewed and audited by other auditors, whose review report dated 2 August 2018 and audit report dated 11 February 2019 expressed an unmodified conclusion and opinion respectively.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34: "*Interim Financial Reporting*" as issued by IASB.

Deloitte & Touche (M.E.)



Signed by:  
Samir Madbak  
Registration No. 386  
1 August 2019  
Sharjah, United Arab Emirates

**Condensed statement of financial position  
at 30 June 2019**

	Notes	30 June 2019 (unaudited) AED	31 December 2018 (audited) AED
<b>ASSETS</b>			
Property and equipment	4	27,620,868	28,616,081
Intangible assets		2,212,974	2,016,151
Investment properties	5	218,779,637	218,779,637
Investment securities	6	240,399,010	252,299,372
Reinsurance contract assets	7	295,232,680	275,450,941
Insurance and other receivables	8	189,546,208	174,652,838
Cash and bank balances	9	292,015,441	265,891,866
<b>Total assets</b>		<b>1,265,806,818</b>	<b>1,217,706,886</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	10	149,954,112	149,954,112
Legal reserve	11	74,977,056	74,977,056
General reserve	12	74,977,056	74,977,056
Cumulative change in fair value of investments in FVTOCI		935,574	(73,080)
Retained earnings		163,030,740	164,397,143
<b>Total equity</b>		<b>463,874,538</b>	<b>464,232,287</b>
<b>LIABILITIES</b>			
Provision for end of service indemnity		11,147,534	10,138,208
Insurance contract liabilities	7	569,551,240	514,718,500
Insurance and other payables	13	175,821,309	187,599,734
Payable to policyholders of unit-linked products	14	45,412,197	41,018,157
<b>Total liabilities</b>		<b>801,932,280</b>	<b>753,474,599</b>
<b>Total equity and liabilities</b>		<b>1,265,806,818</b>	<b>1,217,706,886</b>



Adel Mohammed Saleh Al Zarouni  
Vice Chairman



Dr. Abdul Zahra A. Ali  
Chief Executive Officer

The accompanying notes form an integral part of these condensed interim financial information.

**Condensed statement of profit or loss (unaudited)**  
**for the six months period ended 30 June 2019**

	Three months period ended 30 June		Six months period ended 30 June	
	2019 AED	2018 AED	2019 AED	2018 AED
Gross written premium	167,453,702	156,681,706	310,796,548	277,746,556
Reinsurance ceded	(89,051,571)	(80,744,980)	(155,657,178)	(142,721,565)
<b>Net premium</b>	<b>78,402,131</b>	<b>75,936,726</b>	<b>155,139,370</b>	<b>135,024,991</b>
Change in unearned premium	(12,148,818)	(15,724,987)	(24,259,800)	(11,209,586)
<b>Net earned premiums</b>	<b>66,253,313</b>	<b>60,211,739</b>	<b>130,879,570</b>	<b>123,815,405</b>
Reinsurance commission	10,415,582	9,137,739	18,832,536	18,398,691
<b>Net underwriting income</b>	<b>76,668,895</b>	<b>69,349,478</b>	<b>149,712,106</b>	<b>142,214,096</b>
Claims paid	(86,659,343)	(80,575,585)	(155,027,976)	(148,335,569)
Reinsurance share	46,125,559	44,287,796	79,881,902	75,321,165
<b>Net claims paid</b>	<b>(40,533,784)</b>	<b>(36,287,789)</b>	<b>(75,146,074)</b>	<b>(73,014,404)</b>
Change in outstanding claims	(2,385,677)	1,350,509	(6,590,974)	(1,176,046)
<b>Net incurred claims</b>	<b>(42,919,461)</b>	<b>(34,937,280)</b>	<b>(81,737,048)</b>	<b>(74,190,450)</b>
Commission incurred	(12,449,706)	(8,220,819)	(23,536,008)	(17,798,627)
Administrative expenses	(13,857,004)	(14,263,283)	(29,166,254)	(28,366,332)
<b>Net underwriting expenses</b>	<b>(69,226,171)</b>	<b>(57,421,382)</b>	<b>(134,439,310)</b>	<b>(120,355,409)</b>
Movement in life assurance fund and payable to policyholders of unit linked products	(2,696,922)	(468,894)	(8,594,267)	(1,933,764)
Increase/(decrease) in fair value of investment held for unit linked products	1,426,870	(1,271,194)	5,232,681	(2,071,885)
Net income from investments life	1,629,897	511,518	2,933,919	1,201,876
<b>Total underwriting expenses</b>	<b>(68,866,326)</b>	<b>(58,649,952)</b>	<b>(134,866,977)</b>	<b>(123,159,182)</b>
<b>Underwriting profit</b>	<b>7,802,569</b>	<b>10,699,526</b>	<b>14,845,129</b>	<b>19,054,914</b>
Income from investment properties (net)	1,248,085	1,074,950	2,205,015	2,274,724
Net income from investment securities	5,438,627	2,767,407	14,983,193	4,210,784
Administrative expenses	(2,445,359)	(5,707,591)	(8,519,875)	(8,156,389)
<b>Profit for the period</b>	<b>12,043,922</b>	<b>8,834,292</b>	<b>23,513,462</b>	<b>17,384,033</b>
<b>Basic and diluted earnings per share</b> (Note 15)	<b>0.08</b>	<b>0.06</b>	<b>0.16</b>	<b>0.12</b>

The accompanying notes form an integral part of these condensed interim financial information.

**Condensed statement of comprehensive income (unaudited)  
for the six months period ended 30 June 2019**

	Three months period ended 30 June		Six months period ended 30 June	
	2019 AED	2018 AED	2019 AED	2018 AED
Profit for the period	<u>12,043,922</u>	<u>8,834,292</u>	<u>23,513,462</u>	<u>17,384,033</u>
<b>Other comprehensive income/(loss)</b>				
<i>Items that may be reclassified to profit or loss:</i>				
Net changes in fair value of investments at fair value through other comprehensive income	<u>360,482</u>	<u>(237,868)</u>	<u>842,214</u>	<u>(467,401)</u>
<b>Total other comprehensive income/(loss) for the period</b>	<u>360,482</u>	<u>(237,868)</u>	<u>842,214</u>	<u>(467,401)</u>
<b>Total comprehensive income for the period</b>	<u><u>12,404,404</u></u>	<u><u>8,596,424</u></u>	<u><u>24,355,676</u></u>	<u><u>16,916,632</u></u>

The accompanying notes form an integral part of these condensed interim financial information.

**NATIONAL GENERAL INSURANCE CO. (P.J.S.C.)**

**Condensed statement of changes in equity  
for the six months period ended 30 June 2019**

5

	Share capital AED	Legal reserve AED	General reserve AED	Cumulative change in fair value of investments in FVTOCI AED	Retained earnings AED	Total AED
Balance at 1 January 2018 (audited)	149,954,112	74,977,056	74,977,056	(53,243)	165,067,000	464,921,981
Impact of adoption of IFRS 9	-	-	-	-	(7,021,673)	(7,021,673)
Balance at 1 January 2018 (restated)	149,954,112	74,977,056	74,977,056	(53,243)	158,045,327	457,900,308
Total comprehensive income for the period (unaudited)						
Profit for the period	-	-	-	-	17,384,033	17,384,033
Other comprehensive (loss)/income for the period						
Net change in fair value of investments FVTOCI	-	-	-	(467,401)	-	(467,401)
Total comprehensive (loss)/income for the period	-	-	-	(467,401)	17,384,033	16,916,632
Director's remuneration (Note 18)	-	-	-	-	(2,520,247)	(2,520,247)
Dividends declared (Note 18)	-	-	-	-	(22,493,117)	(22,493,117)
Balance at 30 June 2018 (unaudited)	149,954,112	74,977,056	74,977,056	(520,644)	150,415,996	449,803,576
Balance at 31 December 2018 (audited)	149,954,112	74,977,056	74,977,056	(73,080)	164,397,143	464,232,287
Total comprehensive income for the period (unaudited)						
Profit for the period	-	-	-	-	23,513,462	23,513,462
Other comprehensive income for the period						
Net change in fair value of investments FVTOCI	-	-	-	842,214	-	842,214
Total comprehensive income for the period	-	-	-	842,214	23,513,462	24,355,676
Transfer from equity on sale of investments FVTOCI	-	-	-	166,440	-	166,440
Directors' remuneration (Note 18)	-	-	-	-	(2,386,748)	(2,386,748)
Dividends declared (Note 18)	-	-	-	-	(22,493,117)	(22,493,117)
Balance at 30 June 2019 (unaudited)	149,954,112	74,977,056	74,977,056	935,574	163,030,740	463,874,538

The accompanying notes form an integral part of these condensed interim financial information.

**Condensed statement of cash flows (unaudited)**  
**for the six months period ended 30 June 2019**

	<b>Six months period ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>AED</b>	<b>AED</b>
<b>Cash flows from operating activities</b>		
Profit for the period	23,513,462	17,384,033
Adjustments for:		
Depreciation and amortisation	1,533,164	1,909,645
Dividend income	(3,942,618)	(6,257,893)
Realised gains on investments fair valued through profit or loss	(6,616,140)	(1,439,664)
Unrealised (gain)/loss on investments fair valued through profit or loss	(564,212)	7,821,060
(Reversal)/provision for expected credit losses	(202,196)	677,746
Loss on sale of investments in FVTOCI	171,490	-
Other investment income	(6,095,714)	(6,470,975)
Provision for gratuity - net of repayment	1,009,326	(1,099,088)
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>8,806,562</b>	<b>12,524,864</b>
Change in insurance and other receivables (including related parties)	(11,877,397)	(64,612,485)
Change in insurance and other payables	(11,778,345)	35,211,496
Change in unearned premium reserve and life assurance fund	32,854,067	13,643,229
Change in net outstanding claims	6,590,974	1,176,046
Directors' remuneration paid	(2,386,748)	(2,520,247)
<b>Net cash generated from/(used in) operating activities</b>	<b>22,209,113</b>	<b>(4,577,097)</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(734,774)	(337,289)
Purchase of investments fair valued through profit or loss	(21,617,774)	(19,683,846)
Proceeds from sale of investments fair valued through profit or loss	49,304,507	14,801,564
Purchase on investments in FVTOCI	(20,621,210)	-
Proceeds from sale of investments in FVTOCI	12,841,500	-
Dividend income	3,942,618	5,677,642
Income from investment properties (net)	2,205,015	2,274,724
Interest and other income received	1,100,800	3,344,814
Change in bank deposits	(30,876,092)	34,953,727
<b>Net cash (used in)/generated from investing activities</b>	<b>(4,455,410)</b>	<b>41,031,336</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(22,493,117)	(22,493,117)
<b>Net cash used in financing activities</b>	<b>(22,493,117)</b>	<b>(22,493,117)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4,739,414)</b>	<b>13,961,122</b>
Cash and cash equivalents at the beginning of the period	39,704,474	30,173,159
<b>Cash and cash equivalents at the end of the period (Note 9)</b>	<b>34,965,060</b>	<b>44,134,281</b>

The accompanying notes form an integral part of these condensed interim financial information.



**Notes to the condensed interim financial information  
for the six months period ended 30 June 2019****1. General information**

National General Insurance Co. (P.J.S.C.) ("the Company") was originally incorporated as a Private Limited Liability Company on 19 November 1980. Subsequently the Company was converted to a Public Joint Stock Company with effect from 12 September 2001.

The Company is registered under UAE Federal Law No. 2 of 2015 in the Emirate of Dubai and 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.

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

**2. Application of new and revised International Financial Reporting Standards (IFRS)****2.1 New and revised IFRS applied with no material effect on the condensed interim financial information**

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2019, have been adopted in these condensed interim financial information. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- The Company adopted IFRS 16 'Leases' the standard replaces the existing guidance on leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS 16 was issued in January 2016 and is effective for annual periods commencing on or after 1 January 2019. IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognized in the Company's financial position, unless the term of the lease is less than or equal to 12 month or the lease is for a low value asset. Thus, the classification required under IAS 17 "Leases" into operating or finance leases is eliminated for Lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and the balance is amortized over the lease term.

Based on an analysis of the Company's leases on the basis of the facts and circumstances that exist at that date, apart from providing more extensive disclosures, the application of IFRS 16 has no significant impact on the financial position and financial performance of the Company for the period ended 30 June 2019. The Company assessed that the impact of IFRS 16 is not material on retained earnings as at the reporting date.

In applying IFRS 16 for the first time, the Company has used a practical expedient permitted by the standard regarding the accounting for operating leases with a remaining lease term of 12 months or fewer months as at 1 January 2019 as short term leases.

- Amendments to IFRS 9 Prepayment Features with Negative Compensation
- Amendments to IAS 28 Investment in Associates and Joint Ventures: Relating to long-term interests in associates and joint ventures.

**Notes to the condensed interim financial information  
for the six months period ended 30 June 2019 (continued)**

**2. Application of new and revised International Financial Reporting Standards (IFRS)  
(continued)**

**2.1 New and revised IFRS applied with no material effect on the condensed interim financial  
information (continued)**

- Annual Improvements to IFRSs 2015-2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs
- Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement
- IFRIC 23 Uncertainty over Income Tax Treatments

**2.2 New and revised IFRS standards and interpretations but not yet effective**

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 17: Insurance Contracts
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

**3. Summary of significant accounting policies**

**3.1 Basis of preparation**

This condensed interim financial information has been prepared in accordance with International Accounting Standard (IAS) No. 34 "Interim Financial Reporting".

The condensed interim financial information is presented in U.A.E. Dirham (AED) since that is the currency in which the majority of the Company's transactions are denominated.

This condensed interim financial information has been prepared on the historical cost basis, except for the revaluation of certain financial instruments. The Company presents its condensed statement of financial position broadly in the order of liquidity.

The accounting policies, presentation and methods in this condensed interim financial information are consistent with those used in the audited financial statements for the year ended 31 December 2018, except for adoption of IFRS 16 as stated in Note 2.

These condensed interim financial information do not include all the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements as at and for the year ended 31 December 2018. In addition, results for the six month period ended 30 June 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

**3.1.1 Judgements and estimates**

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial information, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited financial statements as at and for the year ended 31 December 2018.

**Notes to the condensed interim financial information  
for the six months period ended 30 June 2019 (continued)**

**4. Property and equipment**

All property and equipment are located in U.A.E.

**5. Investment properties**

Investment property includes two plots of land, and rented out portion of a commercial building within UAE.

Management estimates that there has been no change in the fair value of investment properties. Investment properties are classified as Level 3 in the fair value hierarchy as at 30 June 2019 (31 December 2018: Level 3).

**6. Investment securities**

The Company's investment securities at the end of reporting period are detailed below.

	<b>30 June 2019 (unaudited) AED</b>	<b>31 December 2018 (audited) AED</b>
Financial assets at fair value through profit or loss	<b>164,267,944</b>	184,774,325
Financial assets at fair value through other comprehensive income	<b>52,807,667</b>	44,190,793
Financial assets at amortised cost	<b>24,192,500</b>	24,192,500
Less: Provision for expected credit losses	<b>(869,101)</b>	(858,246)
	<b>240,399,010</b>	252,299,372
<b>Investments securities – Geographic concentration</b>		
Investments made:		
- Within U.A.E.	<b>192,569,173</b>	212,492,935
- Outside U.A.E.	<b>47,829,837</b>	39,806,437
<b>Total</b>	<b>240,399,010</b>	252,299,372
<b>Financial assets at fair value through profit or loss</b>		
Equity investments – quoted	<b>64,628,556</b>	91,182,995
Equity investments – unquoted	<b>10,000,000</b>	10,000,000
Fixed income investments/ bonds – quoted	<b>44,227,191</b>	42,573,173
Investments on behalf of policyholders of unit-linked products	<b>45,412,197</b>	41,018,157
<b>Total</b>	<b>164,267,944</b>	184,774,325

Equity investments classified at fair value through profit or loss are designated in this category upon initial recognition.

**Notes to the condensed interim financial information  
for the six months period ended 30 June 2019 (continued)**

**6. Investment securities (continued)**

Movements in provision for impairment are as follows:

	<b>30 June 2019 (unaudited) AED</b>	<b>31 December 2018 (audited) AED</b>
Balance at the beginning of the year	858,246	-
Initial application of IFRS 9	-	872,938
	<b>858,246</b>	<b>872,938</b>
Impairment allowance/(reversal) for the period/year	<b>25,068</b>	<b>(14,692)</b>
Impairment allocated on sold investment FVTOCI	<b>(14,213)</b>	-
<b>Balance at the end of the period/year</b>	<b>869,101</b>	<b>858,246</b>

**7. Insurance contract liabilities and reinsurance contract assets**

	<b>30 June 2019 (unaudited) AED</b>	<b>31 December 2018 (audited) AED</b>
Reserve for outstanding claims	162,196,184	141,261,531
Reserve for incurred but not reported claims (IBNR)	51,178,589	59,203,401
	<b>213,374,773</b>	<b>200,464,932</b>
Life assurance fund	88,606,931	84,518,056
Unearned premium reserve	267,569,536	229,735,512
<b>Insurance contract liabilities</b>	<b>569,551,240</b>	<b>514,718,500</b>
Less: Reinsurance contract assets		
Reinsurer share of outstanding claims reserves	(125,036,302)	(110,073,157)
Reinsurer share of incurred but not reported claims (IBNR)	(27,629,192)	(36,273,470)
Reinsurer share of life assurance fund	(7,189,378)	(7,300,730)
Unamortised reinsurance premium reserve	(135,377,808)	(121,803,584)
<b>Reinsurance assets</b>	<b>(295,232,680)</b>	<b>(275,450,941)</b>
<b>Net</b>	<b>274,318,560</b>	<b>239,267,559</b>

**Notes to the condensed interim financial information  
for the six months period ended 30 June 2019 (continued)**

**8. Insurance and other receivables**

	<b>30 June 2019 (unaudited) AED</b>	<b>31 December 2018 (audited) AED</b>
Premium receivable	18,738,504	33,375,220
Reinsurance companies	17,162,153	33,447,058
Insurance agents and brokers	131,723,891	90,070,133
Due from related parties	9,932,749	6,926,925
Accrual of interest and other income	5,824,351	3,492,088
Deferred acquisition cost	5,340,996	8,243,710
Advances and prepayments	3,692,836	2,376,069
Other receivables	10,134,658	9,951,719
	<b>202,550,138</b>	<b>187,882,922</b>
Less: Provision for impairment	<b>(13,003,930)</b>	<b>(13,230,084)</b>
	<b>189,546,208</b>	<b>174,652,838</b>

Movements in provision for impairment are as follows:

	<b>30 June 2019 (unaudited) AED</b>	<b>31 December 2018 (audited) AED</b>
Balance at the beginning of the year	13,230,084	7,500,000
Initial application of IFRS 9	-	5,934,095
	<b>13,230,084</b>	<b>13,434,095</b>
Reversal for the period/year	<b>(226,154)</b>	<b>(204,011)</b>
<b>Balance at the end of the period/year</b>	<b>13,003,930</b>	<b>13,230,084</b>

**Notes to the condensed interim financial information  
for the six months period ended 30 June 2019 (continued)**

**9. Cash and bank balances**

	<b>30 June 2019 (unaudited) AED</b>	<b>31 December 2018 (audited) AED</b>
Cash on hand	45,035	50,425
Cash with banks	34,920,025	39,654,049
Statutory deposit	7,500,000	7,500,000
Fixed deposits	249,650,926	218,774,834
Less: Provision for impairment	(100,545)	(87,442)
	<u>292,015,441</u>	<u>265,891,866</u>
Less: Deposits with maturities greater than three months	(257,050,381)	(226,187,392)
Cash and cash equivalents	<u>34,965,060</u>	<u>39,704,474</u>

Fixed deposits amounting to AED 16 million (31 December 2018: AED 16 million) under lien are against letters of guarantee (Note 17).

In accordance with the requirements of Federal Law No. 6 of 2007, on Establishment of Insurance Authority of U.A.E. and Organisation of its operations, the Company maintains a bank deposit of AED 7,500,000 (31 December 2018: AED 7,500,000) as a statutory deposit. This deposit has been pledged to the Bank as security against a guarantee issued by the Bank in favour of the Ministry of Economy and Commerce (Note 17). This deposit bears an interest rate of 3.25% per annum (31 December 2018: 2.65% per annum).

Movements in provision for impairment are as follows:

	<b>30 June 2019 (unaudited) AED</b>	<b>31 December 2018 (audited) AED</b>
Balance at the beginning of the year	87,442	-
Initial application of IFRS 9	-	214,640
	<u>87,442</u>	<u>214,640</u>
Impairment allowance/(reversal) for the period/year	13,103	(127,198)
<b>Balance at the end of the period/year</b>	<u>100,545</u>	<u>87,442</u>

**10. Share capital**

	<b>30 June 2019 (unaudited) AED</b>	<b>31 December 2018 (audited) AED</b>
Issued and fully paid (149,954,112 ordinary shares of AED 1 each)	149,954,112	149,954,112



**Notes to the condensed interim financial information  
for the six months period ended 30 June 2019 (continued)**

**11. Legal reserve**

In accordance with U.A.E. Federal Law Number (2) of 2015, the Company has established a legal reserve by appropriation of 10% of profit for each year until the reserve equals 50% of the paid-up share capital. This reserve is not available for distribution except as stipulated by the Law.

**12. General reserve**

General reserve can be created upon a recommendation of the Board of Directors and this reserve cannot be utilized for any other purpose unless approved by the Ordinary General Assembly. No transfer to voluntary reserve is made during the period ended 30 June 2019.

**13. Insurance and other payables**

	<b>30 June 2019 (unaudited) AED</b>	<b>31 December 2018 (audited) AED</b>
Creditors	17,866,664	26,678,140
Reinsurance companies	70,811,025	74,887,265
Premium reserve withheld	58,684,852	58,117,174
Due to related parties	1,367,696	547,452
Accrued expenses	8,851,321	7,165,365
Commission payable	825,593	620,677
VAT payable	1,561,297	224,957
Other payable balances	15,852,861	19,358,704
	<b>175,821,309</b>	<b>187,599,734</b>

**14. Payable to policyholders of unit-linked products**

*Movement during the period:*

	<b>30 June 2019 (unaudited) AED</b>	<b>31 December 2018 (audited) AED</b>
As at 1 January	41,018,157	45,249,827
Amount invested by policyholders	7,316,695	9,724,614
Amount withdrawn at redemption stage/lapse/surrender by policyholder	(8,155,336)	(9,232,539)
Change in fair value	5,232,681	(4,723,745)
Payable to policyholders of unit-linked products	<b>45,412,197</b>	<b>41,018,157</b>

**Notes to the condensed interim financial information  
for the six months period ended 30 June 2019 (continued)**

**15. Basic and diluted earnings per share**

	<b>Three months period ended</b>		<b>Six months period ended</b>	
	<b>2019</b>	<b>30 June</b>	<b>2019</b>	<b>30 June</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>
Profit for the period (in AED)	<b>12,043,922</b>	8,834,292	<b>23,513,462</b>	17,384,033
Number of shares	<b>149,954,112</b>	149,954,112	<b>149,954,112</b>	149,954,112
Basic and diluted earnings per share (in AED)	<b>0.08</b>	0.06	<b>0.16</b>	0.12

Basic earnings per share are calculated by dividing the profit for the period by the number of weighted average shares outstanding at the end of the reporting period. Diluted earnings per share is equivalent to basic earnings per share as the Company did not issue any new instrument that would impact earnings per share when executed.

**16. 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.

16.1 At the end of the reporting period, amounts due from/to related parties were as follows:

	<b>30 June</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>(unaudited)</b>	<b>(audited)</b>
	<b>AED</b>	<b>AED</b>
<b>Due from related parties</b>		
Insurance premium receivable	<b>9,932,749</b>	6,926,925
<b>Due to related parties</b>		
Insurance payable	<b>1,367,696</b>	547,452
<b>Cash and cash equivalents</b>		
Cash at bank	<b>25,919,485</b>	34,417,262
Short term deposit	<b>130,252,238</b>	119,820,894
	<b>156,171,723</b>	154,238,156



**Notes to the condensed interim financial information  
for the six months period ended 30 June 2019 (continued)**

**16. Related party transactions (continued)**

16.2 During the period, the Company entered into the following transactions with related parties:

	<b>Six months period ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>AED</b>	<b>AED</b>
<b>Key management personnel compensation</b>		
Remuneration and short term benefits	<b>3,431,784</b>	3,310,721
End of service benefits	<b>456,655</b>	408,926
<b>Other related parties</b>		
Premiums	<b>41,637,147</b>	25,246,691
Claims paid	<b>13,892,197</b>	13,581,701
Dividend paid	<b>19,233,370</b>	19,233,370
Interest income	<b>2,244,753</b>	207,555

**17. Contingent liabilities**

	<b>30 June</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<b>(unaudited)</b>	<b>(audited)</b>
	<b>AED</b>	<b>AED</b>
Letters of guarantee	<b>8,947,287</b>	10,152,390

Fixed deposits amounting to AED 16 million (31 December 2018: AED 16 million) are under lien as collateral in respect of above guarantees. Guarantees include an amount of AED 7.5 million (31 December 2018: AED 7.5 million) favoring the Ministry of Economy and Commerce.

The Company, in common with the significant majority of insurers, is subject to litigation in the normal course of its business. The Company, based on independent legal advice, does not expect that the outcome of these court cases will have a material impact on the Company's financial performance or financial position.

**18. Dividend and directors' remuneration**

At the Annual General Meeting held on 26 March 2019, the Shareholders approved a cash dividend of AED 22,493,117 at 0.15 dirhams per share for 2018 (2017: AED 22,493,117 at 0.15 dirhams per share). The Shareholders also approved Board of Directors' remuneration of AED 2,386,748 for 2018 (2017: AED 2,520,247).

**19. Segment information**

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

Insurance premium represents the total income arising from insurance contracts. The Company does not conduct any business outside U.A.E. There are no transactions between the business segments.

Notes to the condensed interim financial information  
for the six months period ended 30 June 2019 (continued)

## 19. Segment information (continued)

	General insurance		Life assurance		Total	
	For the six months period ended 30 June	2018 (unaudited) AED	For the six months period ended 30 June	2018 (unaudited) AED	For the six months period ended 30 June	2018 (unaudited) AED
<b>Underwriting income</b>						
Gross written premium	285,098,002	251,142,000	25,698,546	26,604,556	310,796,548	277,746,556
Reinsurance ceded	(144,931,980)	(132,610,607)	(10,725,198)	(10,110,958)	(155,657,178)	(142,721,565)
<b>Net premium</b>	<b>140,166,022</b>	<b>118,531,393</b>	<b>14,973,348</b>	<b>16,493,598</b>	<b>155,139,370</b>	<b>135,024,991</b>
Change in unearned premium	(23,250,764)	(10,587,580)	(1,009,036)	(622,006)	(24,259,800)	(11,209,586)
<b>Net earned premium</b>	<b>116,915,258</b>	<b>107,943,813</b>	<b>13,964,312</b>	<b>15,871,592</b>	<b>130,879,570</b>	<b>123,815,405</b>
Reinsurance commission	16,802,938	15,816,835	2,029,598	2,581,856	18,832,536	18,398,691
<b>Total underwriting income</b>	<b>133,718,196</b>	<b>123,760,648</b>	<b>15,993,910</b>	<b>18,453,448</b>	<b>149,712,106</b>	<b>142,214,096</b>
<b>Underwriting expenses</b>						
Net incurred claims	(69,112,932)	(62,570,395)	(12,624,116)	(11,620,055)	(81,737,048)	(74,190,450)
Commission incurred	(22,435,102)	(16,457,795)	(1,100,906)	(1,340,832)	(23,536,008)	(17,798,627)
Administrative expenses	(26,126,387)	(26,822,154)	(3,039,867)	(1,544,178)	(29,166,254)	(28,366,332)
<b>Net underwriting expenses</b>	<b>(117,674,421)</b>	<b>(105,850,344)</b>	<b>(16,764,889)</b>	<b>(14,505,065)</b>	<b>(134,439,310)</b>	<b>(120,355,409)</b>
<b>Profit/(loss) before movement in life assurance fund</b>	<b>16,043,775</b>	<b>17,910,304</b>	<b>(770,979)</b>	<b>3,948,383</b>	<b>15,272,796</b>	<b>21,858,687</b>
Movement in life assurance fund and payable to policyholders of unit linked products	-	-	(8,594,267)	(1,933,764)	(8,594,267)	(1,933,764)
Increase/(decrease) in fair value of investment held for unit linked products	-	-	5,232,681	(2,071,885)	5,232,681	(2,071,885)
Net income from investments life	-	-	2,933,919	1,201,876	2,933,919	1,201,876
<b>Underwriting profit for the period</b>	<b>16,043,775</b>	<b>17,910,304</b>	<b>(1,198,646)</b>	<b>1,144,610</b>	<b>14,845,129</b>	<b>19,054,914</b>
<b>Income from investment properties (net)</b>						
Net income from investment securities					2,205,015	2,274,724
Unallocated expenses					14,983,193	4,210,784
					(8,519,875)	(8,156,389)
<b>Profit for the period</b>					<b>23,513,462</b>	<b>17,384,033</b>

Notes to the condensed interim financial information  
for the six months period ended 30 June 2019 (continued)

19. Segment information (continued)

	General insurance		Life assurance		Total
	30 June 2019 (unaudited) AED	31 December 2018 (audited) AED	30 June 2019 (unaudited) AED	31 December 2018 (audited) AED	30 June 2019 (unaudited) AED
<b>Assets</b>					
Property and equipment	27,620,868	28,616,081	-	-	27,620,868
Intangible assets	2,212,974	2,016,151	-	-	2,212,974
Investment properties	178,504,637	178,504,637	40,275,000	40,275,000	218,779,637
Investments securities	126,931,285	152,790,359	113,467,725	99,509,013	240,399,010
Reinsurance contract assets	270,513,751	248,101,107	24,718,929	27,349,834	295,232,680
Insurance and other receivables	184,589,653	154,345,630	4,956,555	20,307,208	189,546,208
Cash and bank balances	230,285,684	216,447,304	61,729,757	49,444,562	292,015,441
<b>Total assets</b>	<b>1,020,658,852</b>	<b>980,821,269</b>	<b>245,147,966</b>	<b>236,885,617</b>	<b>1,265,806,818</b>
<b>Liabilities</b>					
Provision for end of service indemnity	11,147,534	10,138,208	-	-	11,147,534
Insurance contract liabilities	456,342,524	405,276,110	113,208,716	109,442,390	569,551,240
Insurance and other payables	166,148,941	181,080,031	9,672,368	6,519,703	175,821,309
Payable to policyholders of unit linked products	-	-	45,412,197	41,018,157	45,412,197
<b>Total liabilities</b>	<b>633,638,999</b>	<b>596,494,349</b>	<b>168,293,281</b>	<b>156,980,250</b>	<b>801,932,280</b>
<b>Equity</b>					
Share capital					149,954,112
Legal reserve					74,977,056
General reserve					74,977,056
Cumulative change in fair value of investments in FVTOCI					935,574
Retained earnings					163,030,740
<b>Total equity</b>					<b>463,874,538</b>
<b>Total liabilities and equity</b>					<b>1,265,806,818</b>

**Notes to the condensed interim financial information  
for the six months period ended 30 June 2019 (continued)**

**20. 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 value:

**30 June 2019 (unaudited)**

	FVTPL AED	FVTOCI AED	Amortised cost AED	Total AED
<b>Financial assets:</b>				
Investment securities	163,467,289	52,739,221	24,192,500	240,399,010
Insurance and other receivables	-	-	180,512,376	180,512,376
Cash and bank balances	-	-	292,015,441	292,015,441
	<u>163,467,289</u>	<u>52,739,221</u>	<u>496,720,317</u>	<u>712,926,827</u>
<b>Financial liabilities:</b>				
Insurance and other payables	-	-	174,260,012	175,260,012
Payable to policyholders of unit-linked products	-	-	45,412,197	45,412,197
	<u>-</u>	<u>-</u>	<u>219,672,209</u>	<u>219,672,209</u>

**31 December 2018 (audited)**

	FVTPL AED	FVTOCI AED	Amortised cost AED	Total AED
<b>Financial assets:</b>				
Investment securities	183,977,526	44,129,346	24,192,500	252,299,372
Insurance and other receivables	-	-	164,033,059	164,033,059
Cash and bank balances	-	-	265,891,866	265,891,866
	<u>183,977,526</u>	<u>44,129,346</u>	<u>454,117,425</u>	<u>682,224,297</u>
<b>Financial liabilities:</b>				
Insurance and other payables	-	-	187,374,777	187,374,777
Payable to policyholders of unit-linked products	-	-	41,018,157	41,018,157
	<u>-</u>	<u>-</u>	<u>228,392,934</u>	<u>228,392,934</u>

**21. Fair value measurements**

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

**Notes to the condensed interim financial information  
for the six months period ended 30 June 2019 (continued)**

**21. Fair value measurements (continued)**

**Fair value of financial instruments carried at amortised cost**

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the condensed financial statements approximate their fair values.

**Fair value of financial instruments carried at fair value**

*Valuation techniques and assumptions applied for the purposes of measuring fair value*

The fair values of assets are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended 31 December 2018.

*Fair value measurements recognised in the condensed statement of financial position*

Financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**Notes to the condensed interim financial information  
for the six months period ended 30 June 2019 (continued)**

**21. Fair value measurements (continued)**

**Fair value of financial items carried at fair value (continued)**

*Fair value measurements recognised in the condensed statement of financial position (continued)*

Some of the Company's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined:

Financial assets	Fair value as at 30 June 2019 (unaudited) AED	31 December 2018 (audited) AED	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
<b>FVTOCI</b>						
Quoted debt securities	<b>52,739,221</b>	44,129,346	Level 1	Quoted bid prices in an active market.	None.	N/A
<b>FVTPL</b>						
Quoted equity securities	<b>64,628,556</b>	91,182,995	Level 1	Quoted bid prices in an active market.	None.	N/A
Quoted debt securities	<b>43,426,536</b>	41,776,374	Level 1	Quoted bid prices in an active market.	None.	N/A
Unit linked products	<b>45,412,197</b>	41,018,157	Level 2	Net assets value of the respective mutual funds derived from the market value of the underlying assets.	None.	N/A
Unquoted equity securities	<b>10,000,000</b>	10,000,000	Level 3	Net assets valuation method.	Net value.	Higher the net assets value of the investees, higher the fair value.

There were no transfers between each of level during the period. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

**Notes to the condensed interim financial information  
for the six months period ended 30 June 2019 (continued)**

**22. Reclassification**

The following balances in the condensed statement of financial position for the prior year have been reclassified to conform to the current period presentation.

	<b>As previously reported at 31 December 2018 AED</b>	<b>Reclassification AED</b>	<b>As reclassified at 31 December 2018 AED</b>
Insurance and other receivables	176,907,220	(2,254,382)	174,652,838
Reinsurance assets	268,150,211	7,300,730	275,450,941
Total assets	1,212,660,538	5,046,348	1,217,706,886
Provision for end of service indemnity	-	10,138,208	10,138,208
Insurance and other payables	199,992,324	(12,392,590)	187,599,734
Insurance contract liabilities	507,417,770	7,300,730	514,718,500
Total liabilities	748,428,251	5,046,348	753,474,599
Total equity and liabilities	1,212,660,538	5,046,348	1,217,706,886

The following balances in the condensed statement of profit or loss for the prior period have been reclassified to conform to the current period presentation.

	<b>For the three months period ended (Unaudited)</b>		
	<b>As previously reported at 30 June 2018 AED</b>	<b>Reclassification AED</b>	<b>As reclassified at 30 June 2018 AED</b>
Administrative expenses	(13,061,407)	(1,201,876)	(14,263,283)
Net income from investment life	-	511,518	511,518
Decrease in fair value of investment held for unit linked products	(1,961,552)	690,358	(1,271,194)

	<b>For the six months period ended (unaudited)</b>		
	<b>As previously reported at 30 June 2018 AED</b>	<b>Reclassification AED</b>	<b>As reclassified at 30 June 2018 AED</b>
Administrative expenses	(27,164,456)	(1,201,876)	(28,366,332)
Net income from investment life	-	1,201,876	1,201,876
Decrease in fair value of investment held for unit linked products	(2,071,885)	-	(2,071,885)

Reclassification was also made on the condensed statement of cash flows for the prior period to conform to the current period presentation.

There are no changes to profit for the prior period based on above reclassifications

**23. Approval of the condensed interim financial information**

The condensed interim financial information were approved by the Board of Directors and authorised for issue on 1 August 2019.