OMAN INSURANCE COMPANY P.S.C AND ITS SUBSIDIARIES

Review report and condensed consolidated interim financial information for the six month period ended 30 June 2019

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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 June 2019 and the related condensed consolidated interim income statement and statement of comprehensive income for the three-month and six-month periods then ended, and condensed consolidated interim statements of changes in equity and cash flows for the six-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
1 August 2019

Mohamed Elborno
Registered Auditor Number 946
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OMAN INSURANCE COMPANY P.S.C AND ITS SUBSIDIARIES

Condensed consolidated interim statement of financial position

	Notes	30 June 2019 (Unaudited) AED '000	31 December 2018 (Audited) AED '000
ASSETS			
Property and equipment		**13,231**	9,153
Intangible assets		**68,675**	71,375
Investment properties		**483,585**	483,585
Goodwill		**10,145**	10,896
Deferred tax assets		**625**	303
Statutory deposits		**156,639**	156,554
Financial investments at fair value through profit or loss	6	**392,783**	357,407
Financial investments at fair value through other comprehensive income (FVTOCI)	6	**403,651**	468,169
Financial investments at amortised cost	6	**1,507,281**	1,280,731
Reinsurance contract assets	7	**2,506,991**	2,472,798
Insurance receivables	8	**753,139**	669,568
Deferred acquisition costs		**175,726**	156,672
Prepayments and other receivables	9	**117,288**	160,683
Deposits with banks with original maturities of more than three months		**359,203**	280,002
Bank balances and cash	15	**219,372**	244,722
Total assets		**7,168,334**	6,822,618
EQUITY AND LIABILITIES			
Equity			
Share capital	10	**461,872**	461,872
Other reserves	11	**1,354,974**	1,479,974
Cumulative changes in fair value of securities		**(270,956)**	(203,293)
Foreign currency translation reserve		**(47,006)**	(44,294)
Retained earnings/(accumulated losses)		**303,065**	(44,570)
Net equity attributable to the owners of the Company		**1,801,949**	1,649,689
Non-controlling interests		**23,205**	21,421
Total equity		**1,825,154**	1,671,110
LIABILITIES			
Employees' end of service benefits		**37,880**	37,048
Insurance contract liabilities	7	**4,377,583**	4,077,160
Bank borrowings	12	**-**	73,244
Insurance payables	13	**566,221**	653,257
Other payables		**117,871**	109,445
Deferred commission income		**101,642**	88,613
Reinsurance deposits retained		**141,983**	112,741
Total liabilities		**5,343,180**	5,151,508
Total equity and liabilities		**7,168,334**	6,822,618

This condensed consolidated interim financial information was approved on 1 August 2019 by the Board of Directors and signed on its behalf by:

....
Abdul Aziz Abdulla Al Ghurair
Chairman

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

The notes on pages 8 to 30 form an integral part of this condensed consolidated interim financial information.

OMAN INSURANCE COMPANY P.S.C AND ITS SUBSIDIARIES

Condensed consolidated interim income statement

	Notes	Three month period ended 30 June 2019 (Unaudited) AED '000	Three month period ended 30 June 2018 (Unaudited) AED '000	Six month period ended 30 June 2019 (Unaudited) AED '000	Six month period ended 30 June 2018 (Unaudited) AED '000
Gross insurance premium		**970,714**	1,032,367	**2,043,570**	2,200,106
Less: Insurance premium ceded to reinsurers		**(475,672)**	(603,617)	**(1,045,883)**	(1,243,925)
Net retained premium		**495,042**	428,750	**997,687**	956,181
Net change in unearned premium and mathematical reserve		**(71,136)**	(25,850)	**(174,092)**	(182,650)
Net earned insurance premium		**423,906**	402,900	**823,595**	773,531
Gross claims settled		**(582,140)**	(737,347)	**(1,175,036)**	(1,417,301)
Insurance claims recovered from reinsurers		**333,264**	461,638	**674,243**	877,753
Net claims settled		**(248,876)**	(275,709)	**(500,793)**	(539,548)
Net change in outstanding claims and incurred but not reported claims reserves		**(51,206)**	(7,485)	**(69,099)**	(5,337)
Net claims incurred		**(300,082)**	(283,194)	**(569,892)**	(544,885)
Reinsurance commission income		**66,347**	73,118	**130,483**	154,675
Commission expenses		**(95,627)**	(98,334)	**(187,129)**	(187,996)
Other income relating to underwriting activities		**13,594**	10,393	**27,939**	22,364
Net commission and other income		**(15,686)**	(14,823)	**(28,707)**	(10,957)
Net underwriting income		**108,138**	104,883	**224,996**	217,689
Net investment income		**29,459**	16,849	**55,039**	38,441
Total income		**137,597**	121,732	**280,035**	256,130
General and administrative expenses		**(76,826)**	(84,025)	**(147,673)**	(157,160)
Allowance for impairment as per IFRS 9	8.2	**(4,051)**	(3,848)	**(9,048)**	(23,492)
Finance costs		**(11)**	(908)	**(199)**	(1,667)
Other expenses - net		**(6,304)**	(4,019)	**(17,291)**	(12,177)
Profit before tax		**50,405**	28,932	**105,824**	61,634
Income tax credit/(expenses)		**87**	(682)	**(191)**	(1,417)
Profit for the period		**50,492**	28,250	**105,633**	60,217
Attributable to:					
Owners of the Company		**48,504**	26,473	**101,965**	59,317
Non-controlling interests		**1,988**	1,777	**3,668**	900
		50,492	28,250	**105,633**	60,217
Earnings per share (AED)	14	**0.11**	0.06	**0.22**	0.13

The notes on pages 8 to 30 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 June		Six month period ended 30 June	
	2019 (Unaudited) AED '000	2018 (Unaudited) AED '000	**2019 (Unaudited) AED '000**	2018 (Unaudited) AED '000
Profit for the period	**50,492**	28,250	**105,633**	60,217
Other comprehensive income/(loss):				
Items that will not be reclassified subsequently to profit or loss:				
Net fair value gain/(loss) on revaluation of investment designated at FVTOCI	**16,177**	(9,246)	**53,142**	(1,028)
Items that may be reclassified subsequently to profit or loss:				
Exchange loss on translating foreign operations	**(1,226)**	(7,188)	**(4,596)**	(14,489)
Total other comprehensive income/(loss) for the period	**14,951**	(16,434)	**48,546**	(15,517)
Total comprehensive income for the period	**65,443**	11,816	**154,179**	44,700
Attributable to:				
Owners of the Company	**63,970**	12,787	**152,395**	47,524
Non-controlling interests	**1,473**	(971)	**1,784**	(2,824)
	65,443	11,816	**154,179**	44,700

OMAN INSURANCE COMPANY P.S.C AND 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/ (accumulated losses) AED '000	Equity attributable to the owner of the Company AED '000	Non-controlling interests AED '000	Total AED '000
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	-	-	-	-	(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	-	-	-	-	59,317	59,317	900	60,217
Other comprehensive loss for the period	-	-	(1,028)	(10,765)	-	(11,793)	(3,724)	(15,517)
Total comprehensive (loss)/income for the period	-	-	(1,028)	(10,765)	59,317	47,524	(2,824)	44,700
Cash dividend (note 22)	-	-	-	-	(46,187)	(46,187)	-	(46,187)
Transfer to retained earnings on disposal of investment at FVTOCI	-	-	8,153	-	(8,153)	-	-	-
At 30 June 2018 (Unaudited)	**461,872**	**1,479,294**	**(226,094)**	**(40,143)**	**141,497**	**1,816,426**	**18,795**	**1,835,221**
At 31 December 2018 (Audited)	**461,872**	**1,479,974**	**(203,293)**	**(44,294)**	**(44,570)**	**1,649,689**	**21,421**	**1,671,110**
Changes on initial application of IFRS 16 (note 3.7)	-	-	-	-	(135)	(135)	-	(135)
Restated balance at 1 January 2019	461,872	1,479,974	(203,293)	(44,294)	(44,705)	1,649,554	21,421	1,670,975
Profit for the period	-	-	-	-	101,965	101,965	3,668	105,633
Other comprehensive income/(loss) for the period	-	-	53,142	(2,712)	-	50,430	(1,884)	48,546
Total comprehensive income/(loss) for the period	-	-	53,142	(2,712)	101,965	152,395	1,784	154,179
Transfer to retained earnings from other reserves (note 11)	-	(125,000)	-	-	125,000	-	-	-
Transfer to retained earnings on disposal of investment at FVTOCI	-	-	(120,805)	-	120,805	-	-	-
At 30 June 2019 (Unaudited)	**461,872**	**1,354,974**	**(270,956)**	**(47,006)**	**303,065**	**1,801,949**	**23,205**	**1,825,154**

The notes on pages 8 to 30 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

	Six month period ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	AED '000	AED '000
Cash flows from operating activities		
Profit for the period before tax	**105,824**	61,634
Adjustments for:		
Depreciation and amortisation	**12,549**	9,226
Unrealised gains on financial investments at FVTPL	**(4,240)**	(1,734)
Provision for employees' end of service benefits	**3,591**	4,760
Allowance for impairment of insurance receivables	**9,048**	23,492
Allowance for impairment of financial investments at amortised cost	**627**	(86)
Allowance for impairment of bank balances and deposits	**161**	50
Dividend income from financial investments at FVTPL and FVTOCI	**(15,241)**	(11,944)
Interest income from financial assets	**(41,586)**	(29,788)
Amortisation of financial assets	**2,695**	2,607
Realised losses on sale of financial investments at FVTPL	**58**	-
Realised (gains)/losses on sale of financial investments at amortised cost	**(194)**	63
Finance costs	**199**	1,667
Other investment expenses	**9,959**	9,796
Rental income from investment properties	**(4,583)**	(4,798)
Loss on write off of fixed assets	**-**	9
Operating cash flows before changes in operating assets and liabilities and payment of employees' end of service benefits and income tax	**78,867**	64,954
Changes in working capital		
(Increase)/decrease in reinsurance contract assets	**(34,193)**	11,915
Increase in insurance and other receivables	**(47,111)**	(62,666)
Increase in deferred acquisition costs	**(19,054)**	(29,501)
Increase in insurance contract liabilities	**270,198**	165,763
(Decrease)/increase in insurance and other payables	**(82,621)**	90,363
Increase/(decrease) in reinsurance deposits retained	**29,242**	(30,872)
Increase in deferred commission income	**13,029**	6,657
Increase in unit linked investments	**(30,240)**	(34,556)
Increase in unit linked liabilities	**30,225**	33,925
Net cash generated from operations	**208,342**	215,982
Employees' end of service benefits paid	**(2,759)**	(3,728)
Income tax paid	**(803)**	-
Net cash generated from operating activities	**204,780**	212,254

The notes on pages 8 to 30 form an integral part of this condensed consolidated interim financial information.

Condensed consolidated interim statement of cash flows (continued)

	Six month period ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	AED '000	AED '000
Cash flows from investing activities		
Purchases of financial investments at FVTOCI	**(103,274)**	(40,629)
Proceeds from sale of financial investments at FVTOCI	**220,934**	46,764
Purchases of financial investments at FVTPL (excluding unit linked investments)	**(5,106)**	-
Proceeds from sale of financial investments at FVTPL (excluding unit linked investments)	**4,152**	-
Proceeds from sale/maturity of financial investments at amortised cost	**28,217**	35,516
Purchase of financial investments at amortised cost	**(257,895)**	(62,656)
Dividend received from financial investments at FVTPL and FVTOCI	**14,585**	11,262
Interest received from deposits and financial investments	**39,121**	31,737
Rental income received from investment properties	**4,423**	4,560
Other investment expenses paid	**(11,372)**	(8,364)
Purchase of property and equipment	**(3,116)**	(573)
Purchase of intangible assets	**(4,137)**	(3,650)
(Increase)/decrease in term deposits with original maturities of more than three months	**(79,201)**	7,089
(Increase)/decrease in statutory deposits	**(85)**	2,145
Net cash (used in)/generated from investing activities	**(152,754)**	23,201
Cash flows from financing activities		
Finance costs paid	**(199)**	(1,667)
Dividends paid	**-**	(46,187)
Cash proceeds from bank borrowings	**980**	95,169
Repayment of amounts borrowed	**(74,224)**	(132,686)
Net cash used in financing activities	**(73,443)**	(85,371)
Net (decrease)/increase in cash and cash equivalents	**(21,417)**	150,084
Cash and cash equivalents at the beginning of the period	**245,143**	238,126
Effects of exchange rate changes on the balances of cash held in foreign currency	**(3,772)**	(12,821)
Cash and cash equivalents at the end of the period (note 15)	**219,954**	375,389

The notes on pages 8 to 30 form an integral part of this condensed consolidated interim financial information.

OMAN INSURANCE COMPANY P.S.C AND ITS SUBSIDIARIES

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2019

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 2019, 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.

IFRS 16, 'Leases' - This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting stays remains mainly unchanged. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The impact of the IFRS 16 on the condensed consolidated interim financial information of the Group has been disclosed in note 3.7.

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.

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

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

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. 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. Management has mobilised a steering committee for the IFRS 17 project and completed Gap analysis of Phase 1 of the project and is currently in the process of assessing the impact of the above new standard on these condensed consolidated interim financial information. The IASB has proposed for a one year extension for the implementation of IFRS 17 which will be reflected in the amended standard when issued.	1 January 2021
Amendments to IAS 1 and IAS 8 - These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.	1 January 2020

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 effective.

3 Summary of significant accounting policies

3.1 Basis of preparation

This condensed consolidated interim financial information for the six month period ended 30 June 2019 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 Arab Emirates Dirham ("AED") and all values are rounded to nearest thousand ("AED'000") 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's condensed consolidated interim financial information is not presented using a current / non-current classification. However, the following balances would generally be classified as current: cash and cash equivalents, prepayments and other receivables, insurance receivables, insurance payables and other payables. The following balances would generally be classified as non-current: property and equipment, intangible assets, investment properties, goodwill, deferred tax assets and statutory deposits. The following balances are of mixed nature (including both current and non-current portions): financial investments, deferred acquisition costs, deferred commission income, reinsurance contract assets, insurance contract liabilities, deposits with banks with original maturities of more than three months, employees' end of service benefits, bank borrowings and reinsurance deposits retained.

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 2018. In addition, results for the six month period ended 30 June 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

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 2018, other than the impact of the implementation of IFRS 16 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 information 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.

3 Summary of significant accounting policies (continued)

3.3 Basis of consolidation (continued)

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.

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.

3 Summary of significant accounting policies (continued)

3.3 Basis of consolidation (continued)

* 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.

3.4 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 reporting date. 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 consolidated income statement 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.

The valuation techniques and inputs used in determining the fair value of investment property is consistent with those applied by the Group in its annual consolidated financial statements as at and for the year ended 31 December 2018.

3.5 Property and equipment

Capital work in progress is carried at cost, less any recognised impairment loss. These assets are classified to the appropriate categories of property and equipment when completed and ready for their intended use. Depreciation of these assets, on the same basis as other property and equipment, commences when the assets are ready for their intended use.

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

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the condensed consolidated interim income statement during the financial period in which they are incurred.

Depreciation is recognised 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 each year end, with the effect of any changes in estimate accounted for on a prospective basis.

3 Summary of significant accounting policies (continued)

3.5 Property and equipment (continued)

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 the condensed consolidated interim income statement.

The useful lives considered in the calculation of depreciation for the assets are as follows:

	Years
Furniture and equipment	3 - 5
Motor vehicles	5

3.6 Financial assets

(a) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI). The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is calculated using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in 'Net investment income' together with foreign exchange gains and losses. Impairment losses are included within 'Net investment income' in the condensed consolidated interim income statement.

3 Summary of significant accounting policies (continued)

3.6 Financial assets (continued)

(a) Investments and other financial assets (continued)

(iii) Measurement (continued)

- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net investment income'. Interest income from these financial assets is calculated using the effective interest rate method. Foreign exchange gains and losses are presented in 'Net investment income'.

- FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the condensed consolidated interim income statement and is presented net within 'Net investment income' in the period in which it arises.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss within 'Net investment income' when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVTPL are recognised in 'change in fair value of financial investments at FVTPL' included within 'Net investment income'. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group's financial assets are subject to the expected credit loss model.

For insurance and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 31 December 2018 or 1 January 2018, respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the liability of the counterparties to settle the receivable. Such forward-looking information would include:

- changes in economic, regulatory, technological and environmental factors, (such as industry outlook, GDP, employment and politics); and

- external market indicators

Insurance and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible.

Debt investment and other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. The impairment charge for debt investments at FVTOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

3 Summary of significant accounting policies (continued)

3.6 Financial assets (continued)

(b) Insurance and other receivables

Insurance and other receivables are recognised initially at fair value and subsequently are measured at amortised cost using the effective interest method, less impairment provision. The Group holds the insurance and other receivables with the objective to collect the contractual cash flows.

(c) Cash and cash equivalents

For the purposes of the condensed consolidated interim statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

As at 30 June 2019, financial assets of AED 2,244 million has been classified under stage 1, AED 870 million has been classified under stage 2 and AED 358 million has been classified under stage 3, against which provision amounting AED 2 million, AED 116 million and AED 357 million has been recorded respectively. There were no transfers between stages during the six month period ended 30 June 2019. As at 31 December 2018, financial assets of AED 1,962 million has been classified under stage 1, AED 802 million has been classified under stage 2 and AED 391 million has been classified under stage 3, against which provision amounting AED 1 million, AED 156 million and AED 367 million has been recorded respectively.

3.7 Changes in accounting policies

IFRS 16 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability and
- any lease payments made at or before the commencement date less any lease incentives received.

3 Summary of significant accounting policies (continued)

3.7 Changes in accounting policies (continued)

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Impact on condensed consolidated interim financial information

The Group has applied IFRS 16 from 1 January 2019 using the modified retrospective approach and therefore the comparative information has not been restated. As a result of initial application of IFRS 16, in relation to the leases which were previously classified as operating leases, the Group recognised AED 6,705 thousand of right-of-use assets within "property and equipment" and AED 5,672 thousand of lease liabilities within "Other payables" and derecognised AED 1,168 thousand of prepaid expenses as at 1 January 2019. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.5%. The net impact on retained earnings on 1 January 2019 was a decrease of AED 135 thousand.

Also, in relation to those leases under IFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expenses. During the six month period ended 30 June 2019, the Group has recognised AED 865 thousand of depreciation and AED 98 thousand of interest costs from these leases.

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 consolidated financial statements for the year ended 31 December 2018.

5 Risk management

The Group's insurance and 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 2018. There have been no changes in any risk management policies since the year end. The Group is in compliance with the applicable solvency and capital requirements issued by the UAE Insurance Authority.

6 Financial investments

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

	30 June 2019 (Unaudited) AED '000	31 December 2018 (Audited) AED '000
At fair value through profit or loss	**392,783**	357,407
At fair value through other comprehensive income	**403,651**	468,169
Measured at amortised cost	**1,510,265**	1,283,087
Less: Allowance for impairment as per IFRS 9	**(2,984)**	(2,356)
	2,303,715	2,106,307

At 30 June 2019, financial assets measured at fair value through other comprehensive income include investment amounting to AED 6.7 million with the Abraaj Group (31 December 2018: AED 6.8 million).

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 2017 (Audited)	322,497	457,701	1,179,374	1,959,572
Purchases	153,502	95,521	291,340	540,363
Disposals	(96.750)	(97,910)	(76.929)	(271,589)
Maturities	-	-	(105,382)	(105,382)
Amortisation	-	-	(5,316)	(5,316)
Changes in fair value	(21,842)	12,857	-	(8,985)
Allowance for impairment	-	-	(2,356)	(2,356)
At 31 December 2018 (Audited)	357,407	468,169	1,280,731	2,106,307
Purchases	**46,629**	**103,274**	**257,895**	**407,798**
Disposals	**(58,098)**	**(220,934)**	**-**	**(279,032)**
Maturities	**-**	**-**	**(28,023)**	**(28,023)**
Amortisation	**-**	**-**	**(2,695)**	**(2,695)**
Changes in fair value	**46,845**	**53,142**	**-**	**99,987**
Allowance for impairment	**-**	**-**	**(627)**	**(627)**
At 30 June 2019 (Unaudited)	**392,783**	**403,651**	**1,507,281**	**2,303,715**

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2019 (continued)

7 Insurance contract liabilities and reinsurance contract assets

	30 June 2019 (Unaudited) AED '000	31 December 2018 (Audited) AED '000
Insurance contract liabilities		
Outstanding claims	**1,803,794**	1,772,797
Incurred but not reported claims reserve	**435,993**	417,269
Life assurance fund	**185,861**	178,142
Unearned premiums	**1,593,837**	1,381,079
Unit linked liabilities	**350,108**	319,883
Unallocated loss adjustment expenses reserve	**7,990**	7,990
	4,377,583	4,077,160
Recoverable from re-insurers		
Outstanding claims	**1,379,680**	1,389,082
Incurred but not reported claims reserve	**291,199**	301,175
Life assurance fund	**32,362**	4,811
Unearned premiums	**803,750**	777,730
	2,506,991	2,472,798
Insurance contract liabilities - net		
Outstanding claims	**424,114**	383,715
Incurred but not reported claims reserve	**144,794**	116,094
Life assurance fund	**153,499**	173,331
Unearned premiums	**790,087**	603,349
Unit linked liabilities	**350,108**	319,883
Unallocated loss adjustment expenses reserve	**7,990**	7,990
	1,870,592	1,604,362

The gross and net insurance contract liabilities of AED 4,377,583 thousand and AED 1,870,592 thousand respectively as at 30 June 2019 (31 December 2018: AED 4,077,160 thousand and AED 1,604,362 thousand respectively) were certified by the Group's external actuary. The actuarial valuation methodologies used in this condensed consolidated interim financial information are consistent with those used in the annual audited financial statement for the year ended 31 December 2018.

8 Insurance receivables

	30 June 2019 (Unaudited) AED '000	31 December 2018 (Audited) AED '000
Due from policyholders and brokers	**748,999**	671,753
Less: allowance for impairment	**(197,049)**	(242,562)
Net due from policyholders and brokers	**551,950**	429,191
Due from insurance/reinsurance companies	**459,139**	494,141
Less: allowance for impairment	**(257,950)**	(253,764)
Net due from insurance/reinsurance companies	**201,189**	240,377
Total insurance receivables	**753,139**	669,568

8 Insurance receivables (continued)

8.1 Insurance receivables by location

Inside UAE

	30 June 2019 (Unaudited) AED '000	31 December 2018 (Audited) AED '000
Due from policyholders and brokers	**607,696**	544,063
Less: allowance for impairment	**(161,151)**	(205,805)
Net due from policyholders and brokers	**446,545**	338,258
Due from insurance/reinsurance companies	**411,151**	419,668
Less: allowance for impairment	**(235,175)**	(210,809)
Net due from insurance/reinsurance companies	**175,976**	208,859
Total insurance receivables inside UAE	**622,521**	547,117

Outside UAE

	30 June 2019 (Unaudited) AED '000	31 December 2018 (Audited) AED '000
Due from policyholders and brokers	**141,303**	127,690
Less: allowance for impairment	**(35,898)**	(36,757)
Net due from policyholders and brokers	**105,405**	90,933
Due from insurance/reinsurance companies	**47,988**	74,473
Less: allowance for impairment	**(22,775)**	(42,955)
Net due from insurance/reinsurance companies	**25,213**	31,518
Total insurance receivables outside UAE	**130,618**	122,451

8.2 Movement in the allowance for impairment

	30 June 2019 (Unaudited) AED '000	31 December 2018 (Audited) AED '000
Opening impairment provision as at 1 January under IFRS 9	**496,326**	460,684
Allowance for impairment as per IFRS 9 for the period/year	**9,048**	42,371
Amounts written off as uncollectible during the period/year	**(49,599)**	(3,032)
Foreign currency exchange differences	**(776)**	(3,697)
Balance at end of the period/year	**454,999**	496,326

9 Prepayments and other receivables

	30 June 2019 (Unaudited) AED '000	31 December 2018 (Audited) AED '000
Accrued income	**6,592**	14,098
Prepayments	**59,724**	94,368
Staff debtors and allowances	**8,643**	8,635
Other receivables	**59,126**	68,759
Less: Allowance for impairment as per IFRS 9 (note 9.1)	**(16,797)**	(25,177)
	117,288	160,683

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2019 (continued)

9 Prepayments and other receivables (continued)

9.1 Movement in the allowance for impairment

	30 June 2019 (Unaudited) AED '000	31 December 2018 (Audited) AED '000
Opening impairment provision as at 1 January under IFRS 9	25,177	-
Amounts written off as uncollectible during the period/year	(8,380)	25,177
Balance at end of the period/year	16,797	25,177

10 Share capital

	30 June 2019 (Unaudited) AED '000	31 December 2018 (Audited) AED '000
Authorised, issued and fully paid 461,872,125 shares of AED 1 each (31 December 2018: 461,872,125 shares of AED 1 each)	461,872	461,872

11 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 2018 (Audited)	230,936	303,750	933,051	12,237	1,479,974
Transfer to retained earnings*	-	-	(125,000)	-	(125,000)
Balance at 30 June 2019 (Unaudited)	230,936	303,750	808,051	12,237	1,354,974

* At the Annual General Meeting held on 21 March 2019, the shareholders approved to transfer AED 125 million from general reserve to retained earnings.

12 Bank borrowings

	30 June 2019 (Unaudited) AED '000	31 December 2018 (Audited) AED '000
Short term bank loans	-	73,244

On 9 April 2019, the Group repaid in full the short term bank loans. As at 31 December 2018 these loans of AED 73,244 thousand were secured by assignment of bonds amounting AED 80,014 thousand in favour of the financial institutions carrying an interest rate of 1.87% to 2.95% per annum.

13 Insurance payables

	30 June 2019 (Unaudited) AED '000	31 December 2018 (Audited) AED '000
Payables – Inside UAE	438,900	515,073
Payables – Outside UAE	127,321	138,184
	566,221	653,257

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2019 (continued)

13 Insurance payables (continued)

	30 June 2019 (Unaudited) AED '000	31 December 2018 (Audited) AED '000
Inside UAE		
Due to policyholders and brokers	**81,543**	91,067
Due to insurance/reinsurance companies	**325,456**	316,574
Premiums collected in advance	**256**	229
Other insurance payables	**31,645**	107,203
	438,900	515,073

	30 June 2019 (Unaudited) AED '000	31 December 2018 (Audited) AED '000
Outside UAE		
Due to policyholders and brokers	**77,385**	65,819
Due to insurance/reinsurance companies	**28,826**	45,961
Premiums collected in advance	**14,963**	18,832
Other insurance payables	**6,147**	7,572
	127,321	138,184

14 Earnings per share

	Three month period ended 30 June		Six month period ended 30 June	
	2019 (Unaudited)	2018 (Unaudited)	**2019 (Unaudited)**	2018 (Unaudited)
Profit for the period attributable to the Owners of the Company (AED '000)	**48,504**	26,473	**101,965**	59,317
Weighted average number of shares	**461,872,125**	461,872,125	**461,872,125**	461,872,125
Basic and diluted earnings per share (AED)	**0.11**	0.06	**0.22**	0.13

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.

15 Cash and cash equivalents

	Six month period ended 30 June	
	2019 (Unaudited) AED '000	2018 (Unaudited) AED '000
Deposits with banks maturing within three months	**105,520**	207,570
Current accounts and cash	**114,434**	167,819
Cash and cash equivalents	**219,954**	375,389
Less: Allowance for impairment as per IFRS 9	**(582)**	(203)
Bank balance and cash	**219,372**	375,186

16 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.

16.1 Balances with related parties included in the condensed consolidated interim statement of financial position are as follows:

	30 June 2019 (Unaudited) AED'000	31 December 2018 (Audited) AED'000
Balances with a Major shareholder:		
Cash and bank balances	**19,449**	63,744
Bank borrowings	**-**	73,244
Financial investments	**59,483**	55,199
Statutory deposits	**10,000**	10,000
Due from/(to) a Major shareholder:		
Net insurance receivable	**5,145**	4,592
Net insurance payable	**(186)**	(460)
Due from/(to) Directors and businesses over which they exercise significant management influence:		
Net insurance receivable	**35,725**	14,459
Net insurance payable	**(92)**	(1,058)

16.2 Transactions with related parties:

	Three month period ended 30 June		Six month period ended 30 June	
	2019 (Unaudited) AED '000	2018 (Unaudited) AED '000	2019 (Unaudited) AED '000	2018 (Unaudited) AED '000
Transactions arising from insurance contracts with a Major shareholder:				
Gross insurance premium	**49,912**	44,604	**55,206**	49,539
Gross claims settled	**9,886**	9,902	**26,155**	19,927
Other transactions with a Major shareholder:				
Interest income	**141**	239	**401**	449
Dividend income	**-**	-	**2,144**	2,144
Interest expense	**22**	1,480	**398**	2,500
Other investment expenses	**32**	150	**95**	238
Rental expense	**809**	911	**1,609**	1,849
Transactions arising from insurance contracts with Directors and businesses over which they exercise significant management influence:				
Gross insurance premium	**18,112**	17,965	**25,710**	24,035
Gross claims settled	**6,437**	5,037	**13,272**	15,203
Other transactions with Directors and businesses over which they exercise significant management influence:				
Other investment expenses	**1,035**	1,196	**2,257**	2,402

16 Related party balances and transactions (continued)

16.2 Transactions with related parties: (continued)

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.

16.3 Compensation of key management personnel

	Three month period ended 30 June		Six month period ended 30 June	
	2019 (Unaudited) AED '000	2018 (Unaudited) AED '000	**2019 (Unaudited) AED '000**	2018 (Unaudited) AED '000
Directors' fees	**-**	-	**-**	2,250
Salaries and benefits	**1,209**	723	**1,934**	723
End of service benefits	**32**	32	**159**	32
Total compensation paid to the key management personnel	**1,241**	755	**2,093**	3,005

17 Contingent liabilities

At 30 June 2019, the Group had contingent liabilities in respect of bank guarantees and other matters arising in the ordinary course of business amounting to AED 65 million (31 December 2018: AED 73 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.

18 Commitments

	30 June 2019 (Unaudited) AED '000	31 December 2018 (Audited) AED '000
Commitments in respect of uncalled subscription of equities held as investments	**7,960**	7,960
Capital commitments towards acquisitions of property and equipment and intangible assets	**1,997**	10,454

19 Location of assets

Geographical locations of assets are disclosed below:

	30 June 2019 (Unaudited)			31 December 2018 (Audited)		
	Inside UAE AED '000	**Outside UAE AED '000**	**Total AED '000**	Inside UAE AED '000	Outside UAE AED '000	Total AED '000
Property and equipment	**12,742**	**489**	**13,231**	8,361	792	9.153
Investment properties	**483,585**	**-**	**483,585**	483,585	-	483,585
Statutory deposits	**46,385**	**110,254**	**156,639**	45,976	110,578	156,554
Financial investments at FVTOCI	**225,213**	**178,438**	**403,651**	160,983	307,186	468,169
Financial investments at FVTPL	**9,136**	**383,647**	**392,783**	5,517	351.890	357,407
Financial investments at amortised cost	**1,047,028**	**460,253**	**1,507,281**	1,011.350	269,381	1,280,731
Bank balances, deposits and cash	**365,324**	**213,251**	**578,575**	309,662	215,062	524,724
	2,189,413	**1,346,332**	**3,535,745**	2,025,434	1,254,889	3,280,323

20 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.

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2019 (continued)

20 Segment information (continued)

20.1 Segment premium and results by operating segments

	Six month period ended 30 June (Unaudited)					
	General insurance		Life assurance and medical		Total	
	2019	2018	**2019**	2018	**2019**	2018
	AED '000	AED '000	**AED '000**	AED '000	**AED '000**	AED '000
Gross insurance premium	**849,863**	1,040,802	**1,193,707**	1,159,304	**2,043,570**	2,200,106
Net underwriting income	**109,185**	130,570	**115,811**	87,119	**224,996**	217,689
Net investment income					**55,039**	38,441
General and administrative expenses					**(147,673)**	(157,160)
Allowance for impairment					**(9,048)**	(23,492)
Finance cost					**(199)**	(1,667)
Other expenses - net					**(17,291)**	(12,177)
Profit before tax					**105,824**	61,634
Income tax expenses					**(191)**	(1,417)
Profit for the period					**105,633**	60,217
Attributable to:						
Owners of the Company					**101,965**	59,317
Non-controlling interests					**3,668**	900
Profit for the period					**105,633**	60,217

20 Segment information (continued)

20.2 Segment results by geographical distribution

	Six month period ended 30 June (Unaudited)					
	GCC		Turkey		Total	
	2019	2018	**2019**	2018	**2019**	2018
	AED '000	AED '000	**AED '000**	AED '000	**AED '000**	AED '000
Gross insurance premium	**1,962,952**	2,081,474	**80,618**	118,632	**2,043,570**	2,200,106
Net underwriting income	**216,272**	210,800	**8,724**	6,889	**224,996**	217,689
Net investment income	**49,636**	34,861	**5,403**	3,580	**55,039**	38,441
General and administrative expenses	**(138,759)**	(147,612)	**(8,914)**	(9,548)	**(147,673)**	(157,160)
Allowance for impairment	**(9,048)**	(23,492)	**-**	-	**(9,048)**	(23,492)
Finance cost	**(199)**	(1,667)	**-**	-	**(199)**	(1,667)
Other expenses - net	**(19,382)**	(13,829)	**2,091**	1,652	**(17,291)**	(12,177)
Profit before tax	**98,520**	59,061	**7,304**	2,573	**105,824**	61,634
Income tax (expenses)/credit	**(555)**	(650)	**364**	(767)	**(191)**	(1,417)
Profit for the period	**97,965**	58,411	**7,668**	1,806	**105,633**	60,217
Attributable to:						
Owners of the Company	**98,053**	58,396	**3,912**	921	**101,965**	59,317
Non-controlling interests	**(88)**	15	**3,756**	885	**3,668**	900
Profit for the period	**97,965**	58,411	**7,668**	1,806	**105,633**	60,217

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2019 (continued)

20 Segment information (continued)

20.3 Segment assets and liabilities by operating segments

At 30 June 2019 (Unaudited)

	General insurance AED' 000	Life assurance and medical AED' 000	Investments AED' 000	Total AED' 000
Segment assets	**2,802,605**	**1,928,627**	**2,437,102**	**7,168,334**
Segment liabilities	**2,881,696**	**2,461,484**	**-**	**5,343,180**
Capital expenditure	**7,677**	**6,281**	**-**	**13,958**
Depreciation and amortisation	**6,902**	**5,647**	**-**	**12,549**

At 31 December 2018 (Audited)

	General insurance AED' 000	Life assurance and medical AED' 000	Investments AED' 000	Total AED' 000
Segment assets	2,757,439	1,795,245	2,269,934	6,822,618
Segment liabilities	2,936,965	2,214,543	-	5,151,508
Capital expenditure	7,201	5,891	-	13,092
Depreciation and amortisation	10,607	8,678	-	19,285

20.4 Geographical information of segment assets and liabilities

At 30 June 2019 (Unaudited)

	GCC AED '000	Turkey AED '000	Total AED '000
Segment assets	**6,775,249**	**393,085**	**7,168,334**
Segment liabilities	**4,995,977**	**347,203**	**5,343,180**
Capital expenditure	**13,958**	**-**	**13,958**
Depreciation and amortisation	**12,327**	**222**	**12,549**

At 31 December 2018 (Audited)

	GCC AED '000	Turkey AED '000	Total AED '000
Segment assets	6,473,233	349,385	6,822,618
Segment liabilities	4,844,183	307,325	5,151,508
Capital expenditure	13,092	-	13,092
Depreciation and amortisation	18,500	785	19,285

21 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.

21.1 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 21.2.2 of this condensed consolidated interim financial information.

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

21.2.1 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 2018.

21.2.2 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:

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2019 (continued)

21 Fair value measurements (continued)

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

21.2.2 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 June 2019 (Unaudited) AED'000	31 December 2018 (Audited) AED'000	**Fair value hierarchy**	**Valuation techniques and key inputs**	**Significant unobservable input**	**Relationship of unobservable inputs to fair value**
Financial assets measured at FVTPL						
Quoted fund	**28,768**	26,697	Level 2	Quoted prices in secondary market.	None	Not applicable
Unit linked investments	**350,198**	319,958	Level 2	Quoted prices in secondary market.	None	Not applicable
Quoted equity investments	**13,817**	10,752	Level 1	Quoted bid prices in an active market	None	Not applicable
Financial assets measured at FVTOCI						
Quoted equity investments	**346,935**	285,257	Level 1	Quoted bid prices in an active market	None	Not applicable
Unquoted equity and private equity fund	**56,716**	182,912	Level 3	Comparable sales transactions with appropriate haircut, Discounted cash flows (DCF) and for very insignificant assets, net assets as per financial statements.	1. Hair cut for comparable transactions. 2. Interest rate	1. Changes in hair cut for comparable sales transactions will directly impact fair value. 2. Interest rate changes in DCF will directly impact the fair valuation calculation.

The fair value of the quoted debt instruments held at amortised cost as at 30 June 2019 amounted to AED 1,520,418 thousand (31 December 2018: AED 1,237,662 thousand) and unquoted debt instruments held at amortised cost as at 30 June 2019 amounted to AED 16,521 thousand (31 December 2018: AED 15,474 thousand).

There were no transfers between levels during the period.

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2019 (continued)

21 Fair value measurements (continued)

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

21.2.3 Reconciliation of level 3 fair value measurements

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

	30 June 2019 (Unaudited) AED '000	31 December 2018 (Audited) AED '000
Balance at the beginning of the period/year	**182,912**	181,455
Disposals during the period/year	**(149,487)**	(4,750)
Changes in fair value recognised in other comprehensive income	**23,291**	6,207
Balance at the end of the period/year	**56,716**	182,912

22 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.

23 Seasonality of results

Net investment income includes dividend income of AED 15,241 thousand for the six month period ended 30 June 2019 (30 June 2018: AED 11,944 thousand), which is of a seasonal nature.

24 Other information

The Group established operations in Qatar on 6 January 2008 through an agency agreement entered into with a local sponsor valid for an indefinite period. On 25 February 2019, the Qatar Central Bank ("QCB") rejected the Company's application to open a foreign branch. Accordingly, the Group management has taken decision to no longer issues new policies in the state of Qatar. The Group will continue to service the existing policies as per the applicable conditions of contracts.

25 Comparative information

Certain comparatives within insurance receivables have been reclassified in order to conform to current period presentation.

26 Approval of the condensed consolidated interim financial information

The condensed consolidated interim financial information was approved and authorised for issue by the Board of Directors on 1 August 2019.