

RAS AL KHAIMAH NATIONAL INSURANCE COMPANY P.S.C.

**Review report and interim financial information
for the nine months period ended 30 September 2018**

RAS AL KHAIMAH NATIONAL INSURANCE COMPANY P.S.C.

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

**The Board of Directors of
Ras Al Khaimah National Insurance Company P.S.C.
Ras Al Khaimah
United Arab Emirates**

Introduction

We have reviewed the accompanying condensed statement of financial position of **Ras Al Khaimah National Insurance Company P.S.C. (the "Company") – Ras Al Khaimah, United Arab Emirates** as at 30 September 2018 and the related condensed statement of income, condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the nine months period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34: "*Interim Financial Reporting*". Our responsibility is to express a conclusion on this interim financial information 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 financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34: "*Interim Financial Reporting*".

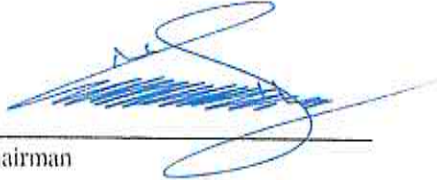
Deloitte & Touche (M.E.)




Signed by:
Samir Madbak
Registration No. 386
29 October 2018
Sharjah, United Arab Emirates

Condensed statement of financial position
at 30 September 2018

	Notes	30 September 2018 (unaudited) AED	31 December 2017 (audited) AED
ASSETS			
Property and equipment	4	5,672,779	5,969,731
Investment properties	5	17,858,582	18,279,745
Intangible assets		11,191,298	11,976,509
Investment securities	6	73,589,297	76,272,444
Statutory deposit	7	10,000,000	10,000,000
Reinsurance contract assets	8	208,977,036	187,128,689
Insurance and other receivables	9	223,106,490	267,366,335
Deferred acquisition cost		24,608,718	23,600,863
Bank balances and cash	10	210,059,170	261,487,963
Total assets		785,063,370	862,082,279
EQUITY AND LIABILITIES			
Equity			
Share capital	11	110,000,000	110,000,000
Statutory reserve	12	47,706,229	47,706,229
Voluntary reserve	13	20,000,000	20,000,000
Cumulative changes in fair value of FVOCI/ available-for-sale securities		(2,217,364)	(150,977)
Retained earnings		44,452,684	75,455,296
Total equity		219,941,549	253,010,548
Liabilities			
Provision for employees' end of service indemnity		5,324,024	5,330,571
Insurance contract liabilities	8	394,982,525	390,502,821
Insurance and other payables		130,254,330	177,232,730
Bank borrowings		34,560,942	36,005,609
Total liabilities		565,121,821	609,071,731
Total equity and liabilities		785,063,370	862,082,279



Chairman



Chief Executive Officer

The accompanying notes form an integral part of these condensed financial statements.

Condensed statement of income (unaudited)
for the nine months period ended 30 September 2018

	Three months period ended		Nine months period ended	
	30 September		30 September	
	2018	2017	2018	2017
	AED	AED	AED	AED
Insurance premium revenue	121,701,430	155,566,584	353,007,275	355,578,834
Less: Insurance premium ceded to reinsurers	(55,972,222)	(50,343,530)	(153,098,570)	(132,359,863)
Net retained premium	65,729,208	105,223,054	199,908,705	223,218,971
Net change in unearned premium reserve/unexpired risk reserve	12,796,096	(44,952,723)	15,024,269	(5,111,640)
Net insurance premium revenue	78,525,304	60,270,331	214,932,974	218,107,331
Gross claims incurred	(85,618,447)	(72,135,956)	(247,550,700)	(212,971,669)
Insurance claims recovered from reinsurers	37,656,237	35,634,170	110,555,874	64,795,612
Net claims incurred	(47,962,210)	(36,501,786)	(136,994,826)	(148,176,057)
Gross commission earned	4,413,137	3,475,082	13,297,689	8,425,604
Less: commission incurred	(14,270,383)	(10,161,564)	(41,141,537)	(30,491,401)
Net commission incurred	(9,857,246)	(6,686,482)	(27,843,848)	(22,065,797)
Gross underwriting profit	20,705,848	17,082,063	50,094,300	47,865,477
General and administrative expenses relating to underwriting activities	(11,632,418)	(9,191,381)	(33,693,813)	(30,237,553)
Net underwriting profit	9,073,430	7,890,682	16,400,487	17,627,924
Investment and other income	2,732,523	3,003,848	8,260,148	9,239,682
Unallocated general and administrative expenses	(2,487,675)	(1,630,936)	(7,335,263)	(5,252,143)
Provision for impairment – net	(3,662,845)	-	(1,217,800)	-
Write-off of available-for-sale securities	-	(3,500,000)	-	(3,500,000)
Profit for the period	5,655,433	5,763,594	16,107,572	18,115,463
Basic and diluted earnings per share (Note 14)	0.05	0.05	0.15	0.16

The accompanying notes form an integral part of these condensed financial statements.

**Condensed statement of comprehensive income (unaudited)
for the nine months period ended 30 September 2018**

	Three months period ended 30 September		Nine months period ended 30 September	
	2018 AED	2017 AED	2018 AED	2017 AED
Profit for the period	5,655,433	5,763,594	16,107,572	18,115,463
Other comprehensive (loss)/income				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Net change in fair value of FVOCI/available for sale investments	549,198	23,669	(2,008,672)	(167,637)
Transfer from equity on sale of available-for-sale securities transferred to profit or loss	-	(584,454)	-	(585,321)
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Directors' remuneration	-	-	(1,460,000)	(1,500,000)
Net change in fair value of FVOCI	(42,149)	-	(57,715)	-
Total other comprehensive (loss)/income for the period	507,049	(560,785)	(3,526,387)	(2,252,958)
Total comprehensive income for the period	6,162,482	5,202,809	12,581,185	15,862,505

The accompanying notes form an integral part of these condensed financial statements.

**Condensed statement of changes in equity
for the nine months period ended 30 September 2018**

	Share capital AED	Statutory reserve AED	Voluntary reserve AED	Cumulative changes in fair value of FVOCI/available-for- sale securities AED	Retained earnings AED	Total AED
Balance at 31 December 2016 (audited)	110,000,000	44,510,918	20,000,000	1,141,021	59,197,490	234,849,429
Profit for the period	-	-	-	-	18,115,463	18,115,463
Other comprehensive loss for the period	-	-	-	(752,958)	(1,500,000)	(2,252,958)
Total comprehensive income for the period	-	-	-	(752,958)	16,615,463	15,862,505
Dividend (Note 17)	-	-	-	-	(11,000,000)	(11,000,000)
Balance at 30 September 2017 (unaudited)	110,000,000	44,510,918	20,000,000	388,063	64,812,953	239,711,934
Balance at 31 December 2017 (audited)	110,000,000	47,706,229	20,000,000	(150,977)	75,455,296	253,010,548
Adjustment on adoption of IFRS 9 (Note 2.1)	-	-	-	-	(29,150,184)	(29,150,184)
Restated balance as at 1 January 2018	110,000,000	47,706,229	20,000,000	(150,977)	46,305,112	223,860,364
Profit for the period	-	-	-	-	16,107,572	16,107,572
Other comprehensive loss for the period	-	-	-	(2,066,387)	(1,460,000)	(3,526,387)
Total comprehensive (loss)/income for the period	-	-	-	(2,066,387)	14,647,572	12,581,185
Dividend (Note 17)	-	-	-	-	(16,500,000)	(16,500,000)
Balance at 30 September 2018 (unaudited)	110,000,000	47,706,229	20,000,000	(2,217,364)	44,452,684	219,941,549

The accompanying notes form an integral part of these condensed financial statements.

Condensed statement of cash flows (unaudited)
for the nine months period ended 30 September 2018

	Nine months period ended 30 September	
	2018	2017
	AED	AED
Cash flows from operating activities		
Profit for the period	16,107,572	18,115,463
Adjustments for:		
Depreciation of property and equipment	1,353,849	1,442,134
Depreciation of investment properties	421,163	421,164
Amortisation of intangible assets	1,096,452	1,018,399
Allowance for doubtful debts	-	263,243
Provision for impairment	1,217,800	-
Provision for impairment on cash and cash equivalents	(552,880)	-
Provision for employees' end of service indemnity	632,909	546,612
Impairment loss on available-for-sale securities	-	3,500,000
Interest income	(7,307,084)	(4,921,848)
Dividend income	(56,168)	(748,034)
Income from investment property	(577,353)	(582,633)
Unrealised gain on financial assets at FVTPL	(158,714)	(283,172)
Gain on sale of investment securities	-	(1,231,247)
Operating cash flows before changes in operating assets and liabilities	12,177,546	17,540,081
Increase in reinsurance contract assets	(21,848,347)	(39,576,482)
Increase in deferred acquisition cost	(1,007,855)	(7,506,186)
Increase in insurance contract liabilities	4,479,704	43,338,006
Decrease/(increase) in insurance and other receivables	15,682,506	(35,744,103)
(Decrease)/increase in insurance and other payables	(46,978,400)	50,513,469
Employees' end of service benefits paid	(639,456)	(179,229)
Net cash (used in)/generated from operating activities	(38,134,302)	28,385,556
Cash flows from investing activities		
Purchase of property and equipment	(1,128,634)	(565,727)
Purchase of intangible assets	(311,241)	(712,420)
Proceeds from disposal of property and equipment	71,737	-
Proceeds from sale of available-for-sale investments	-	16,553,884
Income from investment property	577,353	582,633
Interest received	6,844,793	5,150,468
Dividend received	56,168	1,195,958
Decrease in fixed deposits with maturities greater than three months	67,695,986	7,131,081
Net cash generated from investing activities	73,806,162	29,335,877
Cash flows from financing activities		
Dividend paid	(16,500,000)	(11,000,000)
Directors' remuneration paid	(1,460,000)	(1,500,000)
Decrease in bank borrowings	(1,444,667)	-
Net cash used in financing activities	(19,404,667)	(12,500,000)
Net increase in cash and cash equivalents	16,267,193	45,221,433
Cash and cash equivalents at the beginning of the period	11,580,882	44,039,935
Cash and cash equivalents at the end of the period	27,848,075	89,261,368

The accompanying notes form an integral part of these condensed financial statements.

**Notes to the condensed financial statements
for the nine months period ended 30 September 2018**

1. General information

Ras Al Khaimah National Insurance Company P.S.C. (the "Company") is a public joint-stock company, established and incorporated in the Emirate of Ras Al Khaimah by Emiri decree No. 20/76 dated 26 October 1976. The Company is subject to the regulations of U.A.E. Federal Law No. 6 of 2007 on Establishment of Insurance Authority and Organization of its Operations and is registered in the Insurance Companies Register of Insurance Authority of U.A.E., under registration number 7. The address of the Company's registered head office is P. O. Box 506, Ras Al Khaimah, United Arab Emirates.

The principal activity of the Company is to undertake all classes of insurance business including life assurance, saving and accumulation of funds. The Company does not deal in life insurance except for a very small portion of group life. The Company operates through its head office in Ras Al Khaimah and branch offices in Dubai and Abu Dhabi.

2. Application of new and revised International Financial Reporting Standards (IFRS)

2.1 New and revised IFRS applied

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2018, have been adopted in these condensed financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements, except for IFRS 9 adoption.

- Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1 and IAS 28
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*

The interpretation addresses foreign currency transactions or parts of transactions where:

- there is consideration that is denominated or priced in a foreign currency;
- the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income;
- and the prepayment asset or deferred income liability is non-monetary.
- Amendments to IAS 40 *Investment Property*: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.
- Amendments to IFRS 2 *Share Based Payment* regarding classification and measurement of share based payment transactions.
- Amendments to IFRS 4 *Insurance Contracts*: Relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.
- IFRS 7 *Financial Instruments: Disclosures* relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.

**Notes to the condensed financial statements
for the nine months period ended 30 September 2018 (continued)**

2. Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.1 New and revised IFRS applied (continued)

- Amendments to IFRS 7 *Financial Instruments: Disclosures* relating to disclosures about the initial application of IFRS 9.
- IFRS 15 *Revenue from Contracts with Customers*

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 has superseded the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

Impact assessment of IFRS 15 *Revenue from Contracts with Customers*

The application of IFRS 15 from the annual period beginning 1 January 2018 did not have an impact on the Company's condensed financial statements.

- Amendments to IFRS 15 *Revenue from Contracts with Customers* to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.
- IFRS 9 *Financial Instruments* (revised versions in 2009, 2010, 2013 and 2014)

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' measurement category for certain simple debt instruments.

The Company has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to amounts previously recognized in the condensed financial statements. The Company did not early adopt any of IFRS 9 in previous periods.

As permitted by transitional provisions of IFRS 9, the Company elected not to restate the comparative figures. Any adjustments to carrying amount of financial assets and liabilities at the date of transitions were recognized in opening retained earnings and other reserves of the current period.

**Notes to the condensed financial statements
for the nine months period ended 30 September 2018 (continued)**

2. Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.1 New and revised IFRS applied (continued)

- IFRS 9 *Financial Instruments* (revised versions in 2009, 2010, 2013 and 2014) (continued)

The adoption of IFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'. Comparatives for condensed statement of cash flows are not affected on account of this adoption of IFRS 9.

There were no changes to the classification and measurement of financial liabilities.

Significant accounting policies introduced on adoption of IFRS 9

Classification and measurement - Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL). Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Specifically:

- (i) debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;
- (ii) debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income (FVOCI);
- (iii) all other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL. However, the Company may make the following irrevocable election/designation at initial recognition of a financial asset on an asset-by-asset basis:
 - a. the Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, in other comprehensive income (OCI); and
 - b. the Company may irrevocably designate a debt instrument that meets the amortised cost or FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

**Notes to the condensed financial statements
for the nine months period ended 30 September 2018 (continued)**

2. Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.1 New and revised IFRS applied (continued)

Significant accounting policies introduced on adoption of IFRS 9 (continued)

Equity instruments at FVOCI

Investments in equity instruments/funds at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the cumulative changes in fair value reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the investments in equity instruments/funds, but reclassified to retained earnings. The Company has designated all investments in equity instruments that are not held for trading as FVOCI.

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Debt instruments at amortised cost or at FVOCI

The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period, the Company has not identified a change in its business models.

When a debt instrument measured at FVOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortised cost or at FVOCI are subject to impairment.

Financial assets at FVTPL

Financial assets at FVTPL are:

- (i) assets with contractual cash flows that are not SPPI; or/and
- (ii) assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- (iii) assets designated at FVTPL using the fair value option.

**Notes to the condensed financial statements
for the nine months period ended 30 September 2018 (continued)**

2. Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.1 New and revised IFRS applied (continued)

Significant accounting policies introduced on adoption of IFRS 9 (continued)

Financial assets at FVTPL (continued)

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss.

Fair value option: A financial instrument with a reliably measurable fair value can be designated as FVTPL (the fair value option) on its initial recognition even if the financial instrument was not acquired or incurred principally for the purpose of selling or repurchasing. The fair value option can be used for financial assets if it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities, or recognizing related gains and losses on a different basis (an “accounting mismatch”).

Reclassifications

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Company’s financial assets. During the current financial year and previous accounting period, there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made.

Impairment

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an expected credit loss model (ECLs). The Company recognises loss allowances for expected credit losses on bank balances including statutory and fixed deposits and insurance and other receivables that are not measured at FVTPL.

No impairment loss is recognised on equity investments.

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Company has elected to measure loss allowances for bank balances including statutory and fixed deposits, insurance and other receivables at an amount equal to life time ECLs.

Loss allowance for financial investments measured at amortised costs are deducted from gross carrying amount of assets.

**Notes to the condensed financial statements
for the nine months period ended 30 September 2018 (continued)**

2. Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.1 New and revised IFRS applied (continued)

Significant accounting policies introduced on adoption of IFRS 9 (continued)

Impairment (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue costs or effort. This includes both quantitative and qualitative information and analysis, based on Company's historical experience and informed credit assessment and including forward-looking information.

For certain categories of financial assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio as well as observable changes in national or local economic conditions that correlate with default on receivables.

Impairment losses related to bank balances including statutory and fixed deposits and insurance and other receivables are presented separately in the condensed statement of profit or loss.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of the grade of the investment.

Measurement of ECL

The Company employs statistical models for ECL calculations for bank balances, statutory and fixed deposits. ECLs are a probability-weighted estimate of credit losses.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's effective interest rate. These parameters will be derived from our Company's internally developed statistical models and other historical data. They will be adjusted to reflect forward-looking information.

The Company reassessed its impairment loss on its insurance and other receivables portfolio using an expected loss measurement basis using the simplified approach and observed material changes in the impairment loss on such assets.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. At each reporting date, the Company assesses whether financial assets carried at amortised costs and debt securities at FVOCI are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact in the estimated future cash flows of the financial asset have occurred.

**Notes to the condensed financial statements
for the nine months period ended 30 September 2018 (continued)**

2. Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.1 New and revised IFRS applied (continued)

Significant accounting policies introduced on adoption of IFRS 9 (continued)

Presentation of allowance for ECL in the condensed financial statements

The following table reconciles the original measurement categories and carrying amounts in accordance with IAS 39 and the new measurement categories with those under IFRS 9 for the Company's financial assets and financial liabilities as at 1 January 2018.

Financial assets	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 (unaudited) AED	Adjustments (unaudited) AED	New carrying amount under IFRS 9 (unaudited) AED
Investments securities – debt (a)	Available-for-sale	FVOCI – debt	70,868,989	(558,118)	70,310,871
Investment securities – equity (b)	Available-for-sale	FVOCI – equity	1,129,134	-	1,129,134
Investment securities – mutual funds	Held for trading	FVTPL	4,274,321	-	4,274,321
Insurance and other receivables (c)	Loans and receivables	Amortised cost	267,366,335	(27,971,306)	239,395,029
Bank balances including statutory and fixed deposits (c)	Loans and receivables	Amortised cost	271,487,963	(620,760)	270,867,203

- a) The debt securities represent bonds classified as available-for-sale securities earlier. As permitted by IFRS 9, the Company has designated these investments at the date of initial application as measured at FVOCI.
- b) Investments in equity were classified as available-for-sale securities earlier and are classified as FVOCI - equity as per IFRS 9. No impairment loss is recognized on equity investments.
- c) Insurance and other receivables and bank balances including statutory and fixed deposits, that were classified as loans and receivables under IAS 39 are now classified as amortised cost.

**Notes to the condensed financial statements
for the nine months period ended 30 September 2018 (continued)**

2. Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.1 New and revised IFRS applied (continued)

Significant accounting policies introduced on adoption of IFRS 9 (continued)

Presentation of allowance for ECL in the condensed financial statements (continued)

The impact from the adoption of IFRS 9 as at 1 January 2018 has been to decrease retained earnings by AED 29,150,184.

	Retained earnings (unaudited) AED
Closing balance as at 31 December 2017	75,455,296
<i><u>Impact on recognition of Expected Credit Losses</u></i>	
Insurance and other receivables	(27,971,306)
Bank balances, fixed and statutory deposits	(620,760)
FVOCI – debt	(558,118)
Opening balance as at 1 January 2018	46,305,112

The following table reconciles the closing impairment allowance for financial assets in accordance with IAS 39 as at 31 December 2017 to the opening ECL allowance determined in accordance with IFRS 9 as at 1 January 2018.

	Amount (unaudited) AED
Loss allowance as at 31 December 2017 under IAS 39	24,353,473
Additional impairment recognized at 1 January 2018 on	
Insurance and other receivables	27,971,306
Bank balances, fixed and statutory deposits	620,760
FVOCI – debt	558,118
Loss allowance as at 1 January 2018 as per IFRS 9	53,503,657

Critical judgments in applying IFRS 9

Models and assumptions used:

The Company uses certain models and assumptions in measuring fair value of financial assets as well as in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

**Notes to the condensed financial statements
for the nine months period ended 30 September 2018 (continued)**

2. Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRS in issue but not yet effective and not early adopted

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Annual Improvements to IFRS Standards 2015–2017 Cycle amending IFRS 3, IFRS 11, IAS 12 and IAS 23.	1 January 2019
IFRIC 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers: <ul style="list-style-type: none"> • Whether tax treatments should be considered collectively; • Assumptions for taxation authorities' examinations; • The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and • The effect of changes in facts and circumstances. 	
Amendments to IFRS 9 <i>Financial Instruments</i> : Relating to prepayment features with negative compensation. This amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.	1 January 2019
IFRS 16 <i>Leases</i>	1 January 2019
IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	
IFRS 17 <i>Insurance Contracts</i>	1 January 2021
The standard requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 <i>Insurance Contracts</i> as of 1 January 2021.	

**Notes to the condensed financial statements
for the nine months period ended 30 September 2018 (continued)**

2. Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRS in issue but not yet effective and not early adopted (continued)

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
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Amendments to IAS 28 *Investment in Associates and Joint Ventures*: Relating to long-term interests in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

1 January 2019

Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

Effective date deferred indefinitely.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 17 mentioned below, may have no material impact on the financial statements of the Company in the period of initial application.

Management anticipates that IFRS 17 will be adopted in the Company's financial statements for the annual period beginning 1 January 2021. The application of IFRS 17 may have significant impact on amounts reported and disclosures made in the Company's financial statements in respect of its insurance contracts. However, it is not practicable to provide a reasonable estimate of the effects of the application of this standard until the Company performs a detailed review.

3. Summary of significant accounting policies

3.1 Basis of preparation

These condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) No. 34, "*Interim Financial Reporting*" and also comply with the applicable requirements of the laws in the U.A.E.

The condensed financial statements are presented in U.A.E. Dirhams (AED) since that is the currency in which the majority of the Company's transactions are denominated.

These condensed financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments.

The Company presents its condensed statement of financial position broadly in order of liquidity.

The accounting policies, presentation and methods in these condensed financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2017, except for the adoption of IFRS 9 which is disclosed in note 2.1 to this condensed financial statements.

**Notes to the condensed financial statements
for the nine months period ended 30 September 2018 (continued)**

3. Summary of significant accounting policies (continued)

3.1 Basis of preparation (continued)

These condensed financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements as at and for the year ended 31 December 2017, in addition to the matters pertaining to adoption of IFRS 9 which is disclosed in note 2.1 to this condensed financial statements. In addition, results for the nine months period ended 30 September 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

3.1.1 Judgements and estimates

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

In preparing these condensed financial statements, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited financial statements as at and for the year ended 31 December 2017, in addition to the critical judgements disclosed in note 2.1 pertaining to the adoption of IFRS 9.

3.1.2 Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements as at and for the year ended 31 December 2017.

The accounting policies in respect of investment properties, investment in securities and property and equipment are disclosed in these condensed financial statements as required by Securities and Commodities Authority ("SCA") notification dated 12 October 2008.

As required by the circular no. 411/2018 dated 7 July 2018, the Company does not have any investments or exposures with Abraaj Group.

3.2 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation including properties under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Cost includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the cost of day to day servicing of an investment property.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The useful life of investment properties is estimated at 30 years.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the profit or loss in the period of retirement or disposal.

**Notes to the condensed financial statements
for the nine months period ended 30 September 2018 (continued)**

3. Summary of significant accounting policies (continued)

3.3 Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any identified impairment losses. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The estimated useful lives with their comparatives for various categories of property and equipment is as follows:

Buildings	25 years
Furniture and fixtures	4 years
Office equipment	4 years
Motor vehicles	4 years
Computer equipment	4 years

3.4 Intangible assets

Intangible assets are reported at cost less accumulated amortisation and identified impairment losses, if any. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The useful lives considered in the calculation of amortisation is 5 years.

3.5 Investment securities

These accounting policies (refer to notes 3.5.1 to 3.5.2) are for the comparative figures. Refer to note 2.1 for the accounting policies introduced on adoption of IFRS 9.

3.5.1 Financial assets at FVTPL

Financial assets are classified as at held for trading when the financial assets is either held for trading or is designated as such on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short- term profit taking.

Investments held for trading are stated at fair value, with any resultant gain or loss recognised in profit or loss.

**Notes to the condensed financial statements
for the nine months period ended 30 September 2018 (continued)**

3. Summary of significant accounting policies (continued)

3.5 Investment securities (continued)

3.5.2 Available-for-sale (AFS) investments

Listed shares and debt instruments held by the Company are classified as being AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the cumulative changes in fair value of available-for-sale securities reserve with the exception of impairment losses, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the cumulative change in fair value is reclassified to profit or loss.

Dividend on AFS investments are recognised in profit or loss when the Company's right to receive the dividend is established.

4. Property and equipment

All property and equipment are located in United Arab Emirates.

5. Investment properties

Investment properties comprise of land and buildings and are located in United Arab Emirates.

The fair value of the Company's investment properties as at 31 December 2017 amounted to AED 20.6 million and have been arrived at on the basis of recent valuations carried by external valuers who have appropriate market experience in the valuation of properties in the United Arab Emirates.

The fair value was determined based on the market comparable approach that reflects recent transactions prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the period.

Management estimates that there has been no change in the fair value of investment properties during the nine months period ended 30 September 2018.

Investment properties are classified as Level 3 in the fair value hierarchy as at 30 September 2018 (31 December 2017: Level 3).

**Notes to the condensed financial statements
for the nine months period ended 30 September 2018 (continued)**

6. Investment in securities

The Company's investment securities at the end of reporting period are detailed below.

	30 September 2018 (unaudited) AED	31 December 2017 (audited) AED
FVTPL (Held for trading)	4,433,035	4,274,321
FVOCI (AFS investments)	69,701,457	71,998,123
Less: Provision for impairment	(545,195)	-
	73,589,297	76,272,444

Financial investments at FVTPL (held for trading) comprise of investments in funds in United Arab Emirates.

FVOCI investments (AFS investments) comprise of equity shares and debt instruments in United Arab Emirates.

During the period, the Company has charged amortisation of premium on debt instruments to profit and loss amounting to AED 230,279 (2017: AED 17,418).

Provision for impairment as at 31 December 2017 amounted to AED 558,118 (Note 2.1).

Details of provision for impairment are as follows:

	Amount (unaudited) AED
Balance as at 31 December 2017	-
Add: Provision on initial application of IFRS 9 (Note 2.1)	558,118
Balance as at 1 January 2018	558,118
Less: Reversal of provision for impairment	(12,923)
	545,195

7. Statutory deposit

A deposit of AED 10,000,000 (31 December 2017: AED 10,000,000) has been placed with one of the Company's bankers, in accordance with local insurance regulatory requirements. This deposit has been pledged to the Bank as security against a guarantee issued by the Bank in favour of the Insurance Authority for the same amount. This deposit cannot be withdrawn without prior approval of the Insurance Authority and bears an interest rate of 3.25% per annum. (31 December 2017: 3.25% per annum).

Notes to the condensed financial statements
for the nine months period ended 30 September 2018 (continued)

8. Insurance contract liabilities and reinsurance contract assets

	30 September 2018 (unaudited) AED	31 December 2017 (audited) AED
Insurance contract liabilities		
- Claims reported unsettled	105,923,142	114,307,056
- Unallocated loss adjustment expense reserve	2,664,787	2,751,125
- Claims incurred but not reported	60,840,914	51,170,937
- Unearned premium/unexpired risk reserve	225,553,682	222,273,703
	<u>394,982,525</u>	<u>390,502,821</u>
Reinsurance contract assets		
- Claims reported unsettled	(81,092,891)	(85,531,403)
- Claims incurred but not reported	(29,807,693)	(21,825,082)
- Deferred reinsurance premiums/unexpired risk reserve	(98,076,452)	(79,772,204)
	<u>(208,977,036)</u>	<u>(187,128,689)</u>
Total reinsurers' share of insurance contract liabilities		
	<u>(208,977,036)</u>	<u>(187,128,689)</u>
Insurance contract liabilities – net		
- Claims reported unsettled	24,830,251	28,775,653
- Unallocated loss adjustment expense reserve	2,664,787	2,751,125
- Claims incurred but not reported	31,033,221	29,345,855
- Unearned premiums/unexpired risk reserve	127,477,230	142,501,499
	<u>186,005,489</u>	<u>203,374,132</u>

9. Insurance and other receivables

	30 September 2018 (unaudited) AED	31 December 2017 (audited) AED
Premium receivable	213,875,889	213,689,035
Reinsurance companies	10,149,147	33,810,190
Insurance agents and brokers	818,843	938,958
Due from related parties	5,961,735	13,689,788
Accrual of interest and other income	6,798,851	6,115,523
Advances and prepayments	2,826,136	1,694,010
Deferred capitation fee	34,570,919	20,795,356
Other receivables	1,054,618	986,948
	<u>276,056,138</u>	<u>291,719,808</u>
Less: Provision for impairment	(52,949,648)	(24,353,473)
	<u>223,106,490</u>	<u>267,366,335</u>

**Notes to the condensed financial statements
for the nine months period ended 30 September 2018 (continued)**

9. Insurance and other receivables (continued)

Movements in provision for impairment are as follows:

	30 September 2018 (unaudited) AED	31 December 2017 (audited) AED
Balance at the beginning of the year	24,353,473	18,495,278
Initial application of IFRS 9 (Note 2.1)	27,971,306	-
Balance at 1 January 2018/2017	52,324,779	18,495,278
Impairment allowance for the period/year	4,736,103	6,851,315
Reversal of provision for the period	(3,437,500)	-
Write-off for the period/year	(673,734)	(993,120)
Balance at the end of the period/year	52,949,648	24,353,473

10. Bank balances and cash

	30 September 2018 (unaudited) AED	31 December 2017 (audited) AED
Cash on hand	128,414	115,299
Cash with banks	28,272,541	11,465,583
Fixed deposits	182,211,095	249,907,081
Less: Provision for impairment	(552,880)	-
	210,059,170	261,487,963
Less: Deposits with maturities greater than three months	(181,911,095)	(249,607,081)
Less: Fixed deposits under lien	(300,000)	(300,000)
Cash and cash equivalents	27,848,075	11,580,882

Certain fixed deposits under lien are against letters of guarantee (Note 16).

Details of provision for impairment as per IFRS 9 are as follows:

	Amount (unaudited) AED
Balance as at 31 December 2017	-
Add: Provision on initial application of IFRS 9 (Note 2.1)	620,760
Balance as at 1 January 2018	620,760
Less: Reversal of provision for impairment	(67,880)
	552,880

**Notes to the condensed financial statements
for the nine months period ended 30 September 2018 (continued)**

11. Share capital

	30 September 2018 (unaudited) AED	31 December 2017 (audited) AED
Issued and fully paid (110 million ordinary shares of AED 1 each)	110,000,000	110,000,000

12. Statutory reserve

In accordance with U.A.E. Federal Law Number (2) of 2015, the Company has established a statutory reserve by appropriation of 10% of profit for each year until the reserve equals 50% of the paid-up share capital. This reserve is not available for distribution except as stipulated by the Law.

13. Voluntary reserve

Voluntary reserve can be created upon a recommendation of the Board of Directors and this reserve cannot be utilized for any other purpose unless approved by the Shareholders' General Assembly. No transfer to voluntary reserve is made during 2018.

14. Basic and diluted earnings per share

	Three months period ended 30 September 2018 (unaudited)	30 September 2017 (unaudited)	Nine months period ended 30 September 2018 (unaudited)	30 September 2017 (unaudited)
Profit for the period (in AED)	5,655,433	5,763,594	16,107,572	18,115,463
Number of shares	110,000,000	110,000,000	110,000,000	110,000,000
Basic earnings per share (in AED)	0.05	0.05	0.15	0.16

Basic earnings per share is calculated by dividing the profit for the year by the number of weighted average shares outstanding at the end of the reporting period. Diluted earnings per share is equivalent to basic earnings per share as the Company did not issue any new instrument that would impact earnings per share when executed.

**Notes to the condensed financial statements
for the nine months period ended 30 September 2018 (continued)**

15. Related party transactions

The Company, in the normal course of business, collects premiums, settles claims and enters into transactions with other business enterprises that fall within the definition of a related party as defined by International Accounting Standard 24 (Revised). The Company's management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

- 15.1 At the end of the reporting period, amounts due from/to related parties included under due from policyholders and gross outstanding claims were as follows:

	30 September 2018 (unaudited) AED	31 December 2017 (audited) AED
Due from policyholders	5,961,735	13,689,788
Due to policyholders	1,094,127	168,248
Fixed deposits	55,650,000	110,650,000
Bank borrowings	34,560,942	36,005,609

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. Expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties on adoption of IFRS 9.

15.2 Transactions:

During the period, the Company entered into the following transactions with related parties:

	Three months period ended 30 September		Nine months period ended 30 September	
	2018 (unaudited) AED	2017 (unaudited) AED	2018 (unaudited) AED	2017 (unaudited) AED
Gross premium	2,019,666	46,421,755	13,793,483	65,514,736
Claims paid	11,500,157	3,177,104	26,502,841	6,682,843

Premiums are charged to related parties at rates agreed with the management.

15.3 Key management compensation

	Three months period ended 30 September		Nine months period ended 30 September	
	2018 (unaudited) AED	2017 (unaudited) AED	2018 (unaudited) AED	2017 (unaudited) AED
Board of Directors remuneration	-	-	1,460,000	1,500,000
Short term benefits	1,494,207	1,280,757	4,292,989	3,829,771
Long term benefits	59,019	39,655	336,573	151,323

**Notes to the condensed financial statements
for the nine months period ended 30 September 2018 (continued)**

16. Contingent liabilities

	30 September 2018 (unaudited) AED	31 December 2017 (audited) AED
Letters of guarantee	10,675,633	10,675,633

Letters of guarantee includes AED 10 million (31 December 2017: AED 10 million) issued in favour of Insurance Authority of U.A.E.

The Company, in common with the significant majority of insurers, is subject to litigation in the normal course of its business. The Company, based on independent legal advice, does not expect that the outcome of these court cases will have a material impact on the Company's condensed financial performance or condensed financial position.

17. Dividend and Directors' remuneration

At the Annual General Meeting held on 7 March 2018, the Shareholders approved a cash dividend of AED 16.5 million at 15 fils per share for 2017 (2016: AED 11 million at 10 fils per share). The Shareholders also approved Board of Directors' remuneration of AED 1.5 million for 2017 (2016: AED 1.5 million).

18. Segment information

The Company is organised into two segments: Underwriting and investments. Underwriting segment incorporates all classes of general insurance including fire, marine, medical, motor, general accident and other classes of insurance.

Investments segment includes investments in U.A.E. marketable equity securities, term deposits with banks, investment properties, trading investments and other securities.

These segments are the basis on which the Company reports its primary segment information to the Managing Director.

Insurance premium represents the total income arising from insurance contracts. The Company does not conduct any business outside U.A.E. There are no transactions between the business segments.

Segmental information is presented below:

The following is an analysis of the Company's revenues classified by major underwriting departments:

	Three months period ended 30 September		Nine months period ended 30 September	
	2018 (unaudited) AED	2017 (unaudited) AED	2018 (unaudited) AED	2017 (unaudited) AED
Motor	9,078,490	6,732,732	29,370,146	18,812,144
Marine and aviation	858,333	556,835	3,514,547	3,477,210
Group life and medical insurance	92,601,493	131,247,118	255,725,792	257,197,287
Engineering, fire, general accidents and others	19,163,114	17,029,899	64,396,790	76,092,193
	121,701,430	155,566,584	353,007,275	355,578,834

Notes to the condensed financial statements
for the nine months period ended 30 September 2018 (continued)

18. Segment information (continued)

	Nine months period ended 30 September 2018			Nine months period ended 30 September 2017		
	Underwriting (unaudited) AED	Investments (unaudited) AED	Total (unaudited) AED	Underwriting (unaudited) AED	Investments (unaudited) AED	Total (unaudited) AED
Segment revenue	353,007,275	-	353,007,275	355,578,834	-	355,578,834
Segment result	15,101,884	8,340,548	23,442,432	17,627,924	5,739,682	23,367,606
Unallocated costs (net)			(7,334,860)			(5,252,143)
Profit for the period			16,107,572			18,115,463
	30 September 2018 - Unaudited		AED	31 December 2017 - Audited		AED
	AED	AED		AED	AED	
Segment assets	466,992,244	272,806,094	739,798,338	488,395,887	344,159,270	832,555,157
Unallocated assets			45,265,032			29,527,122
Total Assets			785,063,370			862,082,279
Segment liabilities	523,181,095	34,560,942	557,742,037	565,679,791	36,005,609	601,685,400
Unallocated liabilities			7,379,784			7,386,331
Total Liabilities			565,121,821			609,071,731

There are no transactions between the business segments.

**Notes to the condensed financial statements
for the nine months period ended 30 September 2018 (continued)**

19. Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

19.1 Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the condensed financial statements approximate their fair values except for financial investments measured at amortised cost of which fair value is determined based on the quoted market prices and disclosed in note 6 of these condensed financial statements.

19.2 Fair value of financial instruments carried at fair value

19.2.1 Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of assets are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended 31 December 2017 except for impact of adoption of IFRS 9.

19.2.2 Fair value measurements recognised in the condensed statement of financial position

Financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Some of the Company's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined:

Financial assets	Fair value as at 30 September 2018 (unaudited) AED	31 December 2017 (audited) AED	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
FVOCI (Available-for-sale)						
Quoted debt securities	68,084,843	70,868,989	Level 1	Quoted bid prices in an active market.	None.	N/A
Quoted equity securities	1,071,419	1,129,134	Level 1	Quoted bid prices in an active market.	None.	N/A
Investment carried at FVTPL (Held for trading)						
Funds	4,433,035	4,274,321	Level 1	Quoted bid prices in an active market.	None.	N/A

There were no transfers between each of level during the period. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

**Notes to the condensed financial statements
for the nine months period ended 30 September 2018 (continued)**

20. Reclassification

The following balances in the condensed statement of income for the prior period have been reclassified to conform to the current period presentation.

	As previously reported for nine months period ended 30 September 2017 (unaudited) AED	Reclassification (unaudited) AED	As reclassified for nine months period ended 30 September 2017 (unaudited) AED
Commission incurred	32,335,021	(1,843,620)	30,491,401
General and administrative expenses relating to underwriting activities	28,393,933	1,843,620	30,237,553
	As previously reported for three months period ended 30 September 2017 (unaudited) AED	Reclassification (unaudited) AED	As reclassified for three months period ended 30 September 2017 (unaudited) AED
Commission incurred	10,985,357	(823,793)	10,161,564
General and administrative expenses relating to underwriting activities	9,574,028	(382,647)	9,191,381
Unallocated general and administrative expenses	1,689,534	(58,598)	1,630,936

There are no changes to profit for the period 30 September 2017 based on above reclassifications.

21. Approval of the condensed financial statements

The condensed financial statements were approved by the Board of Directors and authorised for issue on 29 October 2018.