

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

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

**30 SEPTEMBER 2017**

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

**BOARD OF DIRECTORS' REPORT**

**30 SEPTEMBER 2017**



شركة الوثبة الوطنية للتأمين  
AL WATHBA NATIONAL INSURANCE CO. P.J.S.C

## Board of Directors' Report on the Company Business For the Period Ended 30 September 2017

The Board of Directors of Al Wathba National Insurance Company (the "Company") is pleased to submit the semi-annual report of the Company's activities accompanied by the audited financial statements for the period ended 30 September 2017.

Al Wathba National Insurance Company continued its positive results during the third quarter with a net profit of AED 58.87 million compared to AED 55.87 million for the same period in 2016. This positive performance reflects a significant improvement in the insurance results. Net underwriting income amounted to AED 22.78 million compared to a loss of AED 8.36 million. Total gross premium written for the period amounted to AED 183.95 million, with net insurance profits accounting for 12% of the total written premium.

The company's net investment income for the period amounted to AED 36.09 million. The above results reflect the company's focus on insurance business through the technical pricing of the business and through the provision of services to customers distinctly through the company's multiple channels.

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

رأس المال المدفوع و المصرح به (٢٠٧) مليون درهم شركة خاضعة لأحكام القانون الإتحادي رقم (٦) لسنة ٢٠٠٧ في شأن إنشاء هيئة التأمين و تنظيم أعماله و مقيدة بسجل شركات التأمين الرقم (١٠)

المكتب الرئيسي : ص. ب. : ٤٥١٥٤ ، أبو ظبي ، أ.ع.م ، هاتف : ٤١٨٥٣٠٠ (٢) +٩٧١ ، فاكس : ٦٧٧٦٦٢٨ (٢) +٩٧١  
Head Office : P.O. Box : 45154, Abu Dhabi, U.A.E. Tel : +971 (2) 4185300, Fax : +971 (2) 6776628

E-mail: [alwathba@awnic.com](mailto:alwathba@awnic.com)

Web : [www.awnic.com](http://www.awnic.com)



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

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS (UNAUDITED)**

**30 SEPTEMBER 2017**

## **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 and its subsidiary (the “Group”) as at 30 September 2017, comprising of the interim consolidated statement of financial position as at 30 September 2017, 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 2017  
Abu Dhabi

# Al Wathba National Insurance Company (PJSC)

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017 (unaudited)

		30 September 2017 (Unaudited) AED 000	31 December 2016 (Audited) AED 000
	Notes		
<b>ASSETS</b>			
Property and equipment		4,538	6,145
Investment in associates		141,218	132,198
Intangible asset		2,027	2,311
Investments at amortised cost	4	5,000	5,000
Investments carried at fair value through other comprehensive income	5	174,697	243,686
Investments carried at fair value through profit or loss	6	423,046	333,041
Investment properties		340,612	338,298
Insurance balances receivable	7	48,129	58,702
Statutory deposits	9	6,000	6,000
Reinsurance share of unearned premium reserve	8	27,935	31,352
Reinsurer's share of outstanding claims reserve	8	128,418	145,298
Reinsurer's share of claims incurred but not reported	8	11,268	21,509
Other receivables and prepayments	7	8,097	30,909
Deposits	9	39,469	38,497
Cash and bank balances	9	57,046	60,985
<b>TOTAL ASSETS</b>		<b><u>1,417,500</u></b>	<b><u>1,453,931</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		44,476	23,323
Capital reserve		9,959	9,959
Investment revaluation reserve		(15,128)	19,267
Retained earnings		432,577	406,263
<b>Equity attributable to equity holders of the parent</b>		<b>834,134</b>	<b>821,062</b>
Non-controlling interests		92	119
<b>Total equity</b>		<b><u>834,226</u></b>	<b><u>821,181</u></b>
<b>LIABILITIES</b>			
Bank overdrafts	9	193,407	191,506
Employees' end of service benefits		7,908	9,056
Trade and other payables		70,445	103,055
<b>Technical provisions</b>			
Outstanding claims reserve	8	169,799	186,453
Unearned premium reserve	8	107,055	97,346
Incurred but not reported reserve	8	31,218	41,840
Unallocated loss adjustment expense reserve	8	3,442	3,494
<b>Total technical provisions</b>		<b>311,514</b>	<b>329,133</b>
<b>Total liabilities</b>		<b><u>583,274</u></b>	<b><u>632,750</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>1,417,500</u></b>	<b><u>1,453,931</u></b>

  
BOARD MEMBER

  
Bassam Adib Chilmeran  
CHIEF EXECUTIVE OFFICER

  
Abhilash Cherian  
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

Period ended 30 September 2017 (unaudited)

	Notes	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
		<i>2017</i> <i>AED 000</i>	<i>2016</i> <i>AED 000</i>	<i>2017</i> <i>AED 000</i>	<i>2016</i> <i>AED 000</i>
Gross premiums written		<b>43,811</b>	48,194	<b>183,954</b>	243,433
Reinsurance premium ceded		<b>(12,830)</b>	(22,455)	<b>(75,391)</b>	(130,713)
<b>Net premium</b>		<b>30,981</b>	25,739	<b>108,563</b>	112,720
Net change in unearned premium provision		<b><u>3,215</u></b>	<u>10,748</u>	<b><u>(13,126)</u></b>	<u>(9,483)</u>
<b>Net premium earned</b>		<b><u>34,196</u></b>	<u>36,487</u>	<b><u>95,437</u></b>	<u>103,237</u>
Gross commission earned		<b>4,617</b>	5,669	<b>25,935</b>	31,284
Less: commission incurred		<b>(3,866)</b>	(3,714)	<b>(15,528)</b>	(19,201)
<b>Net commission earned</b>		<b><u>751</u></b>	<u>1,955</u>	<b><u>10,407</u></b>	<u>12,083</u>
<b>Gross underwriting income</b>		<b><u>34,947</u></b>	<u>38,442</u>	<b><u>105,844</u></b>	<u>115,320</u>
Gross claims paid		<b>(30,276)</b>	(50,180)	<b>(115,139)</b>	(153,930)
Reinsurance share of claims paid		<b><u>12,348</u></b>	<u>17,900</u>	<b><u>58,786</u></b>	<u>54,866</u>
<b>Net claims paid</b>		<b>(17,928)</b>	(32,280)	<b>(56,353)</b>	(99,064)
Change in outstanding claims reverse		<b>1,498</b>	(13,685)	<b>16,654</b>	(29,114)
Change in reinsurance share of outstanding claims reverse		<b>(227)</b>	12,293	<b>(16,880)</b>	31,761
Net (increase) decrease in incurred but not reported claims reserve		<b>(3,411)</b>	1,501	<b>381</b>	2,934
(Increase) decrease in unallocated loss adjustment expense reserve		<b><u>(90)</u></b>	<u>(1,628)</u>	<b><u>52</u></b>	<u>(1,628)</u>
<b>Net claims incurred</b>		<b>(20,158)</b>	(33,799)	<b>(56,146)</b>	(95,111)
<b>Underwriting income</b>		<b>14,789</b>	4,643	<b>49,698</b>	20,209
General and administrative expenses relating to underwriting		<b><u>(9,473)</u></b>	<u>(8,560)</u>	<b><u>(26,909)</u></b>	<u>(28,571)</u>
<b>Net underwriting income (loss)</b>		<b>5,316</b>	(3,917)	<b>22,789</b>	(8,362)
Income from investments	11	<b>10,476</b>	(197)	<b>26,286</b>	53,260
Income from investment properties (rental income)		<b>2,191</b>	3,203	<b>7,242</b>	8,254
Share of profit of associates		<b><u>565</u></b>	<u>1,334</u>	<b><u>13,762</u></b>	<u>11,214</u>
<b>Total income</b>		<b>18,548</b>	423	<b>70,079</b>	64,366
Other expenses		<b>(1,423)</b>	(1,336)	<b>(3,921)</b>	(3,778)
Finance costs		<b><u>(1,563)</u></b>	<u>(1,309)</u>	<b><u>(4,593)</u></b>	<u>(3,404)</u>
<b>Profit (loss) for the year from continuing operations</b>		<b>15,562</b>	(2,222)	<b>61,565</b>	57,184
<b>DISCONTINUING OPERATIONS</b>					
Loss for the period	14	<b><u>(575)</u></b>	<u>(619)</u>	<b><u>(2,687)</u></b>	<u>(1,317)</u>
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b><u>14,987</u></b>	<u>(2,841)</u>	<b><u>58,878</u></b>	<u>55,867</u>
<b>Attributable to:</b>					
Equity holders of the parent		<b>14,994</b>	(2,834)	<b>58,905</b>	55,882
Non-controlling interests		<b><u>(7)</u></b>	<u>(7)</u>	<b><u>(27)</u></b>	<u>(15)</u>
		<b><u>14,987</u></b>	<u>(2,841)</u>	<b><u>58,878</u></b>	<u>55,867</u>
Basic and diluted earnings (loss) per share	13	<b><u>0.07</u></b>	<u>(0.01)</u>	<b><u>0.28</u></b>	<u>0.27</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 COMPREHENSIVE INCOME

Period ended 30 September 2017 (unaudited)

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>AED 000</i>	<i>AED 000</i>	<i>AED 000</i>	<i>AED 000</i>
<b>Profit (loss) for the period</b>	<b>14,987</b>	<b>(2,841)</b>	<b>58,878</b>	<b>55,867</b>
<b>Other comprehensive (loss) income</b>				
<b>Items that will not be reclassified to statement of income:</b>				
Share of other comprehensive loss of associates	(4,125)	(2,390)	(4,209)	(3,634)
Gain on sale of investments carried at fair value through other comprehensive income	205	-	303	-
Changes in fair value relating to investments carried at fair value through other comprehensive income, net	<u>(7,375)</u>	<u>(9,307)</u>	<u>(10,877)</u>	<u>6,103</u>
<b>Other comprehensive (loss) income for the period</b>	<b><u>(11,295)</u></b>	<b><u>(11,697)</u></b>	<b><u>(14,783)</u></b>	<b><u>2,469</u></b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<b><u>3,692</u></b>	<b><u>(14,538)</u></b>	<b><u>44,095</u></b>	<b><u>58,336</u></b>
Attributable to:				
Equity holders of the parent	<u>3,699</u>	(14,531)	44,122	58,351
Non-controlling interests	<u>(7)</u>	<u>(7)</u>	<u>(27)</u>	<u>(15)</u>
	<b><u>3,692</u></b>	<b><u>(14,538)</u></b>	<b><u>44,095</u></b>	<b><u>58,336</u></b>

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

Period ended 30 September 2017 (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	Total AED 000	Non- controlling interests AED 000	Total equity AED 000
Balance at 1 January 2016	207,000	76,146	51,750	23,323	9,959	2,236	404,420	774,834	-	774,834
Profit for the period	-	-	-	-	-	-	55,882	55,882	(15)	55,867
Other comprehensive income	-	-	-	-	-	2,469	-	2,469	-	2,469
Total comprehensive income	-	-	-	-	-	2,469	55,882	58,351	(15)	58,336
Transfer to legal reserve	-	27,354	-	-	-	-	(27,354)	-	-	-
Acquired as part of a business combination	-	-	-	-	-	-	-	-	639	639
Capital reduction of a subsidiary	-	-	-	-	-	-	-	-	(500)	(500)
Dividends paid (note 12)	-	-	-	-	-	-	(20,700)	(20,700)	-	(20,700)
Balance at 30 September 2016	207,000	103,500	51,750	23,323	9,959	4,705	412,248	812,485	124	812,609
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>

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

Period ended 30 September 2017 (unaudited)

	Notes	Nine months ended 30 September 2017 AED 000	Nine months ended 30 September 2016 AED 000
<b>OPERATING ACTIVITIES</b>			
Profit for the period from continuing operations		61,565	57,184
Loss for the period from discontinuing operations	14	<u>(2,687)</u>	<u>(1,317)</u>
Profit for the period		58,878	55,867
Adjustments for:			
Net movement in unearned premiums reserve		13,126	9,483
Change in outstanding claims and claims incurred but not reported reserves		<u>(27,328)</u>	49,774
Change in reinsurance share of outstanding claims and claims incurred but not reported reserves		27,121	(53,727)
Provision for (reversal of) allowance for impaired receivables		3,547	(472)
Change in fair value of investments carried at fair value through profit or loss	6 & 11	13,966	(11,073)
Gain on disposal of investments carried at fair value through profit or loss		<u>(7,184)</u>	(13,013)
Provision for employees end of service benefits		932	826
Depreciation of property and equipment		1,633	1,464
Amortisation of intangible assets		284	172
Share of profit of associates		<u>(13,762)</u>	(11,214)
Gain on disposal of shares from an investment in associate	11	<u>(1,349)</u>	-
Fair value gain on acquirer's previously held equity interest	11	-	(1,738)
Bargain purchase	11	-	(490)
Finance costs		4,593	3,404
Dividend income	11	<u>(30,613)</u>	<u>(25,485)</u>
Interest income	11	<u>(1,027)</u>	<u>(781)</u>
		42,817	2,997
Working capital changes:			
Insurance receivables and prepayments		29,838	17,333
Trade and other payables		<u>(32,610)</u>	<u>(16,685)</u>
Cash from operations		40,045	3,645
Finance costs paid		<u>(4,593)</u>	<u>(3,404)</u>
Employees' end of service benefits paid		<u>(2,080)</u>	<u>(1,410)</u>
Net cash from (used in) operating activities		<u>33,372</u>	<u>(1,169)</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(26)	(351)
Additions to investment properties		<u>(2,314)</u>	-
Purchase of investments carried at fair value through profit or loss	6	<u>(252,960)</u>	(206,942)
Proceeds from disposal of investments carried at fair value through other comprehensive income		58,415	-
Proceeds from disposal of investments carried at fair value through profit or loss		156,173	159,528
Purchase of right shares of an associate		<u>(7,796)</u>	-
Disposal of shares in an associate		3,777	-
Acquisition of a subsidiary, net of cash acquired		-	(8,673)
Term deposits		<u>(972)</u>	(4,048)
Interest received		1,027	781
Capital reduction of a subsidiary – non-controlling interest		-	(500)
Dividends received from associates		5,901	5,169
Dividends received		<u>30,613</u>	<u>25,485</u>
Net cash used in investing activities		<u>(8,162)</u>	<u>(29,551)</u>
<b>FINANCING ACTIVITY</b>			
Dividends paid		<u>(31,050)</u>	<u>(20,700)</u>
Cash used in financing activity		<u>(31,050)</u>	<u>(20,700)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(5,840)</b>	<b>(51,420)</b>
Cash and cash equivalents at the beginning of the period		<u>(130,521)</u>	<u>(78,966)</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>9</b>	<b><u>(136,361)</u></b>	<b><u>(130,386)</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 2017 (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 Company is registered in accordance with UAE Federal Law No. 6 of 2007 on Establishment of Insurance Authority and Organisation of its Operations, 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 2017.

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### *Basis of preparation*

The interim condensed consolidated financial statements for the nine-months ended 30 September 2017 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 2016. In addition, results for the nine-months period ended 30 September 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

#### *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 2016, except for the adoption of the following new interpretations and amendments to standards effective as of 1 January 2017.

- Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative
- Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses
- Annual Improvements 2014-2016 Cycle:
  - Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The amendments to standards listed above had no significant impact on the Group’s consolidated financial position or performance or disclosures.

# Al Wathba National Insurance Company (PJSC)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2017 (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 2016.

#### *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%

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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**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 7.7 million (31 December 2016: 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 2016: 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 2017 (Unaudited) AED 000</i>	<i>31 December 2016 (Audited) AED 000</i>
Quoted securities	147,572	217,751
Unquoted securities	<u>27,125</u>	<u>25,935</u>
	<u>174,697</u>	<u>243,686</u>

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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

	<b>30 September 2017 (Unaudited) AED 000</b>	<b>31 December 2016 (Audited) AED 000</b>
Fair value at beginning of period / year	<b>243,686</b>	190,544
Additions	-	30,083
Disposals	<b>(58,112)</b>	-
Change in fair value	<b><u>(10,877)</u></b>	<u>23,059</u>
Fair value at end of the period / year	<b><u>174,697</u></b>	<u>243,686</u>

The geographical distribution of investments is as follows:

Within UAE	<b>166,601</b>	236,119
Outside UAE	<b><u>8,096</u></b>	<u>7,567</u>
	<b><u>174,697</u></b>	<u>243,686</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 2017 (Unaudited) AED 000</b>	<b>31 December 2016 (Audited) AED 000</b>
Fair value at beginning of period / year	<b>333,041</b>	295,105
Additions	<b>252,960</b>	263,719
Disposals	<b>(148,989)</b>	(237,009)
Change in fair value (note 11)	<b><u>(13,966)</u></b>	<u>11,226</u>
Fair value at end of the period / year	<b><u>423,046</u></b>	<u>333,041</u>

The geographical distribution of investments is as follows:

Within UAE	<b><u>423,046</u></b>	<u>333,041</u>
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# Al Wathba National Insurance Company (PJSC)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2017 (unaudited)

### 7 INSURANCE RECEIVABLES AND PREPAYMENTS

	<i>30 September 2017 (Unaudited) AED 000</i>	<i>31 December 2016 (Audited) AED 000</i>
Due from policy holders	45,094	37,243
Due from policy holders - related parties	14,476	11,831
Due from insurance and reinsurance companies	<u>10,011</u>	<u>27,533</u>
	69,581	76,607
Less: allowance for impaired receivables	<u>(21,452)</u>	<u>(17,905)</u>
Insurance balance receivable	<u>48,129</u>	<u>58,702</u>
Margin trading receivables	354	15,919
Amounts due from securities markets	-	6,265
Prepayments	2,146	1,727
Accrued income	1,038	2,918
Other receivables	<u>4,559</u>	<u>4,080</u>
Other receivables and prepayments	<u>8,097</u>	<u>30,909</u>
	<u>56,226</u>	<u>89,611</u>

### 8 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

	<i>30 September 2017 (Unaudited) AED 000</i>	<i>31 December 2016 (Audited) AED 000</i>
<b>Insurance contract liabilities</b>		
Outstanding claims reserve (i)	173,241	189,947
Claims incurred but not reported	31,218	41,840
Unearned premiums reserve	<u>107,055</u>	<u>97,346</u>
	<u>311,514</u>	<u>329,133</u>
<b>Reinsurance contract assets</b>		
Outstanding claims reserve	128,418	145,298
Claims incurred but not reported	11,268	21,509
Unearned premiums reserve	<u>27,935</u>	<u>31,352</u>
	<u>167,621</u>	<u>198,159</u>
<b>Insurance liabilities - net</b>		
Outstanding claims reserve (i)	44,823	44,649
Claims incurred but not reported	19,950	20,331
Unearned premiums reserve	<u>79,120</u>	<u>65,994</u>
	<u>143,893</u>	<u>130,974</u>

# Al Wathba National Insurance Company (PJSC)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

- (i) Outstanding claims includes allocated and unallocated loss adjustment expense reserve of AED 3,442 thousand (2016: AED 3,494).
- (ii) Unearned premium reserve includes gross unexpired risk reserve of AED 1,571 thousand (2016: AED 1,671 thousand) and AED 174 thousand (2016: AED 308 thousand) net of reinsurance.

### 9 CASH AND CASH EQUIVALENTS

	<i>30 September 2017 (Unaudited) AED 000</i>	<i>30 September 2016 (Unaudited) AED 000</i>
Bank and cash	57,046	34,041
Statutory deposit	6,000	6,000
Term deposits	<u>39,469</u>	<u>38,497</u>
Bank and cash balances	102,515	78,538
Less: bank overdrafts	(193,407)	(164,427)
Less: term deposits with original maturity over 3 months	(39,469)	(38,497)
Less: statutory deposits	<u>(6,000)</u>	<u>(6,000)</u>
Cash and cash equivalents	<u>(136,361)</u>	<u>(130,386)</u>

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% per annum (30 September 2016: 0.85% to 2.60% 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 2016: AED 6 million) which cannot be utilised without the consent of the UAE Insurance Authority.

### 10 SHARE CAPITAL

	<i>30 September 2017 (Unaudited) AED 000</i>	<i>31 December 2016 (Audited) AED 000</i>
<i>Authorised, issued and fully paid</i>		
207,000,000 (31 December 2016: 207,000,000)		
ordinary shares of AED 1 each	<u>207,000</u>	<u>207,000</u>



# Al Wathba National Insurance Company (PJSC)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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### 11 NET INVESTMENT INCOME

	<i>30 September 2017 (Unaudited) AED 000</i>	<i>30 September 2016 (Unaudited) AED 000</i>
Gain on disposal of investments carried at fair value through profit or loss	7,184	13,013
Changes in fair value of investments carried at fair value through profit or loss (note 6)	<b>(13,966)</b>	11,073
Gain on disposal of shares from an investment in associate*	<b>1,349</b>	-
Fair value gain on acquirer's previously held equity interest	-	1,738
Bargain purchase	-	490
Interest income	<b>1,027</b>	781
Dividend income	<b>30,613</b>	25,485
Other income	<u>79</u>	<u>680</u>
	<b><u>26,286</u></b>	<b><u>53,260</u></b>

\* During the period, the Group disposed 2,474,100 shares of its investment in Vision Insurance SAOC, an investment in associate, for a consideration of AED 3,777 thousand, which resulted in a gain of AED 1,349 thousand being recognised. The ownership interest of Vision Insurance SAOC as at 30 September 2017 was 17.53% (2016: 20%). The investment continues to be classified as an investment in associate, as significant influence exists as a result of having a representation on the board of directors of the investment.

### 12 RETAINED EARNINGS

At the Annual General Meeting held on 17 April 2017, the shareholders approved the distribution of cash dividends of AED 0.15 per share amounting to AED 31,050 thousand (31 December 2016: AED 0.10 per share amounting to AED 20,700 thousand).

The Board of Directors proposed a transfer of AED 21,153 thousand from retained earnings to general reserve, which was approved in the General Assembly Meeting held on 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>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
Profit (loss) for the period (AED '000)	<u>14,987</u>	<u>(2,841)</u>	<u>58,878</u>	<u>55,867</u>
Weighted average number of ordinary shares outstanding during the period	<u>207,000,000</u>	<u>207,000,000</u>	<u>207,000,000</u>	<u>207,000,000</u>
Basic and diluted earnings (loss) per share (AED)	<u>0.07</u>	<u>(0.01)</u>	<u>0.28</u>	<u>0.27</u>

# Al Wathba National Insurance Company (PJSC)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2017 (unaudited)

### 14 DISCONTINUING OPERATION

During the period ended 30 September 2017, the Company's Board of Directors have resolved to liquidate the subsidiary, Vision Capital Brokerage Company LLC (VCB). The Group expects to realise an amount equivalent to the net assets of VCB.

The results of VCB for the period ended 30 September 2017 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>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Net commission income	-	277	143	488
Income from margin trading	1	295	39	591
Administrative expenses	(538)	(1,126)	(2,752)	(2,266)
Finance costs	(38)	(65)	(117)	(130)
<b>LOSS FOR THE PERIOD</b>	<b>(575)</b>	<b>(619)</b>	<b>(2,687)</b>	<b>(1,317)</b>

b) The carrying values of the identifiable assets and liabilities as at 30 September 2017 are as follows:

	<i>30 September</i>
	<i>2017</i>
	<i>AED '000</i>
<b>ASSETS</b>	
<b>Current assets</b>	
Accounts receivable, prepayments and other receivables	783
Due from a related party	4,542
Bank balances and cash	<u>1,661</u>
<b>TOTAL ASSETS</b>	<b><u>6,986</u></b>
<b>Current liabilities</b>	
Employees' end of service benefits	287
Accounts payable and accruals	152
Due to security markets	<u>153</u>
<b>TOTAL LIABILITIES</b>	<b><u>592</u></b>
<b>NET ASSETS</b>	<b><u>6,394</u></b>

## Al Wathba National Insurance Company (PJSC)

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2017 (unaudited)

#### 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, 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 Group's income and profit for the period.

#### 15.1 Segment revenue and results

	2017					2016				
	Marine and aviation AED'000	Fire and general accident AED'000	Medical AED'000	Investments AED'000	Total AED'000	Marine and aviation AED'000	Fire and general accident AED'000	Medical AED'000	Investments AED'000	Total AED'000
Gross premiums written	6,154	176,014	1,786	-	183,954	11,002	167,027	65,404	-	243,433
Reinsurance premium ceded	(5,103)	(69,294)	(994)	-	(75,391)	(9,708)	(77,461)	(43,544)	-	(130,713)
Movement in provision for unearned premiums	126	(14,428)	1,176	-	(13,126)	135	(9,336)	(282)	-	(9,483)
Net claims incurred	(467)	(58,383)	2,704	-	(56,146)	(623)	(54,502)	(39,986)	-	(95,111)
Net commission earned (incurred)	2,144	7,687	576	-	10,407	2,173	10,345	(435)	-	12,083
Rental income, net	-	-	-	7,242	7,242	-	-	-	8,254	8,254
Share of profit of associates	-	-	-	13,762	13,762	-	-	-	11,214	11,214
Net investment income	-	-	-	21,693	21,693	-	-	-	49,856	49,856
Loss from discontinuing operation	-	-	-	(2,687)	(2,687)	-	-	-	(1,317)	(1,317)
Segment profit (loss) before allocated expenses	2,854	41,596	5,248	40,010	89,708	2,979	36,073	(18,843)	68,007	88,216
Allocated expenses	(1,193)	(24,388)	(1,328)	-	(26,909)	(1,656)	(21,801)	(5,114)	-	(28,571)
Segment profit (loss)	1,661	17,208	3,920	40,010	62,799	1,323	14,272	(23,957)	68,007	59,645
Unallocated expenses	-	-	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	(3,921)	-	-	-	-	(3,778)
					58,878					55,867

#### Note 1:

The results of the Company's associate, Foodco, for the three-month period ended 30 September 2017 are not available as at the date of approval of these nine-month interim consolidated financial statements. These will be incorporated in the Company's annual consolidated financial statements for the year ended 31 December 2017 (nine-month period ended 30 September 2016: same).

# Al Wathba National Insurance Company (PJSC)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2017 (unaudited)

### 15 SEGMENT REPORTING continued

#### 15.2 Segment assets and liabilities

	<i>As at 30 September 2017 (unaudited)</i>			<i>As at 31 December 2016 (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	275,379	1,134,214	1,409,593	315,178	1,132,314	1,447,492
Unallocated assets			<u>7,907</u>			<u>6,439</u>
Total assets			<u>1,417,500</u>			<u>1,453,931</u>
Segment liabilities	362,797	201,696	564,493	390,991	214,616	605,607
Unallocated liabilities			<u>18,781</u>			<u>27,143</u>
Total liabilities			<u>583,274</u>			<u>632,750</u>
Capital expenditure	<u>26</u>	<u>-</u>	<u>26</u>	<u>1,143</u>	<u>-</u>	<u>1,143</u>