

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

**Review report and condensed interim financial information
for the nine months period ended 30 September 2019**

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

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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 September 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 nine 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 nine months period ended 30 September 2018 and the annual financial statements for the year ended 31 December 2018 were reviewed and audited by other auditors, whose review report dated 1 November 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
3 November 2019
Sharjah, United Arab Emirates

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

	Notes	30 September 2019 (unaudited) AED	31 December 2018 (audited) AED
ASSETS			
Property and equipment	4	28,723,870	28,616,081
Intangible assets		2,218,220	2,016,151
Investment properties	5	218,779,637	218,779,637
Investment securities	6	225,921,125	252,299,372
Reinsurance contract assets	7	268,957,645	275,450,941
Insurance and other receivables	8	180,048,141	174,652,838
Cash and bank balances	9	310,884,664	265,891,866
Total assets		1,235,533,302	1,217,706,886
EQUITY AND LIABILITIES			
Capital and reserves			
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		1,094,277	(73,080)
Retained earnings		170,569,603	164,397,143
Total equity		471,572,104	464,232,287
LIABILITIES			
Provision for end of service indemnity		11,084,621	10,138,208
Insurance contract liabilities	7	537,854,467	514,718,500
Insurance and other payables	13	171,073,011	187,599,734
Payable to policyholders of unit-linked products	14	43,949,099	41,018,157
Total liabilities		763,961,198	753,474,599
Total equity and liabilities		1,235,533,302	1,217,706,886


HE Hamad Mubarak Buamim
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 nine months period ended 30 September 2019**

	Three months period ended 30 September		Nine months period ended 30 September	
	2019	2018	2019	2018
	AED	AED	AED	AED
Gross written premium	114,798,553	169,390,050	425,595,101	447,136,606
Reinsurance ceded	(58,956,384)	(99,674,284)	(214,613,562)	(242,395,849)
Net premium	55,842,169	69,715,766	210,981,539	204,740,757
Change in unearned premium	7,257,883	(3,281,539)	(17,001,917)	(14,491,125)
Net earned premiums	63,100,052	66,434,227	193,979,622	190,249,632
Reinsurance commission	6,859,642	8,972,610	25,692,178	27,371,301
Net underwriting income	69,959,694	75,406,837	219,671,800	217,620,933
Claims paid	(80,023,727)	(79,493,988)	(235,051,703)	(227,829,557)
Reinsurance share	39,569,321	42,177,509	119,451,223	117,498,674
Net claims paid	(40,454,406)	(37,316,479)	(115,600,480)	(110,330,883)
Change in outstanding claims	(3,494,828)	3,321,154	(10,085,802)	2,145,108
Net incurred claims	(43,949,234)	(33,995,325)	(125,686,282)	(108,185,775)
Commission incurred	(11,346,672)	(14,088,235)	(34,882,680)	(31,886,862)
Administrative expenses	(14,304,941)	(13,588,875)	(43,471,195)	(41,955,207)
Net underwriting expenses	(69,600,847)	(61,672,435)	(204,040,157)	(182,027,844)
Movement in life assurance fund and payable to policyholders of unit linked products	3,121,781	1,118,258	(5,472,486)	(815,506)
(Decrease)/increase in fair value of investment held for unit linked products	(1,392,764)	(22,552)	3,839,917	(2,094,437)
Net income from investments life	1,305,645	928,497	4,239,564	2,130,373
Total underwriting expenses	(66,566,185)	(59,648,232)	(201,433,162)	(182,807,414)
Underwriting profit	3,393,509	15,758,605	18,238,638	34,813,519
Income from investment properties (net)	1,087,585	823,061	3,292,600	3,097,785
Net income from investment securities and deposits	5,582,192	7,808,229	20,565,385	12,019,013
Administrative expenses	(2,524,423)	(2,398,036)	(11,044,298)	(10,554,425)
Profit for the period	7,538,863	21,991,859	31,052,325	39,375,892
Basic and diluted earnings per share (Note 15)	0.05	0.15	0.21	0.26

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

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

	Three months period ended 30 September		Nine months period ended 30 September	
	2019 AED	2018 AED	2019 AED	2018 AED
Profit for the period	7,538,863	21,991,859	31,052,325	39,375,892
Other comprehensive income/(loss)				
<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	158,703	30,879	1,000,917	(436,522)
Total other comprehensive income/(loss) for the period	158,703	30,879	1,000,917	(436,522)
Total comprehensive income for the period	7,697,566	22,022,738	32,053,242	38,939,370

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 nine months period ended 30 September 2019

	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 (loss)/income for the period	-	-	-	(436,522)	39,375,892	38,939,370
Director's remuneration (Note 18)	-	-	-	-	(2,520,247)	(2,520,247)
Dividends declared (Note 18)	-	-	-	-	(22,493,117)	(22,493,117)
Balance at 30 September 2018 (unaudited)	149,954,112	74,977,056	74,977,056	(489,765)	172,407,855	471,826,314
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	-	-	-	1,000,917	31,052,325	32,053,242
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 September 2019 (unaudited)	149,954,112	74,977,056	74,977,056	1,094,277	170,569,603	471,572,104

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

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

	Nine months period ended 30 September	
	2019	2018
	AED	AED
Cash flows from operating activities		
Profit for the period	31,052,325	39,375,892
Adjustments for:		
Depreciation and amortisation	2,230,243	2,810,221
Dividend income	(4,141,504)	(6,457,298)
Realised gains on investments fair valued through profit or loss	(8,771,695)	(1,439,664)
Unrealised (gain)/loss on investments fair valued through profit or loss	(912,748)	802,316
Reversal for expected credit losses	(83,940)	(181,828)
Gain on sale of investments in FVTOCI	(217,441)	-
Other investment income	(9,730,657)	(7,840,324)
Provision for gratuity - net of repayment	946,413	(1,331,608)
Operating cash flows before changes in operating assets and liabilities	10,370,996	25,737,707
Change in insurance and other receivables (including related parties)	(1,831,095)	(100,866,692)
Change in insurance and other payables	(16,526,723)	105,210,721
Change in unearned premium reserve and life assurance fund	22,474,403	16,842,456
Change in net outstanding claims	10,085,802	(2,145,108)
Net cash generated from operating activities	24,573,383	44,779,084
Cash flows from investing activities		
Purchase of property and equipment	(2,540,101)	(409,999)
Purchase of investments fair value through profit or loss	(30,419,350)	(22,739,183)
Proceeds from sale of investments fair value through profit or loss	73,115,733	14,801,564
Purchase on investments in FVTOCI	(31,632,918)	-
Proceeds from sale of investments in FVTOCI	26,481,419	-
Dividend income	4,141,504	6,457,298
Income from investment properties (net)	3,292,600	3,097,785
Interest and other income received	2,876,233	2,560,081
Change in bank deposits	(40,885,780)	4,953,727
Net cash generated from investing activities	4,429,340	8,721,273
Cash flows from financing activities		
Dividends paid	(22,493,117)	(22,493,117)
Directors' remuneration paid	(2,386,748)	(2,520,247)
Net cash used in financing activities	(24,879,865)	(25,013,364)
Net increase in cash and cash equivalents	4,122,858	28,486,993
Cash and cash equivalents at the beginning of the period	39,704,474	30,173,159
Cash and cash equivalents at the end of the period	43,827,332	58,660,152

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

**Notes to the condensed interim financial information
for the nine months period ended 30 September 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 September 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 nine months period ended 30 September 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.
- Amendments in IFRS 7, 9 and IAS 39 regarding pre-replacement issues in the context of the IBOR reform,
- Annual Improvements to IFRSs 2018 Cycle Amendments to IFRS 2 Share-based Payment, IFRS 3 Business Combinations, IFRS 6 Exploration for and Evaluation of Mineral Resources, IFRS 14 Regulatory Deferral Accounts, IAS 1 Presentation of Financial Statements, IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, IAS 34 Interim Financial Reporting, IAS 38 Intangible Assets, IFRIC 12 Service Concession Arrangements, IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments, IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine, IFRIC 22 Foreign Currency Transactions and Advance Consideration and SIC -32 Intangible Assets—Web Site Costs.

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 and investment properties. 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.

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

3. Summary of significant accounting policies (continued)

3.1 Basis of preparation (continued)

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 nine months period ended 30 September 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.

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 September 2019 (31 December 2018: Level 3).

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

6. Investment securities

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

	30 September 2019 (unaudited) AED	31 December 2018 (audited) AED
Financial assets at fair value through profit or loss	151,762,385	184,774,325
Financial assets at fair value through other comprehensive income	50,727,090	44,190,793
Financial assets at amortised cost	24,192,500	24,192,500
Less: Provision for expected credit losses	(760,850)	(858,246)
	225,921,125	252,299,372
Investments securities – Geographic concentration		
Investments made:		
- Within U.A.E.	202,141,542	212,492,935
- Outside U.A.E.	23,779,583	39,806,437
Total	225,921,125	252,299,372
Financial assets at fair value through profit or loss		
Equity investments – quoted	64,215,499	91,182,995
Equity investments – unquoted	10,000,000	10,000,000
Fixed income investments/ bonds – quoted	33,597,787	42,573,173
Investments on behalf of policyholders of unit-linked products	43,949,099	41,018,157
Total	151,762,385	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 nine months period ended 30 September 2019 (continued)**

6. Investment securities (continued)

Movements in provision for impairment are as follows:

	30 September 2019 (unaudited) AED	31 December 2018 (audited) AED
Balance at the beginning of the year	858,246	-
Initial application of IFRS 9	-	872,938
	<u>858,246</u>	<u>872,938</u>
Reversal for the period/year	(97,396)	(14,692)
	<u>760,850</u>	<u>858,246</u>
Balance at the end of the period/year	760,850	858,246

7. Insurance contract liabilities and reinsurance contract assets

	30 September 2019 (unaudited) AED	31 December 2018 (audited) AED
Reserve for outstanding claims	153,179,331	141,261,531
Reserve for incurred but not reported claims (IBNR)	50,843,602	59,203,401
	<u>204,022,933</u>	<u>200,464,932</u>
Life assurance fund	86,402,633	84,518,056
Unearned premium reserve	247,428,901	229,735,512
	<u>537,854,467</u>	<u>514,718,500</u>
Insurance contract liabilities	537,854,467	514,718,500
Less: Reinsurance contract assets		
Reinsurer share of outstanding claims reserves	(115,190,558)	(110,073,157)
Reinsurer share of incurred but not reported claims (IBNR)	(24,628,268)	(36,273,470)
Reinsurer share of life assurance fund	(6,643,763)	(7,300,730)
Unamortised reinsurance premium reserve	(122,495,056)	(121,803,584)
	<u>(268,957,645)</u>	<u>(275,450,941)</u>
Reinsurance assets	(268,957,645)	(275,450,941)
Net	268,896,822	239,267,559

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

8. Insurance and other receivables

	30 September 2019 (unaudited) AED	31 December 2018 (audited) AED
Premium receivable	15,350,540	33,375,220
Reinsurance companies	29,726,264	33,447,058
Insurance agents and brokers	110,995,037	90,070,133
Due from related parties	9,692,097	6,926,925
Accrual of interest and other income	6,725,052	3,492,088
Deferred acquisition cost	3,434,788	8,243,710
Advances and prepayments	3,459,109	2,376,069
VAT receivables	508,616	-
Other receivables	13,384,338	9,951,719
	193,275,841	187,882,922
Less: Provision for impairment	(13,227,700)	(13,230,084)
	180,048,141	174,652,838

Movements in provision for impairment are as follows:

	30 September 2019 (unaudited) AED	31 December 2018 (audited) AED
Balance at the beginning of the year	13,230,084	7,500,000
Initial application of IFRS 9	-	5,934,095
	13,230,084	13,434,095
Reversal for the period/year	(2,384)	(204,011)
Balance at the end of the period/year	13,227,700	13,230,084

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

9. Cash and bank balances

	30 September 2019 (unaudited) AED	31 December 2018 (audited) AED
Cash on hand	27,934	50,425
Cash with banks	43,799,398	39,654,049
Statutory deposit	7,500,000	7,500,000
Fixed deposits	259,660,614	218,774,834
Less: Provision for impairment	(103,282)	(87,442)
	310,884,664	265,891,866
Less: Deposits with maturities greater than three months	(267,057,332)	(226,187,392)
Cash and cash equivalents	43,827,332	39,704,474

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:

	30 September 2019 (unaudited) AED	31 December 2018 (audited) AED
Balance at the beginning of the year	87,442	-
Initial application of IFRS 9	-	214,640
	87,442	214,640
Impairment allowance/(reversal) for the period/year	15,840	(127,198)
Balance at the end of the period/year	103,282	87,442

10. Share capital

	30 September 2019 (unaudited) AED	31 December 2018 (audited) AED
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 nine months period ended 30 September 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 September 2019.

13. Insurance and other payables

	30 September 2019 (unaudited) AED	31 December 2018 (audited) AED
Creditors	17,586,204	26,678,140
Reinsurance companies	61,057,692	74,887,265
Premium reserve withheld	56,145,774	58,117,174
Due to related parties	1,921,156	547,452
Accrued expenses	12,586,634	7,165,365
Commission payable	952,881	620,677
VAT payable	-	224,957
Other payable balances	20,822,670	19,358,704
	171,073,011	187,599,734

14. Payable to policyholders of unit-linked products

Movement during the period:

	30 September 2019 (unaudited) AED	31 December 2018 (audited) AED
As at 1 January	41,018,157	45,249,827
Amount invested by policyholders	10,259,717	9,724,614
Amount withdrawn at redemption stage/lapse/surrender by policyholder	(11,168,692)	(9,232,539)
Change in fair value	3,839,917	(4,723,745)
Payable to policyholders of unit-linked products	43,949,099	41,018,157

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

15. Basic and diluted earnings per share

	Three months period ended 30 September		Nine months period ended 30 September	
	2019	2018	2019	2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit for the period (in AED)	7,538,863	21,991,859	31,052,325	39,375,892
Number of shares	149,954,112	149,954,112	149,954,112	149,954,112
Basic and diluted earnings per share (in AED)	0.05	0.15	0.21	0.26

Basic earnings per share is 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:

	30 September 2019 (unaudited) AED	31 December 2018 (audited) AED
Due from related parties		
Insurance premium receivable	9,692,097	6,926,925
Due to related parties		
Insurance payable	1,921,156	547,452
Cash and cash equivalents		
Cash at bank	37,984,467	34,417,262
Short term deposit	140,261,925	119,820,894
	178,246,392	154,238,156

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

16. Related party transactions (continued)

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

	Three months period ended 30 September		Nine months period ended 30 September	
	2019	2018	2019	2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Key management personnel compensation				
Remuneration and short term benefits	1,958,380	493,105	5,390,164	3,803,826
End of service benefits	87,185	4,998	543,840	413,924
Other related parties				
Premiums	20,080,700	17,947,501	61,717,847	43,194,192
Claims paid	6,127,510	1,852,244	20,019,707	15,433,945
Dividend paid	-	-	19,233,370	19,233,370
Interest income	1,203,922	108,722	3,448,675	316,277

17. Contingent liabilities

	30 September 2019 (unaudited) AED	31 December 2018 (audited) AED
Letters of guarantee	9,197,286	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 nine months period ended 30 September 2019 (continued)

19. Segment information (continued)

	General insurance		Life assurance		Total
	For the nine months period ended 30 September 2019	2018	For the nine months period ended 30 September 2019	2018	For the nine months period ended 30 September 2018
	(unaudited) AED	(unaudited) AED	(unaudited) AED	(unaudited) AED	(unaudited) AED
Underwriting income					
Gross written premium	389,881,802	409,286,357	35,713,299	37,850,249	425,595,101
Reinsurance ceded	(199,621,032)	(227,984,194)	(14,992,530)	(14,411,655)	(214,613,562)
Net premium	190,260,770	181,302,163	20,720,769	23,438,594	210,981,539
Change in unearned premium	(16,599,926)	(14,479,228)	(401,991)	(11,897)	(17,001,917)
Net earned premium	173,660,844	166,822,935	20,318,778	23,426,697	193,979,622
Reinsurance commission	22,886,602	23,603,497	2,805,576	3,767,804	25,692,178
Total underwriting income	196,547,446	190,426,432	23,124,354	27,194,501	219,671,800
Underwriting expenses					
Net incurred claims	(105,630,430)	(90,564,716)	(20,055,852)	(17,621,059)	(125,686,282)
Commission incurred	(33,341,712)	(29,904,545)	(1,540,968)	(1,982,317)	(34,882,680)
Administrative expenses	(39,086,705)	(34,991,135)	(4,384,490)	(6,964,072)	(43,471,195)
Net underwriting expenses	(178,058,847)	(155,460,396)	(25,981,310)	(26,567,448)	(204,040,157)
Profit/(loss) before movement in life assurance fund	18,488,599	34,966,036	(2,856,956)	627,053	15,631,643
Movement in life assurance fund and payable to policyholders of unit linked products	-	-	(5,472,486)	(815,506)	(815,506)
Increase/(decrease) in fair value of investment held for unit linked products	-	-	3,839,917	(2,094,437)	3,839,917
Net income from investments life	-	-	4,239,564	2,130,373	4,239,564
Underwriting profit/(loss) for the period	18,488,599	34,966,036	(249,961)	(152,517)	18,238,638
Income from investment properties (net)					
Net income from investment securities and deposits					3,097,785
Unallocated expenses					20,565,385
					(11,044,298)
Profit for the period					31,052,325
					39,375,892

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

19. Segment information (continued)

	General insurance		Life insurance		Total
	30 September 2019	31 December 2018	30 September 2019	31 December 2018	31 December 2018
	(unaudited) AED	(audited) AED	(unaudited) AED	(audited) AED	(audited) AED
Assets					
Property and equipment	28,723,870	28,616,081	-	-	28,616,081
Intangible assets	2,218,220	2,016,151	-	-	2,016,151
Investment properties	178,504,637	178,504,637	40,275,000	40,275,000	218,779,637
Investments securities	116,141,607	152,790,359	109,779,518	99,509,013	252,299,372
Reinsurance contract assets	247,475,940	248,101,107	21,481,705	27,349,834	275,450,941
Insurance and other receivables	167,525,367	154,345,630	12,522,774	20,307,208	174,652,838
Cash and bank balances	247,974,876	216,447,304	62,909,788	49,444,562	265,891,866
Total assets	988,564,517	980,821,269	246,968,785	236,885,617	1,217,706,886
Liabilities					
Provision for end of service indemnity	11,084,621	10,138,208	-	-	10,138,208
Insurance contract liabilities	429,856,174	405,276,110	107,998,293	109,442,390	514,718,500
Insurance and other payables	153,987,636	181,080,031	17,085,375	6,519,703	187,599,734
Payable to policyholders of unit linked products	-	-	43,949,099	41,018,157	41,018,157
Total liabilities	594,928,431	596,494,349	169,032,767	156,980,250	753,474,599
Equity					
Share capital					149,954,112
Legal reserve					74,977,056
General reserve					74,977,056
Cumulative change in fair value of investments in FVTOCI					(73,080)
Retained earnings					164,397,143
Total equity					464,232,287
Total liabilities and equity					1,217,706,886

**Notes to the condensed interim financial information
for the nine months period ended 30 September 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 September 2019 (unaudited)

	FVTPL AED	FVTOCI AED	Amortised cost AED	Total AED
Financial assets:				
Investment securities	151,041,601	50,687,024	24,192,500	225,921,125
Insurance and other receivables	-	-	172,645,628	172,645,628
Cash and bank balances	-	-	310,884,664	310,884,664
	<u>151,041,601</u>	<u>50,687,024</u>	<u>507,722,792</u>	<u>709,451,417</u>
Financial liabilities:				
Insurance and other payables	-	-	171,073,011	171,073,011
Payable to policyholders of unit-linked products	-	-	43,949,099	43,949,099
	<u>-</u>	<u>-</u>	<u>215,022,110</u>	<u>215,022,110</u>

31 December 2018 (audited)

	FVTPL AED	FVTOCI AED	Amortised cost AED	Total AED
Financial assets:				
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>
Financial liabilities:				
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 nine months period ended 30 September 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 nine months period ended 30 September 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 September 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
FVTOCI						
Quoted debt securities	50,687,024	44,129,346	Level 1	Quoted bid prices in an active market.	None.	N/A
FVTPL						
Quoted equity securities	64,215,499	91,182,995	Level 1	Quoted bid prices in an active market.	None.	N/A
Quoted debt securities	32,877,003	41,776,374	Level 1	Quoted bid prices in an active market.	None.	N/A
Unit linked products	43,949,099	41,018,157	Level 2	Net assets valuation method.	Net assets value.	Higher the net assets value of the investees, higher the fair value.
Unquoted equity securities	10,000,000	10,000,000	Level 3	Net assets valuation method.	Net assets 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 nine months period ended 30 September 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.

	As previously reported at 31 December 2018 AED	Reclassification AED	As reclassified at 31 December 2018 AED
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.

For the three months period ended (unaudited)			
	As previously reported at 30 September 2018 AED	Reclassification AED	As reclassified at 30 September 2018 AED
Administrative expenses	(12,660,378)	(928,497)	(13,588,875)
Net income from investment life	-	928,497	928,497
Net income from investment properties (net)	-	823,061	823,061
Interest and other income (net)	8,787,080	(8,787,080)	-
Net income from investment securities and deposits	(155,790)	7,964,019	7,808,229

For the nine months period ended (unaudited)			
	As previously reported at 30 September 2018 AED	Reclassification AED	As reclassified at 30 September 2018 AED
Administrative expenses	(39,824,834)	(2,130,373)	(41,955,207)
Net income from investment life	-	2,130,373	2,130,373
Net income from investment properties (net)	-	3,097,785	3,097,785
Interest and other income (net)	11,061,804	(11,061,804)	-
Net income from investment securities and deposits	4,054,994	7,964,019	12,019,013

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

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

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 3 November 2019.