

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

Condensed interim financial information

30 September 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

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Board of Directors' Report on the Company Business

For the Period Ended 30 September 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 reviewed financial statements for the period ended 30 September 2019.

The third quarter of the year was characterized by a modest but sustained recovery of the economy reflective of the UAE government's economic diversification measures from the onset of the year. The policy has led into impressive development in key non-oil producing sectors such as tourism, air transport, trade, financial services, manufacturing and alternative energy which has led to the increased participation of foreign investors in the economy and ultimately promoted foreign investment in the country.

Financial markets in both Dubai (DFM) and Abu Dhabi (ADX) recorded their best with improvement in indices expected to be reflected in the results of listed companies for the third quarter.

The insurance sector continues to show a conservative level of growth as the market continues to struggle with the level of intense competition in the market which has heavily impacted the motor and medical lines of business.

Al Wathba National Insurance Company reported a net profit of AED 35.6 million for the period 2019, of which net underwriting income for the year amounted to AED 31.6 million, and investment profit amounting to AED 4 million for the year.

The above results reflect a significant improvement over the results of the second quarter of 2019, where the company recorded a net profit of AED 10.5 million, of which AED 21 million was the net underwriting profit and a loss in investment business amounting to (AED 10.5 million).





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.

Shk. Saif Bin Mohammed Bin Butti Al Hamed
Chairman



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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 30 September 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 30 September 2019;
- the condensed interim statement of profit or loss for the three-month and nine-month periods ended 30 September 2019;
- the condensed interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2019;
- the condensed interim statement of changes in shareholders' equity for the nine-month period ended 30 September 2019;
- the condensed interim statement of cash flows for the nine-month period ended 30 September 2019; and
- notes to the condensed interim financial information.

Management is responsible for the preparation and presentation of this 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 30 September 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 nine-month period ended 30 September 2018 and the financial statements for the year ended 31 December 2018 were reviewed and audited respectively by another auditor who expressed an unmodified conclusion on the condensed interim financial information for the nine-month period ended 30 September 2018 on 12 November 2018 and an unmodified opinion on the financial statements for the year ended 31 December 2018 on 26 March 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: **12 NOV 2019**

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

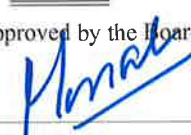
Condensed interim statement of financial position as at

		30 September 2019 (Unaudited) AED'000	31 December 2018 (Audited) AED'000
	Note		
Assets			
Property and equipment		5,033	4,387
Investment in associates		121,044	159,399
Investments at amortised cost	5	14,000	9,000
Financial assets at fair value through other comprehensive income	6	332,806	267,865
Financial assets at fair value through profit or loss	7	445,073	466,488
Investment properties		337,828	337,396
Insurance balances receivable	8	57,106	61,964
Statutory deposit	10	6,000	6,000
Reinsurers' share of unearned premiums reserve	9	35,342	27,699
Reinsurers' share of gross claims outstanding reserve	9	95,623	89,660
Reinsurers' share of claims incurred but not reported reserve	9	10,934	7,808
Other receivables and prepayments	8	9,732	6,584
Term deposits	10	88,578	94,125
Bank balances and cash	10	38,121	26,785
Total assets		1,597,220	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		(92,305)	(31,227)
Retained earnings		436,996	428,979
Equity attributable to equity holders of the Company		798,085	851,146
Non-controlling interests		-	77
Total equity		798,085	851,223
Technical reserves			
Gross unearned premiums reserve	9	124,510	133,770
Claims incurred but not reported reserve	9	38,733	31,567
Gross claims outstanding reserve	9	143,230	141,283
Allocated and unallocated loss adjustment expense reserve	9	3,573	3,355
Total technical reserves		310,046	309,975
Liabilities			
Employees' end of service benefits		7,215	6,859
Trade and other payables		81,018	83,228
Bank overdrafts	10	400,856	313,875
		489,089	403,962
Total liabilities		799,135	713,937
Total equity and liabilities		1,597,220	1,565,160

The condensed interim financial information of the Company was authorised for issue and approved by the Board of Directors on 12 NOV 2019, and signed on their behalf by:


Sheikh Saif Bin Mohammed Bin Butti
Chairman


Bassam Chilmeran
Chief Executive Officer


Murali Krishnan
Chief Financial Officer

The notes set out on pages 10 to 21 form an integral part of this 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 for the period ended 30 September (Unaudited)

	Note	Three-month period ended		Nine-month period ended	
		2019 AED'000	2018 AED'000	2019 AED'000	2018 AED'000
Gross premiums written	17	51,153	66,446	190,491	210,325
Reinsurance share of gross premiums	17	(17,984)	(21,291)	(71,904)	(77,654)
Net premiums		33,169	45,155	118,587	132,671
Net transfer to unearned premiums reserve	17	11,864	(4,151)	16,903	(20,954)
Net premiums earned		45,033	41,004	135,490	111,717
Reinsurance commissions earned		6,681	7,292	26,718	26,398
Acquisition costs of insurance contracts		(6,194)	(8,882)	(23,598)	(24,057)
Gross underwriting income		45,520	39,414	138,610	114,058
Gross claims paid		(46,426)	(28,245)	(107,494)	(80,903)
Reinsurer share of gross claims paid		19,461	12,238	33,626	30,376
Net claims paid		(26,965)	(16,007)	(73,868)	(50,527)
Change in outstanding claims reserve		8,655	13,116	(1,947)	30,447
Change in reinsurer share of outstanding claims reserve		(1,999)	(11,963)	5,962	(30,250)
Net change in incurred but not reported claims reserve		(2,817)	(288)	(4,039)	(1,374)
Change in unallocated loss adjustment expense reserve		37	109	(218)	257
Net claims incurred	17	(23,089)	(15,033)	(74,110)	(51,447)
Underwriting income		22,431	24,381	64,500	62,611
Expenses relating to underwriting		(11,928)	(11,766)	(32,816)	(30,659)
Net underwriting income		10,503	12,615	31,684	31,952
Investment income, net	12	20,272	16,429	22,431	39,984
Income from investment properties - rental income		1,422	1,668	5,415	4,644
Share of (loss) / profit from associates		(1,202)	1,746	(7,516)	14,866
Total income		30,995	32,458	52,014	91,446
Other expenses		(1,016)	(1,136)	(3,007)	(2,643)
Finance costs		(4,850)	(2,541)	(13,373)	(6,976)
Profit for the period from continuing operations		25,129	28,781	35,634	81,827
Discontinued operation					
Loss for the period	15	-	(194)	-	(798)
Profit for the period		25,129	28,587	35,634	81,029
Attributable to:					
Equity holders of the Company		25,129	28,589	35,634	81,037
Non-controlling interests		-	(2)	-	(8)
		25,129	28,587	35,634	81,029
Basic and diluted earnings per share	13	0.12	0.14	0.17	0.39

The notes set out on pages 10 to 21 form an integral part of this 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 period ended 30 September (Unaudited)

	Note	Three-month period ended		Nine-month period ended	
		2019 AED'000	2018 AED'000	2019 AED'000	2018 AED'000
Profit for the period		25,129	28,587	35,634	81,029
Other comprehensive income					
<i>Items that will not be reclassified to statement of profit or loss in subsequent periods</i>					
Share of other comprehensive loss of associates		(7,325)	(9,020)	(26,213)	(2,530)
Gain on sale of financial assets at fair value through other comprehensive income		758	11,206	6,994	11,206
Change in fair value of financial assets at fair value through other comprehensive income	6	(21,707)	(4,354)	(38,426)	(5,690)
Other comprehensive loss for the period		(28,274)	(2,168)	(57,645)	2,986
Total comprehensive (loss) / income for the period		(3,145)	26,419	(22,011)	84,015
Attributable to:					
Equity holders of the Company		(3,145)	26,421	(22,011)	84,023
Non-controlling interests		-	(2)	-	(8)
		(3,145)	26,419	(22,011)	84,015

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

Condensed interim statement of changes in shareholder's equity for the nine-month period ended 30 September (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	-	-	-	-	-	-	81,037	81,037	(8)	81,029
Other comprehensive (loss) / income	-	-	-	-	-	(8,220)	11,206	2,986	-	2,986
Total comprehensive (loss) / income	-	-	-	-	-	(8,220)	92,243	84,023	(8)	84,015
Transferred to retained earnings on disposal of OCI	-	-	-	-	-	(9,643)	9,643	-	-	-
Transfer from retained earnings to general reserve	-	-	-	36,709	-	-	(36,709)	-	-	-
<i>Transactions with owners of the Company</i>										
Dividend paid	-	-	-	-	-	-	(31,050)	(31,050)	-	(31,050)
Balance at 30 September 2018	207,000	103,500	51,750	81,185	9,959	(20,599)	470,862	903,657	80	903,737
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	-	-	-	-	-	-	35,634	35,634	-	35,634
Other comprehensive (loss) / income	-	-	-	-	-	(64,639)	6,994	(57,645)	-	(57,645)
Total comprehensive (loss) / income	-	-	-	-	-	(64,639)	42,628	(22,011)	-	(22,011)
Transferred to retained earnings on disposal of OCI	-	-	-	-	-	3,561	(3,561)	-	-	-
<i>Transactions with owners of the Company</i>										
Dividend paid	-	-	-	-	-	-	(31,050)	(31,050)	(77)	(31,050)
Net changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(77)
Balance at 30 September 2019	207,000	103,500	51,750	81,185	9,959	(92,305)	436,996	798,085	-	798,085

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

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

Condensed interim statement of cash flows for the nine-month period ended 30 September (Unaudited)

	Note	2019 AED'000	2018 AED'000
Cash flows from operating activities			
Profit for the period from continuing operations		35,634	81,827
Loss for the period from discontinued operations	15	-	(798)
Profit for the period		35,634	81,029
<i>Adjustments for:</i>			
Unearned premiums reserve, net		(16,903)	20,954
Outstanding claims reserve and claims incurred but not reported reserve including allocated and unallocated loss adjustment expense reserve		9,331	(30,733)
Reinsurance share of outstanding claims reserve and IBNR		(9,089)	31,653
Charge for impairment of insurance balances receivable		6,635	7
Change in fair value of financial assets carried at FVTPL	7, 12	32,886	6,798
Gain on disposal of financial assets carried at FVTPL	12	(22,262)	(7,142)
Gain on disposal of property and equipment		(35)	(190)
Provision for employees' end of service benefits		634	746
Depreciation		854	870
Share of loss / (profit) of associates		7,516	(14,866)
Finance costs		13,374	6,976
Dividend income	12	(33,864)	(38,833)
Interest income	12	(283)	(613)
		24,428	56,656
<i>Working capital changes:</i>			
Insurance receivables and prepayments		(4,923)	(17,507)
Trade and other payables		(2,286)	(13,991)
Cash generated from operations		17,219	25,158
Employees' end of service benefits paid		(279)	(1,301)
Net cash generated from operating activities		16,940	23,857
Cash flows from investing activities			
Additions to property and equipment		(2,743)	(1,033)
Additions to investment properties		(432)	(3,851)
Purchase of financial assets carried at FVTPL	7	(263,510)	(119,384)
Purchase of financial assets carried at FVOCI		(144,429)	-
Purchase of financial assets carried at amortised cost		(5,000)	-
Proceeds from sale of property and equipment		1,279	334
Proceeds from disposal of financial assets carried at FVOCI		48,052	40,598
Proceeds from disposal of financial assets carried at FVTPL		274,302	33,401
Term deposits		5,547	(31,425)
Interest received		283	613
Cash dividend received from associates		4,626	7,425
Dividend received		33,864	38,833
Net cash used in investing activities		(48,161)	(34,489)
Cash flows from financing activities			
Dividend paid		(31,050)	(31,050)
Finance costs paid		(13,374)	(6,976)
Net cash used in financing activities		(44,424)	(38,026)
Net decrease in cash and cash equivalents			
		(75,645)	(48,658)
Cash and cash equivalents at the beginning of the period		(287,090)	(144,970)
Cash and cash equivalents at the end of the period	10	(362,735)	(193,628)

The notes set out on pages 10 to 21 form an integral part of this 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. (10).

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*

This condensed interim financial information has been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. Accordingly, this condensed interim financial information does not include all 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 nine-month period ended 30 September 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 investment properties, 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*

This 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 this 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

	<i>(Unaudited)</i> 30 September 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
Sukuk – five years	14,000	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

	<i>(Unaudited)</i> 30 September 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
Quoted securities	306,772	240,254
Unquoted securities	26,034	27,611
	<u>332,806</u>	<u>267,865</u>

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

	<i>(Unaudited)</i> 30 September 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
Fair value at beginning of the period / year	267,865	179,005
Additions	144,429	138,684
Disposals	(41,062)	(30,109)
Change in fair value	(38,426)	(19,715)
Balance at end of the period / year	<u>332,806</u>	<u>267,865</u>

The geographical distribution of financial assets at FVOCI is as follows:

Within UAE	328,120	260,140
Outside UAE	4,686	7,725
	<u>332,806</u>	<u>267,865</u>

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 during the year is as follows:

	<i>(Unaudited)</i> 30 September 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
Balance at beginning of the period / year	466,488	423,707
Additions	263,510	85,331
Disposals	(252,039)	(26,602)
Change in fair value (note 12)	(32,886)	(15,948)
Balance at end of the period / year	445,073	466,488

8 Premiums and insurance receivables

	<i>(Unaudited)</i> 30 September 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
Due from policyholders and brokers	43,341	49,671
Due from policyholders - related parties (note 14)	18,420	16,208
Due from insurance and reinsurance companies	15,424	9,755
	77,185	75,634
Less: allowance for impairment of insurance balances receivable	(20,079)	(13,670)
Insurance balances receivable	57,106	61,964
Prepayments	3,920	943
Accrued income	1,974	1,907
Other receivables	3,838	3,734
Other receivables and prepayments	9,732	6,584
	66,838	68,548

9 Insurance contract liabilities and reinsurance assets

	<i>(Unaudited)</i> 30 September 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
Liabilities arising from insurance contracts		
Gross unearned premiums reserves ("UPR")	124,510	133,770
Claims incurred but not reported reserve ("IBNR")	38,733	31,567
Gross claims outstanding reserve ("OCLR")	146,803	144,638
	310,046	309,975

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

Notes to the condensed interim financial information

9 Insurance contract liabilities and reinsurance assets *(continued)*

	<i>(Unaudited)</i> 30 September 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
Reinsurance contract assets		
Reinsurers' share of unearned premiums reserve	35,342	27,699
Reinsurers' share of IBNR reserve	10,934	7,808
Reinsurers' share of gross claims outstanding reserve	95,623	89,660
	<u>141,899</u>	<u>125,167</u>
Net		
Unearned premiums reserve	89,168	106,071
Claims incurred but not reported reserve	27,799	23,759
Claims outstanding reserve	51,180	54,978
	<u>168,147</u>	<u>184,808</u>

(i) Outstanding claims reserve includes allocated and unallocated loss adjustment expense reserve of AED 3,573 thousand (31 December 2018: AED 3,355 thousand).

(ii) Unearned premiums reserve includes gross unexpired risk reserve of AED 3,516 thousand (31 December 2018: AED 2,456 thousand) and AED 357 thousand (31 December 2018: AED 257 thousand) net of reinsurance.

10 Cash and cash equivalents

	<i>(Unaudited)</i> 30 September 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
Bank balances and cash	38,121	26,785
Statutory deposit	6,000	6,000
Term deposits	88,578	94,125
	<u>132,699</u>	<u>126,910</u>
Bank and cash balances	132,699	126,910
Less: bank overdrafts	(400,856)	(313,875)
Less: term deposits with original maturity over 3 months	(88,578)	(94,125)
Less: statutory deposit	(6,000)	(6,000)
Cash and cash equivalents	<u>(362,735)</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

	<i>(Unaudited)</i> 30 September 2019 AED'000	<i>(Audited)</i> 31 December 2018 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

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2019 <i>(Unaudited)</i> AED'000	2018 <i>(Unaudited)</i> AED'000	2019 <i>(Unaudited)</i> AED'000	2018 <i>(Unaudited)</i> AED'000
Gain on disposal of financial assets at fair value through profit or loss	13,382	6,943	22,262	7,142
Changes in fair value of financial assets carried at fair value through profit or loss (note 7)	7,332	8,978	(32,886)	(6,798)
Interest income	95	189	283	613
Dividend income	-	127	33,864	38,833
Other (expenses) / income related to investments	(537)	192	(1,092)	194
	<u>20,272</u>	<u>16,429</u>	<u>22,431</u>	<u>39,984</u>

13 Basic and diluted earnings per share

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

Diluted earnings per share are calculated by dividing the profit / loss 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 30 September		Nine-month period ended 30 September	
	2019 <i>(Unaudited)</i>	2018 <i>(Unaudited)</i>	2019 <i>(Unaudited)</i>	2018 <i>(Unaudited)</i>
Profit for the period (AED'000)	<u>25,129</u>	<u>28,589</u>	<u>35,634</u>	<u>81,037</u>
Weighted average number of ordinary shares outstanding during the period ('000)	<u>207,000</u>	<u>207,000</u>	<u>207,000</u>	<u>207,000</u>
Basic and diluted earnings per share (AED)	<u>0.12</u>	<u>0.14</u>	<u>0.17</u>	<u>0.39</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:

	<i>(Unaudited)</i> 30 September 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
<i>Included in insurance receivables (note 8)</i>		
Due from policy holders	18,420	16,208
<i>Included in other payables</i>		
Due to policy holders	(9,493)	(6,056)
<i>Key management personnel</i>		
Long term benefits	141	126
Remuneration of key management personnel (i)	3,358	3,149

- (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:

	<i>(Unaudited)</i> 30 September 2019 AED'000	<i>(Audited)</i> 30 September 2018 AED'000
Gross premiums written	45,941	42,258
Net claims paid	9,665	15,053
Other expenses – rent	42	-

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 nine-month period ended 30 September 2018 as discontinued operations.

The results of VCB for the period ended 30 September 2019 and 30 September 2018 was as follows:

a) Results for the period

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2019 <i>(Unaudited)</i> AED’000	2018 <i>(Unaudited)</i> AED’000	2019 <i>(Unaudited)</i> AED’000	2018 <i>(Unaudited)</i> AED’000
Net commission income	-	-	-	56
Administrative expenses	-	(192)	-	(846)
Finance costs	-	(2)	-	(8)
Loss for the period	-	(194)	-	(798)

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

	<i>(Unaudited)</i> 30 September 2018 AED’000
Assets	
Accounts receivable, prepayments and other receivables	135
Bank balances and cash	1,108
Total assets	<u>1,243</u>
Liabilities	
Employees’ end of service benefits	17
Accounts payable and accruals	83
Total liabilities	<u>100</u>
Net assets	<u>1,143</u>

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 30 September 2019 (Unaudited)</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
<i>At fair value through other comprehensive income</i>				
UAE equity securities	305,407	-	22,712	328,119
Unquoted overseas equity securities	-	-	3,322	3,322
Quoted overseas equity securities	1,365	-	-	1,365
	<u>306,772</u>	<u>-</u>	<u>26,034</u>	<u>332,806</u>
<i>At fair value through profit or loss</i>				
UAE equity securities	445,073	-	-	445,073
	<u>751,845</u>	<u>-</u>	<u>26,034</u>	<u>777,879</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>-</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>-</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 30 September 2019 (Unaudited)</i>	<i>Financial asset at fair value through other comprehensive income AED'000</i>	<i>Total AED'000</i>
Opening balance	27,611	27,611
Disposals	(58)	(58)
Total losses:		
- in other comprehensive income	(1,519)	(1,519)
<i>Closing balance</i>	<u>26,034</u>	<u>26,034</u>
<i>At 31 December 2018 (Audited)</i>	<i>Financial asset at fair value through other comprehensive income AED'000</i>	<i>Total AED'000</i>
Opening balance	26,684	26,684
Additions	4,636	4,636
Total losses:		
- in other comprehensive income	(3,709)	(3,709)
	<u>27,611</u>	<u>27,611</u>

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 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 (Unaudited)						
	Marine and aviation AED'000	Fire and general accident AED'000	Motor AED'000	Medical AED'000	Investments AED'000	Total AED'000	Marine and aviation AED'000	Fire and general accident AED'000	Motor AED'000	Medical AED'000	Investments AED'000	Total AED'000
Gross premiums written	2,967	56,641	128,276	2,607	-	190,491	4,322	56,113	148,273	1,617	-	210,325
Reinsurance share of gross premiums	(2,461)	(48,474)	(19,369)	(1,600)	-	(71,904)	(3,531)	(48,449)	(24,383)	(1,291)	-	(77,654)
Net transfer to unearned premiums reserve	70	(557)	17,482	(92)	-	16,903	(15)	(2,715)	(18,099)	(125)	-	(20,954)
Net claims incurred	(298)	(3,694)	(69,054)	(1,064)	-	(74,110)	(68)	(2,623)	(49,951)	1,195	-	(51,447)
Net commission earned	1,598	9,364	(7,956)	114	-	3,120	993	9,814	(8,597)	131	-	2,341
Rental income, net	-	-	-	-	5,416	5,416	-	-	-	-	4,641	4,644
Share of (loss) / profit of associates	-	-	-	-	(7,516)	(7,516)	-	-	-	-	14,866	14,866
Net investment income	-	-	-	-	9,056	9,056	-	-	-	-	33,008	33,008
Loss from discontinuing operation	-	-	-	-	-	-	-	-	-	-	(798)	(798)
Segment profit / (loss) before allocated expenses	1,876	13,280	49,379	(35)	6,956	71,456	1,701	12,140	47,243	1,527	51,717	114,331
Allocated expenses	(932)	(7,796)	(23,259)	(828)	-	(32,815)	(835)	(7,274)	(20,803)	(1,747)	-	(30,659)
Segment profit	944	5,484	26,120	(863)	6,956	38,641	866	4,866	26,440	(220)	51,717	83,672
Unallocated expenses	-	-	-	-	-	(3,007)	-	-	-	-	-	(2,643)
Profit for the period	-	-	-	-	-	35,634	-	-	-	-	-	81,029

AI 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 30 September 2019 (Unaudited)			As at 31 December 2018 (Audited)		
	Underwriting	Investments	Total	Underwriting	Investments	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Segment assets	345,264	1,243,020	1,588,284	312,175	1,244,595	1,556,770
Unallocated assets			8,936			8,390
Total assets			1,597,220			1,565,160
Segment liabilities	363,355	412,322	775,677	355,246	326,084	681,330
Unallocated liabilities			23,458			32,607
Total liabilities			799,135			713,937