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

Condensed interim financial statements

For the nine month period ended 30 September 2018

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

Condensed interim financial statements

For the nine month period ended 30 September 2018

Contents	***Page***

KPMG

KPMG Lower Gulf Limited
Level 13, Boulevard Plaza Tower One
Mohammed Bin Rashid Boulevard, Downtown Dubai, UAE
Tel. +971 (4) 403 0300, Fax +971 (4) 330 1515

Independent Auditors' Report on Review of Condensed Interim Financial Statements

To the Shareholders of National General Insurance Co. (P.J.S.C.)

Introduction

We have reviewed the accompanying 30 September 2018 condensed interim financial statements of National General Insurance Co. (P.J.S.C.) (the "Company"), which comprise:

- the condensed interim statement of financial position as at 30 September 2018;
- the condensed interim statement of profit or loss for the three-month and nine-month periods ended 30 September 2018;
- the condensed interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2018;
- the condensed interim statement of changes in shareholders' equity for the nine-month period ended 30 September 2018;
- the condensed interim statement of cash flows for the nine-month period ended 30 September 2018; and
- notes to the condensed interim financial statements.

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2018 condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited

Emilio Pera
Registration Number: 1146
Dubai, United Arab Emirates
Date: 01 NOV 2018

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

Condensed interim statement of financial position

as at

	Note	(Un-audited) 30 September 2018 AED	(Audited) 31 December 2017 AED
ASSETS			
Property and equipment		**28,997,113**	30,945,986
Intangible assets		**2,336,324**	2,787,673
Investment properties		**228,689,290**	228,689,290
Investment securities	*8*	**264,165,094**	258,427,440
Reinsurance assets		**303,264,650**	282,617,066
Insurance and other receivables		**245,980,748**	148,818,445
Cash and bank balances		**280,822,602**	257,289,335
Total assets		**1,354,255,821**	1,209,575,235
LIABILITIES			
Insurance contract liabilities		**556,433,546**	521,087,810
Insurance and other payables		**282,282,764**	178,315,617
Payable to policyholders of unit-linked products	*10*	**43,713,197**	45,249,827
Total liabilities		**882,429,507**	744,653,254
EQUITY			
Share capital		**149,954,112**	149,954,112
Legal reserve		**74,977,056**	74,977,056
General reserve		**74,977,056**	74,977,056
Fair value reserve		**(489,765)**	(53,243)
Retained earnings		**172,407,855**	165,067,000
Total equity		**471,826,314**	464,921,981
Total liabilities and equity		**1,354,255,821**	1,209,575,235

The notes on pages 8 to 18 form an integral part of these condensed interim financial statements.

These condensed interim financial statements were authorised for issue and approved by the Board on 01 NOV 2018 and signed on its behalf by:

HE Hamad Mubarak Buamim
Chairman

Dr. Abdul Zahra A. Ali
CEO

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

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

Condensed interim statement of profit or loss

For the nine month period ended 30 September 2018

	Note	**(Un-audited) For the three-month period ended 30 September 2018 AED**	(Un-audited) For the three-month period ended 30 September 2017 AED	**(Un-audited) For the nine-month period ended 30 September 2018 AED**	(Un-audited) For the nine-month period ended 30 September 2017 AED
Gross written premium	*9*	**169,390,050**	149,202,709	**447,136,606**	454,124,496
Reinsurance ceded		**(99,674,284)**	(79,700,872)	**(242,395,849)**	(238,739,702)
Net premium		**69,715,766**	69,501,837	**204,740,757**	215,384,794
Change in unearned premium provision		**(3,281,539)**	4,142,591	**(14,491,125)**	(8,759,193)
Net earned premiums	*9*	**66,434,227**	73,644,428	**190,249,632**	206,625,601
Reinsurance commission		**8,972,610**	9,301,480	**27,371,301**	26,299,749
Net underwriting income	*9*	**75,406,837**	82,945,908	**217,620,933**	232,925,350
Claims paid		**(79,493,988)**	(93,837,368)	**(227,829,557)**	(315,417,656)
Reinsurance share		**42,177,509**	53,893,647	**117,498,674**	191,799,617
Net claims paid		**(37,316,479)**	(39,943,721)	**(110,330,883)**	(123,618,039)
Change in outstanding claims provision		**3,321,154**	(3,449,016)	**2,145,108**	821,657
Net incurred claims	*9*	**(33,995,325)**	(43,392,737)	**(108,185,775)**	(122,796,382)
Commission incurred		**(14,088,235)**	(17,408,779)	**(31,886,862)**	(43,118,881)
Administrative expenses		**(12,660,378)**	(11,540,622)	**(39,824,834)**	(34,435,999)
Net underwriting expenses		**(60,743,938)**	(72,342,138)	**(179,897,471)**	(200,351,262)
Movement in life assurance fund and payable to policyholders of unit linked products	*9*	**1,118,258**	(5,463,182)	**(815,506)**	(14,150,488)
(Decrease)/increase in fair value of investment held for unit linked products		**(22,552)**	1,994,659	**(2,094,437)**	6,596,195
Total underwriting expense		**(59,648,232)**	(75,810,661)	**(182,807,414)**	(207,905,555)
Underwriting profit	*9*	**15,758,605**	7,135,247	**34,813,519**	25,019,795
Interest and other income (net)		**8,787,080**	3,359,374	**11,061,804**	9,769,500
Net income/(loss) from investment securities		**(155,790)**	305,209	**4,054,994**	657,023
Administrative expenses		**(2,398,036)**	(2,188,343)	**(10,554,425)**	(9,695,261)
Profit for the period		**21,991,859**	8,611,487	**39,375,892**	25,751,057
Basic and diluted earnings per share		**0.15**	0.06	**0.26**	0.17

The notes on pages 8 to 18 form an integral part of these condensed interim financial statements.

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

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

Condensed interim statement of profit or loss and other comprehensive income

For the nine month period ended 30 September 2018

	(Un-audited) For the three-month period ended 30 September 2018 AED	(Un-audited) For the three-month period ended 30 September 2017 AED	**(Un-audited) For the nine-month period ended 30 September 2018 AED AED**	(Un-audited) For the nine-month period ended 30 September 2017 AED AED
Profit for the period	**21,991,859**	8,611,487	**39,375,892**	25,751,057
Other comprehensive income				
Items that will not be classified to profit or loss:				
Net change in fair value of investments at fair value through other comprehensive income	**30,879**	301,994	**(436,522)**	(193,125)
Total other comprehensive loss	**30,879**	301,994	**(436,522)**	(193,125)
Total comprehensive income for the period	**22,022,738**	8,913,481	**38,939,370**	25,557,932

The notes on pages 8 to 18 form an integral part of these condensed interim financial statements.

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

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

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

For the nine month period ended 30 September 2018

	Attributable to equity holders of the Company					
	Share capital AED	**Legal reserve AED**	**General reserve AED**	**Fair value reserve AED**	**Retained earnings AED**	**Total AED**
Balance at 1 January 2017	149,954,112	73,143,606	72,527,620	356,121	151,886,532	447,867,991
Total comprehensive income for the period						
Profit for the period	-	-	-	-	25,751,057	25,751,057
Other comprehensive income for the period						
Net change in fair value of investments FVTOCI	-	-	-	(193,125)	-	(193,125)
Total other comprehensive loss for the period	-	-	-	(193,125)	-	(193,125)
Total comprehensive income for the period	-	-	-	(193,125)	25,751,057	25,557,932
Director's remuneration	-	-	-	-	(1,525,212)	(1,525,212)
Dividends paid	-	-	-	-	(17,994,493)	(17,994,493)
As at 30 September 2017	149,954,112	73,143,606	72,527,620	162,996	158,117,884	453,906,218
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 adopting IFRS 9 (refer note 3)	-	-	-	-	(7,021,673)	(7,021,673)
Balance at 1 January 2018 (unaudited)	149,954,112	74,977,056	74,977,056	(53,243)	158,045,327	457,900,308
Total comprehensive income for the period						
Profit for the period	-	-	-	-	39,375,892	39,375,892
Other comprehensive income for the period						
Net change in fair value of investments FVTOCI	-	-	-	(436,522)	-	(436,522)
Total other comprehensive loss for the period	-	-	-	(436,522)	-	(436,522)
Total comprehensive income for the period	-	-	-	(436,522)	39,375,892	38,939,370
Director's remuneration	-	-	-	-	(2,520,247)	(2,520,247)
Dividends declared	-	-	-	-	(22,493,117)	(22,493,117)
As at 30 September 2018	**149,954,112**	**74,977,056**	**74,977,056**	**(489,765)**	**172,407,855**	**471,826,314**

The notes on pages 8 to 18 form an integral part of these condensed interim financial statements.

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

Condensed interim statement of cash flows

For the nine month period ended 30 September 2018

	(Un-audited) For the nine-month period ended 30 September 2018 AED	(Un-audited) For the nine-month period ended 30 September 2017 AED
Cash flows from operating activities		
Net profit for the period	**39,375,892**	25,751,057
Adjustment for:		
Depreciation and amortisation	**2,810,221**	2,790,155
Dividend income	**(6,457,298)**	(2,951,092)
Realised gains on investments fair valued through profit or loss	**(1,439,664)**	(2,070,368)
Unrealised loss on investments fair valued through profit or loss	**802,316**	4,364,437
Expected credit losses	**(181,828)**	-
Change in unearned premium reserve and life assurance fund	**16,842,456**	15,678,691
Provision for gratuity – net of repayment	**(1,331,608)**	(1,054,811)
	50,420,487	42,508,069
Change in insurance and other receivables (including related parties)	**(103,049,150)**	(6,570,571)
Change in insurance and other payables	**105,210,721**	24,097,995
Change in net outstanding claims	**(2,145,108)**	(821,657)
Directors' remuneration paid	**(2,520,247)**	(1,525,212)
Net cash generated from operating activities	**47,916,703**	57,688,624
Cash flows from investing activities		
Property and equipment, net	**(409,999)**	(1,971,217)
Purchase of investments fair valued through profit or loss	**(22,739,183)**	(40,784,866)
Proceeds from sale of investments fair valued through profit or loss	**14,801,564**	47,662,224
Proceeds from sale of investments at amortised cost	**-**	(9,192,500)
Dividend income	**6,457,298**	2,951,092
Change in bank deposits	**4,953,727**	(31,637,666)
Net cash generated / (used in) investing activities	**3,063,407**	(32,972,933)
Cash flows from financing activities		
Dividends paid	**(22,493,117)**	(17,994,493)
Net cash used in financing activities	**(22,493,117)**	(17,994,493)
Net increase in cash and cash equivalents	**28,486,993**	6,721,198
Cash and cash equivalents at the beginning of the period	**30,173,159**	55,416,004
Cash and cash equivalents at the end of the period	**58,660,152**	62,137,202
These comprise the following:		
Cash in hand	**19,350**	235,792
Cash at bank	**58,640,802**	61,901,410
Fixed deposits	**222,162,450**	223,476,076
Total	**280,822,602**	285,613,278
Less: deposits with original maturities of greater than three months	**(222,162,450)**	(223,476,076)
Cash and cash equivalents as at 30 September	**58,660,152**	62,137,202

The notes on pages 8 to 18 form an integral part of these condensed interim financial statements.

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

1. Legal status and principal activities

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, UAE.

2. Basis of preparation

a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" and the applicable provisions of UAE Federal Law No. (2) of 2015 and UAE Federal Law No. 6 of 2007. They do not include all of the information required for full annual audited financial statements, and should be read in conjunction with the annual audited financial statements as at and for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

b) Basis of measurement

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

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

c) Functional & presentation currency

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

d) Use of estimates and judgements

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

In preparing condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited financial statements as at and for the year ended 31 December 2017, except for new significant judgments and key sources of uncertainty related to the application of IFRS 9 as provided below or in note 3.

Impairment of financial instruments

Assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of Expected Credit Losses ("ECL").

2. Basis of preparation *(continued)*

d) Use of estimates and judgements *(continued)*

Impairment of financial instruments *(continued)*

The Company considers a financial asset to be in default when:

• The borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or

• The financial asset is more than 90 days past due.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

3. Significant accounting policies

The accounting policies applied in these condensed interim financial statements are the same as those applied in the annual audited financial statements as at and for the year ended 31 December 2017, except for changes to the accounting for financial instruments resulting from the adoption of International Financial Reporting Standard (IFRS) 9, *Financial Instruments* .

The final version of IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Company had already early adopted the requirements for the classification and measurement of the financial instruments in the year 2011. The Company has assessed the changes between the version of IFRS 9 issued in July 2014 and the earlier version adopted and assessed that there are no significant changes on account of changes in classification requirements. As such there is no impact on opening equity as at 1 January 2018 on account of changes in classification requirements of IFRS 9.

The adoption of July 2014 version of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

Impairment

IFRS 9 replaces the 'incurred loss' model in International Accounting Standard ("IAS") 39 *Financial Instruments: Recognition and Measurement* with an ECL model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39 *Financial Instruments: Recognition and Measurement.*

The financial assets at amortised cost consist of insurance and other receivables (excluding prepayments), cash and cash equivalents, corporate debt securities and due from related parties.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

3. Significant accounting policies *(continued)*

Measurement of ECLs *(continued)*

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

• Debt investment securities that are determined to have low credit risk at the reporting date; and
• Other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Company considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECLs are ECLs that result from all possible default events over the expected life of a financial instrument.

Credit loss allowances are measured using a three-stage approach based on the extent of credit deterioration since origination:

• Stage 1 – Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.

• Stage 2 – When a financial instrument experiences an increase in SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

• Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

The key inputs into the measurement of ECL are the term structure of the following variables:

• Probability of default (PD);
• Loss given default (LGD);
• Exposure at default (EAD).

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information.

The Company has adopted simplified approach in case of insurance and other receivables. In case of financial assets for which simplified approach is adopted lifetime expected credit loss is recognised.

Details of these statistical parameters/inputs are as follows:

• PD – The probability of default is an estimate of the likelihood of default over a given time horizon.

• EAD – The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date

• LGD – The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

3. Significant accounting policies *(continued)*

Forward-looking information

The measurement of expected credit losses considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

Macroeconomic factors

In its models, the company relies on a broad range of forward looking information as economic inputs, such as: GDP, GDP annual growth rate, unemployment rates, inflation rates, interest rates, etc. Various macroeconomic variables considered are Brent, CPI, Stock, Inflation and Loans to private sector.

The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments using expert credit judgement.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

• *Financial assets measured at amortised cost* : as a deduction from the gross carrying amount of the assets.

Definition of default

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of an amount due to the Company on terms that the Company would not otherwise consider, indication that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse change in the payment status of borrowers or issuers, or economic conditions that correlate with defaults in the Company.

In assessing whether a borrower is in default, the Company considers indicators that are:

• Qualitative – e.g. breaches of covenant,
• Quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Company; and
• Based on data developed internally and obtained from external sources.

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

• Comparative periods have not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

• The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

3. Significant accounting policies *(continued)*

Transition *(continued)*

• If a debt security had low credit risk at the date of initial application of IFRS 9, then the Company has assumed that credit risk on the asset had not increased significantly since its initial recognition.

Impact of the new impairment model

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile.

The impact from the adoption of IFRS 9 (2014) as at 1 January 2018 has been to decrease retained earnings by AED 7 million.

Particulars	**Retained earnings AED**
Closing balance under IAS 39 as at 31 December 2017	165,067,000
Impact on recognition of Expected Credit Losses	
Investment securities	(872,938)
Insurance and other receivables	(5,929,530)
Due from related parties	(4,565)
Cash and bank balances	(214,640)
Opening balance under IFRS 9 on date of initial application of 1 January 2018	**158,045,327**

The following table reconciles the closing impairment allowance for financial assets in accordance with IAS 39 as at 31 December 2017 to the opening ECL allowance determined in accordance with IFRS 9 as at 1 January 2018.

Reconciliation of impairment allowances

	31 December 2017	**Adjustment under IFRS 9**	**1 January 2018**
Investment securities	-	872,938	872,938
Insurance and other receivables	7,500,000	5,929,530	13,429,530
Due from related parties	-	4,565	4,565
Cash and bank balances	-	214,640	214,640
	7,500,000	**7,021,673**	**14,521,673**

4. Financial risk management

Aspects of the Company's financial risk management objectives and policies and procedures are consistent with those disclosed in the annual audited financial statements as at and for the year ended 31 December 2017.

5. Interim measurement

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

6. Related party transactions

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

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

	(Un-audited) For the nine-month period ended 30 September 2018 AED	(Un-audited) For the nine-month period ended 30 September 2017 AED
Key management personnel compensation		
Remuneration and short term benefits	**3,803,826**	3,482,213
End of service benefits	**413,924**	129,277
Other related parties		
Premiums underwritten	**43,194,192**	52,047,492
Claims paid	**15,433,945**	28,433,966
Dividend paid	**19,233,370**	15,386,696
Interest income	**316,277**	349,812

	(Un-audited) 30 September 2018 AED	(Audited) 31 December 2017 AED
b) Due from related parties		
Insurance premium receivable (included in receivables)	**22,402,221**	5,122,806
c) Due to related parties		
Payable to related party (included in payable)	**50,439**	1,164,560
d) Cash and cash equivalents		
Cash at bank	**54,996,991**	17,893,842
Fixed / short term deposit	**16,035,997**	60,967,007

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

Notes (continued)

7. Classes and categories of financials assets and financial liabilities

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

At 30 September 2018 (Un-audited)

Financial assets	**FVTPL**	**FVTOCI**	**Amortised cost**	**Total**
	AED	**AED**	**AED**	**AED**
Investment securities	**196,715,543**	**44,121,215**	**23,328,336**	**264,165,094**
Insurance and other receivables	**-**	**-**	**229,522,105**	**229,522,105**
Cash and cash equivalents	**-**	**-**	**280,822,602**	**280,822,602**
	196,715,543	**44,121,215**	**533,673,043**	**774,509,801**

Financial liabilities				
Insurance and other payables	**-**	**-**	**270,686,748**	**270,686,748**
Payable to policyholders of unit-linked products	**43,713,197**	**-**	**-**	**43,713,197**
	43,713,197	**-**	**270,686,748**	**314,399,945**

At 31 December 2017 (Audited)

Financial assets	FVTPL	FVTOCI	Amortised cost	Total
	AED	AED	AED	AED
Investment securities	189,669,387	44,565,553	24,192,500	258,427,440
Insurance and other receivables	-	-	136,203,789	136,203,789
Cash and bank balances	-	-	257,289,335	257,289,335
	189,669,387	44,565,553	417,685,624	651,920,564

Financial liabilities				
Insurance and other payables	-	-	167,472,785	167,472,785
Payable to policyholders of unit-linked products	45,249,827	-	-	45,249,827
	45,249,827	-	167,472,785	212,722,612

8. Investment securities

	(Un-audited) 30 September 2018 AED	(Audited) 31 December 2017 AED
Financial assets at fair value through profit or loss	**196,715,543**	189,669,387
Financial assets at fair value through other comprehensive income	**44,121,215**	44,565,553
Financial assets at amortised cost	**24,192,500**	24,192,500
Less: expected credit losses	**(864,164)**	-
	264,165,094	258,427,440

As at 30 September 2018, the Company has no exposure to Abraaj Holdings, or any of its subsidiaries, or any of its funds.

8.1 Investments fair valued through profit or loss

	(Un-audited) 30 September 2018 AED	(Audited) 31 December 2017 AED
Equity investments - quoted	**109,334,971**	99,838,109
Fixed income investments / bonds - quoted	**43,667,375**	44,581,451
Investments on behalf of policyholders of unit-linked products	**43,713,197**	45,249,827
Total	**196,715,543**	189,669,387

8.2 Investments - Geographic concentration

	(Un-audited) 30 September 2018 AED	(Audited) 31 December 2017 AED
Investments made:		
- Within U.A.E.	**239,424,889**	233,456,232
- Outside U.A.E.	**24,740,205**	24,971,208
	264,165,094	258,427,440

8.3 Fair value hierarchy

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

Investment Securities	**Level 1 AED**	**Level 2 AED**	**Level 3 AED**	**Total AED**
At 30 September 2018 (Un-audited)				
FVTPL	**186,715,543**	**-**	**10,000,000**	**196,715,543**
FVTOCI	**44,121,215**	**-**	**-**	**44,121,215**
	230,836,758	**-**	**10,000,000**	**240,836,758**
31 December 2017 (Audited)				
FVTPL	189,669,387	-	-	189,669,387
FVTOCI	44,565,553	-	-	44,565,553
	234,234,940	-	-	234,234,940

9. Segment information

Primary segment information

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

	General insurance		**Life assurance**		**Total**	
	For the nine-month period ended 30 September		**For the nine-month period ended 30 September**		**For the nine-month period ended 30 September**	
	2018	2017	**2018**	2017	**2018**	2017
	AED	AED	**AED**	AED	**AED**	AED
Profit or loss	**(Un-audited)**	(Un-audited)	**(Un-audited)**	(Un-audited)	**(Un-audited)**	(Un-audited)
Underwriting income						
Gross written premium	**409,286,357**	406,869,932	**37,850,249**	47,254,564	**447,136,606**	454,124,496
Reinsurance ceded	**(227,984,194)**	(222,838,659)	**(14,411,655)**	(15,901,043)	**(242,395,849)**	(238,739,702)
Net premium	**181,302,163**	184,031,273	**23,438,594**	31,353,521	**204,740,757**	215,384,794
Change in unearned premium provision	**(14,479,228)**	(9,151,210)	**(11,897)**	392,017	**(14,491,125)**	(8,759,193)
Net earned premium	**166,822,935**	174,880,063	**23,426,697**	31,745,538	**190,249,632**	206,625,601
Reinsurance commission	**23,603,497**	22,310,426	**3,767,804**	3,989,323	**27,371,301**	26,299,749
Net underwriting income	**190,426,432**	197,190,489	**27,194,501**	35,734,861	**217,620,933**	232,925,350
Underwriting expenses						
Net incurred claims	**(90,564,716)**	(99,441,075)	**(17,621,059)**	(23,355,307)	**(108,185,775)**	(122,796,382)
Commission incurred	**(29,904,545)**	(39,981,478)	**(1,982,317)**	(3,137,403)	**(31,886,862)**	(43,118,881)
Administrative expenses	**(34,991,135)**	(29,937,386)	**(4,833,699)**	(4,498,613)	**(39,824,834)**	(34,435,999)
Net underwriting expense	**(155,460,396)**	(169,359,939)	**(24,437,075)**	(30,991,323)	**(179,897,471)**	(200,351,262)
Profit before movement in life assurance fund	**34,966,036**	27,830,550	**2,757,426**	4,743,538	**37,723,462**	32,574,088
Movement in life assurance fund and payable to participants of unit linked product	**-**	-	**(815,506)**	(14,150,488)	**(815,506)**	(14,150,488)
Increase in fair value of investment held for unit linked products	**-**	-	**(2,094,437)**	6,596,195	**(2,094,437)**	6,596,195
Underwriting profit for the period	**34,966,036**	27,830,550	**(152,517)**	(2,810,755)	**34,813,519**	25,019,795
Income from investments					**15,116,798**	10,426,523
Unallocated expenses					**(10,554,425)**	(9,695,261)
Profit for the period					**39,375,892**	25,751,057

9. Segment information *(continued)*

Primary segment information

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

	General insurance		Life assurance		Total	
Financial position	**30 September 2018 AED (Un-audited)**	31 December 2017 AED (Audited)	**30 September 2018 AED (Un-audited)**	31 December 2017 AED (Audited)	**30 September 2018 AED (Un-audited)**	31 December 2017 AED (Audited)
ASSETS						
Property and equipment	**28,997,113**	30,097,828	**-**	848,158	**28,997,113**	30,945,986
Intangible assets	**2,336,324**	2,787,673	**-**	-	**2,336,324**	2,787,673
Investment properties	**185,139,290**	185,139,290	**43,550,000**	43,550,000	**228,689,290**	228,689,290
Investments securities	**161,274,790**	153,080,412	**102,890,304**	105,347,028	**264,165,094**	258,427,440
Reinsurance assets	**282,633,561**	269,657,420	**20,631,089**	12,959,646	**303,264,650**	282,617,066
Insurance and other receivables	**213,864,512**	127,786,773	**32,116,236**	21,031,672	**245,980,748**	148,818,445
Cash and bank balances	**231,945,601**	203,756,772	**48,877,001**	53,532,563	**280,822,602**	257,289,335
Total assets	**1,106,191,191**	972,306,168	**248,064,630**	237,269,067	**1,354,255,821**	1,209,575,235
LIABILITIES						
Insurance contract provisions	**451,043,567**	424,129,891	**105,389,980**	96,957,919	**556,433,547**	521,087,810
Insurance and other payables	**264,879,639**	161,347,474	**17,403,124**	16,968,143	**282,282,763**	178,315,617
Payable to policyholders of unit linked products	**-**	-	**43,713,197**	45,249,827	**43,713,197**	45,249,827
Total liabilities	**715,923,206**	585,477,365	**166,506,301**	159,175,889	**882,429,507**	744,653,254
EQUITY						
Share capital	-	-	-	-	**149,954,112**	149,954,112
Legal reserve	-	-	-	-	**74,977,056**	74,977,056
General reserve	-	-	-	-	**74,977,056**	74,977,056
Fair value reserve	-	-	-	-	**(489,765)**	(53,243)
Retained earnings	-	-	-	-	**172,407,855**	165,067,000
Total equity	-	-	-	-	**471,826,314**	464,921,981
Total liabilities and equity					**1,354,255,821**	1,209,575,235

10. Payable to policyholders of unit-linked products

Movement during the period:

	(Un-audited)	(Audited)
	30 September 2018	31 December 2017
	AED	AED
As at 1 January	**45,249,827**	37,195,602
Amount invested by policyholders	**7,095,320**	11,707,674
Amount withdrawn at redemption stage/lapse/surrender by policyholder	**(6,537,513)**	(12,695,717)
Change in fair value	**(2,094,437)**	9,042,268
Balance as at 30 September / 31 December	**43,713,197**	45,249,827

11. Contingent liabilities and commitments

Capital commitments

Capital commitments as at 30 September 2018 amounted to nil (31 December 2017: nil).

Guarantees

	(Un-audited)	(Audited)
	30 September 2018	31 December 2017
	AED	AED
Letters of guarantees	**10,350,151**	10,857,656

Fixed deposits amounting to AED 16.04 million *(31 December 2017: AED 15.7 million)* are under lien as collateral in respect of above guarantees. Guarantees include an amount of AED 7.5 million *(31 December 2017: AED 7.5 million)* favoring the Ministry of Economy and Commerce.

Contingent liabilities

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

12. Comparative figures

Certain comparatives have been reclassified / regrouped to conform to the presentation adopted in the condensed interim financial statements.