

**Al Wathba National Insurance Company
P.J.S.C.**

Condensed interim financial information

31 March 2019

Principal business address:

Al Wathba National Insurance Company P.J.S.C.
P.O.Box: 45154
Abu Dhabi
UAE

Al Wathba National Insurance Company P.J.S.C.

Condensed interim financial information

<i>Contents</i>	<i>Page</i>
Directors' report	1
Independent auditors' report on review of condensed interim financial information	3
Condensed interim statement of financial position	5
Condensed interim statement of profit or loss	6
Condensed interim statement of profit or loss and other comprehensive income	7
Condensed interim statement of changes in shareholders' equity	8
Condensed interim statement of cash flows	9
Notes to the condensed interim financial information	10



Board of Directors' Report on the Company Business For the Period Ended 31 March 2019

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 financial statements reviewed by the external auditors for the period ended 31 March 2019.

Local and regional market conditions played a significant role on the performance of the UAE economy during the first quarter of 2019. Key drivers such as local financial market performance which affected companies' investment portfolios in conjunction with the increasing competition in the region's overcrowded insurance market posed as a major challenge to insurance companies as its impact is reflected on insurance results posted for the quarter.

As for the insurance performance of Al Wathba National Insurance Company; total gross written premiums increased to AED 91.38 million compared to AED 81.48 million for the year 2018 with a growth rate of 12.1%. Net underwriting income for the period reached AED 11.55 million compared to AED 10.46 million, an increase of 10.4%.

The company's net profits amounted to AED 14.06 million, compared to AED 26.82 million. This decline is driven by several factors such as; the continued impact of the company's investment portfolio, which was affected by volatility

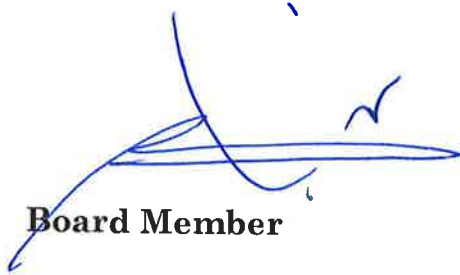




exhibited by local and regional capital markets, the level of interest rates and the performance of listed companies in local capital markets.

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



KPMG Lower Gulf Limited
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Independent Auditors' Report

To the Shareholders of Al Wathba National Insurance Company P.J.S.C.

Report on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying 31 March 2019 condensed interim financial information of Al Wathba National Insurance Company P.J.S.C. (the "Company"), which comprises:

- the condensed interim statement of financial position as at 31 March 2019;
- the condensed interim statement of profit or loss for the three-month period ended 31 March 2019;
- the condensed interim statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2019;
- the condensed interim statement of changes in shareholders' equity for the three-month period ended 31 March 2019;
- the condensed interim statement of cash flows for the three-month period ended 31 March 2019; and
- notes to the condensed interim financial information.

Management is responsible for the preparation and fair presentation of these condensed interim financial information in accordance with IAS 34, '*Interim Financial Reporting*'. 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 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 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 31 March 2019 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Other matter

The condensed interim financial information for the three-month period ended 31 March 2018 and the financial statements for the year ended 31 December 2018 were reviewed and audited respectively by another auditor who expressed an unmodified review conclusion on the condensed interim financial information for the three-month period ended 31 March 2018 on 30 April 2018 and an unmodified audit opinion on the financial statements for the year ended 31 December 2018 on 12 February 2019.

KPMG Lower Gulf Limited

A handwritten signature in blue ink, appearing to read 'Saif Fayeze Shawer', written over a horizontal line.

Saif Fayeze Shawer
Registration No: 1131
Abu Dhabi, United Arab Emirates
Date: **15 MAY 2019**

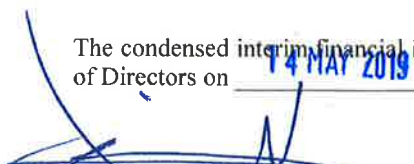
Al Wathba National Insurance Company P.J.S.C.

Condensed interim statement of financial position

as at

	Note	31 March 2019 (Unaudited) AED'000	31 December 2018 (Audited) AED'000
Assets			
Property and equipment		4,563	4,387
Investment in associates		160,867	159,399
Investments at amortised cost	5	9,000	9,000
Financial assets at fair value through other comprehensive income	6	276,201	267,865
Financial assets at fair value through profit or loss	7	401,063	466,488
Investment properties		337,689	337,396
Statutory deposits	10	6,000	6,000
Insurance balances receivable	8	87,389	61,964
Reinsurers' share of unearned premiums	9	42,400	27,699
Reinsurers' share of outstanding claims	9	92,494	89,660
Reinsurers' share of claims incurred but not reported	9	8,050	7,808
Other receivables and prepayments	8	42,660	6,584
Time deposits	10	85,035	94,125
Bank balances and cash	10	34,874	26,785
Total assets		1,588,285	1,565,160
Equity and liabilities			
Equity			
Share capital	11	207,000	207,000
Legal reserve		103,500	103,500
Statutory reserve		51,750	51,750
General reserve		81,185	81,185
Capital reserve		9,959	9,959
Fair value reserve		(38,720)	(31,227)
Retained earnings		443,764	428,979
Equity attributable to equity holders of the company		858,438	851,146
Non-controlling interests		-	77
Total equity		858,438	851,223
Liabilities			
Employees' end of service benefits		6,987	6,859
Trade and other payables		94,211	83,228
Bank overdrafts	10	288,297	313,875
		389,495	403,962
Technical reserves			
Unearned premium reserve	9	158,556	133,770
Outstanding claims reserve	9	146,441	141,283
Claims incurred but not reported reserve	9	31,935	31,567
Allocated and unallocated loss adjustment expense reserve	9	3,420	3,355
Total technical reserves		340,352	309,975
Total liabilities		729,847	713,937
Total equity and liabilities		1,588,285	1,565,160

The condensed interim financial information of the Company was authorised for issue and approved by the Board of Directors on 14 MAY 2019, and signed on their behalf by:


Board Member


Chief Executive Officer


Chief Financial Officer

The notes set out on pages 9 to 20 form an integral part of these condensed interim financial information.

The independent auditors' report on review of the condensed interim financial information is set out on pages 2 and 3.

Al Wathba National Insurance Company P.J.S.C.

Condensed interim statement of profit or loss for the three-month period ended 31 March

	Note	31 March 2019 (Unaudited) AED'000	31 March 2018 (Unaudited) AED'000
Gross premiums written	17	91,381	81,483
Reinsurance share of gross premiums	17	(37,001)	(37,334)
Net premiums		54,380	44,149
Net transfer to unearned premiums reserve	17	(10,085)	(9,085)
Net premiums earned		44,295	35,064
Reinsurance commissions earned		14,069	12,361
Acquisition costs of insurance contracts		(10,923)	(7,380)
Gross underwriting income		47,441	40,045
Gross claims paid		(30,167)	(25,757)
Reinsurer share of gross claims paid		6,012	7,894
Net claims paid		(24,155)	(17,863)
Change in outstanding claims reverse		(5,158)	14,703
Change in reinsurer share of outstanding claims reserve		2,834	(12,017)
Net change in incurred but not reported claims reserve		(126)	(1,138)
Change in unallocated loss adjustment expense reserve		(65)	120
Net claims incurred	17	(26,670)	(16,195)
Underwriting income		20,771	23,850
Expenses relating to underwriting		(9,220)	(13,395)
Net underwriting income		11,551	10,455
Investment income, net	12	4,605	16,962
Income from investment properties - rental income		1,793	1,253
Share of profit from associates		1,126	1,304
Total income		19,075	29,974
Other expenses		(1,099)	(824)
Finance costs		(3,914)	(1,998)
Profit for the period from continuing operations		14,062	27,152
Discontinued operation			
Loss for the period	15	-	(337)
Profit for the period		14,062	26,815
Attributable to:			
Equity holders of the company		14,062	26,818
Non-controlling interests		-	(3)
		14,062	26,815
Basic and diluted earnings per share	13	0.07	0.13

The notes set out on pages 10 to 21 form an integral part of these condensed interim financial information.

The independent auditors' report on review of the condensed interim financial information is set out on pages 3 and 4.

Al Wathba National Insurance Company P.J.S.C.

Condensed interim statement of profit or loss and other comprehensive income
for the three-month period ended 31 March

	31 March 2019 (Unaudited) AED'000	31 March 2018 (Unaudited) AED'000
Profit for the period	14,062	26,815
Other comprehensive income		
<i>Items that will not be reclassified to statement of profit or loss in subsequent periods</i>		
Share of other comprehensive income / (loss) of associates	342	(1,166)
Gain on sale of equity investments at fair value through other comprehensive income	723	-
Change in fair value of financial assets carried at fair value through other comprehensive income	6 (7,835)	4,013
Other comprehensive (loss) / income for the period	(6,770)	2,847
Total comprehensive income for the period	7,292	29,662
Attributable to:		
Equity holders of the company	7,292	29,665
Non-controlling interests	-	(3)
	7,292	29,662

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Al Wathba National Insurance Company P.J.S.C.

Condensed interim statement of changes in shareholder's equity for the three-month period ended 31 March (Unaudited)

	Share capital AED'000	Legal reserve AED'000	Statutory reserve AED'000	General reserve AED'000	Capital reserve AED'000	Fair value reserve AED'000	Retained earnings AED'000	Equity attributable to equity holders of the Company AED'000	Non-controlling interests AED'000	Total equity AED'000
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 / (loss) for the period	-	-	-	-	-	-	26,818	26,818	(3)	26,815
Other comprehensive income	-	-	-	-	-	2,847	-	2,847	-	2,847
Total comprehensive income / (loss)	-	-	-	-	-	2,847	26,818	29,665	(3)	29,662
Balance at 31 March 2018	207,000	103,500	51,750	44,476	9,959	111	463,553	880,349	85	880,434
Balance at 1 January 2019	207,000	103,500	51,750	81,185	9,959	(31,227)	428,979	851,146	77	851,223
Profit for the period	-	-	-	-	-	-	14,062	14,062	-	14,062
Other comprehensive (loss) / income	-	-	-	-	-	(7,493)	723	(6,770)	-	(6,770)
Total comprehensive (loss) / income	-	-	-	-	-	(7,493)	14,785	7,292	-	7,292
Net changes in non-controlling interests	-	-	-	-	-	-	-	-	(77)	(77)
Balance at 31 March 2019	207,000	103,500	51,750	81,185	9,959	(38,720)	443,764	858,438	-	858,438

The notes set out on pages 10 to 21 form an integral part of these condensed interim financial information.

Al Wathba National Insurance Company P.J.S.C.

Condensed interim statement of cash flows for the three-month period ended 31 March

	Note	31 March 2019 (Unaudited) AED'000	31 March 2018 (Unaudited) AED'000
Operating activities			
Profit for the period from continuing operations		14,062	27,152
Loss for the period from discontinued operation	15	-	(337)
		<hr/>	<hr/>
Profit for the period		14,062	26,815
<i>Adjustments for:</i>			
Unearned premiums reserve, net		10,085	9,085
Outstanding claims reserve and claims incurred but not reported reserve including allocated and unallocated loss adjustment expense reserve		5,591	(14,261)
Reinsurance share of outstanding claims reserve and IBNR		(3,076)	12,593
Charge / (reversal of) provision for allowance for impairment of insurance balances receivable		718	(8,822)
Change in fair value of investments carried at FVTPL	7 & 12	36,576	67
Gain on disposal of investments carried at FVTPL	12	(9,669)	(3)
Gain on disposal of property and equipment		(19)	-
Provision for employees end of service benefits		169	309
Depreciation of property and equipment		277	271
Share of profit of associates		(1,126)	(1,304)
Finance costs		3,914	2,002
Dividend income	12	(31,615)	(16,618)
Interest income	12	(94)	(421)
		<hr/>	<hr/>
		25,793	9,713
<i>Working capital changes:</i>			
Insurance receivables and prepayments		(34,999)	(23,784)
Trade and other payables		10,906	6,674
		<hr/>	<hr/>
Cash generated from / (used in) operations		1,700	(7,397)
Finance costs paid		(3,914)	(2,002)
Employees' end of service benefits paid		(41)	(395)
		<hr/>	<hr/>
Net cash used in operating activities		(2,255)	(9,794)
Investing activities			
Purchase of property and equipment		(454)	(30)
Additions to investment properties		(293)	(1,461)
Purchase of investments carried at FVTPL	7	(45,602)	(34,170)
Purchase of investments carried at OCI		(23,629)	-
Proceeds from sale of property and equipment		20	-
Proceeds from disposal of investments carried at FVOCI		8,181	-
Proceeds from disposal of investments carried at FVTPL		84,120	2,911
Term deposits		9,090	(28)
Interest received		94	421
Dividends received from associates		-	2,878
Dividends received		4,395	16,618
		<hr/>	<hr/>
Net cash from / (used in) investing activities		35,922	(12,861)
		<hr/>	<hr/>
Net increase / (decrease) in cash and cash equivalents		33,667	(22,655)
Cash and cash equivalents at the beginning of the period		(287,090)	(144,970)
		<hr/>	<hr/>
Cash and cash equivalents at the end of the period	10	(253,423)	(167,625)
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The notes set out on pages 10 to 21 form an integral part of these condensed interim financial information.

The independent auditors' report on review of the condensed interim financial information is set out on pages 3 and 4.

Al Wathba National Insurance Company P.J.S.C.

Notes to the condensed interim financial information

1 Legal status and principal activities

Al Wathba National Insurance Company PJSC (the “Company”), incorporated in Abu Dhabi is registered as a public shareholding Company in accordance with UAE Federal Law No. (6) of 2007 concerning Insurance Companies and Agents, and is registered in the Insurance Companies Register under registration No. (2).

The Company’s principal activity is the writing of general insurance and reinsurance business of all classes, the Company’s principal activity is the transaction of general insurance and reinsurance 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.

2 Basis of preparation

(a) *Statement of compliance*

These condensed interim financial information have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. Accordingly, these do not include all of the information required for a complete set of financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRS). The results for the three-month period ended 31 March 2019 are not necessarily indicative of the results for the year ending 31 December 2019.

(b) *Basis of measurement*

The condensed interim financial information has been prepared under the historical cost convention except for the financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which are carried at fair values.

(c) *Functional and reporting currency*

These condensed interim financial information is presented in United Arab Emirates Dirhams (“AED”), which is the Company’s functional currency. Except as indicated, financial information presented in AED has been rounded to the nearest thousand.

(d) *Use of judgments and estimates*

In preparing these condensed interim financial information, management has made judgments and estimates 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.

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 described in the last annual financial statements, except for the new significant judgments and key sources of estimation uncertainty related to the application of lessee accounting under IFRS 16, which are described in note 3.1.

Al Wathba National Insurance Company P.J.S.C.

Notes to the condensed interim financial information

3 Significant accounting policies

Except as described below, the accounting policies applied in the condensed interim financial information are the same as those applied in the Company's financial statements as at and for the year ended 31 December 2018.

The changes in accounting policies are also expected to be reflected in the Company's financial statements as at and for the year ending 31 December 2019.

3.1 Change in significant accounting policies

The Company has initially adopted IFRS 16 "Leases" from 1 January 2019. A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Company's condensed interim financial information.

IFRS 16 'Leases'

(effective 1 January 2019)

The Company has adopted IFRS 16 'Leases', issued in January 2016, with the date of initial application of 1 January 2019. IFRS 16 introduces significant changes to lessee accounting. It removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognise a right-of-use asset and a lease liability at lease commencement for all leases, except for short term leases and leases of low value assets.

Lessee accounting

The Company initially measures the right-of-use asset at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

The Company initially measures the lease liability at the present value of the future lease payments discounted using the discount rate implicit in the lease. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

The Company has elected to apply the expedient allowed by IFRS 16 on its general requirements to short-term leases (i.e. one that does not include a purchase option and has a lease term at commencement date of 12 months or less) and leases of low value assets. For this the Company recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term or another systematic basis if that basis is representative of the pattern of the lessee's benefits, similar to the current accounting for operating leases.

Transition

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated. The Company has assessed the impact of the above standard. Based on the assessment, the above standard has no significant impact on the condensed interim financial information of the Company as at the reporting date.

Al Wathba National Insurance Company P.J.S.C.

Notes to the condensed interim financial information

4 Commitments and contingencies

The Company's bankers have issued in the normal course of business letters of guarantee in favour of third parties amounting to AED 6.7 million (31 December 2018: AED 6.6 million).

5 Investments at amortised cost

	31 March 2019 (Unaudited) AED'000	31 December 2018 (Audited) AED'000
Sukuk – five years	9,000	9,000

Sukuk carry interest of six-month EIBOR + 300 bps or 7.5%, whichever is higher.

6 Financial assets at fair value through other comprehensive income

	31 March 2019 (Unaudited) AED'000	31 December 2018 (Audited) AED'000
Quoted securities	249,257	240,254
Unquoted securities	26,944	27,611
	276,201	267,865

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

	31 March 2019 (Unaudited) AED'000	31 December 2018 (Audited) AED'000
Fair value at beginning of the period / year	267,865	179,005
Additions	23,629	138,684
Disposals	(7,337)	(30,109)
Change in fair value	(7,956)	(19,715)
Balance at end of the period / year	276,201	267,865

The geographical distribution of investments at FVOCI is as follows:

	270,637	260,140
Within UAE	270,637	260,140
Outside UAE	5,564	7,725
	276,201	267,865

Al Wathba National Insurance Company P.J.S.C.

Notes to the condensed interim financial information

7 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss consist of quoted investments in local securities. The movement in investments at fair value through profit or loss is as follows:

	31 March 2019 <i>(Unaudited)</i> AED'000	31 December 2018 <i>(Audited)</i> AED'000
Balance at beginning of the period / year	466,488	423,707
Additions	45,602	85,331
Disposals	(74,451)	(26,602)
Change in fair value (<i>note 12</i>)	(36,576)	(15,948)
Balance at end of the period / year	401,063	466,488

8 Premiums and insurance receivables

	31 March 2019 <i>(Unaudited)</i> AED'000	31 December 2018 <i>(Audited)</i> AED'000
Due from policy holders	56,974	49,671
Due from policy holders - related parties (<i>note 14</i>)	33,882	16,208
Due from insurance and reinsurance companies	10,921	9,755
	<u>101,777</u>	<u>75,634</u>
<i>Less: allowance for impairment of insurance balance receivables</i>	<i>(14,388)</i>	<i>(13,670)</i>
Insurance balance receivables	<u>87,389</u>	<u>61,964</u>
Prepayments	8,396	943
Accrued income	29,135	1,907
Other receivables	5,129	3,734
	<u>42,660</u>	<u>6,584</u>
Other receivables and prepayments	<u>130,049</u>	<u>68,548</u>

9 Insurance contract liabilities and reinsurance assets

	31 March 2019 <i>(Unaudited)</i> AED'000	31 December 2018 <i>(Audited)</i> AED'000
<i>Liabilities arising from insurance contracts</i>		
Gross unearned premiums reserves ("UPR")	158,556	133,770
Claims incurred but not reported reserve ("IBNR")	31,935	31,567
Gross claims outstanding reserve ("OCLR")	149,861	144,638
	<u>340,352</u>	<u>309,975</u>

Al Wathba National Insurance Company P.J.S.C.

Notes to the condensed interim financial information

9 Insurance contract liabilities and reinsurance assets (continued)

	31 March 2019 (Unaudited) AED'000	31 December 2018 (Audited) AED'000
<i>Reinsurance contract assets</i>		
Reinsurers' share of unearned premiums reserve	42,400	27,699
Reinsurers' share of IBNR reserve	8,050	7,808
Reinsurers' share of gross claims outstanding reserve	92,494	89,660
	<u>142,944</u>	<u>125,167</u>
<i>Net</i>		
Unearned premiums reserve	116,156	106,071
Claims incurred but not reported reserve	23,885	23,759
Claims outstanding reserve	57,367	54,978
	<u>197,408</u>	<u>184,808</u>

(i) Outstanding claims includes allocated and unallocated loss adjustment expense reserve of AED 3,420 thousand (31 December 2018: AED 3,355 thousand).

(ii) Unearned premiums reserve includes gross unexpired risk reserve of AED 3,220 thousand (December 31 2018: AED 2,456 thousand) and AED 336 thousand (31 December 2018: AED 257 thousand) net of reinsurance.

10 Cash and cash equivalents

	31 March 2019 (Unaudited) AED'000	31 December 2018 (Audited) AED'000
Bank balances and cash	34,874	26,785
Statutory deposit	6,000	6,000
Term deposits	85,035	94,125
	<u>125,909</u>	<u>126,910</u>
Bank and cash balances	125,909	126,910
Less: bank overdrafts	(288,297)	(313,875)
Less: term deposits with original maturity over 3 months	(85,035)	(94,125)
Less: statutory deposits	(6,000)	(6,000)
	<u>(253,423)</u>	<u>(287,090)</u>
Cash and cash equivalents	<u>(253,423)</u>	<u>(287,090)</u>

Term deposits are held with financial institutions in UAE. The original maturity ranges from three to twelve months. Interest is receivable at annual rates ranging from 0.85% to 6.00% per annum (31 December 2018: 0.85% to 6.00% 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 Company maintains a bank deposit of AED 6 million (31 December 2018: AED 6 million) which cannot be utilised without the consent of the UAE Insurance Authority.

Al Wathba National Insurance Company P.J.S.C.

Notes to the condensed interim financial information

11 Share capital

	31 March 2019 (Unaudited) AED'000	31 December 2018 (Audited) AED'000
<i>Authorised, issued and fully paid</i>		
207,000,000 (31 December 2018: 207,000,000)		
ordinary shares of AED 1 each	<u>207,000</u>	<u>207,000</u>

12 Investment income, net

	31 March 2019 (Unaudited) AED'000	31 March 2018 (Unaudited) AED'000
Gain on disposal of investments carried at fair value through profit or loss	9,669	3
Changes in fair value of investments carried at fair value through profit or loss (note 7)	(36,576)	(67)
Interest income	94	421
Dividend income	31,615	16,618
Other expenses related to investments	(197)	(13)
	<u>4,605</u>	<u>16,962</u>

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.

	Three-month period ended 31 March	
	2019 (Unaudited)	2018 (Unaudited)
Profit for the period (AED'000)	<u>14,062</u>	<u>26,818</u>
Weighted average number of ordinary shares outstanding during the period	<u>207,000,000</u>	<u>207,000,000</u>
Basic and diluted earnings per share (AED)	<u>0.07</u>	<u>0.13</u>

Al Wathba National Insurance Company P.J.S.C.

Notes to the condensed interim financial information

14 Related parties

Identity of related parties

Related parties comprise the Directors of the Company and those entities in which they have the ability to control or exercise significant influence in financial and operation of decisions. The Company maintains significant balances with these related parties which arise from commercial transactions in the ordinary course of business at commercial rates as follows:

Balances with related parties included in the condensed interim statement of financial position are as follows:

	31 March 2019 (Unaudited) AED'000	31 December 2018 (Audited) AED'000
<i>Included in insurance receivables (note 8)</i>		
Due from policy holders	<u>33,882</u>	<u>16,208</u>
<i>Included in other payables</i>		
Due to policy holders	<u>(11,586)</u>	<u>(6,056)</u>
<i>Key management personnel</i>		
Long term benefits	<u>2,519</u>	<u>2,477</u>
Remuneration of key management personnel (i)	<u>895</u>	<u>908</u>

- (i) The remuneration of key management personnel is based on the remuneration agreed in their employment contract as approved by the Board of Directors.

Transactions with related parties during the period are as follows:

	31 March 2019 (Unaudited) AED'000	31 March 2018 (Unaudited) AED'000
Gross premiums written	<u>29,547</u>	<u>34,927</u>
Net claims paid	<u>4,612</u>	<u>8,942</u>

Al Wathba National Insurance Company P.J.S.C.

Notes to the condensed interim financial information

15 Discontinued 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 condensed interim financial information of the Company for the three-month period ended 31 March 2018 as discontinued operations.

The results of VCB for the period ended 31 March 2018 was as follows:

a) Results for the period

	Three-month period ended 31 March (Unaudited)	
	2019 AED’000	2018 AED’000
Net commission income	-	56
Administrative expenses	-	(389)
Finance costs	-	(4)
Loss for the period	-	(337)

b) The carrying values of the identifiable assets and liabilities as at 31 March 2018 were as follows:

	31 March 2018 AED’000
Assets	
Accounts receivable, prepayments and other receivables	135
Due from a related party	4,000
Bank balances and cash	1,789
Total assets	5,924
Liabilities	
Employees’ end of service benefits	278
Accounts payable and accruals	41
Total liabilities	319
Net assets	5,605

Al Wathba National Insurance Company P.J.S.C.

Notes to the condensed interim financial information

16 Fair value of financial instruments

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

<i>At 31 March 2019 (Unaudited)</i>	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>	<i>Total AED'000</i>
<i>At fair value through other comprehensive income</i>				
UAE equity securities	247,841	-	22,796	270,637
Unquoted overseas equity securities	-	-	4,148	4,148
Quoted overseas equity securities	1,416	-	-	1,416
	<u>249,257</u>		<u>26,944</u>	<u>276,201</u>
<i>At fair value through profit or loss</i>				
UAE equity securities	401,063	-	-	401,063
	<u>650,320</u>		<u>26,944</u>	<u>677,264</u>
<i>At 31 December 2018 (Audited)</i>				
<i>At fair value through other comprehensive income</i>				
UAE equity securities	238,801	-	21,339	260,140
Unquoted overseas equity securities	-	-	6,272	6,272
Quoted overseas equity securities	1,453	-	-	1,453
	<u>240,254</u>		<u>27,611</u>	<u>267,865</u>
<i>At fair value through profit or loss</i>				
UAE equity securities	466,488	-	-	466,488
	<u>706,742</u>		<u>27,611</u>	<u>734,353</u>

During the period, there were no transfers between the fair value levels.

Al Wathba National Insurance Company P.J.S.C.

Notes to the condensed interim financial information

16 Fair value of financial instruments (continued)

Reconciliation of level 3 fair value measurement

<i>At 31 March 2019 (Unaudited)</i>	<i>Financial asset at fair value through other comprehensive income AED'000</i>	<i>Financial asset at fair value through profit or loss AED'000</i>	<i>Total AED'000</i>
Opening balance	27,611	-	27,611
Disposals	(51)	-	(51)
Total gains or (losses):			
- in other comprehensive income	(616)	-	(616)
Closing balance	26,944	-	26,944

<i>At 31 December 2018 (Audited)</i>	<i>Financial asset at fair value through other comprehensive income AED'000</i>	<i>Financial asset at fair value through profit or loss AED'000</i>	<i>Total AED'000</i>
Opening balance	26,684	-	26,684
Purchases	4,636	-	4,636
Total gains or (losses):			
- in other comprehensive income	(3,709)	-	(3,709)
	27,611	-	27,611

Al Wathba National Insurance Company P.J.S.C.

Notes to the condensed interim financial information

17 Segment reporting

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

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 Company's income and profit for the period.

17.1 Segment revenue and results

	2019 (Unaudited)				2018 (Audited)			
	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	1,143	88,454	1,784	91,381	2,582	77,274	1,627	81,483
Reinsurance share of gross premiums	(954)	(34,461)	(1,586)	(37,001)	(2,205)	(33,830)	(1,299)	(37,334)
Net transfer to unearned premiums reserve	22	(9,824)	(283)	(10,085)	13	(8,726)	(372)	(9,085)
Net claims incurred	(48)	(26,059)	(563)	(26,670)	43	(17,029)	791	(16,195)
Net commission earned	1,110	1,904	132	3,146	433	4,396	152	4,981
Rental income, net	-	-	-	1,793	-	-	-	1,253
Share of profit of associates	-	-	-	1,126	-	-	-	1,304
Net investment income	-	-	-	690	-	-	-	14,964
Loss from discontinuing operation	-	-	-	-	-	-	-	(337)
Segment profit (loss) before allocated expenses	1,273	20,014	(516)	3,609	866	22,085	899	41,034
Allocated expenses	(283)	(8,649)	(287)	(9,219)	(222)	(12,850)	(323)	(13,395)
Segment profit	990	11,365	(803)	3,609	644	9,235	576	27,639
Unallocated expenses	-	-	-	(1,099)	-	-	-	(824)
Profit for the period	-	-	-	14,062	-	-	-	26,815

Al Wathba National Insurance Company P.J.S.C.

Notes to the condensed interim financial information

17 Segment reporting *(continued)*

17.2 Segment assets and liabilities

	As at 31 March 2019 <i>(Unaudited)</i>			As at 31 December 2018 <i>(Audited)</i>		
	Underwriting AED'000	Investments AED'000	Total AED'000	Underwriting AED'000	Investments AED'000	Total AED'000
Segment assets	363,728	1,216,157	1,579,885	312,175	1,244,595	1,556,770
Unallocated assets			8,400			8,390
Total assets			<u>1,588,285</u>			<u>1,565,160</u>
Segment liabilities	402,441	303,887	706,328	355,246	326,084	681,330
□ □ allocated liabilities			23,519			32,607
Total liabilities			<u>729,847</u>			<u>713,937</u>