

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

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

30 JUNE 2018

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

BOARD OF DIRECTORS' REPORT

30 JUNE 2018



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 June 2018

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 reviewed financial statements for the period ended 30 June 2018.

The second quarter of 2018 witnessed a continuation of positive growth in various levels of the company's operation. The total gross premium written for the period reached AED 144 million compared to AED 140 million for the same period in the previous year. Net premiums increased to AED 88 million compared to AED 78 million in the corresponding period of the previous year and net earned premium increased to AED 71 million compared to AED 61 million for the year 2017 showing an increase of 16%.

Net underwriting profit for the period was AED 19,337 million compared to AED 17,473 million for the same period in 2017.

The company's investments also achieved good results with an investment income of AED 33,105 million compared to AED 26,418 million for the same period in the previous year.

The net profit for the period amounted to AED 52,442 million compared to AED 43,891 million for the same period last year.

The total comprehensive income for the period was AED 57,596 million compared to AED 40,403 million for the year 2017.

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 ، أبوظبي ، أ.ع.م. ، هاتف : ٤١٨٥٣٠٠ (٢) +٩٧١ ، فاكس : ٦٧٧٦٦٢٨ (٢) +٩٧١
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**Al Wathba National Insurance
Company (PJSC)**

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)

30 JUNE 2018

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Al Wathba National Insurance Company PJSC (the “Company”) and its subsidiary (“the Group”) as at 30 June 2018, comprising of the interim consolidated statement of financial position as at 30 June 2018, and the related interim consolidated statements of income and comprehensive income for the three-month and six-month periods then ended and the related interim consolidated statements of changes in equity and cash flows for the six-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 August 2018
Abu Dhabi

Al Wathba National Insurance Company (PJSC)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018 (unaudited)

		30 June 2018 (Unaudited) AED 000	31 December 2017 (Audited) AED 000
	Notes		
ASSETS			
Property and equipment		3,977	4,258
Investment in associates		160,190	148,005
Investments at amortised cost	4	5,000	5,000
Investments carried at fair value through other comprehensive income	5	177,669	179,005
Investments carried at fair value through profit or loss	6	467,208	423,707
Investment properties		353,711	353,711
Investment property under development		7,469	4,543
Insurance balances receivable	7	65,811	51,118
Statutory deposits	9	6,000	6,000
Reinsurance share of unearned premium reserve	8	34,276	18,981
Reinsurer's share of outstanding claims reserve	8	106,307	124,594
Reinsurer's share of claims incurred but not reported reserve	8	8,373	9,677
Prepayments and other receivables	7	12,945	6,077
Deposits	9	84,938	59,469
Bank balances and cash	9	<u>34,668</u>	<u>43,619</u>
TOTAL ASSETS		<u>1,528,542</u>	<u>1,437,764</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	10	207,000	207,000
Legal reserve		103,500	103,500
Statutory reserve		51,750	51,750
General reserve		81,185	44,476
Capital reserve		9,959	9,959
Investment revaluation reserve		2,418	(2,736)
Retained earnings		<u>421,424</u>	<u>436,735</u>
Equity attributable to equity holders of the parent		877,236	850,684
Non-controlling interests		<u>82</u>	<u>88</u>
Total equity		<u>877,318</u>	<u>850,772</u>
LIABILITIES			
Employees' end of service benefits		7,008	7,685
Bank overdrafts	9	237,945	188,589
Trade and other payables		84,305	83,153
Technical provisions			
Unearned premium reserve	8	134,444	102,346
Outstanding claims reserve	8	152,342	169,673
Claims incurred but not reported reserve	8	31,796	32,014
Unallocated loss adjustment expense reserve	8	<u>3,384</u>	<u>3,532</u>
TOTAL LIABILITIES		<u>651,224</u>	<u>586,992</u>
TOTAL EQUITY AND LIABILITIES		<u>1,528,542</u>	<u>1,437,764</u>


BOARD MEMBER


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER

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

Al Wathba National Insurance Company (PJSC)

INTERIM CONSOLIDATED INCOME STATEMENT

For the six-month period ended 30 June 2018 (unaudited)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2018 AED 000	2017 AED 000	2018 AED 000	2017 AED 000
Gross premiums written		62,396	54,013	143,879	140,143
Reinsurance premium ceded		<u>(19,029)</u>	<u>(19,547)</u>	<u>(56,363)</u>	<u>(62,561)</u>
Net premium		43,367	34,466	87,516	77,582
Net change in unearned premium reserve		<u>(7,718)</u>	<u>(2,954)</u>	<u>(16,803)</u>	<u>(16,341)</u>
Net premium earned		35,649	31,512	70,713	61,241
Gross commission earned		6,745	7,100	19,106	21,318
Commission incurred		<u>(7,795)</u>	<u>(5,468)</u>	<u>(15,175)</u>	<u>(11,662)</u>
Gross underwriting income		34,599	33,144	74,644	70,897
Gross claims paid		<u>(26,901)</u>	<u>(32,101)</u>	<u>(52,658)</u>	<u>(84,863)</u>
Reinsurance share of claims paid		<u>10,244</u>	<u>19,158</u>	<u>18,138</u>	<u>46,438</u>
Net claims paid		(16,657)	(12,943)	(34,520)	(38,425)
Change in outstanding claims reserve		2,628	(1,103)	17,331	15,156
Change in reinsurance share of outstanding claims reserve		<u>(6,270)</u>	<u>(4,464)</u>	<u>(18,287)</u>	<u>(16,653)</u>
Net decrease (increase) in incurred but not reported claims reserve		52	456	<u>(1,086)</u>	3,792
Net decrease (increase) in unallocated loss adjustment expense reserve		<u>28</u>	<u>(57)</u>	<u>148</u>	<u>142</u>
Net claims incurred		(20,219)	(18,111)	(36,414)	(35,988)
Underwriting income		14,380	15,033	38,230	34,909
General and administrative expenses relating to underwriting		<u>(5,498)</u>	<u>(6,767)</u>	<u>(18,893)</u>	<u>(17,436)</u>
Net underwriting income		8,882	8,266	19,337	17,473
Income from investments	11	6,593	10,213	23,555	15,810
Income from investment properties (rental income)		1,723	2,631	2,976	5,051
Share of profit of associates		<u>11,816</u>	<u>12,049</u>	<u>13,120</u>	<u>13,197</u>
Total income		29,014	33,159	58,988	51,531
Other expenses		<u>(683)</u>	<u>(1,211)</u>	<u>(1,507)</u>	<u>(2,498)</u>
Finance costs		<u>(2,437)</u>	<u>(1,441)</u>	<u>(4,435)</u>	<u>(3,030)</u>
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		25,894	30,507	53,046	46,003
DISCONTINUING OPERATIONS					
Loss for the period	14	<u>(267)</u>	<u>(653)</u>	<u>(604)</u>	<u>(2,112)</u>
PROFIT FOR THE PERIOD		25,627	29,854	52,442	43,891
Attributable to:					
Equity holders of the parent		25,630	29,858	52,448	43,911
Non-controlling interests		<u>(3)</u>	<u>(4)</u>	<u>(6)</u>	<u>(20)</u>
		25,627	29,854	52,442	43,891
Basic and diluted earnings per share	13	<u>0.12</u>	<u>0.14</u>	<u>0.25</u>	<u>0.21</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

For the six month period ended 30 June 2018 (unaudited)

	Note	Three months ended 30 June		Six months ended 30 June	
		2018 AED 000	2017 AED 000	2018 AED 000	2017 AED 000
Profit for the period		25,627	29,854	52,442	43,891
Other comprehensive income (loss)					
Items that will not be reclassified to statement of income:					
Share of other comprehensive gain (loss) of associates		7,656	(693)	6,490	(84)
Gain on sale of investments carried at fair value through other comprehensive income		-	-	-	98
Changes in fair value of investments carried at fair value through other comprehensive income	5	<u>(5,349)</u>	<u>(5,432)</u>	<u>(1,336)</u>	<u>(3,502)</u>
Other comprehensive income (loss) for the period		<u>2,307</u>	<u>(6,125)</u>	<u>5,154</u>	<u>(3,488)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>27,934</u>	<u>23,729</u>	<u>57,596</u>	<u>40,403</u>
Attributable to:					
Equity holders of the parent		27,937	23,733	57,602	40,423
Non-controlling interests		<u>(3)</u>	<u>(4)</u>	<u>(6)</u>	<u>(20)</u>
		<u>27,934</u>	<u>23,729</u>	<u>57,596</u>	<u>40,403</u>

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

AI Wathba National Insurance Company (PJSC)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six month period ended 30 June 2018 (unaudited)

	Share capital AED 000	Legal reserve AED 000	Statutory reserve AED 000	General reserve AED 000	Capital reserve AED 000	Investment revaluation reserve AED 000	Retained earnings AED 000	Equity attributable to equity holders of the parent AED 000	Non-controlling interests AED 000	Total equity AED 000
Balance at 1 January 2017	207,000	103,500	51,750	23,323	9,959	19,267	406,263	821,062	119	821,181
Profit for the period	-	-	-	-	-	-	43,911	43,911	(20)	43,891
Other comprehensive (loss) income	-	-	-	-	-	(3,586)	98	(3,488)	-	(3,488)
Total comprehensive income	-	-	-	-	-	(3,586)	44,009	40,423	(20)	40,403
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	-	-	-	21,153	-	-	(21,153)	-	-	-
Dividends paid (note 12)	-	-	-	-	-	-	(31,050)	(31,050)	-	(31,050)
Balance at 30 June 2017	207,000	103,500	51,750	44,476	9,959	(3,628)	417,378	830,435	99	830,534
Balance at 1 January 2018	207,000	103,500	51,750	44,476	9,959	(2,736)	436,735	850,684	88	850,772
Profit for the period	-	-	-	-	-	-	52,448	52,448	(6)	52,442
Other comprehensive income	-	-	-	-	-	5,154	-	5,154	-	5,154
Total comprehensive income	-	-	-	-	-	5,154	52,448	57,602	(6)	57,596
Transfer from retained earnings to general reserve (note 12)	-	-	-	36,709	-	-	(36,709)	-	-	-
Dividends paid (note 12)	-	-	-	-	-	-	(31,050)	(31,050)	-	(31,050)
Balance at 30 June 2018	207,000	103,500	51,750	81,185	9,959	2,418	421,424	877,236	82	877,318

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

Al Wathba National Insurance Company (PJSC)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2018 (unaudited)

	<i>Notes</i>	<i>Six months ended 30 June 2018 AED 000</i>	<i>Six months ended 30 June 2017 AED 000</i>
OPERATING ACTIVITIES			
Profit for the period from continuing operations		53,046	46,003
Loss for the period from discontinuing operations	14	<u>(604)</u>	<u>(2,112)</u>
Profit for the period		52,442	43,891
Adjustments for:			
Unearned premiums reserve, net		16,803	16,341
Change in gross outstanding claims and claims incurred but not reported reserves		(17,697)	(28,717)
Change in reinsurance share of outstanding claims and claims incurred but not reported reserves		19,591	26,280
(Reversal of) provision for allowance for impaired receivables		(8,706)	1,600
Change in fair value of investments carried at fair value through profit or loss	6&11	15,776	22,064
Gain on disposal of investments carried at fair value through profit or loss	11	(199)	(6,672)
Provision for employees end of service benefits		230	586
Amortisation of intangible asset		-	189
Depreciation of property and equipment		590	1,326
Share of profit of associates		(13,120)	(13,197)
Finance costs		4,441	3,109
Dividend income	11	(38,706)	(30,452)
Interest income	11	<u>(424)</u>	<u>(700)</u>
		31,021	35,648
Working capital changes:			
Insurance receivables and prepayments		(12,855)	28,513
Trade and other payables		<u>1,152</u>	<u>(33,784)</u>
Cash from operations		19,318	30,377
Finance costs paid		(4,441)	(3,109)
Employees' end of service benefits paid		<u>(907)</u>	<u>(1,838)</u>
Net cash from operating activities		<u>13,970</u>	<u>25,430</u>
INVESTING ACTIVITIES			
Purchase of property and equipment		(309)	(26)
Additions to investment properties under development		(2,926)	(1,536)
Purchase of right shares of an associate		-	(7,796)
Purchase of investments carried at fair value through profit or loss	6	(63,586)	(194,997)
Proceeds from disposal of investments carried at fair value through profit or loss		4,508	149,919
Proceeds from disposal of investment carried at fair value through other comprehensive income		-	58,210
Term deposits		(25,469)	(972)
Interest received		424	700
Dividends received		38,706	30,452
Dividend received from associates		<u>7,425</u>	<u>5,901</u>
Net cash (used in) from investing activities		<u>(41,227)</u>	<u>39,855</u>
FINANCING ACTIVITY			
Dividends paid		<u>(31,050)</u>	<u>(31,050)</u>
Cash used in financing activity		<u>(31,050)</u>	<u>(31,050)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(58,307)	34,235
Cash and cash equivalents at the beginning of the period		<u>(144,970)</u>	<u>(130,521)</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	9	<u>(203,277)</u>	<u>(96,286)</u>

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 June 2018 (unaudited)

1 CORPORATE INFORMATION

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

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

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

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

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

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

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

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

Significant accounting policies

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

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

Annual Improvements 2014-2016 Cycle

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2018 (unaudited)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

Estimates

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

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

Basis of consolidation

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

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

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

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

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

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2018 (unaudited)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES continued

Basis of consolidation continued

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

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

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

3 COMMITMENTS AND CONTINGENCIES

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

4 INVESTMENTS AT AMORTISED COST

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

5 INVESTMENTS CARRIED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<i>30 June 2018 (Unaudited) AED 000</i>	<i>31 December 2017 (Audited) AED 000</i>
Quoted securities	151,157	152,321
Unquoted securities	<u>26,512</u>	<u>26,684</u>
	<u>177,669</u>	<u>179,005</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2018 (unaudited)

5 INVESTMENTS CARRIED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME
continued

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

	<i>30 June 2018 (Unaudited) AED 000</i>	<i>31 December 2017 (Audited) AED 000</i>
Fair value at the beginning of the period / year	179,005	243,686
Disposals	-	(58,112)
Change in fair value	<u>(1,336)</u>	<u>(6,569)</u>
Fair value at the end of the period / year	<u>177,669</u>	<u>179,005</u>

The geographical distribution of investments is as follows:

Within UAE	168,906	171,212
Outside UAE	<u>8,763</u>	<u>7,793</u>
	<u>177,669</u>	<u>179,005</u>

6 INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

	<i>30 June 2018 (Unaudited) AED 000</i>	<i>31 December 2017 (Audited) AED 000</i>
Fair value at beginning of the period / year	423,707	333,041
Additions	63,586	315,041
Disposals	(4,309)	(213,544)
Change in fair value (note 11)	<u>(15,776)</u>	<u>(10,831)</u>
Fair value at end of the period / year	<u>467,208</u>	<u>423,707</u>

Al Wathba National Insurance Company (PJSC)

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7 INSURANCE RECEIVABLES AND PREPAYMENTS

	<i>(Unaudited)</i> 30 June 2018 AED'000	<i>(Audited)</i> 31 December 2017 AED'000
Due from policyholders	50,021	43,688
Due from policy holders - related parties	19,933	15,153
Due from insurance and reinsurance companies	<u>7,453</u>	<u>12,579</u>
	77,407	71,420
Less: allowance for doubtful receivables	<u>(11,596)</u>	<u>(20,302)</u>
Insurance balances receivable	<u>65,811</u>	<u>51,118</u>
Prepayments	2,051	1,113
Accrued income	1,919	1,604
Other receivables	<u>8,975</u>	<u>3,360</u>
Prepayments and other receivables	<u>12,945</u>	<u>6,077</u>
	<u>78,756</u>	<u>57,195</u>

8 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

	30 June 2018 <i>(Unaudited)</i> AED 000	31 December 2017 <i>(Audited)</i> AED 000
Insurance contract liabilities		
Outstanding claims reserve (i)	155,726	173,205
Claims incurred but not reported reserve	31,796	32,014
Unearned premiums reserve (ii)	<u>134,444</u>	<u>102,346</u>
	<u>321,966</u>	<u>307,565</u>
Reinsurance contract assets		
Outstanding claims reserve	106,307	124,594
Claims incurred but not reported reserve	8,373	9,677
Unearned premiums reserve	<u>34,276</u>	<u>18,981</u>
	<u>148,956</u>	<u>153,252</u>
Insurance liabilities - net		
Outstanding claims reserve (i)	49,419	48,611
Claims incurred but not reported reserve	23,423	22,337
Unearned premiums reserve (ii)	<u>100,168</u>	<u>83,365</u>
	<u>173,010</u>	<u>154,313</u>

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8 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS continued

- (i) Outstanding claims reserve includes unallocated loss adjustment expense reserve of AED 3,384 thousand (2017: AED 3,532).
- (ii) Unearned premium reserve includes gross unexpired risk reserve of AED 1,526 thousand (2017: AED 1,506 thousand) and AED 186 thousand (2017: AED 172 thousand) net of reinsurance.

9 CASH AND CASH EQUIVALENTS

	<i>30 June 2018 (Unaudited) AED 000</i>	<i>30 June 2017 (Unaudited) AED 000</i>
Bank and cash	34,668	47,797
Statutory deposit	6,000	6,000
Term deposits	<u>84,938</u>	<u>39,469</u>
Bank and cash balances	125,606	93,266
Less: bank overdrafts	(237,945)	(144,083)
Less: term deposits with original maturity over 3 months	(84,938)	(39,469)
Less: statutory deposits	<u>(6,000)</u>	<u>(6,000)</u>
	<u>(203,277)</u>	<u>(96,286)</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 3.75% per annum (30 June 2017: 0.85% to 3% per annum).

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

10 SHARE CAPITAL

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

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11 NET INVESTMENT INCOME

	<i>Six months ended</i> 30 June 2018 <i>(Unaudited)</i> AED 000	<i>Six months ended</i> 30 June 2017 <i>(Unaudited)</i> AED 000
Gain on disposal of investments carried at fair value through profit or loss	199	6,672
Change in fair value of investments carried at fair value through profit or loss (note 6)	(15,776)	(22,064)
Interest income	424	700
Dividend income	38,706	30,452
Other income	<u>2</u>	<u>50</u>
	<u>23,555</u>	<u>15,810</u>

12 RETAINED EARNINGS

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

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

13 BASIC AND DILUTED EARNINGS PER SHARE

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

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

	<i>Three months ended</i> 30 June		<i>Six months ended</i> 30 June	
	2018	2017	2018	2017
Profit for the period (AED '000)	<u>25,627</u>	<u>29,854</u>	<u>52,442</u>	<u>43,891</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 per share (AED)	<u>0.12</u>	<u>0.14</u>	<u>0.25</u>	<u>0.21</u>

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14 DISCONTINUING OPERATION

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

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

a) Results for the period

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Net commission income	-	-	56	143
Income from margin trading	-	1	-	38
Administrative expenses	(265)	(615)	(654)	(2,214)
Finance costs	<u>(2)</u>	<u>(39)</u>	<u>(6)</u>	<u>(79)</u>
LOSS FOR THE PERIOD	<u>(267)</u>	<u>(653)</u>	<u>(604)</u>	<u>(2,112)</u>

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

	<i>30 June</i>
	<i>2018</i>
	<i>AED '000</i>
ASSETS	
Current assets	
Accounts receivable, prepayments and other receivables	135
Bank balances and cash	<u>1,271</u>
TOTAL ASSETS	<u>1,406</u>
Current liabilities	
Employees’ end of service benefits	9
Accounts payable and accruals	<u>60</u>
TOTAL LIABILITIES	<u>69</u>
NET ASSETS	<u>1,337</u>

15 SEGMENT REPORTING

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

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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2018 (unaudited)

15 SEGMENT REPORTING continued

15.1 Segment revenue and results

	2018				2017					
	Six months ended 30 June (unaudited)				Six months ended 30 June (unaudited)					
	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	3,755	138,514	1,610	-	143,879	3,106	135,243	1,794	-	140,143
Reinsurance premium ceded	(3,061)	(52,017)	(1,285)	-	(56,363)	(2,334)	(59,230)	(997)	-	(62,561)
Movement in provision for unearned premiums	(111)	(16,446)	(246)	-	(16,803)	77	(17,333)	915	-	(16,341)
Net claims incurred	(36)	(37,501)	1,123	-	(36,414)	(314)	(38,395)	2,721	-	(35,988)
Net commission earned	750	3,042	139	-	3,931	1,123	7,965	568	-	9,656
Rental income, net	-	-	-	2,976	2,976	-	-	-	5,051	5,051
Share of profit of associates	-	-	-	13,120	13,120	-	-	-	13,197	13,197
Net investment income	-	-	-	19,120	19,120	-	-	-	12,780	12,780
Loss from discontinued operations	-	-	-	(604)	(604)	-	-	-	(2,112)	(2,112)
Segment profit before allocated expenses	1,297	35,592	1,341	34,612	72,842	1,658	28,250	5,001	28,916	63,825
Allocated expenses	(505)	(17,394)	(994)	-	(18,893)	(626)	(15,780)	(1,030)	-	(17,436)
Segment profit	792	18,198	347	34,612	53,949	1,032	12,470	3,971	28,916	46,389
Unallocated expenses	-	-	-	-	(1,507)	-	-	-	-	(2,498)
Profit for the period	-	-	-	-	52,442	-	-	-	-	43,891

Note 1:

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

Al Wathba National Insurance Company (PJSC)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2018 (unaudited)

15 SEGMENT REPORTING continued

15.1 Segment revenue and results continued

	three months ended 30 June (unaudited)									
	2018		2017							
	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	1,173	61,240	(17)	-	62,396	1,319	52,722	(28)	-	54,013
Reinsurance premium ceded	(856)	(18,187)	14	-	(19,029)	(1,073)	(18,485)	11	-	(19,547)
Movement in provision for unearned premiums	(124)	(7,720)	126	-	(7,718)	49	(3,293)	290	-	(2,954)
Net claims incurred	(79)	(20,472)	332	-	(20,219)	(215)	(19,448)	1,552	-	(18,111)
Net commission earned (incurred)	317	(1,354)	(13)	-	(1,050)	329	700	603	-	1,632
Rental income, net	-	-	-	1,723	1,723	-	-	-	2,631	2,631
Share of profit of associates	-	-	-	11,816	11,816	-	-	-	12,049	12,049
Net investment income	-	-	-	4,156	4,156	-	-	-	8,772	8,772
Loss from discontinued operations	-	-	-	(267)	(267)	-	-	-	(653)	(653)
Segment profit before allocated expenses	431	13,507	442	17,428	31,808	409	12,196	2,428	22,799	37,832
Allocated expenses	(283)	(4,544)	(671)	-	(5,498)	(293)	(6,034)	(440)	-	(6,767)
Segment profit (loss)	148	8,963	(229)	17,428	26,310	116	6,162	1,988	22,799	31,065
Unallocated expenses	-	-	-	-	(683)	-	-	-	-	(1,211)
Profit for the period	-	-	-	-	25,627	-	-	-	-	29,854

Al Wathba National Insurance Company (PJSC)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2018 (unaudited)

15 SEGMENT REPORTING continued

15.2 Segment assets and liabilities

	<i>As at 30 June 2018 (unaudited)</i>			<i>As at 31 December 2017 (audited)</i>		
	<i>Underwriting AED'000</i>	<i>Investments AED'000</i>	<i>Total AED'000</i>	<i>Underwriting AED'000</i>	<i>Investments AED'000</i>	<i>Total AED'000</i>
Segment assets	336,369	1,181,169	1,517,538	245,940	1,183,873	1,429,813
Unallocated assets			<u>11,004</u>			<u>7,951</u>
Total assets			<u>1,528,542</u>			<u>1,437,764</u>
Segment liabilities	383,042	250,510	633,552	355,825	205,063	560,888
Unallocated liabilities			<u>17,672</u>			<u>26,104</u>
Total liabilities			<u>651,224</u>			<u>586,992</u>
Capital expenditures	<u>309</u>	<u>-</u>	<u>309</u>	<u>34</u>	<u>-</u>	<u>34</u>