OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

Review report and condensed consolidated interim financial information for the nine month period ended 30 September 2018

OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

Review report on condensed consolidated interim financial information to the shareholders of Oman Insurance Company P.S.C.

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Oman Insurance Company P.S.C. (the "Company") and its subsidiaries (together referred to as the "Group") as at 30 September 2018 and the related condensed consolidated interim income statement and statement of comprehensive income for the three-month and nine-month periods then ended, and condensed consolidated interim statements of changes in equity and cash flows for the nine -month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 – 'Interim Financial Reporting' ("IAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of condensed consolidated 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 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34.

PricewaterhouseCoopers
13 November 2018

Mohamed ElBorno
Registered Auditor Number 946
Dubai, United Arab Emirates

PricewaterhouseCoopers (Dubai Branch), License no. 102451
Emaar Square, Building 4, Level 8, P O Box 11987, Dubai - United Arab Emirates
T: +971 (0)4 304 3100, F: +971 (0)4 346 9150, www.pwc.com/me

OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

Condensed consolidated interim statement of financial position

	Note	30 September 2018 Unaudited AED '000	31 December 2017 Audited AED '000
ASSETS			
Property and equipment		**9,209**	15,133
Intangible assets		**80,184**	84,675
Investment properties		**510,791**	510,791
Goodwill		**9,766**	14,414
Deferred tax assets		**529**	1,820
Statutory deposits		**154,515**	157,486
Financial investments	6	**2,015,325**	1,959,572
Reinsurance contract assets	7	**2,404,565**	2,518,249
Insurance receivables	8	**1,043,595**	1,462,250
Deferred acquisition costs		**169,087**	148,180
Prepayments and other receivables		**175,459**	155,507
Deposits with banks with original maturities of more than three months		**142,214**	138,487
Bank balances and cash		**478,903**	238,126
Total assets		**7,194,142**	7,404,690
EQUITY AND LIABILITIES			
Equity			
Share capital	9	**461,872**	461,872
Other reserves	10	**1,479,294**	1,479,294
Cumulative changes in fair value of securities		**(229,841)**	(233,219)
Foreign currency translation reserve		**(47,955)**	(29,378)
Retained earnings		**156,099**	360,639
Equity attributable to the owners of the Company		**1,819,469**	2,039,208
Non-controlling interests		**17,413**	21,619
Total equity		**1,836,882**	2,060,827
Liabilities			
Employees' end of service benefits		**37,483**	36,805
Insurance contract liabilities	7	**4,145,539**	4,153,247
Bank borrowings	11	**192,966**	240,927
Insurance payables	12	**709,403**	648,591
Deferred commission income		**103,562**	108,216
Reinsurance deposits retained		**57,217**	70,280
Other payables		**111,090**	85,797
Total liabilities		**5,357,260**	5,343,863
Total equity and liabilities		**7,194,142**	7,404,690

This condensed consolidated interim financial information was approved on 13 November 2018 by the Board of Directors and signed on its behalf by:

....
Abdul Aziz Abdulla Al Ghurair
Chairman

....
Jean-Louis Laurent-Josi
Chief Executive Officer

OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

Condensed consolidated interim income statement

	Note	Three month period ended 30 September 2018 Unaudited AED '000	Three month period ended 30 September 2017 Unaudited AED '000	Nine month period ended 30 September 2018 Unaudited AED '000	Nine month period ended 30 September 2017 Unaudited AED '000
Gross insurance premium		**758,181**	717,622	**2,958,287**	2,872,848
Less: Insurance premium ceded to reinsurers	23.3	**(438,450)**	(431,416)	**(1,682,375)**	(1,709,043)
Net retained premium	23.4	**319,731**	286,206	**1,275,912**	1,163,805
Net change in unearned premium and mathematical reserve		**83,289**	79,633	**(99,361)**	(88,238)
Net earned insurance premium		**403,020**	365,839	**1,176,551**	1,075,567
Gross claims settled		**(676,382)**	(560,435)	**(2,093,683)**	(1,780,319)
Insurance claims recovered from reinsurers	24.3	**389,225**	304,006	**1,266,978**	1,019,513
Net claims settled	24.4	**(287,157)**	(256,429)	**(826,705)**	(760,806)
Net change in outstanding claims and additional reserves		**15,377**	(4,286)	**10,040**	(18,867)
Net claims incurred		**(271,780)**	(260,715)	**(816,665)**	(779,673)
Reinsurance commission income		**61,139**	77,893	**215,814**	241,903
Commission expenses		**(95,450)**	(96,087)	**(283,446)**	(280,589)
Other income relating to underwriting activities		**12,151**	11,130	**34,515**	32,842
Net commission and other income		**(22,160)**	(7,064)	**(33,117)**	(5,844)
Net underwriting income		**109,080**	98,060	**326,769**	290,050
General and administrative expenses		**(72,015)**	(75,219)	**(229,175)**	(223,788)
Net investment income		**17,711**	15,823	**56,152**	58,875
Finance costs		**(1,150)**	(581)	**(2,817)**	(1,914)
Allowance for doubtful debts		**(15,575)**	(2,647)	**(39,067)**	(15,030)
Other expenses - net		**(10,223)**	(5,082)	**(22,400)**	(23,081)
Profit before tax		**27,828**	30,354	**89,462**	85,112
Income tax expenses		**(595)**	(536)	**(2,012)**	(3,828)
Profit for the period		**27,233**	29,818	**87,450**	81,284
Attributable to:					
Owners of the Company		**24,717**	31,235	**84,034**	82,516
Non-controlling interests		**2,516**	(1,417)	**3,416**	(1,232)
		27,233	29,818	**87,450**	81,284
Earnings per share (AED)	13	**0.05**	0.07	**0.18**	0.18

The notes on pages 8 to 42 form an integral part of this condensed consolidated interim financial information.

OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

Condensed consolidated interim statement of comprehensive income

	Three month period ended 30 September		**Nine month period ended 30 September**	
	2018 Unaudited AED '000	2017 Unaudited AED '000	**2018 Unaudited AED '000**	2017 Unaudited AED '000
Profit for the period	**27,233**	29,818	**87,450**	81,284
Other comprehensive (loss)/income				
Items that will not be reclassified subsequently to profit or loss:				
Net fair value (loss)/gain on revaluation of investment designated at fair value through other comprehensive income (FVTOCI)	**(13,862)**	6,724	**(14,890)**	(12,464)
Items that may be reclassified subsequently to profit or loss:				
Exchange (loss)/gain on translating foreign operations	**(12,941)**	(1,409)	**(27,430)**	228
Total other comprehensive (loss)/income for the period	**(26,803)**	5,315	**(42,320)**	(12,236)
Total comprehensive income for the period	**430**	35,133	**45,130**	69,048
Attributable to:				
Owners of the Company	**3,043**	37,117	**50,567**	70,211
Non-controlling interests	**(2,613)**	(1,984)	**(5,437)**	(1,163)
	430	35,133	**45,130**	69,048

OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

Condensed consolidated interim statement of changes in equity

	Share capital AED '000	Other reserves AED '000	Cumulative change in fair value of securities AED '000	Foreign currency translation reserve AED '000	Retained earnings AED '000	Equity attributable to the owners of the Company AED '000	Non-controlling interests AED '000	Total AED '000
At 31 December 2016 (Audited)	461,872	1,477,337	(332,402)	(27,100)	352,729	1,932,436	24,657	1,957,093
Profit for the period	-	-	-	-	82,516	82,516	(1,232)	81,284
Other comprehensive income / (loss) for the period	-	-	(12,464)	159	-	(12,305)	69	(12,236)
Total comprehensive income / (loss) for the period	-	-	(12,464)	159	82,516	70,211	(1,163)	69,048
Cash dividends (note 25)	-	-	-	-	(46,187)	(46,187)	-	(46,187)
Transfer to contingency reserve	-	1,109	-	-	(1,109)	-	-	-
Transfer to retained earning on disposal of investment at FVTOCI	-	-	71,221	-	(71,221)	-	-	-
At 30 September 2017 (Unaudited)	461,872	1,478,446	(273,645)	(26,941)	316,728	1,956,460	23,494	1,979,954
At 31 December 2017 (Audited)	461,872	1,479,294	(233,219)	(29,378)	360,639	2,039,208	21,619	2,060,827
Changes on initial application of IFRS 9 (note 3.7)	-	-	-	-	(224,119)	(224,119)	-	(224,119)
Restated balance at 1 January 2018	461,872	1,479,294	(233,219)	(29,378)	136,520	1,815,089	21,619	1,836,708
Profit for the period	-	-	-	-	84,034	84,034	3,416	87,450
Other comprehensive loss for the period	-	-	(14,890)	(18,577)	-	(33,467)	(8,853)	(42,320)
Total comprehensive income / (loss) for the period	-	-	(14,890)	(18,577)	84,034	50,567	(5,437)	45,130
Additional contribution attributable to non-controlling interests	-	-	-	-	-	-	1,231	1,231
Cash dividend (note 25)	-	-	-	-	(46,187)	(46,187)	-	(46,187)
Transfer to retained earnings on disposal of investment at FVTOCI	-	-	18,268	-	(18,268)	-	-	-
At 30 September 2018 (Unaudited)	**461,872**	**1,479,294**	**(229,841)**	**(47,955)**	**156,099**	**1,819,469**	**17,413**	**1,836,882**

The notes on pages 8 to 42 form an integral part of this condensed consolidated interim financial information.

OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

Condensed consolidated interim statement of cash flows

	Note	Nine month period ended 30 September	
		2018	2017
		Unaudited	Unaudited
		AED '000	AED '000
Cash flows from operating activities			
Profit for the period before tax		**89,462**	85,112
Adjustments for:			
Depreciation and amortisation		**14,446**	14,347
Unrealised gains on financial investments at FVTPL	6	**(3,583)**	(42,877)
Provision for end of service benefits		**5,472**	7,000
Allowance for doubtful receivables	8.3	**39,067**	15,030
Allowance for impairment of financial investments at amortised cost		**(65)**	-
Allowance for impairment of bank balances		**104**	-
Dividend income from financial investments at FVTPL and FVTOCI	26	**(13,753)**	(18,355)
Interest income from deposits and financial investments		**(47,402)**	(43,601)
Amortisation of financial investments	6	**3,962**	2,655
Realised loss on sale of financial investments at FVTPL		**-**	271
Realised losses/(gains) on sale of financial investments at amortised cost		**83**	(8,849)
Finance costs		**2,817**	1,914
Other investment expenses		**14,663**	18,375
Rental income from investment properties		**(7,201)**	(6,693)
Loss/(gain) on write off/disposal of fixed assets		**9**	(140)
Operating cash flows before changes in operating assets and liabilities and payment of end of service benefits and finance cost		**98,081**	24,189
Decrease/(increase) in reinsurance contract assets		**113,684**	(336,281)
Decrease/(increase) in insurance and other receivables		**142,166**	(70,517)
Increase in deferred acquisition costs		**(20,907)**	(27,254)
(Decrease)/increase in insurance contract liabilities		**(44,367)**	437,524
Increase in insurance and other payables		**85,002**	108,713
(Decrease)/increase in deferred commission income		**(4,654)**	23,881
(Decrease)/increase in reinsurance deposits retained		**(13,063)**	6,874
Net cash generated from operations		**355,942**	167,129
End of service benefits paid		**(4,794)**	(3,848)
Net cash generated from operating activities		**351,148**	163,281

Condensed consolidated interim statement of cash flows (continued)

	Note	Nine month period ended 30 September	
		2018	2017
		Unaudited	Unaudited
		AED '000	AED '000
Cash flows from investing activities			
Purchases of financial investments at FVTOCI	6	**(78,778)**	(113,559)
Proceeds from sale of financial investments at FVTOCI	6	**79,792**	253,779
Purchases of financial investments at FVTPL	6	**(106,867)**	(89,892)
Proceeds from sale of financial investments at FVTPL	6	**70,475**	130,882
Increase in unit linked liabilities		**36,659**	15,948
Proceeds from sale of financial investments at amortised cost		**41,634**	627,903
Purchase of financial investments at amortised cost	6	**(79,551)**	(781,177)
Dividend received from financial investments at FVTPL and FVTOCI		**12,639**	17,987
Interest received from deposits and financial investments		**44,954**	39,025
Rental income received from investment properties		**6,522**	6,200
Other investment expenses paid		**(13,560)**	(17,726)
Purchase of property and equipment		**(757)**	(1,743)
Purchase of intangible assets		**(3,528)**	(7,598)
(Increase)/decrease in term deposits with original maturities of more than three months		**(3,727)**	33,212
Decrease/(increase) in statutory deposits		**2,971**	(35,059)
Net cash generated from investing activities		**8,878**	78,182
Cash flows from financing activities			
Decrease in bank borrowings		**(47,961)**	(176,992)
Additional contributions by non-controlling interests		**1,231**	-
Dividends paid		**(46,187)**	(46,187)
Finance costs paid		**(2,817)**	(1,914)
Cash used in financing activities		**(95,734)**	(225,093)
Net increase in cash and cash equivalents		**264,292**	16,370
Cash and cash equivalents at the beginning of the period		**238,126**	295,390
Effects of exchange rate changes on the balances of cash held in foreign currency		**(23,258)**	295
Cash and cash equivalents at the end of the period	14	**479,160**	312,055

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2018

1. General information

Oman Insurance Company P.S.C., (the "Company") is a public shareholding company, which was established by an Amiri Decree issued by His Highness, The Ruler of Dubai. The Company is registered under the UAE Federal Law No. (2) of 2015, as amended, relating to commercial companies. The Company is subject to the regulations of the 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 the U.A.E. under registration number 9. The Company is a subsidiary of Mashreq Bank (PSC) which is incorporated in the Emirate of Dubai. The Company's registered head office is at P.O. Box 5209, Dubai, United Arab Emirates. The Group comprises Oman Insurance Company P.S.C. and its subsidiaries (refer note 3.3). The Company's ordinary shares are listed on the Dubai Financial Market, United Arab Emirates.

The licensed activities of the Company are issuing short term and long term insurance contracts and trading in securities. The insurance contracts are issued in connection with property, motor, aviation and marine risks (collectively known as general insurance) and individual life (participating and non-participating), group life, personal accident, medical and investment linked products.

The Company also operates in Sultanate of Oman, State of Qatar, Kingdom of Bahrain and Republic of Turkey.

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

2.1 New and revised IFRSs applied on the condensed consolidated interim financial information

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2018, have been adopted in this condensed consolidated interim financial information. The application of these revised IFRSs, except where stated, has not had any material impact on the amounts reported for the current and prior periods.

New and revised IFRS	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2014 — 2016 Cycle amending IFRS 1 and IAS 28	1 January 2018
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.	1 January 2018
Amendments to IFRS 2 "Share Based Payment" regarding classification and measurement of share based payment transactions	1 January 2018
Amendments to IFRS 4 "Insurance Contracts": Relating to the different effective dates of IFRS 9 "Financial Instruments" and the forthcoming new insurance contracts standards. The amendment introduces two approaches for insurance companies: a temporary exemption from IFRS 9 for entities that meet specific requirement, and the 'overlay approach'. Under overlay approach an insurer is permitted to reclassify in respect of certain financial assets – from profit or loss to other comprehensive the difference between the amount that is reported in profit or loss account under IFRS 9 and the amount that would have been reported in profit or loss under IAS 39. The Group has elected to apply neither temporary exemption nor the overlay approach.	1 January 2018

2 Application of new and revised International Financial reporting Standards ("IFRS") (continued)

2.1 New and revised IFRSs applied on the condensed consolidated interim financial information (continued)

New and revised IFRS	Effective for annual periods beginning on or after
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.	1 January 2018
Finalised version of IFRS 9 (IFRS 9 "Financial Instruments" (2014)) was issued in July 2014 incorporating requirements for impairment, general hedge accounting and derecognition. This amends classification and measurement requirement of financial assets and introduces new expected loss impairment model. A new measurement category of FVTOCI will apply for debt instruments held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets. A new impairment model based on expected credit losses will apply to debt instruments measured at amortised costs or FVTOCI, lease receivables, contract assets and certain written loan commitments and financial guarantee contracts. The impact of IFRS 9 on the condensed consolidated interim financial information of the Group has been disclosed in note 3.7.	1 January 2018
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 will supersede 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. Specifically, the standard introduces a 5-step approach to revenue recognition: Step 1: Identify the contract(s) with a customer. Step 2: Identify the performance obligations in the contract. Step 3: Determine the transaction price. Step 4: Allocate the transaction price to the performance obligations in the contract. Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. 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.	1 January 2018

2 Application of new and revised International Financial reporting Standards ("IFRS") (continued)

2.1 New and revised IFRSs applied on the condensed consolidated interim financial information (continued)

New and revised IFRS	**Effective for annual periods beginning on or after**
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.	1 January 2018
Management of the Group does not expect IFRS 15 to have material impact on the Group's condensed consolidated interim financial information since insurance contracts do not fall within the scope of this standard and are within the scope of IFRS 4 and IFRS 17 "Insurance contracts".	

2.2 New and revised IFRS issued but not yet effective

New and revised IFRS	**Effective for annual periods beginning on or after**
IFRS 16 "Leases". 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.	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
Amendment to IFRS 9 "Financial instrument": The amendment permits more assets to be measured at amortised cost than under the previous version of IFRS 9, in particular some prepayable financial assets. The amendment also confirms that modifications in financial liabilities will result in the immediate recognition of a gain or loss.	1 January 2019
IFRIC 23 "Uncertainty over Income Tax Treatments": The interpretation address the determination of taxable profit (tax loss) tax bases, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12, It specifically considers: • Whether tax treatments should be considered collectively • Assumptions for taxation authorities • The determination of taxable profit (tax loss), tax bases, unused tax losses, and tax rates • The effect of changes in facts and circumstances	1 January 2019

2 Application of new and revised International Financial reporting Standards ("IFRS") (continued)

2.2 New and revised IFRS issued but not yet effective (continued)

New and revised IFRS	Effective for annual periods beginning on or after
IFRS 17 "Insurance contracts": On 18 May 2017, the IASB finished its long-standing project to develop an accounting standard on insurance contracts and published IFRS 17 "Insurance Contracts". IFRS 17 replaces IFRS 4, which currently permits a wide variety of practices. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	1 January 2021

The standard applies to annual periods beginning on or after 1 January 2021, with earlier application permitted if IFRS 15, 'Revenue from contracts with customers' and IFRS 9, 'Financial instruments' are also applied.

IFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin ("CSM") representing the unearned profit of the contract. A simplified premium allocation approach is permitted for the liability for the remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period is one year or less. However, claims incurred will need to be measured based on the building blocks of discounted, risk-adjusted, probability weighted cash flows.

The Group is currently assessing the impact of these standards, interpretations and amendments on the future financial statements and intends to adopt these, if applicable, when they become applicable.

3 Summary of significant accounting policies

3.1 Basis of preparation

This condensed consolidated interim financial information for the nine month period ended 30 September 2018 has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standard Board ("IASB") and also comply with the applicable requirements of the laws in the U.A.E.

The condensed consolidated interim financial information is presented in U.A.E. Dirhams (AED) since that is the currency in which the majority of the Group's transactions are denominated and all values are rounded to the nearest thousand (AED) except when otherwise indicated.

This condensed consolidated interim financial information has been prepared on the historical cost basis, except for the revaluation of certain financial investments and investment properties.

The Group presents its consolidated statement of financial position broadly in order of liquidity, with a distinction based on expectations regarding recovery or settlement within twelve months after the reporting date (current) and more than twelve months after the reporting date (non-current), presented in the notes.

This condensed consolidated interim financial information does not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statements as at and for the year ended 31 December 2017. In addition, results for the nine month 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 Summary of significant accounting policies (continued)

3.2 Significant accounting policies

The accounting policies, presentation and methods in this condensed consolidated interim financial information are consistent with those used in the annual audited consolidated financial statements for the year ended 31 December 2017, other than the impact of the implementation of IFRS 9 which is disclosed in note 3.7.

As required by the Securities and Commodities Authority ("SCA") notification dated 12 October 2008, accounting policies relating to investment properties, property and equipment and financial assets have been disclosed in this condensed consolidated interim financial information (Notes 3.4 to 3.6).

3.3 Basis of consolidation

The condensed consolidated interim financial information of Oman Insurance Company P.S.C. and its subsidiaries (the "Group") incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries).

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses 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 listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the condensed consolidated interim income statement and condensed consolidated interim statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company 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 intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3 Summary of significant accounting policies (continued)

3.3 Basis of consolidation (continued)

Name of subsidiary	Place of incorporation and operation	Proportion of legal ownership interest	Proportion of voting power held	Principal activity
Equator Insurance Agency L.L.C.*	Dubai - U.A.E.	99.97%	100%	Insurance agency.
Dubai Starr Sigorta A.Ş**	Istanbul – Turkey	51%	51%	Issuing short-term and long-term insurance contracts.
ITACO Bahrain Co W.L.L***	Manama – Kingdom of Bahrain	60%	60%	Brokerage and call center services.
Synergize Services FZ L.L.C****	Dubai - UAE.	100%	100%	Management information technology and transaction processing.

Support Management Services Company Limited (Irbil – Iraq) having principal activity of third party administration was liquidated on 7 October 2017.

* The Company holds the remaining equity in Equator Insurance Agency L.L.C, beneficially through nominee arrangements.

**Dubai Starr Sigorta A. S was founded in 2012 and major lines of business include the underwriting of accident and health insurance.

***ITACO Bahrain Co W.L.L was acquired by the Company on 16 September 2015.

**** Synergize Services FZ L.L.C was incorporated on 24 January 2014 in Dubai Outsource Zone, UAE and is engaged in the business of providing management information technology and transaction processing services.

3 Summary of significant accounting policies (continued)

3.4 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.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise.

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.

Transfer is made to or from investment property only when there is a change in use evidenced by the end of owner-occupation or commencement of an operating lease to another party. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use. Fair value is determined by open market values based on valuations performed by independent surveyors and consultants or broker's quotes.

3.5 Property and equipment

Capital work in progress is stated at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Other property and equipment are stated at cost less accumulated depreciation and any identified impairment losses.

Depreciation is charged so as to write off the cost of assets, other than capital work in progress, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any 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 useful lives considered in the calculation of depreciation for the assets are as follows:

	Years
Furniture and equipment	3 - 5
Motor vehicles	5

3 Summary of significant accounting policies (continued)

3.6 Financial assets

All financial assets are recognised and derecognised on trade date when 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. Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL), which are initially measured at fair value. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value depending on the classification of the financial assets.

3.6.1 Classification of financial assets

For the purposes of classifying financial assets, an instrument is an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' for the issuer except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial assets are 'debt instruments'. Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective.

3.6.2 Financial assets at amortised cost and the effective interest method

Debt instruments are measured at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments meeting these criteria are measured initially at fair value plus transaction costs (except if they are designated as at FVTPL - see below). They are subsequently measured at amortised cost using the effective interest method less any impairment (see note 3.6.8 below), with interest income recognised on an effective yield basis in investment income.

Subsequent to initial recognition, the Group is required to reclassify debt instruments from amortised cost to FVTPL if the objective of the business model changes so that the amortised cost criteria are no longer met.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The Group may irrevocably elect at initial recognition to classify a debt instrument that meets the amortised cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortised cost.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely for payment of principal and interest.

3.6.3 Cash and cash equivalents

Cash and cash equivalents, which include cash on hand and deposits held with banks with original maturities of three months or less, are classified as financial assets at amortised cost.

3.6.4 Insurance receivables, other receivables and statutory deposits

Insurance receivables, other receivables and statutory deposits are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short- term receivables when the recognition of interest would be immaterial.

3 Summary of significant accounting policies (continued)

3.6 Financial assets (continued)

3.6.5 Financial assets at fair value through other comprehensive income (FVTOCI)

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. The Group's policy is to designate equity instruments as FVTOCI when those investments are held for purposes other than to generate investment returns.

Investments in equity instruments at FVTOCI 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 of securities reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the investments. Impairment losses (and reversal of impairment) are not reported separately from other changes in fair value.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

3.6.6 Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Group designates an investments that are held for the purpose other than to generate investment returns as at fair value through other comprehensive income (FVTOCI) on initial recognition (see above).

Investment linked components of insurance contracts are classified as at FVTPL. Any gains or losses arising on remeasurement of these assets and equivalent movements in reserves attributable to policyholders are offset within the same line in the condensed consolidated interim income statement.

Debt instruments that do not meet the amortised cost criteria (see note 3.6.2) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria but are designated as at FVTPL are measured at FVTPL. A debt instrument may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Debt instruments are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria is no longer met. Reclassification of debt instruments that are designated as at FVTPL on initial recognition is not allowed.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss.

Dividend income on investments in equity instruments at FVTPL is recognised in profit or loss when the Group's right to receive the dividends is established.

3 Summary of significant accounting policies (continued)

3.6 Financial assets (continued)

3.6.7 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. The foreign exchange component forms part of its fair value gain or loss. Therefore,

- for financial assets that are classified as at FVTPL, the foreign exchange component is recognised in profit or loss; and
- for financial assets that designated as at FVTOCI, any foreign exchange component is recognised in other comprehensive income.

For foreign currency denominated debt instruments measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the financial assets and are recognised in profit or loss.

3.6.8 Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost and FVTOCI and with the exposure arising from insurance and other receivables. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Prior to the adoption of the impairment requirements of IFRS 9 on 1 January 2018, insurance and other receivables were tested for impairment based on IAS 39 requirements as these met the definition of a financial asset.

Upon the adoption of the impairment requirements of IFRS 9 on 1 January 2018, the Group assessed the impairment of insurance and other receivables using the expected credit loss model.

Note 4 provides more detail of how the expected credit loss allowance is measured.

3.6.9 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a financial asset that is classified as FVTOCI, the cumulative gain or loss previously accumulated in the cumulative changes in fair value of securities reserve is not reclassified to profit or loss, but is reclassified to retained earnings.

3 Summary of significant accounting policies (continued)

3.7 Changes in accounting policies

The Group has adopted the impairment requirements of 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 the amounts previously recognised in the annual consolidated financial statements.

As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition have been recognised in the opening retained earnings of the current period.

Consequently, for note disclosures, the consequential amendments to IFRS 7 disclosures have also only been applied to the current period. The comparative period notes disclosures reflect those disclosures made in the prior period.

The adoption of the impairment requirements of IFRS 9 has resulted in changes in accounting policies for impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 "Financial Instruments: Disclosures".

Set out below are disclosures relating to the impact of the adoption of IFRS 9 on the Group.

(a) Reconciliation of impairment allowance balance from IAS 39 / IAS 37 to IFRS 9

The following table reconciles the prior period's closing impairment allowance measured in accordance with the IAS 39 incurred loss model and IAS 37 provision to the new impairment allowance measured in accordance with the IFRS 9 expected loss model at 1 January 2018:

	Loss allowance under IAS 39 / Provision under IAS 37	**Remeasurements (Unaudited)**	**Loss allowance under IFRS 9**
	AED'000	AED'000	AED'000
Deposits and balances due from banks measured at amortised cost	-	140	140
Financial investments measured at fair value through other comprehensive income	-	-	-
Financial investments measured at amortised cost	-	2,255	2,255
Insurance receivables and other receivables (excluding prepayments) measured at amortised cost	138,629	221,711	360,340
Statutory deposits measured at amortised cost	-	13	13
	138,629	224,119	362,748

Further information on measurement of ECL is included in note 4 and note 5.

4 Critical accounting judgements and key sources of estimation of uncertainty

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

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

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining the criteria for significant increase in credit risk;
- Determining the criteria and definition of default;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

5 Credit risk

Credit risk is the risk of suffering financial loss, should any of the Group's customers fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from insurance and other receivables, financial investments in debt instruments and bank balances and cash.

Credit risk is the single largest risk from the Group's business; management therefore carefully manages its exposure to credit risk. The credit risk management and control are centralised in a risk management department which reports regularly to the Risk Management Committee.

At 30 September 2018, the Group recorded ECL amounting to AED 257 thousand, AED 2,190 thousand and AED 251,241 thousand in respect of bank balances and cash, financial investments measured at amortised cost and insurance and other receivables respectively.

6 Financial investments

The Group's financial investments at the end of reporting period are detailed below.

	30 September 2018 Unaudited AED '000	31 December 2017 Audited AED '000
At fair value through profit or loss	**362,472**	322,497
At fair value through other comprehensive income	**441,797**	457,701
Measured at amortised cost	**1,213,246**	1,179,374
Less: Allowance for impairment	**(2,190)**	-
	2,015,325	1,959,572

Financial investments measured at amortised cost include quoted bonds. These bonds carry interest at coupon rates of 1.8% to 7.9% per annum. The Group holds these investments with the objective of receiving the contractual cash flows over the instruments life. The fair value of these bonds at 30 September 2018 is AED 1,181,389 thousand (31 December 2017: AED 1,178,979 thousand).

At 30 September 2018, financial assets measured at fair value through other comprehensive income include investment amounting to AED 9 million with the Abraaj Group.

The movements in investments were as follows:

	Fair value through profit or loss AED '000	**Fair value through OCI AED '000**	**Amortised cost AED '000**	**Total AED '000**
At 31 December 2016 (Audited)	294,908	580,173	972,865	1,847,946
Purchases	129,618	126,270	855,968	1,111,856
Disposals	(150,854)	(297,658)	(645,513)	(1,094,025)
Amortisation	-	-	(3,946)	(3,946)
Changes in fair value	48,825	48,916	-	97,741
At 31 December 2017 (Audited)	322,497	457,701	1,179,374	1,959,572
Purchases	106,867	78,778	79,551	265,196
Disposals	(70,475)	(79,792)	(41,717)	(191,984)
Amortisation	-	-	(3,962)	(3,962)
Changes in fair value	3,583	(14,890)	-	(11,307)
Allowance for impairment	-	-	(2,190)	(2,190)
At 30 September 2018 (Unaudited)	**362,472**	**441,797**	**1,211,056**	**2,015,325**

OMAN INSURANCE COMPANY P.S.C. AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2018 (continued)

7 Insurance contract liabilities and reinsurance contract assets

	30 September 2018 Unaudited AED '000	31 December 2017 Audited AED '000
Insurance contract liabilities		
Outstanding claims	1,623,380	1,896,312
Additional reserve - IBNR	415,388	340,062
Life assurance fund	182,218	208,045
Unearned premiums	1,582,498	1,403,432
Unit linked liabilities	332,952	296,293
Unallocated loss adjustment expenses reserve	9,103	9,103
	4,145,539	4,153,247
Recoverable from re-insurers		
Outstanding claims	1,268,637	1,509,940
Additional reserve - IBNR	278,781	225,044
Unearned premiums	857,147	783,265
	2,404,565	2,518,249
Insurance contract liabilities — net		
Outstanding claims	354,743	386,372
Additional reserve - IBNR	136,607	115,018
Life assurance fund	182,218	208,045
Unearned premiums	725,351	620,167
Unit linked liabilities	332,952	296,293
Unallocated loss adjustment expenses reserve	9,103	9,103
	1,740,974	1,634,998

8 Insurance receivables

	30 September 2018 Unaudited AED '000	31 December 2017 Audited AED '000
Due from policyholders and brokers	997,637	922,510
Less: allowance for doubtful debts	(275,986)	(97,690)
Net due from policyholders and brokers	721,651	824,820
Due from insurance/reinsurance companies	437,504	678,369
Less: allowance for doubtful debts	(115,560)	(40,939)
Net due from insurance/reinsurance companies	321,944	637,430
Total insurance receivables	1,043,595	1,462,250

8 Insurance receivables (continued)

8.1 Insurance receivables by location

Inside UAE

	30 September 2018 Unaudited AED '000	31 December 2017 Audited AED '000
Due from policyholders and brokers	**843,856**	759,654
Less: allowance for doubtful debts	**(241,823)**	(75,272)
Net due from policyholders and brokers	**602,033**	684,382
Due from insurance/reinsurance companies	**349,206**	501,538
Less: allowance for doubtful debts	**(78,688)**	(40,867)
Net due from insurance/reinsurance companies	**270,518**	460,671
Total insurance receivables inside UAE	**872,551**	1,145,053

Outside UAE

	30 September 2018 Unaudited AED '000	31 December 2017 Audited AED '000
Due from policyholders and brokers	**153,781**	162,856
Less: allowance for doubtful debts	**(34,163)**	(22,418)
Net due from policyholders and brokers	**119,618**	140,438
Due from insurance/reinsurance companies	**88,298**	176,831
Less: allowance for doubtful debts	**(36,872)**	(72)
Net due from insurance/reinsurance companies	**51,426**	176,759
Total insurance receivables outside UAE	**171,044**	317,197

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2018 (continued)

8 Insurance receivables (continued)

8.2 Ageing of insurance receivables

At 30 September 2018 (Unaudited)

		Past Due by Number of Days				
	Not yet due AED'000	**<30 days AED'000**	**30-90 days AED'000**	**91-180 days AED'000**	**≥181 days AED'000**	**Total AED'000**
Due from policyholders	132,641	35,148	37,262	21,317	19,421	245,789
Due from insurance companies	3,382	6,917	9,322	20,505	28,102	68,228
Due from reinsurance companies	80,740	6,183	54,586	83,993	28,214	253,716
Due from brokers	224,012	51,811	109,904	60,295	13,947	459,969
Other receivables	3,190	2,953	56	252	9,442	15,893
Insurance receivables - net	**443,965**	**103,012**	**211,130**	**186,362**	**99,126**	**1,043,595**

At 31 December 2017 (Audited)

		Past Due by Number of Days				
	Not yet due AED'000	<30 days AED'000	30-90 days AED'000	91-180 days AED'000	≥181 days AED'000	Total AED'000
Due from policyholders	188,719	92,360	200,330	41,360	132,856	655,625
Due from insurance companies	617	1,375	35,798	18,784	152,313	208,887
Due from reinsurance companies	35,321	95,939	181,513	33,933	81,837	428,543
Due from brokers	89,734	52,241	5,570	2,369	3,614	153,528
Other receivables	73	2,258	207	119	13,010	15,667
Insurance receivables - net	314,464	244,173	423,418	96,565	383,630	1,462,250

8 Insurance receivables (continued)

8.2 Ageing of insurance receivables (continued)

8.2.1 Ageing of insurance receivables by location

Inside UAE

At 30 September 2018 (Unaudited)

		Past Due by Number of Days				
	Not yet due AED'000	**<30 days AED'000**	**30-90 days AED'000**	**91-180 days AED'000**	**≥181 days AED'000**	**Total AED'000**
Due from policyholders	**119,823**	**32,089**	**31,717**	**15,052**	**17,186**	**215,867**
Due from insurance companies	**3,321**	**5,641**	**6,814**	**19,026**	**27,543**	**62,345**
Due from reinsurance companies	**74,898**	**2,791**	**48,107**	**74,585**	**7,792**	**208,173**
Due from brokers	**183,169**	**42,780**	**96,707**	**53,455**	**8,657**	**384,768**
Other receivables	**-**	**51**	**48**	**243**	**1,056**	**1,398**
Insurance receivables – net	**381,211**	**83,352**	**183,393**	**162,361**	**62,234**	**872,551**

At 31 December 2017 (Audited)

		Past Due by Number of Days				
	Not yet due AED'000	<30 days AED'000	30-90 days AED'000	91-180 days AED'000	≥181 days AED'000	Total AED'000
Due from policyholders	180,696	77,122	148,601	8,671	107,761	522,851
Due from insurance companies	468	-	35,257	18,603	148,189	202,517
Due from reinsurance companies	35,321	20,689	149,865	13,837	38,442	258,154
Due from brokers	86,557	51,300	5,249	1,912	1,846	146,864
Other receivables	73	1,455	166	104	12,869	14,667
Insurance receivables – net	303,115	150,566	339,138	43,127	309,107	1,145,053

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2018 (continued)

8 Insurance receivables (continued)

8.2 Ageing of insurance receivables (continued)

8.2.1 Ageing of insurance receivables by location (continued)

Outside UAE

At 30 September 2018 (Unaudited)

		Past Due by Number of Days				
	Not yet due AED'000	**<30 days AED'000**	**30-90 days AED'000**	**91-180 days AED'000**	**≥181 days AED'000**	**Total AED'000**
Due from policyholders	**12,818**	**3,059**	**5,545**	**6,265**	**2,235**	**29,922**
Due from insurance companies	**61**	**1,276**	**2,508**	**1,479**	**559**	**5,883**
Due from reinsurance companies	**5,842**	**3,392**	**6,479**	**9,408**	**20,422**	**45,543**
Due from brokers	**40,843**	**9,031**	**13,197**	**6,840**	**5,290**	**75,201**
Other receivables	**3,190**	**2,902**	**8**	**9**	**8,386**	**14,495**
Insurance receivables - net	**62,754**	**19,660**	**27,737**	**24,001**	**36,892**	**171,044**

At 31 December 2017 (Audited)

		Past Due by Number of Days				
	Not yet due AED'000	<30 days AED'000	30-90 days AED'000	91-180 days AED'000	≥181 days AED'000	Total AED'000
Due from policyholders	8,023	15,238	51,729	32,689	25,095	132,774
Due from insurance companies	149	1,375	541	181	4,124	6,370
Due from reinsurance companies	-	75,250	31,648	20,096	43,395	170,389
Due from brokers	3,177	941	321	457	1,768	6,664
Other receivables	-	803	41	15	141	1,000
Insurance receivables - net	11,349	93,607	84,280	53,438	74,523	317,197

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2018 (continued)

8 Insurance receivables (continued)

8.3 Movement in the allowance for doubtful debts

	30 September 2018 Unaudited AED '000	31 December 2017 Audited AED '000
Balance at beginning of the period/year	**138,629**	117,688
Initial application of IFRS 9 (Refer note 3.7)	**221,711**	-
Impairment allowance for the period/year	**39,067**	36,126
Foreign currency exchange differences	**(4,829)**	(863)
Amounts written off as uncollectible during the period/year	**(3,032)**	(14,322)
Balance at end of the period/year	**391,546**	138,629

9 Share capital

	30 September 2018 Unaudited AED '000	31 December 2017 Audited AED '000
Authorised, issued and fully paid 461,872,125 shares of AED 1 each (31 December 2017: 461,872,125 shares of AED 1 each)	**461,872**	461,872

10 Other reserves

	Statutory reserve AED '000	Strategic reserve AED '000	General reserve AED '000	Contingency reserve AED '000	Total AED '000
Balance at 31 December 2017 (Audited)	230,936	303,750	933,051	11,557	1,479,294
Balance at 30 September 2018 (Unaudited)	**230,936**	**303,750**	**933,051**	**11,557**	**1,479,294**

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2018 (continued)

11 Bank borrowings

	30 September 2018 Unaudited AED '000	31 December 2017 Audited AED '000
Short term bank loans	**192,966**	240,927

Short term bank loans are secured by assignment of bonds amounting to AED 218,912 thousand (31 December 2017: AED 275,667 thousand) in favour of the financial institutions. These loans carry a fixed interest rate of 2.53% per annum (31 December 2017: 1.98% per annum).

12 Insurance payables

	30 September 2018 Unaudited AED '000	31 December 2017 Audited AED '000
Payables – Inside UAE	**553,877**	472,352
Payables – Outside UAE	**155,526**	176,239
	709,403	648,591

	30 September 2018 Unaudited AED '000	31 December 2017 Audited AED '000
Inside UAE		
Due to policyholders and brokers	**102,706**	84,148
Due to insurance/reinsurance companies	**376,755**	303,338
Premiums collected in advance	**229**	245
Other insurance payables	**74,187**	84,621
	553,877	472,352

	30 September 2018 Unaudited AED '000	31 December 2017 Audited AED '000
Outside UAE		
Due to policyholders and brokers	**72,465**	85,229
Due to insurance/reinsurance companies	**61,199**	56,769
Premiums collected in advance	**16,475**	23,529
Other insurance payables	**5,387**	10,712
	155,526	176,239

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2018 (continued)

13 Earnings per share

	Three month period ended 30 September		Nine month period ended 30 September	
	2018	2017	**2018**	2017
	Unaudited	Unaudited	**Unaudited**	Unaudited
Profit for the period attributable to the Owners of the Company (AED '000)	**24,717**	31,235	**84,034**	82,516
Weighted average number of shares	**461,872,125**	461,872,125	**461,872,125**	461,872,125
Basic and diluted earnings per share (AED)	**0.05**	0.07	**0.18**	0.18

Basic earnings per share are calculated by dividing the profit for the period attributable to the Owners of the Company 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.

14 Cash and cash equivalents

	Nine month period ended 30 September	
	2018	2017
	Unaudited	Unaudited
	AED '000	AED '000
Deposits with banks with original maturities within three months	**389,799**	89,351
Current accounts and cash	**89,361**	222,704
Cash and cash equivalents	**479,160**	312,055
Less: Impairment provision	**(257)**	-
Bank balances and cash	**478,903**	312,055

15 Related party balances and transactions

Related parties include the Group's major Shareholders, Directors and businesses controlled by them and their families over which they exercise significant management influence as well as key management personnel.

15.1 At the end of the reporting period, amounts due from/to related parties are included in the following accounts:

	30 September 2018	31 December 2017
	Unaudited	Audited
	AED '000	AED '000
Cash and bank balances	**139,868**	76,464
Bank borrowings	**192,966**	240,927
Statutory deposits	**10,000**	10,000
Net insurance receivables	**28,210**	43,985
Net insurance payables	**928**	2,877

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2018 (continued)

15 Related party balances and transactions (continued)

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

	Three month period ended 30 September		Nine month period ended 30 September	
	2018	2017	**2018**	2017
	Unaudited	Unaudited	**Unaudited**	Unaudited
	AED '000	AED '000	**AED '000**	AED '000
Premiums	**7,786**	9,873	**77,881**	94,374
Claims	**17,713**	18,661	**50,294**	45,584
Interest income	**839**	335	**1,288**	607
Interest expense	**1,745**	881	**4,245**	2,950
Rental expense	**863**	865	**2,750**	2,552

The Group has entered into the above transactions with the related parties which were made on substantially the same terms as those prevailing at the same time for the comparable transactions with third parties.

15.3 Compensation of key management personnel

	Three month period ended 30 September		Nine month period ended 30 September	
	2018	2017	**2018**	2017
	Unaudited	Unaudited	**Unaudited**	Unaudited
	AED '000	AED '000	**AED '000**	AED '000
Directors' fees	**-**	-	**2,250**	2,250
Salaries and benefits	**724**	619	**1,447**	2,596
End of service benefits	**31**	27	**63**	255
Total compensation paid to the key management personnel	**755**	646	**3,760**	5,101

16 Contingent liabilities

At 30 September 2018, the Group had contingent liabilities in respect of bank guarantees and other matters arising in the ordinary course of business amounting to AED 84.7 million (31 December 2017: AED 100.5 million).

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

17 Commitments

17.1 Purchase commitments

	30 September 2018	31 December 2017
	Unaudited	Audited
	AED '000	AED '000
Commitments in respect of uncalled subscription of certain shares held as investments	**14,723**	13,911
Capital commitments towards acquisitions of property and equipment and intangible assets	**12,063**	11,013

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2018 (continued)

17 Commitments (continued)

17.2 Operating lease commitments

At the end of the reporting period, minimum lease commitments under non-cancellable operating lease agreements were as follows:

	30 September 2018 Unaudited AED '000	31 December 2017 Audited AED '000
Within one year	**6,124**	8,595
Second to fifth year	**7,035**	5,380

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2018 (continued)

18 Location of assets

As required by Securities and Commodities Authority notification dated 12 October 2008, the locations of assets are disclosed below:

	30 September 2018 (Unaudited)			31 December 2017 (Audited)		
	In U.A.E. AED '000	**In other countries AED '000**	**Total AED '000**	In U.A.E. AED '000	In other countries AED '000	Total AED '000
Property and equipment	**8,511**	**698**	**9,209**	12,784	2,349	15,133
Investment properties	**510,791**	**-**	**510,791**	510,791	-	510,791
Financial investments at FVTOCI	**150,160**	**291,637**	**441,797**	177,665	280,036	457,701
Financial investments at FVTPL	**4,467**	**358,005**	**362,472**	5,121	317,376	322,497
Financial investments at amortised cost	**932,080**	**278,976**	**1,211,056**	910,544	268,830	1,179,374
Bank balances and cash	**400,663**	**220,454**	**621,117**	173,478	203,135	376,613
	2,006,672	**1,149,770**	**3,156,442**	1,790,383	1,071,726	2,862,109

19 Segment information

For management purposes, the Group is organised into three business segments: general insurance, life insurance including medical and investments. The general insurance segment comprises property, motor, general accident, aviation and marine risks. The life insurance segment includes individual life (participating and non-participating), medical, group life and personal accident as well as investment linked products. Investment comprises investments (financial and non-financial), deposits with banks and cash management for the Group's own accounts.

These segments are the basis on which the Group reports its primary segment information to the Chief Operating Decision Maker.

19 Segment information (continued)

19.1 Segment premium and results by operating segments

Segmental information is presented below:

	Nine month period ended 30 September (Unaudited)							
	General insurance		Life assurance and medical		Investments		Total	
	2018 AED '000	2017 AED '000	**2018 AED '000**	2017 AED '000	**2018 AED '000**	**2017 AED '000**	**2018 AED '000**	2017 AED '000
Gross insurance premium	**1,396,736**	1,516,554	**1,561,551**	1,356,294	-	-	**2,958,287**	2,872,848
Net underwriting income	**170,398**	166,130	**156,371**	123,920	-	-	**326,769**	290,050
General and administrative expenses							**(229,175)**	(223,788)
Net investment income					**56,152**	58.875	**56,152**	58,875
Finance cost							**(2,817)**	(1,914)
Allowance for doubtful debts							**(39,067)**	(15,030)
Other expenses							**(22,400)**	(23,081)
Profit before tax							**89,462**	85,112
Income tax							**(2,012)**	(3,828)
Profit for the period							**87,450**	81,284
Attributable to:								
Owners of the Company							**84,034**	82,516
Non-controlling interests							**3,416**	(1,232)
Profit for the period							**87,450**	81,284

19 Segment information (continued)

19.2 Segment results by geographical distribution

	Nine month period ended 30 September (Unaudited)					
	GCC		**Turkey**		**Total**	
	2018 AED '000	2017 AED '000	**2018 AED '000**	2017 AED '000	**2018 AED '000**	2017 AED '000
Gross insurance premium	**2,796,987**	2,699,763	**161,300**	173,085	**2,958,287**	2,872,848
Net underwriting income	**319,259**	276,218	**7,510**	13,832	**326,769**	290,050
General and administrative expenses	**(216,006)**	(207,804)	**(13,169)**	(15,984)	**(229,175)**	(223,788)
Net investment income	**50,351**	51,196	**5,801**	7,679	**56,152**	58,875
Finance cost	**(2,817)**	(1,914)	**-**	-	**(2,817)**	(1,914)
Allowance for doubtful debts	**(39,067)**	(15,030)	**-**	-	**(39,067)**	(15,030)
Other expenses	**(30,117)**	(18,298)	**7,717**	(4,783)	**(22,400)**	(23,081)
Profit before tax	**81,603**	84,368	**7,859**	744	**89,462**	85,112
Income tax	**(985)**	-	**(1,027)**	(3,828)	**(2,012)**	(3,828)
Profit/(loss) for the period	**80,618**	84,368	**6,832**	(3,084)	**87,450**	81,284
Attributable to:						
Owners of the Company	**80,550**	84,089	**3,484**	(1,573)	**84,034**	82,516
Non-controlling interests	**68**	279	**3,348**	(1,511)	**3,416**	(1,232)
Profit/(loss) for the period	**80,618**	84,368	**6,832**	(3,084)	**87,450**	81,284

19 Segment information (continued)

19.3 Segment assets and liabilities by operating segments

	At 30 September 2018 (Unaudited)			
	General insurance AED' 000	**Life assurance and medical AED' 000**	**Investments AED' 000**	**Total AED' 000**
Segment assets	**2,685,762**	**2,318,961**	**2,189,419**	**7,194,142**
Segment liabilities	**3,052,147**	**2,305,113**	**-**	**5,357,260**
Capital expenditure	**4,285**	**-**	**-**	**4,285**
Depreciation and amortisation	**7,946**	**6,502**	**-**	**14,448**

	At 31 December 2017 (Audited)			
	General insurance AED' 000	Life assurance and medical AED' 000	Investments AED' 000	Total AED' 000
Segment assets	2,946,711	2,286,919	2,171,060	7,404,690
Segment liabilities	3,302,806	2,041,057	-	5,343,863
Capital expenditure	19,460	-	-	19,460
Depreciation and amortisation	10,466	8,563	-	19,029

19.4 Geographical information of segment assets and liabilities

	At 30 September 2018 (Unaudited)		
	GCC AED '000	**Turkey AED '000**	**Total AED '000**
Segment assets	**6,866,123**	**328,019**	**7,194,142**
Segment liabilities	**5,063,234**	**294,026**	**5,357,260**
Capital expenditure	**4,285**	**-**	**4,285**
Depreciation and amortisation	**13,802**	**646**	**14,448**

	At 31 December 2017 (Audited)		
	GCC AED '000	Turkey AED '000	Total AED '000
Segment assets	6,987,672	417,018	7,404,690
Segment liabilities	4,981,899	361,964	5,343,863
Capital expenditure	19,460	-	19,460
Depreciation and amortisation	18,122	907	19,029

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2018 (continued)

20 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 Group 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.

20.1 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 consolidated interim financial information 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 this condensed consolidated interim financial information.

20.2 Fair value of financial and non-financial items carried at fair value

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

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

20.2.2 Fair value of the Group's financial assets that are measured at fair value on recurring basis

Some of the Group'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:

20 Fair value measurements (continued)

20.2 Fair value of financial and non-financial items carried at fair value (continued)

20.2.2 Fair value of the Group's financial assets that are measured at fair value on recurring basis (continued)

Financial assets	Fair Value as at 30 September 2018 (Unaudited) AED '000	Fair Value as at 31 December 2017 (Audited) AED '000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
Quoted equity investments - FVTOCI	283,491	276,246	Level 1	Quoted bid price in an active market	None	Not applicable
Unquoted equity investments - FVTOCI	158,306	181,455	Level 3	Funds were valued using the net assets valuation method due to the unavailability of market and comparable financial information. For unquoted equity, valuation is performed annually. Both valuations were determined based on the latest available audited/historical financial information.	Net assets value	The higher the net assets value of the investees, the higher the fair value
Quoted fund - FVTPL	25,775	23,194	Level 2	Net assets values of the funds	None	Not applicable
Unit linked investments – FVTPL	336,697	299,303	Level 2	Net assets values of the funds	None	Not applicable

The fair value of the quoted debt instruments held at amortised cost as at 30 September 2018 amounted to AED 1,165,603 thousand (31 December 2017: AED 1,162,917 thousand) and unquoted debt instruments held at amortised cost as at 30 September 2018 amounted to AED 15,786 thousand (31 December 2017: AED 16,062 thousand).

There were no transfers between levels during the period.

20 Fair value measurements (continued)

20.2 Fair value of financial and non-financial items carried at fair value (continued)

20.2.3 Reconciliation of unquoted equity instruments — at fair value through other comprehensive income, movements in level 3 financial assets measured at fair values:

	30 September 2018 Unaudited AED '000	31 December 2017 Audited AED '000
Balance at the beginning of the period/year	**181,455**	266,098
Additions during the period/year	**-**	-
Disposals during the period/year	**(4,737)**	(153,675)
Changes in fair value recognised in other comprehensive income	**(18,412)**	69,032
Balance at the end of the period/year	**158,306**	181,455

21 Capital risk management

The Group's objectives when managing capital are:

- to comply with the insurance capital requirements required by UAE Federal Law No. 6 of 2007 on Establishment of Insurance Authority and Organization of Its Operations;
- to protect its policy holders' interests;
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for the shareholders and benefits for other stakeholders; and
- to provide an adequate return to the shareholders by pricing insurance contracts commensurately with the level of risk.

The solvency regulations identify the required solvency margin to be held in addition to insurance liabilities. The solvency margin must be maintained at all times throughout the year. The Company has incorporated in its policies and procedures the necessary tests to ensure continuous and full compliance with these regulations.

The table below summarizes the Minimum Capital Requirement, Minimum Guarantee Fund and Solvency Capital Requirement of the Group and the total capital held to meet these solvency margins as per the Section 2 of the new Financial Regulations for the Insurance Companies which were enforced as at 31 December 2017.

	30 September 2018 Unaudited AED '000	31 December 2017 Audited AED '000
Minimum Capital Requirement (MCR)	**100,000**	100,000
Solvency Capital Requirement (SCR)	**860,008**	938,236
Minimum Guarantee Fund (MGF)	**450,736**	384,164
Own Funds:		
Basic Own Funds	**1,614,744**	1,516,040
Ancillary Own Funds	**-**	-
Minimum Capital Requirement Surplus (over MCR)	**1,514,744**	1,416,040
Minimum Capital Requirement Surplus (over SCR)	**754,736**	577,804
Minimum Capital Requirement Surplus (over MGF)	**1,164,008**	1,131,876

Based on the regulatory requirements, the minimum regulatory capital required is AED 100 million (31 December 2017: AED 100 million) against which the paid up capital of the Company is AED 462 million (31 December 2017: AED 462 million).

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2018 (continued)

22 Summary of the actuary's report on the technical provisions

This note provides a summary of the actuarial technical provision calculated and certified by the appointed actuary.
This table below provides a summary of the gross of reinsurance technical provisions and related reinsurance assets.

Insurance activity & technical provision category	**As at September 2018 (Unaudited) AED '000**			As at 31 December 2017 (Audited) AED '000		
	GROSS	**RI**	**NET**	GROSS	RI	NET
Personal insurance and fund accumulation operations						
Outstanding claims provisions (OS)	**81,678**	**(53,150)**	**28,528**	87,506	(57,082)	30,424
Provision for unearned premium (UPR)	**43,066**	**(12,106)**	**30,960**	35,225	(13,521)	21,704
Provision for claims incurred but not reported (IBNR)	**85,137**	**(60,452)**	**24,685**	35,186	(23,964)	11,222
Unallocated loss adjustment expenses reserve (ULAE)	**569**	**-**	**569**	569	-	569
Mathematical Reserve	**515,170**	**-**	**515,170**	504,338	-	504,338
Unit linked	***332,952***	**-**	***332,952***	*296,293*	-	*296,293*
Non unit linked	***182,218***	**-**	***182,218***	*208,045*	-	*208,045*
Sub total	**725,620**	**(125,708)**	**599,912**	662,824	(94,567)	568,257
Property and liability insurance operations						
Outstanding claims provisions (OS)	**1,541,702**	**(1,215,487)**	**326,215**	1,808,806	(1,452,858)	355,948
Provision for unearned premium (UPR)	**1,539,432**	**(845,041)**	**694,391**	1,368,207	(769,744)	598,463
Provision for claims incurred but not reported (IBNR)	**330,251**	**(218,329)**	**111,922**	304,876	(201,080)	103,796
Unallocated loss adjustment expenses reserve (ULAE)	**8,534**	**-**	**8,534**	8,534	-	8,534
Subtotal	**3,419,919**	**(2,278,857)**	**1,141,062**	3,490,423	(2,423,682)	1,066,741
Total	**4,145,539**	**(2,404,565)**	**1,740,974**	4,153,247	(2,518,249)	1,634,998

22 Summary of the actuary's report on the technical provisions (continued)

Personal insurance and fund accumulation operations

This category includes Individual Life, Group Life and Credit Life business. Generally acceptable actuarial techniques were implemented in the determination of the gross and net technical provisions figures.

Assumptions used are based where possible on recent experience investigations and market information where necessary. Technical provisions are most sensitive to assumptions regarding discount rates and mortality/morbidity rates. The discount rate assumption used is within the range of assumptions used by market peers and is reasonable with regard to the actual earnings based on the year-to-date asset information and analysis after allowing for risk adjustment. A crude estimate of the expected net mortality cost indicated that the expected mortality rate used is materially higher than the realized mortality claims in recent years proving that the basis includes sufficient prudency margins.

Under the net premium method used, the premium taken into account in calculating the technical provisions is determined actuarially, based on the valuation assumptions regarding discount rates, mortality and disability. The difference between this premium and the actual premium payable provides sufficient margin for expenses. An expense adequacy test has also been performed indicating that available implicit expense margins in the valuation basis is adequate to cover the total projected expenses. The technical provisions determined based on the underlying assumptions are expected to be prudent.

Property and liability insurance operations

This category includes health and other general insurance lines of business (LOBs). No discounting of technical provisions was employed.

Outstanding claims provisions are estimated based on known facts at the date of estimation. Case estimates are set by claims technicians and established case setting procedures. Ultimate claims are estimated by using a range of standard actuarial claims projection techniques, such as the Chain Ladder and Bornhuetter-Ferguson methods. The main assumption underlying these techniques is that the past claims development experience can be used to project future claims development and hence ultimate claims. As such, these methods extrapolate the development of paid and incurred losses based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident period.

Claim development is separately analysed for each LOB. The assumptions used in most non-life actuarial projection techniques, including future rates of claims inflation or loss ratio assumptions, are implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in the future, for example, to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures in order to arrive at a point estimate for the ultimate cost of claims that represents the likely outcome, from a range of possible outcomes, taking into account all the uncertainties involved.

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2018 (continued)

23 Net premiums written

The tables below represent a breakdown of the premiums written by the Group for each category of insurance as defined by the Insurance Authority.

23.1 Gross premiums - direct business

	Three month period ended 30 September		Nine month period ended 30 September	
	2018	2017	**2018**	2017
	Unaudited	Unaudited	**Unaudited**	Unaudited
	AED '000	AED '000	**AED '000**	AED '000
Property and liability insurance operations	**634,480**	588,723	**2,391,435**	2,303,797
Insurance of persons and fund accumulation operations	**30,515**	37,674	**117,481**	126,559
	664,995	626,397	**2,508,916**	2,430,356

23.2 Gross premiums - reinsurance assumed

	Three month period ended 30 September		Nine month period ended 30 September	
	2018	2017	**2018**	2017
	Unaudited	Unaudited	**Unaudited**	Unaudited
	AED '000	AED '000	**AED '000**	AED '000
Property and liability insurance operations	**91,867**	90,833	**442,625**	434,896
Insurance of persons and fund accumulation operations	**1,319**	392	**6,746**	7,596
	93,186	91,225	**449,371**	442,492

23.3 Reinsurance premiums ceded

	Three month period ended 30 September		Nine month period ended 30 September	
	2018	2017	**2018**	2017
	Unaudited	Unaudited	**Unaudited**	Unaudited
	AED '000	AED '000	**AED '000**	AED '000
Property and liability insurance operations	**425,838**	418,740	**1,637,734**	1,655,170
Insurance of persons and fund accumulation operations	**12,612**	12,676	**44,641**	53,873
	438,450	431,416	**1,682,375**	1,709,043

23.4 Net premiums written

	Three month period ended 30 September		Nine month period ended 30 September	
	2018	2017	**2018**	2017
	Unaudited	Unaudited	**Unaudited**	Unaudited
	AED '000	AED '000	**AED '000**	AED '000
Property and liability insurance operations	**300,509**	260,816	**1,196,326**	1,083,523
Insurance of persons and fund accumulation operations	**19,222**	25,390	**79,586**	80,282
	319,731	286,206	**1,275,912**	1,163,805

24 Net claims paid

The tables below represent a breakdown of the claims settled by the Group for each category of insurance as defined by the Insurance Authority.

24.1 Gross claims settled - direct business

	Three month period ended 30 September		**Nine month period ended 30 September**	
	2018	2017	**2018**	2017
	Unaudited	Unaudited	**Unaudited**	Unaudited
	AED '000	AED '000	**AED '000**	AED '000
Property and liability insurance operations	**585,230**	465,257	**1,824,147**	1,502,587
Insurance of persons and fund accumulation operations	**32,127**	30,819	**93,555**	97,543
	617,357	496,076	**1,917,702**	1,600,130

24.2 Gross claims settled - reinsurance assumed

	Three month period ended 30 September		**Nine month period ended 30 September**	
	2018	2017	**2018**	2017
	Unaudited	Unaudited	**Unaudited**	Unaudited
	AED '000	AED '000	**AED '000**	AED '000
Property and liability insurance operations	**55,490**	53,803	**164,003**	156,826
Insurance of persons and fund accumulation operations	**3,535**	10,556	**11,978**	23,363
	59,025	64,359	**175,981**	180,189

24.3 Reinsurance share of claims settled

	Three month period ended 30 September		**Nine month period ended 30 September**	
	2018	2017	**2018**	2017
	Unaudited	Unaudited	**Unaudited**	Unaudited
	AED '000	AED '000	**AED '000**	AED '000
Property and liability insurance operations	**375,845**	285,738	**1,230,217**	966,506
Insurance of persons and fund accumulation operations	**13,380**	18,268	**36,761**	53,007
	389,225	304,006	**1,266,978**	1,019,513

24.4 Net claims settled

	Three month period ended 30 September		**Nine month period ended 30 September**	
	2018	2017	**2018**	2017
	Unaudited	Unaudited	**Unaudited**	Unaudited
	AED '000	AED '000	**AED '000**	AED '000
Property and liability insurance operations	**264,875**	233,322	**757,933**	692,907
Insurance of persons and fund accumulation operations	**22,282**	23,107	**68,772**	67,899
	287,157	256,429	**826,705**	760,806

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2018 (continued)

25 Dividends

At the Annual General Meeting held on 20 March 2018, the shareholders approved a cash dividend distribution of 10% amounting to AED 46,187 thousand (AED 10 fils per share) for 2017. A cash dividend of 10% amounting to AED 46,187 thousand (AED 10 fils per share) was declared in the Annual General Meeting held on 21 March 2017 for the year 2016.

26 Seasonality of results

Net investment income includes dividend income of AED 13,753 for the nine month period ended 30 September 2018 (30 September 2017: AED 18,355 thousand), which is of a seasonal nature.

27 Approval of the condensed consolidated financial statements

The condensed consolidated interim financial information were approved and authorised for issue by the Board of Directors on 13 November 2018.