

**Abu Dhabi National Insurance  
Company PSC**

BOARD OF DIRECTORS' STATEMENT,  
CHIEF EXECUTIVE OFFICER'S STATEMENT AND  
INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS

30 JUNE 2018

# Abu Dhabi National Insurance Company PSC

## Composition of Board of Directors

<b>Chairman:</b>	Sheikh Mohamed Bin Saif Al-Nahyan
<b>Vice Chairman:</b>	Sheikh Theyab Bin Tahnoon Al-Nahyan
<b>Members:</b>	H.E. Sultan Rashed Al-Dhaheeri Mr. Abdulla Khalaf Al-Otaiba Mr. Omar Liaqat Mr. Jamal Sultan Al-Hameli Mr. Abdulrahman Hamad Al-Mubarak Mr. Hazzaa Mohamed Al-Mheiri Mr. Hamoodah Ghanem Bin Hamoodah
<b>Chief Executive Officer:</b>	Mr. Ahmad Idris
<b>Address:</b>	P.O. Box 839 Abu Dhabi United Arab Emirates
<b>External auditors:</b>	Ernst & Young Middle East

**Abu Dhabi National Insurance  
Company PSC**

BOARD OF DIRECTORS' STATEMENT

30 JUNE 2018

**Abu Dhabi National Insurance Company P.J.S.C**  
**Board of Directors' Statement**  
**For the six-month period ended 30<sup>th</sup> June 2018**

On behalf of the Board of Directors of Abu Dhabi National Insurance Company (ADNIC), I would like to present our Board of Directors' Report and Audited Consolidated Financial Statements for the six-month period ended 30th June 2018.

The Board of Directors is pleased to report that ADNIC has delivered strong performance in the first half of 2018, reflecting solid growth throughout the second quarter as we continued to make good progress towards achieving our strategic objectives. ADNIC's customers are at the heart of our strategy, and as we move into the second half of the year, we remain fully committed to delivering value for both our clients and shareholders and to driving the sustainable growth of our business.

**Cash Balances**

ADNIC's cash balances increased by 8.4% to AED 764.9 million as at 30<sup>th</sup> June 2018, compared to AED 705.4 million as at December 31<sup>st</sup> 2017.

**Investments**

Total investments including cash in time deposits, bank accounts and investment properties increased by 3.3% to AED 3.50 billion as at 30th June 2018, compared to AED 3.39 billion as at December 31st 2017.

**Total Assets**

The total assets increased by 11.5% to AED 7.47 billion as at 30th June 2018, compared to AED 6.70 billion as at December 31st 2017.

**Gross Technical Reserves**

The Gross Technical Reserves increased by 12.9% to AED 4.38 billion as at 30th June 2018, compared to AED 3.88 billion as at December 31st 2017.

**Shareholders' Equity**

The Shareholders' Equity position increased by 2.5% to AED 2.03 billion as at 30<sup>th</sup> June 2018, compared to AED 1.98 billion as at December 31<sup>st</sup> 2017.

**Basic and Diluted Earnings Per Share**

Basic and diluted earnings per share increased by 17.4% to AED 0.27 as a result of achieving a net profit of AED 150.5 million for the six-month period ended 30 June 2018 compared to basic and diluted earnings per share of AED 0.23 resulting from a net profit of AED 128.5 million for the same period last year.

On behalf of the board, I wish to extend our most sincere gratitude to His Highness Sheikh Khalifa Bin Zayed Al Nahyan, President of the UAE, His Highness Sheikh Mohammed Bin Rashed Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, His Highness Sheikh Mohamed Bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces for their continued support.

Sheikh Mohamed Bin Saif Al-Nahyan  
Chairman of the Board of Directors

**Abu Dhabi National Insurance  
Company PSC**

CHIEF EXECUTIVE OFFICER'S STATEMENT

30 JUNE 2018

**Abu Dhabi National Insurance Company P.J.S.C.**  
**Chief Executive Officer's Statement**  
**For the six-month period ended 30th June 2018**

I hereby present ADNIC's financial results for the six-month period ended 30th June 2018.

I am pleased to report that ADNIC delivered strong growth in both net profit and gross written premiums for the first half of 2018. This performance is a testament to our sound underwriting strategy, financial strength and market-leading position. Moving to the remainder of the year, we are looking forward to continuing to leverage our innovative capabilities to meet the ever growing needs of our clients and to achieve sound return to our shareholders.

**Key Financial Highlights**

***Gross Written Premium***

For the six-month period ended June 30<sup>th</sup> 2018, ADNIC's Gross Written Premium increased by 14.7% to AED 1.81 billion compared to AED 1.58 billion for the same period in 2017.

***Premium Retention***

The overall premium retention ratio reached 53.2% for the six-month period ended June 30<sup>th</sup> 2018 compared to 43.7% for the same period in 2017.

***Net Underwriting Income***

For the six-month period ended June 30<sup>th</sup> 2018, ADNIC Net Underwriting profit increased by 20.1% to AED 193.1 million, against a Net Underwriting Profit of AED 160.8 million for the same period in 2017.

***General and Administrative Expenses***

General and Administrative Expenses for six-month period ended June 30<sup>th</sup> 2018 stood at AED 112.3 million compared to AED 94.5 million for the same period in 2017.

***Net Technical Profit***

Net Technical Profit for the six-month period ended June 30<sup>th</sup> 2018 increased by 21.3% to AED 83.6 million, against a Net Technical Profit of AED 68.9 million for the same period in 2017.

***Net Investment Income***

ADNIC's Net Investment and Other Income increased by 12.1% to AED 69.7 million for the six-month period ended June 30<sup>th</sup> 2018 compared to AED 62.2 million for the same period in 2017.

***Net Profit***

For the six-month period ended June 30<sup>th</sup> 2018, Net profit increased by 17.1% to AED 150.5 million, compared to a net profit of AED 128.5 million for the same period in 2017.

***Appreciation***

I would like to thank ADNIC's Board of Directors and shareholders for their continued support, our clients and business partners for their patronage and our management team and employees for their diligent efforts.



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**Ahmad Idris**  
**Chief Executive Officer**

**Abu Dhabi National Insurance  
Company PSC**

INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS

30 JUNE 2018



## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF ABU DHABI NATIONAL INSURANCE COMPANY PSC**

### *Introduction*

We have reviewed the accompanying interim condensed consolidated financial statements of Abu Dhabi National Insurance Company PSC (the “Company”) and its subsidiary (the “Group”) as at 30 June 2018, comprising of the interim consolidated statement of financial position as at 30 June 2018, and the related interim consolidated statements of income and comprehensive income for the three month and six month periods then ended, and the related interim consolidated statements of changes in equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### *Scope of review*

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.



Signed by:  
Mohammad Mobin Khan  
Partner  
Ernst & Young  
Registration No 532

31 July 2018  
Abu Dhabi



# Abu Dhabi National Insurance Company PSC

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018 (unaudited)

		<i>(Unaudited)</i> 30 June 2018 AED'000	<i>(Audited)</i> 31 December 2017 AED'000
	<i>Notes</i>		
<b>ASSETS</b>			
Property and equipment		68,332	69,865
Investments at amortised cost	8	637,660	616,853
Investments at fair value through other comprehensive income	8	1,140,600	1,123,113
Investments carried at fair value through profit or loss	8	220,259	205,399
Investment properties		741,025	741,025
Statutory deposits	9	10,000	10,000
Insurance balances receivable	6	1,241,908	758,294
Reinsurers' share of unearned premium reserve	7	788,213	658,333
Reinsurers' share of outstanding claims reserve	7	1,308,578	1,295,990
Reinsurers' share of claims incurred but not reported reserve	7	358,249	307,500
Prepayments and other receivables	6	202,979	215,417
Deposits	9	377,866	481,930
Bank balance and cash	9	<u>377,012</u>	<u>213,504</u>
<b>TOTAL ASSETS</b>		<b><u>7,472,681</u></b>	<b><u>6,697,223</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		375,000	375,000
Legal reserve		187,500	187,500
General reserve		850,000	750,000
Investments revaluation reserve		94,195	93,191
Mandatory convertible bonds – equity component		305,925	305,925
Retained earnings		<u>221,471</u>	<u>263,983</u>
<b>Total equity</b>		<b><u>2,034,091</u></b>	<b><u>1,975,599</u></b>
<b>LIABILITIES</b>			
Employees' end of service benefits		30,898	30,919
Other accounts payable		311,630	186,971
Mandatory convertible bonds – liability component		26,529	54,788
Trade accounts payable		688,060	566,527
Technical reserves			
Unearned premium reserve	7	1,675,073	1,290,973
Outstanding claims reserve	7	2,073,913	1,999,346
Claims incurred but not reported reserve	7	586,855	540,000
Allocated and unallocated loss adjustment expense reserve	7	<u>45,632</u>	<u>52,100</u>
Total technical reserves		<u>4,381,473</u>	<u>3,882,419</u>
<b>TOTAL LIABILITIES</b>		<b><u>5,438,590</u></b>	<b><u>4,721,624</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>7,472,681</u></b>	<b><u>6,697,223</u></b>



Chairman of the Board of Directors



Chief Executive Officer

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

# Abu Dhabi National Insurance Company PSC

## INTERIM CONSOLIDATED INCOME STATEMENT

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

	Notes	Three months ended 30 June		Six months ended 30 June	
		2018 AED 000	2017 AED 000	2018 AED 000	2017 AED 000
Gross premium	14	593,633	499,233	1,812,839	1,579,879
Reinsurance share of ceded premiums	14	<u>(266,217)</u>	<u>(266,015)</u>	<u>(847,913)</u>	<u>(889,508)</u>
<b>Net premium</b>		<b>327,416</b>	<b>233,218</b>	<b>964,926</b>	<b>690,371</b>
Net change in unearned premium reserve	14	<u>27,470</u>	<u>8,833</u>	<u>(254,220)</u>	<u>(198,977)</u>
<b>Net premium earned</b>	14	<b><u>354,886</u></b>	<b><u>242,051</u></b>	<b><u>710,706</u></b>	<b><u>491,394</u></b>
Commissions earned		45,700	33,897	81,416	64,158
Commissions incurred		<u>(35,602)</u>	<u>(35,348)</u>	<u>(71,427)</u>	<u>(68,291)</u>
<b>Gross underwriting income</b>		<b><u>364,984</u></b>	<b><u>240,600</u></b>	<b><u>720,695</u></b>	<b><u>487,261</u></b>
Gross claims paid	14	<u>(477,249)</u>	<u>(415,286)</u>	<u>(879,524)</u>	<u>(755,107)</u>
Reinsurance share of claims paid	14	<u>233,730</u>	<u>281,767</u>	<u>424,171</u>	<u>465,204</u>
<b>Net claims paid</b>	14	<b><u>(243,519)</u></b>	<b><u>(133,519)</u></b>	<b><u>(455,353)</u></b>	<b><u>(289,903)</u></b>
Change in provisions for outstanding claims reserve		37,801	(1,931)	(74,567)	(53,613)
Change in reinsurance share of outstanding claims reserve		<u>(84,195)</u>	<u>(26,395)</u>	<u>12,588</u>	<u>40,091</u>
Net decrease (increase) in incurred but not reported claims reserves		7,058	(7,200)	3,894	(11,800)
Net decrease (increase) in claims allocated and unallocated loss adjustment expense reserve		<u>5,768</u>	<u>(1,400)</u>	<u>6,468</u>	<u>1,800</u>
<b>Net claims incurred</b>		<b><u>(277,087)</u></b>	<b><u>(170,445)</u></b>	<b><u>(506,970)</u></b>	<b><u>(313,425)</u></b>
<b>Underwriting income</b>		<b>87,897</b>	<b>70,155</b>	<b>213,725</b>	<b>173,836</b>
Other income related to underwriting activities		2,437	2,349	4,597	4,626
Other expenses related to underwriting activities		<u>(12,734)</u>	<u>(9,366)</u>	<u>(25,230)</u>	<u>(17,679)</u>
<b>Net underwriting income</b>		<b>77,600</b>	<b>63,138</b>	<b>193,092</b>	<b>160,783</b>
Income from investments	11	25,424	23,399	50,148	41,935
Income from investment properties (rental income)	11	<u>9,274</u>	<u>9,588</u>	<u>19,557</u>	<u>20,223</u>
<b>Total income</b>		<b>112,298</b>	<b>96,125</b>	<b>262,797</b>	<b>222,941</b>
General and administrative expenses		<u>(56,924)</u>	<u>(41,669)</u>	<u>(112,263)</u>	<u>(94,484)</u>
<b>PROFIT FOR THE PERIOD</b>		<b><u>55,374</u></b>	<b><u>54,456</u></b>	<b><u>150,534</u></b>	<b><u>128,457</u></b>
<b>Earnings per share:</b>					
Basic and diluted earnings per share (AED)	12	<u>0.10</u>	<u>0.10</u>	<u>0.27</u>	<u>0.23</u>

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

Abu Dhabi National Insurance Company PSC

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	Note	<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
		<i>2018</i> <i>AED 000</i>	<i>2017</i> <i>AED 000</i>	<i>2018</i> <i>AED 000</i>	<i>2017</i> <i>AED 000</i>
Profit for the period		55,374	54,456	150,534	128,457
<b>Other comprehensive (loss) income</b>					
<b>Items that will not be reclassified to statement of income:</b>					
Gain (loss) on sale of investments at fair value through other comprehensive income		8,162	(10,585)	6,504	(14,163)
Changes in fair value of investments at fair value through other comprehensive income		(18,930)	16,540	1,004	37,612
Directors' remuneration	10	—	—	(5,800)	(5,800)
Total other comprehensive (loss) income		(10,768)	5,955	1,708	17,649
<b>Total comprehensive income for the period</b>		<b>44,606</b>	<b>60,411</b>	<b>152,242</b>	<b>146,106</b>

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

Abu Dhabi National Insurance Company PSC

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	Share capital AED '000	Legal reserve AED '000	General reserve AED '000	Investments revaluation reserve AED '000	Mandatory convertible bond AED '000	Retained earnings AED '000	Total equity AED '000
Balance at 1 January 2017	375,000	187,500	550,000	32,579	305,925	314,477	1,765,481
Profit for the period	-	-	-	-	-	128,457	128,457
Other comprehensive income (loss)	-	-	-	37,612	-	(19,963)	17,649
Total comprehensive income for the period	-	-	-	37,612	-	108,494	146,106
Dividends declared and paid (note 10)	-	-	-	-	-	(56,250)	(56,250)
Transfer from retained earnings to general reserve (note 10)	-	-	200,000	-	-	(200,000)	-
Balance at 30 June 2017	<u>375,000</u>	<u>187,500</u>	<u>750,000</u>	<u>70,191</u>	<u>305,925</u>	<u>166,721</u>	<u>1,855,337</u>
Balance at 1 January 2018	375,000	187,500	750,000	93,191	305,925	263,983	1,975,599
Profit for the period	-	-	-	-	-	150,534	150,534
Other comprehensive income	-	-	-	1,004	-	704	1,708
Total comprehensive income for the period	-	-	-	1,004	-	151,238	152,242
Dividend declared and paid (note 10)	-	-	-	-	-	(93,750)	(93,750)
Transfer from retained earnings to general reserve (note 10)	-	-	100,000	-	-	(100,000)	-
Balance at 30 June 2018	<u>375,000</u>	<u>187,500</u>	<u>850,000</u>	<u>94,195</u>	<u>305,925</u>	<u>221,471</u>	<u>2,034,091</u>

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

# Abu Dhabi National Insurance Company PSC

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Notes	Six months ended 30 June	
		2018 AED'000	2017 AED'000
<b>OPERATING ACTIVITIES</b>			
Profit for the period		150,534	128,457
Adjustments for:			
Net movement in unearned premiums reserve		254,220	198,977
Change in gross outstanding claims and IBNR reserves		114,954	113,613
Change in reinsurance share in outstanding claims and IBNR reserves		(63,337)	(90,091)
Depreciation expense		6,623	5,937
Impairment (reversal of) provision of receivables		915	(8,093)
Changes in fair value of investments at fair value through profit or loss	11	(1,196)	(1,544)
Gain on disposal of investments carried through profit or loss	11	(38)	-
Net amortisation expense		1,688	1,174
Accretion on mandatory convertible bonds		992	524
Amortisation of transaction cost - mandatory convertible bonds		91	90
Provision for employees' end of service benefits		1,928	2,308
Gain on disposal of property and equipment		-	(103)
		<u>467,374</u>	<u>351,249</u>
Working capital changes:			
Insurance balances receivable, prepayments and other receivables		(472,182)	(117,920)
Trade and other payables		<u>246,192</u>	<u>(43,996)</u>
Cash from operations		241,384	189,333
Employees' end of service benefits paid		<u>(1,949)</u>	<u>(3,641)</u>
Net cash from operating activities		<u>239,435</u>	<u>185,692</u>
<b>INVESTING ACTIVITIES</b>			
Proceeds from sale of investments		282,353	309,255
Change in bank deposits		104,064	95,218
Purchase of investments		(328,453)	(677,338)
Purchase of property and equipment		(5,090)	(2,967)
Proceeds from disposal of property and equipment		-	106
Net cash from (used in) investing activities		<u>52,874</u>	<u>(275,726)</u>
<b>FINANCING ACTIVITIES</b>			
Dividend paid		(93,750)	(56,250)
Directors' remuneration		(5,800)	(5,800)
Interest payment on mandatory convertible bonds		<u>(29,251)</u>	<u>(29,250)</u>
Net cash used in financing activities		<u>(128,801)</u>	<u>(91,300)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>163,508</b>	<b>(181,334)</b>
Cash and cash equivalents at 1 January		<u>213,504</u>	<u>457,530</u>
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	9	<b><u>377,012</u></b>	<b><u>276,196</u></b>

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

# Abu Dhabi National Insurance Company PSC

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

### 1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Abu Dhabi National Insurance Company PSC (the "Company") is a public joint stock company incorporated in Abu Dhabi, United Arab Emirates, by Law No. (4) of 1972 as amended, and is governed by the provisions of the Federal Law No. (6) of 2007 Concerning the Establishment of the Insurance Authority and Organisation of the Insurance Operations, the Federal Law No. (2) of 2015 Concerning the Commercial Companies which has come into effect from 1 July 2015, and Insurance Authority Board Decision No. (25) of 2014 Pertinent to Financial Regulations for Insurance Companies.

The Company's principal activity is the transaction of insurance and reinsurance business of all classes.

The registered office of the Company is Khalifa Street, ADNIC Building, P O Box 839, Abu Dhabi, UAE.

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

The interim condensed consolidated financial statements were approved for issuance on behalf of the Board of Directors on 31<sup>st</sup> July 2018.

### 2 STATEMENT OF COMPLIANCE

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

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

### 3 SIGNIFICANT ACCOUNTING POLICIES

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

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

#### *Annual Improvements 2014-2016 Cycle*

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

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

# Abu Dhabi National Insurance Company PSC

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

### 4 ESTIMATES

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

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

### 5 BASIS OF CONSOLIDATION

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

<i>Subsidiary</i>	<i>Principal activity</i>	<i>Country of incorporation</i>	<i>Ownership</i>
ADNIC International LTD*	Other activities auxiliary to insurance	United Kingdom	100%

\* The Company incorporated a wholly owned subsidiary on 3 July 2017 named ADNIC International LTD to operate as a representative office of the Company in London, England.

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

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

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

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

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



# Abu Dhabi National Insurance Company PSC

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

### 5 BASIS OF CONSOLIDATION continued

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

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

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

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

### 6 TRADE AND OTHER RECEIVABLES

	<i>(Unaudited)</i> 30 June 2018 AED'000	<i>(Audited)</i> 31 December 2017 AED'000
Trade receivables	1,383,901	899,389
Less: impairment provision of receivables	<u>(141,993)</u>	<u>(141,095)</u>
Net insurance balances receivable	<u>1,241,908</u>	<u>758,294</u>
<i>Other receivables:</i>		
Deferred acquisition costs	97,417	80,937
Rental income receivable	48,524	56,344
Prepayments	33,296	33,513
Other receivables, net of provision	<u>23,742</u>	<u>44,623</u>
Total other receivables	<u>202,979</u>	<u>215,417</u>
Total trade and other receivables	<u>1,444,887</u>	<u>973,711</u>

# Abu Dhabi National Insurance Company PSC

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

### 7 INSURANCE CONTRACT LIABILITIES AND REINSURANCE CONTRACT ASSETS

	<i>(Unaudited)</i> <i>30 June</i> <i>2018</i> <i>AED'000</i>	<i>(Audited)</i> <i>31 December</i> <i>2017</i> <i>AED'000</i>
<b>Insurance contract liabilities</b>		
Outstanding claims (i)	2,119,545	2,051,446
Claims incurred but not reported	586,855	540,000
Unearned premium reserve (ii)	<u>1,675,073</u>	<u>1,290,973</u>
	<b><u>4,381,473</u></b>	<b><u>3,882,419</u></b>
<b>Re-insurance contract assets</b>		
Outstanding claims	1,308,578	1,295,990
Claims incurred but not reported	358,249	307,500
Unearned premium reserve	<u>788,213</u>	<u>658,333</u>
	<b><u>2,455,040</u></b>	<b><u>2,261,823</u></b>
<b>Insurance liabilities - net</b>		
Outstanding claims (i)	810,967	755,456
Claims incurred but not reported	228,606	232,500
Unearned premium reserve (ii)	<u>886,860</u>	<u>632,640</u>
	<b><u>1,926,433</u></b>	<b><u>1,620,596</u></b>
(i) Outstanding claims includes allocated and unallocated loss adjustment expenses reserve of AED 45,632 thousand (31 December 2017: AED 52,100 thousand).		
(ii) Unearned premium reserve includes:		
	<i>(Unaudited)</i> <i>30 June</i> <i>2018</i> <i>AED'000</i>	<i>(Audited)</i> <i>31 December</i> <i>2017</i> <i>AED'000</i>
Premium deficiency reserve - gross	101,600	112,800
Premium deficiency reserve - net	26,900	33,700
Unexpired risk reserve - gross	61,032	61,127
Unexpired risk reserve - net	22,786	22,169

# Abu Dhabi National Insurance Company PSC

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

### 8 INVESTMENTS

	<i>(Unaudited)</i> 30 June 2018 AED'000	<i>(Audited)</i> 31 December 2017 AED'000
Investments at fair value through other comprehensive income	1,140,600	1,123,113
Investments at amortised cost	637,660	616,853
Investment at fair value through profit or loss	<u>220,259</u>	<u>205,399</u>
	<b><u>1,998,519</u></b>	<b><u>1,945,365</u></b>

Geographical concentration of investments is as follows:

Within UAE	1,132,537	1,097,772
Outside UAE	<u>865,982</u>	<u>847,593</u>
	<b><u>1,998,519</u></b>	<b><u>1,945,365</u></b>

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

### 9 CASH AND CASH EQUIVALENTS

	<i>(Unaudited)</i> 30 June 2018 AED'000	<i>(Unaudited)</i> 30 June 2017 AED'000
Cash in hand	94	84
Statutory deposit	10,000	10,000
Cash / call / current accounts with local UAE banks	<u>754,784</u>	<u>743,425</u>
	764,878	753,509
Less: statutory deposit	(10,000)	(10,000)
Less: deposits with original maturities of three months or more	<u>(377,866)</u>	<u>(467,313)</u>
Cash and cash equivalents	<b><u>377,012</u></b>	<b><u>276,196</u></b>

Geographical concentration of cash and cash equivalents, statutory deposit and deposits with original maturities of six months or more is as follows:

	<i>(Unaudited)</i> 30 June 2018 AED'000	<i>(Unaudited)</i> 30 June 2017 AED'000
Within UAE	739,177	733,505
Outside UAE	<u>25,701</u>	<u>20,004</u>
	<b><u>764,878</u></b>	<b><u>753,509</u></b>

# Abu Dhabi National Insurance Company PSC

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

### 9 CASH AND CASH EQUIVALENTS continued

Interest rates on bank deposits range between 1.1% and 3.3% (30 June 2017: 0.75% and 3%).

In accordance with the requirements of Federal Law No. 6 of 2007, concerning Establishment of Insurance Authority and Organisation of its Operations, the Group maintains a bank deposit of AED 10 million (30 June 2017: AED 10 million) which cannot be utilised without the consent of the UAE Insurance Authority.

### 10 RETAINED EARNINGS

At the Annual General Assembly held on 19 March 2018 (2017: 28 March 2017 relating to the results of 2016), the Shareholders approved the distribution of cash dividends relating to the results of 2017 of AED 0.25 per share amounting to AED 93,750 thousand (2016: AED 0.15 per share amounting to AED 56,250 thousand).

At the Annual General Assemble held on 19 March 2018, the Shareholders approved board of directors' remuneration relating to the results of 2017 amounting to AED 5,800 thousand (2017: AED 5,800 thousand relating to the results of 2016).

The Board of Directors proposed a transfer of AED 100,000 thousand (2017: AED 200,000 thousand) from retained earnings to general reserve, which was approved in the Annual General Assembly held on 19 March 2018 (2017: 28 March 2017).

### 11 NET INVESTMENT AND OTHER INCOME

	<i>(Unaudited)</i> <i>Six month</i> <i>period ended</i> <i>30 June</i> <i>2018</i> <i>AED '000</i>	<i>(Unaudited)</i> <i>Six month</i> <i>period ended</i> <i>30 June</i> <i>2017</i> <i>AED '000</i>
Net rental income	<u>19,557</u>	<u>20,223</u>
Dividend income	44,351	36,050
Net interest income on bank deposits and bonds	17,867	16,673
Changes in fair value of investments at fair value through profit or loss	1,196	1,544
Gain on disposal of investments at fair value through profit or loss	38	-
Net other expenses	<u>(13,304)</u>	<u>(12,332)</u>
Net investment and other income	<u>50,148</u>	<u>41,935</u>
	<u>69,705</u>	<u>62,158</u>

### 12 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of ordinary shares that would be issued on the conversion of mandatory convertible bonds.

Diluted earnings per share are calculated by dividing the profit for the period by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of ordinary shares that would be issued on the conversion of mandatory convertible bonds.

# Abu Dhabi National Insurance Company PSC

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

### 12 BASIC AND DILUTED EARNINGS PER SHARE continued

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Profit for the period used for basic earnings per share	55,374	54,456	150,534	128,457
Accretion recognised during the period on mandatory convertible bonds	<u>518</u>	<u>283</u>	<u>992</u>	<u>524</u>
Profit for the period used for calculating basic and diluted earnings per share	<u>55,892</u>	<u>54,739</u>	<u>151,526</u>	<u>128,981</u>
Ordinary shares in issue throughout the period	375,000	375,000	375,000	375,000
Effect of conversion of mandatory convertible bonds	<u>195,000</u>	<u>195,000</u>	<u>195,000</u>	<u>195,000</u>
Weighted average number of ordinary shares adjusted for the effect of mandatory convertible bonds used for calculating basic and diluted earnings per share	<u>570,000</u>	<u>570,000</u>	<u>570,000</u>	<u>570,000</u>
Basic and diluted earnings per share (AED)	<u>0.10</u>	<u>0.10</u>	<u>0.27</u>	<u>0.23</u>

### 13 RELATED PARTIES

#### Identity of related parties

Related parties comprise major shareholders, associated companies, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Government of Abu Dhabi holds 24 percent shareholding in the Group through Abu Dhabi Investment Council.

Pricing policies and terms of these transactions are approved by the management. The Group maintains significant balances with these related parties which arise from commercial transactions as follows:

#### Balances

Balances with related parties at the reporting date are shown below:

	<i>Directors and key management</i>	<i>Major shareholder</i>	<i>Others</i>	<i>(Unaudited) Total</i>
	<i>30 June 2018</i>	<i>30 June 2018</i>	<i>30 June 2018</i>	<i>30 June 2018</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Trade and other receivables	<u>223</u>	<u>3,607</u>	<u>298,216</u>	<u>302,046</u>
Trade and other payables	<u>=</u>	<u>=</u>	<u>11,457</u>	<u>11,457</u>
Cash and bank balances	<u>=</u>	<u>=</u>	<u>487,430</u>	<u>487,430</u>
Investments	<u>=</u>	<u>=</u>	<u>276,216</u>	<u>276,216</u>
Statutory deposits	<u>=</u>	<u>=</u>	<u>10,000</u>	<u>10,000</u>
Insurance contract liabilities	<u>6</u>	<u>1,813</u>	<u>237,348</u>	<u>239,167</u>

# Abu Dhabi National Insurance Company PSC

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

### 13 RELATED PARTIES continued

Others comprise of companies controlled by the directors and other key management personnel.

	<i>Directors and key management 31 December 2017 AED'000</i>	<i>Major shareholder 31 December 2017 AED'000</i>	<i>Others 31 December 2017 AED'000</i>	<i>(Audited) Total 31 December 2017 AED'000</i>
Trade and other receivables	<u>325</u>	<u>2</u>	<u>228,004</u>	<u>228,331</u>
Trade and other payables	<u>5</u>	<u>29</u>	<u>19,451</u>	<u>19,485</u>
Cash and bank balances	<u>-</u>	<u>-</u>	<u>408,054</u>	<u>408,054</u>
Investments	<u>-</u>	<u>-</u>	<u>243,305</u>	<u>243,305</u>
Statutory deposits	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>
Insurance contract liabilities	<u>21</u>	<u>1,607</u>	<u>368,170</u>	<u>369,798</u>

Contingent liabilities issued in favor of related parties as at 30 June 2018 amounted to AED 69,799 thousand (31 December 2017: AED 47,388 thousand).

#### Transactions

Transactions carried out during the reporting period with related parties are shown below:

	<i>Directors and key management 30 June 2018 AED'000</i>	<i>Major shareholder 30 June 2018 AED'000</i>	<i>Others 30 June 2018 AED'000</i>	<i>(Unaudited) Total 30 June 2018 AED'000</i>
Premium written	<u>12</u>	<u>3,420</u>	<u>251,044</u>	<u>254,476</u>
Claims incurred	<u>-</u>	<u>1,555</u>	<u>67,630</u>	<u>69,185</u>
Dividend income	<u>-</u>	<u>-</u>	<u>6,492</u>	<u>6,492</u>
Interest income	<u>-</u>	<u>-</u>	<u>6,574</u>	<u>6,574</u>
Director's remuneration	<u>(5,800)</u>	<u>-</u>	<u>-</u>	<u>(5,800)</u>
Other Investment Income	<u>-</u>	<u>-</u>	<u>96</u>	<u>96</u>

  

	<i>Directors and key management 30 June 2017 AED'000</i>	<i>Major shareholder 30 June 2017 AED'000</i>	<i>Others 30 June 2017 AED'000</i>	<i>(Unaudited) Total 30 June 2017 AED'000</i>
Premium written	<u>-</u>	<u>3,755</u>	<u>229,266</u>	<u>233,021</u>
Claims incurred	<u>-</u>	<u>1,348</u>	<u>93,084</u>	<u>94,432</u>
Dividend income	<u>-</u>	<u>-</u>	<u>5,925</u>	<u>5,925</u>
Interest income	<u>-</u>	<u>-</u>	<u>6,636</u>	<u>6,636</u>
Director's remuneration	<u>(5,800)</u>	<u>-</u>	<u>-</u>	<u>(5,800)</u>
Other Investment Income	<u>-</u>	<u>-</u>	<u>101</u>	<u>101</u>

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

13 RELATED PARTIES continued

Transactions with key management personnel

Key management compensation is as shown below:

	<i>(Unaudited)</i> <b>Six month</b> <i>period ended</i> <b>30 June</b> <b>2018</b> <i>AED'000</i>	<i>(Unaudited)</i> <b>Six month</b> <i>period ended</i> <b>30 June</b> <b>2017</b> <i>AED'000</i>
Salaries and short term benefits	7,637	5,152
Staff end of service benefits	<u>230</u>	<u>292</u>
	<u><b>7,867</b></u>	<u><b>5,444</b></u>

14 SEGMENT INFORMATION

The Group is organised into two main business segments:

Underwriting of commercial lines of business – incorporating all classes of general insurance including marine cargo, marine hull, aviation, energy, property and engineering; and

Underwriting of consumer line of business – incorporating all classes of insurance including accident, motor and medical.

	<i>Commercial</i>		<i>Six-month period ended 30 June</i> <i>Consumer</i>		<i>Total</i>	
	<i>30 June</i> <i>2018</i> <i>AED'000</i>	<i>30 June</i> <i>2017</i> <i>AED'000</i>	<i>30 June</i> <i>2018</i> <i>AED'000</i>	<i>30 June</i> <i>2017</i> <i>AED'000</i>	<i>(Unaudited)</i> <i>30 June</i> <i>2018</i> <i>AED'000</i>	<i>(Unaudited)</i> <i>30 June</i> <i>2017</i> <i>AED'000</i>
Gross written premium	933,460	825,828	879,379	754,051	1,812,839	1,579,879
Less: reinsurance premium ceded	<u>(717,022)</u>	<u>(575,219)</u>	<u>(130,891)</u>	<u>(314,289)</u>	<u>(847,913)</u>	<u>(889,508)</u>
Net written premium	216,438	250,609	748,488	439,762	964,926	690,371
Net change in unearned premium reserves	<u>(29,453)</u>	<u>(59,543)</u>	<u>(224,767)</u>	<u>(139,434)</u>	<u>(254,220)</u>	<u>(198,977)</u>
Net premium earned	<u>186,985</u>	<u>191,066</u>	<u>523,721</u>	<u>300,328</u>	<u>710,706</u>	<u>491,394</u>
Gross claims paid	(402,004)	(399,643)	(477,520)	(355,464)	(879,524)	(755,107)
Less: reinsurance share of claims paid	<u>292,642</u>	<u>311,253</u>	<u>131,529</u>	<u>153,951</u>	<u>424,171</u>	<u>465,204</u>
Net claims paid	(109,362)	(88,390)	(345,991)	(201,513)	(455,353)	(289,903)
Net change in outstanding claims and incurred but not reported claims reserves	<u>3,275</u>	<u>(13,687)</u>	<u>(54,892)</u>	<u>(9,835)</u>	<u>(51,617)</u>	<u>(23,522)</u>
Net claims incurred	<u>(106,087)</u>	<u>(102,077)</u>	<u>(400,883)</u>	<u>(211,348)</u>	<u>(506,970)</u>	<u>(313,425)</u>
Commission income earned	56,415	43,581	25,001	20,577	81,416	64,158
Commission expenses incurred	<u>(49,994)</u>	<u>(53,310)</u>	<u>(21,433)</u>	<u>(14,981)</u>	<u>(71,427)</u>	<u>(68,291)</u>
Net commissions income (expense)	<u>6,421</u>	<u>(9,729)</u>	<u>3,568</u>	<u>5,596</u>	<u>9,989</u>	<u>(4,133)</u>
Other underwriting income	2,908	2,582	1,689	2,044	4,597	4,626
Other underwriting expenses	<u>(9,112)</u>	<u>(9,584)</u>	<u>(16,118)</u>	<u>(8,095)</u>	<u>(25,230)</u>	<u>(17,679)</u>
Net other underwriting income (expense)	<u>(6,204)</u>	<u>(7,002)</u>	<u>(14,429)</u>	<u>(6,051)</u>	<u>(20,633)</u>	<u>(13,053)</u>
Net underwriting income	<u>81,115</u>	<u>72,258</u>	<u>111,977</u>	<u>88,525</u>	<u>193,092</u>	<u>160,783</u>
Net investment and other income					69,705	62,158
General and administrative expenses					<u>(112,263)</u>	<u>(94,484)</u>
Profit for the period					<u>150,534</u>	<u>128,457</u>

Assets and liabilities of the Group are commonly used across the segments. There were no transactions between the segments.



# Abu Dhabi National Insurance Company PSC

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

### 14 SEGMENT INFORMATION continued

	Commercial		Three-month period ended Consumer		Total	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017	(Unaudited) 30 June 2018	(Unaudited) 30 June 2017
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Gross written premium	261,860	230,387	331,773	268,846	593,633	499,233
Less: reinsurance premium ceded	(194,548)	(149,971)	(71,669)	(116,044)	(266,217)	(266,015)
Net written premium	67,312	80,416	260,104	152,802	327,416	233,218
Net change in unearned premium reserves	19,325	11,198	8,145	(2,365)	27,470	8,833
Net premium earned	86,637	91,614	268,249	150,437	354,886	242,051
Gross claims paid	(223,920)	(230,946)	(253,329)	(184,340)	(477,249)	(415,286)
Less: reinsurance share of claims paid	179,838	201,166	53,892	80,601	233,730	281,767
Net claims paid	(44,082)	(29,780)	(199,437)	(103,739)	(243,519)	(133,519)
Net change in outstanding claims and incurred but not reported claims reserves	(5,909)	(28,775)	(27,659)	(8,151)	(33,568)	(36,926)
Net claims incurred	(49,991)	(58,555)	(227,096)	(111,890)	(277,087)	(170,445)
Commission income earned	32,277	23,547	13,423	10,350	45,700	33,897
Commission expenses incurred	(24,408)	(28,002)	(11,194)	(7,346)	(35,602)	(35,348)
Net commissions income (expense)	7,869	(4,455)	2,229	3,004	10,098	(1,451)
Other underwriting income	1,405	1,394	1,032	955	2,437	2,349
Other underwriting expenses	(4,237)	(4,840)	(8,497)	(4,526)	(12,734)	(9,366)
Net other underwriting expenses	(2,832)	(3,446)	(7,465)	(3,571)	(10,297)	(7,017)
Net underwriting income	41,683	25,158	35,917	37,980	77,600	63,138
Net investment and other income					34,698	32,987
General and administrative expenses					(56,924)	(41,669)
Profit for the period					55,374	54,456

### 15 CONTINGENT LIABILITIES AND COMMITMENTS

	(Unaudited) 30 June 2018 AED'000	(Audited) 31 December 2017 AED'000
Commitments in respect of uncalled subscription of equities held as investments.	62,183	67,824
Bank guarantees	131,462	123,933
Letters of credit	386	386

The above bank guarantees and letters of credit were issued in the normal course of business.

#### Legal claims

The Group, in common with the significant majority of insurers, is subject to litigation in the normal course of the business. The management, based on advice from independent loss adjusters, internal and external legal counsels, makes provision, where applicable, representing amounts expected to result in a probable outflow of economic resources.