

**Al Wathba National Insurance  
Company (PJSC)**

**BOARD OF DIRECTORS' REPORT AND  
INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)**

**30 SEPTEMBER 2018**

**Al Wathba National Insurance  
Company (PJSC)**

**BOARD OF DIRECTORS' REPORT**

**30 SEPTEMBER 2018**



## Board of Directors' Report on the Company Business For the Period Ended 30 September 2018

The Board of Directors of Al Wathba National Insurance Company (the "Company") is pleased to submit the quarterly report of the Company's activities accompanied by the reviewed financial statements for the period ended 30 September 2018.

The United Arab Emirates' domestic economic activities witnessed a positive impact across the various economic sectors. The various indicators, with particular to the local capital markets' indicators reflected an acceptable level of performance, followed by activity of the insurance sector, which was driven by the results of the insurance companies operating in the country through its results during the first half of the year.

During the this period, Al Wathba National Insurance Company achieved a net profit of AED 81.00 million compared to AED 58.87 million for the same period in 2017, showing a growth of 38%.

The insurance business before the deduction of expenses generated a profit for the period of AED 62.50 million compared to AED 49.50 million for the same period in 2017.

The net underwriting income amounted to AED 31.90 million compared to AED 22.70 million for the same period last year.

The company's investment results also reflected positively on the company's overall results. Investment results achieved a net profit of AED 49.00 million compared to AED 36.00 million for the year 2017 and the same increase and a growth of 36%.

Finally, the Board of Directors seizes this opportunity to express its highest thanks and appreciation to H.H Shiekh Khalifa Bin Zayed Al Nahyan, President of UAE and Ruler of Abu Dhabi and H.H Shiekh Mohamed Bin Rashid Al Maktoum, the Vice President , Prime Minister and the ruler of Dubai and H.H Sheikh Mohammed Bin Zayed Al Nahyan, the Crown Prince and to all the rulers of the Emirates for their steadfast support for the progress of this country, all its economic institutions and Al Wathba National Insurance Company.

The Board of Directors likewise extends its appreciation and gratitude to all the company's shareholders and customers for their trust and continued support, and to all staff for their dedication and contribution to the company's performance during the last period.

Board Member



**Al Wathba National Insurance  
Company (PJSC)**

INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)

30 SEPTEMBER 2018

## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF AL WATHBA NATIONAL INSURANCE COMPANY PJSC**

### *Introduction*

We have reviewed the accompanying interim condensed consolidated financial statements of Al Wathba National Insurance Company PJSC (the “Company”) and its subsidiary (“the Group”) as at 30 September 2018, comprising of the interim consolidated statement of financial position as at 30 September 2018, and the related interim consolidated statements of income and comprehensive income for the three-month and nine-month periods then ended and the related interim consolidated statements of changes in equity and cash flows for the nine-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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.

### *Conclusion*

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



Signed by:  
Mohammad Mobin Khan  
Partner  
Ernst & Young  
Registration No. 532

12 November 2018  
Abu Dhabi

# Al Wathba National Insurance Company (PJSC)

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018 (unaudited)

		<i>30 September 2018 (Unaudited) AED 000</i>	<i>31 December 2017 (Audited) AED 000</i>
	<i>Notes</i>		
<b>ASSETS</b>			
Property and equipment		4,277	4,258
Investment in associates		152,916	148,005
Investments at amortised cost	4	5,000	5,000
Investments carried at fair value through other comprehensive income	5	143,923	179,005
Investments carried at fair value through profit or loss	6	510,034	423,707
Investment properties		353,711	353,711
Investment property under development		8,394	4,543
Insurance balances receivable	7	65,769	51,118
Statutory deposits	9	6,000	6,000
Reinsurers' share of unearned premium reserve	8	35,355	18,981
Reinsurers' share of outstanding claims reserve	8	94,344	124,594
Reinsurers' share of claims incurred but not reported reserve	8	8,274	9,677
Prepayments and other receivables	7	8,926	6,077
Deposits	9	90,894	59,469
Bank balances and cash	9	<u>31,714</u>	<u>43,619</u>
<b>TOTAL ASSETS</b>		<b><u>1,519,531</u></b>	<b><u>1,437,764</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	10	207,000	207,000
Legal reserve		103,500	103,500
Statutory reserve		51,750	51,750
General reserve		81,185	44,476
Capital reserve		9,959	9,959
Investment revaluation reserve		(20,599)	(2,736)
Retained earnings		<u>470,862</u>	<u>436,735</u>
<b>Equity attributable to equity holders of the parent</b>		<b>903,657</b>	<b>850,684</b>
Non-controlling interests		<u>80</u>	<u>88</u>
<b>Total equity</b>		<b><u>903,737</u></b>	<b><u>850,772</u></b>
<b>LIABILITIES</b>			
Employees' end of service benefits		7,130	7,685
Bank overdrafts	9	225,342	188,589
Trade and other payables		69,162	83,153
Technical provisions			
Unearned premium reserve	8	139,674	102,346
Outstanding claims reserve	8	139,226	169,673
Claims incurred but not reported reserve	8	31,985	32,014
Unallocated loss adjustment expense reserve	8	<u>3,275</u>	<u>3,532</u>
<b>TOTAL LIABILITIES</b>		<b><u>615,794</u></b>	<b><u>586,992</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>1,519,531</u></b>	<b><u>1,437,764</u></b>

BOARD MEMBER

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

# Al Wathba National Insurance Company (PJSC)

## INTERIM CONSOLIDATED INCOME STATEMENT

For the nine-month period ended 30 September 2018 (unaudited)

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2018 AED 000	2017 AED 000	2018 AED 000	2017 AED 000
Gross premiums written		66,446	43,811	210,325	183,954
Reinsurance share of ceded premiums		(21,291)	(12,830)	(77,654)	(75,391)
<b>Net premium</b>		<b>45,155</b>	30,981	<b>132,671</b>	108,563
Net change in unearned premium reserve		(4,151)	3,215	(20,954)	(13,126)
<b>Net premium earned</b>		<b>41,004</b>	34,196	<b>111,717</b>	95,437
Commission earned		7,292	4,617	26,398	25,935
Commission incurred		(8,882)	(3,866)	(24,057)	(15,528)
<b>Gross underwriting income</b>		<b>39,414</b>	34,947	<b>114,058</b>	105,844
Gross claims paid		(28,245)	(30,276)	(80,903)	(115,139)
Reinsurance share of claims paid		(12,238)	12,348	30,376	58,786
<b>Net claims paid</b>		<b>(16,007)</b>	(17,928)	<b>(50,527)</b>	(56,353)
Change in outstanding claims reserve		13,116	1,498	30,447	16,654
Change in reinsurance share of outstanding claims reserve		(11,963)	(227)	(30,250)	(16,880)
Net (increase) decrease in incurred but not reported claims reserve		(288)	(3,411)	(1,374)	381
Net decrease (increase) in unallocated loss adjustment expense reserve		109	(90)	257	52
<b>Net claims incurred</b>		<b>(15,033)</b>	(20,158)	<b>(51,447)</b>	(56,146)
<b>Underwriting income</b>		<b>24,381</b>	14,789	<b>62,611</b>	49,698
General and administrative expenses relating to underwriting		(11,766)	(9,473)	(30,659)	(26,909)
<b>Net underwriting income</b>		<b>12,615</b>	5,316	<b>31,952</b>	22,789
Income from investments	11	16,429	10,476	39,984	26,286
Income from investment properties (rental income)		1,668	2,191	4,644	7,242
Share of profit of associates		1,746	565	14,866	13,762
<b>Total income</b>		<b>32,458</b>	18,548	<b>91,446</b>	70,079
Other expenses		(1,136)	(1,423)	(2,643)	(3,921)
Finance costs		(2,541)	(1,563)	(6,976)	(4,593)
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>28,781</b>	15,562	<b>81,827</b>	61,565
<b>DISCONTINUING OPERATIONS</b>					
Loss for the period	14	(194)	(575)	(798)	(2,687)
<b>PROFIT FOR THE PERIOD</b>		<b>28,587</b>	14,987	<b>81,029</b>	58,878
<b>Attributable to:</b>					
Equity holders of the parent		28,589	14,994	81,037	58,905
Non-controlling interests		(2)	(7)	(8)	(27)
		<b>28,587</b>	14,987	<b>81,029</b>	58,878
Basic and diluted earnings per share	13	0.14	0.07	0.39	0.28

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

# Al Wathba National Insurance Company (PJSC)

## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine month period ended 30 September 2018 (unaudited)

	Note	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
		<i>2018</i> <i>AED 000</i>	<i>2017</i> <i>AED 000</i>	<i>2018</i> <i>AED 000</i>	<i>2017</i> <i>AED 000</i>
<b>Profit for the period</b>		<b>28,587</b>	14,987	<b>81,029</b>	58,878
<b>Other comprehensive income (loss)</b>					
<b>Items that will not be reclassified to statement of income:</b>					
Share of other comprehensive loss of associates		(9,020)	(4,125)	(2,530)	(4,209)
Gain on sale of investments carried at fair value through other comprehensive income		11,206	205	11,206	303
Changes in fair value of investments carried at fair value through other comprehensive income	5	<u>(4,354)</u>	<u>(7,375)</u>	<u>(5,690)</u>	<u>(10,877)</u>
<b>Other comprehensive (loss) income for the period</b>		<b><u>(2,168)</u></b>	<u>(11,295)</u>	<b><u>2,986</u></b>	<u>(14,783)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b><u>26,419</u></b>	<u>3,692</u>	<b><u>84,015</u></b>	<u>44,095</u>
Attributable to:					
Equity holders of the parent		26,421	3,699	84,023	44,122
Non-controlling interests		<u>(2)</u>	<u>(7)</u>	<u>(8)</u>	<u>(27)</u>
		<b><u>26,419</u></b>	<u>3,692</u>	<b><u>84,015</u></b>	<u>44,095</u>

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.



# Al Wathba National Insurance Company (PJSC)

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine month period ended 30 September 2018 (unaudited)

	Share capital AED 000	Legal reserve AED 000	Statutory reserve AED 000	General reserve AED 000	Capital reserve AED 000	Investment revaluation reserve AED 000	Retained earnings AED 000	Equity attributable to equity holders of the parent AED 000	Non-controlling interests AED 000	Total equity AED 000
Balance at 1 January 2017	207,000	103,500	51,750	23,323	9,959	19,267	406,263	821,062	119	821,181
Profit for the period	-	-	-	-	-	-	58,905	58,905	(27)	58,878
Other comprehensive (loss) income	-	-	-	-	-	(15,086)	303	(14,783)	-	(14,783)
Total comprehensive income	-	-	-	-	-	(15,086)	59,208	44,122	(27)	44,095
Transfer to retained earnings on disposal of investments carried at fair value through other comprehensive income	-	-	-	-	-	(19,309)	19,309	-	-	-
Transfer from retained earnings to general reserve (note 12)	-	-	-	21,153	-	-	(21,153)	-	-	-
Dividends paid (note 12)	-	-	-	-	-	-	(31,050)	(31,050)	-	(31,050)
Balance at 30 September 2017	<u>207,000</u>	<u>103,500</u>	<u>51,750</u>	<u>44,476</u>	<u>9,959</u>	<u>(15,128)</u>	<u>432,577</u>	<u>834,134</u>	<u>92</u>	<u>834,226</u>
Balance at 1 January 2018	207,000	103,500	51,750	44,476	9,959	(2,736)	436,735	850,684	88	850,772
Profit for the period	-	-	-	-	-	-	81,037	81,037	(8)	81,029
Other comprehensive income	-	-	-	-	-	(8,220)	11,206	2,986	-	2,986
Total comprehensive (loss) income	-	-	-	-	-	(8,220)	92,243	84,023	(8)	84,015
Transfer to retained earnings on disposal of investments carried at fair value through other comprehensive income	-	-	-	-	-	(9,643)	9,643	-	-	-
Transfer from retained earnings to general reserve (note 12)	-	-	-	36,709	-	-	(36,709)	-	-	-
Dividends paid (note 12)	-	-	-	-	-	-	(31,050)	(31,050)	-	(31,050)
Balance at 30 September 2018	<u>207,000</u>	<u>103,500</u>	<u>51,750</u>	<u>81,185</u>	<u>9,959</u>	<u>(20,599)</u>	<u>470,862</u>	<u>903,657</u>	<u>80</u>	<u>903,737</u>

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

# Al Wathba National Insurance Company (PJSC)

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine-month period ended 30 September 2018 (unaudited)

	<i>Notes</i>	<i>Nine months ended 30 September 2018 AED 000</i>	<i>Nine months ended 30 September 2017 AED 000</i>
<b>OPERATING ACTIVITIES</b>			
Profit for the period from continuing operations		81,827	61,565
Loss for the period from discontinuing operations	14	<u>(798)</u>	<u>(2,687)</u>
Profit for the period		81,029	58,878
Adjustments for:			
Unearned premiums reserve, net		20,954	13,126
Change in gross outstanding claims and claims incurred but not reported reserves		<u>(30,733)</u>	<u>(27,328)</u>
Change in reinsurance share of outstanding claims and claims incurred but not reported reserves		31,653	27,121
Provision for allowance for impaired receivables		7	3,547
Change in fair value of investments carried at fair value through profit or loss	6&11	6,798	13,966
Gain on disposal of investments carried at fair value through profit or loss	11	<u>(7,142)</u>	<u>(7,184)</u>
Provision for employees end of service benefits		746	932
Gain on disposal of property and equipment		<u>(190)</u>	-
Depreciation of property and equipment		870	1,633
Amortization of intangible assets		-	284
Share of profit of associates		<u>(14,866)</u>	<u>(13,762)</u>
Gain on disposal of shares from investment in associate		-	(1,349)
Finance costs		6,976	4,593
Dividend income	11	<u>(38,833)</u>	<u>(30,613)</u>
Interest income	11	<u>(613)</u>	<u>(1,027)</u>
		56,656	42,817
Working capital changes:			
Insurance balances receivable, prepayments and other receivables		<u>(17,507)</u>	29,838
Trade and other payables		<u>(13,991)</u>	<u>(32,610)</u>
Cash from operations		25,158	40,045
Finance costs paid		<u>(6,976)</u>	<u>(4,593)</u>
Employees' end of service benefits paid		<u>(1,301)</u>	<u>(2,080)</u>
Net cash from operating activities		<u>16,881</u>	<u>33,372</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment		<u>(1,033)</u>	(26)
Proceeds from disposal of property and equipment		334	-
Additions to investment properties under development		<u>(3,851)</u>	<u>(2,314)</u>
Purchase of investments carried at fair value through profit or loss	6	<u>(119,384)</u>	<u>(252,960)</u>
Proceeds from disposal of investments carried at fair value through other comprehensive income		40,598	58,415
Proceeds from disposal of investment carried at fair value through profit and loss		33,401	156,173
Purchase of right shares of an associate		-	(7,796)
Disposal of shares in an associate		-	3,777
Term deposits		<u>(31,425)</u>	<u>(972)</u>
Interest received		613	1,027
Dividends received		38,833	30,613
Dividend received from associates		<u>7,425</u>	<u>5,901</u>
Net cash used in investing activities		<u>(34,489)</u>	<u>(8,162)</u>
<b>FINANCING ACTIVITY</b>			
Dividends paid		<u>(31,050)</u>	<u>(31,050)</u>
Cash used in financing activity		<u>(31,050)</u>	<u>(31,050)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(48,658)</b>	<b>(5,840)</b>
Cash and cash equivalents at the beginning of the period		<u>(144,970)</u>	<u>(130,521)</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	9	<b><u>(193,628)</u></b>	<b><u>(136,361)</u></b>

The attached notes 1 to 15 form part of these interim condensed consolidated financial statements.

# Al Wathba National Insurance Company (PJSC)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018 (unaudited)

### 1 CORPORATE INFORMATION

Al Wathba National Insurance Company PJSC (the “Company”), incorporated in Abu Dhabi is registered as a public shareholding company in accordance with the UAE Federal Law No. (8) of 1984 (as amended). The Federal Law No. (2) of 2015 concerning Commercial Companies has come into effect from 1 July 2015, replacing the existing Federal Law No. (8) of 1984.

The Company is registered in accordance with UAE Federal Law No. (6) of 2007 concerning the Establishment of Insurance Authority and Organisation of its Operations and Insurance Authority Board Decision No. (25) of 2014 Patient to Financial Regulations for Insurance Companies, and is registered in the Insurance Companies Register under registration No. 10.

The Company’s principal activity is the transaction of general insurance and re-insurance business of all classes: The Company operates through its head office in Abu Dhabi and branch offices in Dubai, Al Ain, and Sharjah. The Company is domiciled in the United Arab Emirates and its registered head office is P.O. Box 45154, Abu Dhabi, United Arab Emirates.

These interim condensed consolidated financial statements includes the financial performance and position of the Company and its subsidiary (collectively referred to as the “Group”).

The interim condensed consolidated financial statements were approved for issuance by the Board of Directors on 12 November 2018.

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### *Basis of preparation*

The interim condensed consolidated financial statements for the nine-months ended 30 September 2018 have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2017. In addition, results for the nine-months period ended 30 September 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

#### *Significant accounting policies*

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of the following new amendments to standards effective as of 1 January 2018.

- IFRS 9 Financial Instruments;
- IFRS 15 Revenue from Contracts with Customers;
- IFRIC 22 Foreign Currency Transactions and Advance Consideration;
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts;
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions; and
- Amendments to IAS 40: Transfers of Investment Property.

#### *Annual Improvements 2014-2016 Cycle*

- IFRS 1 First-time adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first time adopters; and
- IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice.

The application of the new standards and amendments to standards listed above, other than IFRS 9, had no significant impact on the Group’s financial position or performance or disclosures. The Group meets the eligibility criteria of the temporary exemption from IFRS 9 and intends to defer the application of IFRS 9 until the effective date of the new insurance contracts standard (IFRS 17) in relation to measurement and impairment requirements.

# Al Wathba National Insurance Company (PJSC)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018 (unaudited)

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

#### *Estimates*

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

In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2017.

#### *Basis of consolidation*

The interim condensed consolidated financial statements comprise the financial results of the Company and those of its following subsidiary:

<i>Subsidiary</i>	<i>Principal activity</i>	<i>Country of incorporation</i>	<i>Ownership</i>
Vision Capital Brokerage LLC	Brokerage services	United Arab Emirates	99%

The Subsidiary is fully consolidated from the date on which control is transferred to the Company. The Company exercises control over the subsidiary listed above. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

# Al Wathba National Insurance Company (PJSC)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018 (unaudited)

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

#### *Basis of consolidation* continued

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

The financial statements of subsidiaries are prepared for the same reporting year as the Group, using consistent accounting policies.

### 3 COMMITMENTS AND CONTINGENCIES

The Group's bankers have issued in the normal course of business letters of guarantee in favour of third parties amounting to AED 7.5 million (31 December 2017: AED 7.5 million).

### 4 INVESTMENTS AT AMORTISED COST

Included in investments at amortised cost is a five-year sukuk amounting to AED 5 million (31 December 2017: AED 5 million) which carries interest of 6-month EIBOR + 300 bps or 7.5%, whichever is higher.

### 5 INVESTMENTS CARRIED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<i>30 September 2018 (Unaudited) AED 000</i>	<i>31 December 2017 (Audited) AED 000</i>
Quoted securities	120,047	152,321
Unquoted securities	<u>23,876</u>	<u>26,684</u>
	<u>143,923</u>	<u>179,005</u>

As at 30 September 2018, the Group did not hold any investments in Abraaj Holdings or any of the funds managed by them.

# Al Wathba National Insurance Company (PJSC)

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### 5 INVESTMENTS CARRIED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME continued

The movement in the investments at fair value through other comprehensive income is as follows:

	<b>30 September 2018 (Unaudited) AED 000</b>	<b>31 December 2017 (Audited) AED 000</b>
Fair value at the beginning of the period / year	179,005	243,686
Disposals	(29,392)	(58,112)
Change in fair value	<u>(5,690)</u>	<u>(6,569)</u>
Fair value at the end of the period / year	<u>143,923</u>	<u>179,005</u>

The geographical distribution of investments is as follows:

Within UAE	136,005	171,212
Outside UAE	<u>7,918</u>	<u>7,793</u>
	<u>143,923</u>	<u>179,005</u>

### 6 INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments at fair value through profit or loss consist of quoted investments in UAE securities.

The movement in investments at fair value through profit or loss is as follows:

	<b>30 September 2018 (Unaudited) AED 000</b>	<b>31 December 2017 (Audited) AED 000</b>
Fair value at beginning of the period / year	423,707	333,041
Additions	119,384	315,041
Disposals	(26,259)	(213,544)
Change in fair value (note 11)	<u>(6,798)</u>	<u>(10,831)</u>
Fair value at end of the period / year	<u>510,034</u>	<u>423,707</u>

# Al Wathba National Insurance Company (PJSC)

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### 7 INSURANCE RECEIVABLES AND PREPAYMENTS

	<i>(Unaudited)</i> <b>30 September</b> 2018 <i>AED'000</i>	<i>(Audited)</i> <b>31 December</b> 2017 <i>AED'000</i>
Due from policyholders	54,005	43,688
Due from policy holders - related parties	15,420	15,153
Due from insurance and reinsurance companies	<u>9,709</u>	<u>12,579</u>
	79,134	71,420
Less: allowance for doubtful receivables	<u>(13,365)</u>	<u>(20,302)</u>
Insurance balances receivable	<u>65,769</u>	<u>51,118</u>
Prepayments	1,263	1,113
Accrued income	2,443	1,604
Other receivables	<u>5,220</u>	<u>3,360</u>
Prepayments and other receivables	<u>8,926</u>	<u>6,077</u>
	<u><b>74,695</b></u>	<u><b>57,195</b></u>

### 8 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

	<b>30 September</b> 2018 <i>(Unaudited)</i> <i>AED 000</i>	<b>31 December</b> 2017 <i>(Audited)</i> <i>AED 000</i>
<b>Insurance contract liabilities</b>		
Outstanding claims reserve (i)	142,501	173,205
Claims incurred but not reported reserve	31,985	32,014
Unearned premiums reserve (ii)	<u>139,674</u>	<u>102,346</u>
	<u><b>314,160</b></u>	<u><b>307,565</b></u>
<b>Reinsurance contract assets</b>		
Outstanding claims reserve	94,344	124,594
Claims incurred but not reported reserve	8,274	9,677
Unearned premiums reserve	<u>35,355</u>	<u>18,981</u>
	<u><b>137,973</b></u>	<u><b>153,252</b></u>
<b>Insurance liabilities - net</b>		
Outstanding claims reserve (i)	48,157	48,611
Claims incurred but not reported reserve	23,711	22,337
Unearned premiums reserve (ii)	<u>104,319</u>	<u>83,365</u>
	<u><b>176,187</b></u>	<u><b>154,313</b></u>

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### 8 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS continued

- (i) Outstanding claims reserve includes unallocated loss adjustment expense reserve of AED 3,275 thousand (2017: AED 3,532 thousand).
- (ii) Unearned premium reserve includes gross unexpired risk reserve of AED 1,967 thousand (2017: AED 1,506 thousand) and AED 235 thousand (2017: AED 172 thousand) net of reinsurance.

### 9 CASH AND CASH EQUIVALENTS

	<i>30 September 2018 (Unaudited) AED 000</i>	<i>30 September 2017 (Unaudited) AED 000</i>
Bank and cash	31,714	57,046
Statutory deposit	6,000	6,000
Term deposits	<u>90,894</u>	<u>39,469</u>
Bank and cash balances	<b>128,608</b>	102,515
Less: bank overdrafts	<b>(225,342)</b>	(193,407)
Less: term deposits with original maturity over 3 months	<b>(90,894)</b>	(39,469)
Less: statutory deposits	<u><b>(6,000)</b></u>	<u>(6,000)</u>
	<b><u>(193,628)</u></b>	<b><u>(136,361)</u></b>

Term deposits are held with financial institutions in UAE. The original maturity ranges from one to twelve months. Interest is receivable at annual rates ranging from 0.85% to 3.75% per annum (30 September 2017: 0.85% to 3% per annum).

In accordance with the requirements of Federal Law No. (6) of 2007, concerning Establishment of Insurance Authority and Organisation of its Operations, the Group maintains a bank deposit of AED 6 million (30 September 2017: AED 6 million) which cannot be utilised without the consent of the UAE Insurance Authority.

### 10 SHARE CAPITAL

	<i>30 September 2018 (Unaudited) AED 000</i>	<i>31 December 2017 (Audited) AED 000</i>
<i>Authorised, issued and fully paid</i>		
207,000,000 (31 December 2017: 207,000,000)		
ordinary shares of AED 1 each	<b><u>207,000</u></b>	<b><u>207,000</u></b>



# Al Wathba National Insurance Company (PJSC)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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### 11 NET INVESTMENT INCOME

	<i>Nine months ended 30 September 2018 (Unaudited) AED 000</i>	<i>Nine months ended 30 September 2017 (Unaudited) AED 000</i>
Gain on disposal of investments carried at fair value through profit or loss	7,142	7,184
Change in fair value of investments carried at fair value through profit or loss (note 6)	<b>(6,798)</b>	(13,966)
Gain on disposal of shares from an investment in associate	-	1,349
Interest income	<b>613</b>	1,027
Dividend income	<b>38,833</b>	30,613
Other income	<u><b>194</b></u>	<u>79</u>
	<u><b>39,984</b></u>	<u>26,286</u>

### 12 RETAINED EARNINGS

At the Annual General Meeting held on 24 April 2018, the shareholders approved the distribution of cash dividends of AED 0.15 per share amounting to AED 31,050 thousand (31 December 2017: AED 0.15 per share amounting to AED 31,050 thousand).

The Board of Directors proposed a transfer of AED 36,709 thousand (31 December 2017: AED 21,153 thousand) from retained earnings to general reserve, which was approved in the General Assembly Meeting held on 24 April 2018 (31 December 2017: 17 April 2017).

### 13 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit for the period by the weighted average number of shares outstanding during the period.

Diluted earnings per share are calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period, adjusted for the effects of dilutive instruments.

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
Profit for the period (AED '000)	<u><b>28,589</b></u>	<u>14,994</u>	<u><b>81,037</b></u>	<u>58,905</u>
Weighted average number of ordinary shares outstanding during the period	<u><b>207,000,000</b></u>	<u>207,000,000</u>	<u><b>207,000,000</b></u>	<u>207,000,000</u>
Basic and diluted earnings per share (AED)	<u><b>0.14</b></u>	<u>0.07</u>	<u><b>0.39</b></u>	<u>0.28</u>

# Al Wathba National Insurance Company (PJSC)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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### 14 DISCONTINUING OPERATION

During 2017, based on the “Administrative Decision No.69 of 2017” dated 23 January 2017, the Company’s Board of Directors resolved to liquidate Vision Capital Brokerage Company LLC (VCB), which was approved by the shareholders in the Annual General Meeting held on 17 April 2017. As a result, the financial results of VCB have been presented in the consolidated financial statements as discontinued operations. The Group expects to realise an amount equivalent to the net assets of VCB.

The results of VCB for the period ended 30 September 2018 is as follows:

a) Results for the period

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>AED ‘000</i>	<i>AED ‘000</i>	<i>AED ‘000</i>	<i>AED ‘000</i>
Net commission income	-	-	56	143
Income from margin trading	-	1	-	39
Administrative expenses	(192)	(538)	(846)	(2,752)
Finance costs	(2)	(38)	(8)	(117)
<b>LOSS FOR THE PERIOD</b>	<b>(194)</b>	<b>(575)</b>	<b>(798)</b>	<b>(2,687)</b>

b) The carrying values of the identifiable assets and liabilities as at 30 September 2018 are as follows:

	<i>30 September</i>
	<i>2018</i>
	<i>(Unaudited)</i>
	<i>AED ‘000</i>
<b>ASSETS</b>	
<b>Current assets</b>	
Accounts receivable, prepayments and other receivables	135
Bank balances and cash	<u>1,108</u>
<b>TOTAL ASSETS</b>	<b><u>1,243</u></b>
<b>Current liabilities</b>	
Employees’ end of service benefits	17
Accounts payable and accruals	<u>83</u>
<b>TOTAL LIABILITIES</b>	<b><u>100</u></b>
<b>NET ASSETS</b>	<b><u>1,143</u></b>

### 15 SEGMENT REPORTING

For management purposes the Group is organised into departments based on the classes of insured risks. The reportable operating segments of the Group are fire and general accident, medical and marine and aviation.

Management monitors the underwriting results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on underwriting profit. The following table presents disclosure of segment revenues, measurement of segment profit for the period and their reconciliation to the Group’s income and profit for the period.

# Al Wathba National Insurance Company (PJSC)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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### 15 SEGMENT REPORTING continued

#### 15.1 Segment revenue and results

	2018				2017			
	Nine months ended 30 September (unaudited)				Nine months ended 30 September (unaudited)			
	Marine and aviation AED'000	Fire and general accident AED'000	Medical Investments AED'000	Total AED'000	Marine and aviation AED'000	Fire and general accident AED'000	Medical Investments AED'000	Total AED'000
Gross premiums written	4,322	204,385	1,618	210,325	6,154	176,014	1,786	183,954
Reinsurance share of ceded premium	(3,531)	(72,832)	(1,291)	(77,654)	(5,103)	(69,294)	(994)	(75,391)
Movement in provision for unearned premiums	(14)	(20,815)	(125)	(20,954)	126	(14,428)	1,176	(13,126)
Net claims incurred	(69)	(52,573)	1,195	(51,447)	(467)	(58,383)	2,704	(56,146)
Net commission earned	993	1,217	131	2,341	2,144	7,687	576	10,407
Rental income, net	-	-	-	4,644	-	-	-	7,242
Share of profit of associates	-	-	-	14,866	-	-	-	13,762
Net investment income	-	-	-	33,008	-	-	-	21,693
Loss from discontinued operations	-	-	-	(798)	-	-	-	(2,687)
Segment profit before allocated expenses	1,701	59,382	1,528	114,331	2,854	41,596	5,248	89,708
Allocated expenses	(835)	(28,075)	(1,749)	(30,659)	(1,193)	(24,388)	(1,328)	(26,909)
Segment profit	866	31,307	(221)	83,672	1,661	17,208	3,920	62,799
Unallocated expenses	-	-	-	(2,643)	-	-	-	(3,921)
Profit for the period	-	-	-	81,029	-	-	-	58,878

#### Note 1:

The results of the Company's associate, Foodco Holding PJSC, for the nine-month period ended 30 September 2018 are not available as at the date of approval of these nine-month interim consolidated financial statements. These will be incorporated in the Group's year end consolidated financial statements for the year ended 31 December 2018 (nine-month period ended 30 September 2017: same).

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2018 (unaudited)

15 SEGMENT REPORTING continued

15.1 Segment revenue and results continued

	2018				2017			
	Three months ended 30 September (unaudited)				Three months ended 30 September (unaudited)			
	Marine and aviation AED'000	Fire and general accident AED'000	Medical Investments AED'000	Total AED'000	Marine and aviation AED'000	Fire and general accident AED'000	Medical Investments AED'000	Total AED'000
Gross premiums written	567	65,871	8	66,446	3,048	40,771	(8)	43,811
Reinsurance share of ceded premium	(470)	(20,815)	(6)	(21,291)	(2,769)	(10,064)	3	(12,830)
Movement in provision for unearned premiums	97	(4,369)	121	(4,151)	49	2,905	261	3,215
Net claims incurred	(33)	(15,072)	72	(15,033)	(153)	(19,988)	(17)	(20,158)
Net commission earned (incurred)	243	(1,825)	(8)	(1,590)	1,021	(278)	8	751
Rental income, net	-	-	-	1,668	-	-	-	2,191
Share of profit of associates	-	-	-	1,746	-	-	-	565
Net investment income	-	-	-	13,888	-	-	-	8,913
Loss from discontinued operations	-	-	-	(194)	-	-	-	(575)
Segment profit before allocated expenses	404	23,790	187	41,489	1,196	13,346	247	25,883
Allocated expenses	(330)	(10,681)	(755)	(11,766)	(567)	(8,608)	(298)	(9,473)
Segment profit (loss)	74	13,109	(568)	29,723	629	4,738	(51)	16,410
Unallocated expenses	-	-	-	(1,136)	-	-	-	(1,423)
Profit for the period	-	-	-	28,587	-	-	-	14,987

# Al Wathba National Insurance Company (PJSC)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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### 15 SEGMENT REPORTING continued

#### 15.2 Segment assets and liabilities

	<i>As at 30 September 2018 (unaudited)</i>			<i>As at 31 December 2017 (audited)</i>		
	<i>Underwriting AED'000</i>	<i>Investments AED'000</i>	<i>Total AED'000</i>	<i>Underwriting AED'000</i>	<i>Investments AED'000</i>	<i>Total AED'000</i>
Segment assets	327,346	1,182,972	1,510,318	245,940	1,183,873	1,429,813
Unallocated assets			<u>9,213</u>			<u>7,951</u>
Total assets			<u>1,519,531</u>			<u>1,437,764</u>
Segment liabilities	357,761	237,273	595,034	355,825	205,063	560,888
Unallocated liabilities			<u>20,760</u>			<u>26,104</u>
Total liabilities			<u>615,794</u>			<u>586,992</u>
Capital expenditures	<u>1,033</u>	<u>=</u>	<u>1,033</u>	<u>34</u>	<u>-</u>	<u>34</u>