Annual Report 2018

Forward together

شركة عمان للتأمين

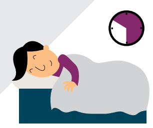
Oman Insurance Company

GET FIT DON'T QUIT

Contents

LivFit

STEPS TO LIVFIT


Get enough sleep


Keep emotional balance


Exercise daily


Eat more fruits and vegetables


Relax and meditate


Drink more water

ABOUT LIVFIT

LivFit is a wellness program that helps people make positive lifestyle choices to improve physical and mental well-being. Exclusively designed for Oman Insurance Company's healthcare members, the holistic program empowers everyone to take charge, living their life healthy, happy and fit. Built on 4 pillars of wellness – food, body, health and mind – the program encourages people to start by taking small steps like stop drinking carbonated drinks, reducing meal portions or taking stairs from time to time.

The free, easy to access and ready to use program takes the members through a comprehensive wellness journey. The programs starts with people knowing about their health, getting inspired to take actions and finally taking charge of their wellness through the different program elements.

Small steps lead to big results. LivFit and Oman Insurance are committed to help people take that first and often difficult step to change. Irrespective of the outcome, people need to keep trying to reach their goals. Wellness is a journey, not a destination and we are here to move forward together with our members on this wellness journey.

It's time to TAKE CHARGE

LivFit at a Glance

KNOW YOUR HEALTH

Health Report
Take the health assessment survey to get your personal report.

Checkups
Prevent illnesses with discounted screenings.

GET INSPIRED

Wellness Coach
Discuss your wellness journey path.

Social Engagement
Follow us, get inspired & share your success.

Wellness Awareness
Visit livfit.ae for articles and tips on health & wellness.

Challenges
Push yourself, compete with peers & have fun.

TAKE CHARGE

LivFit App
Download 'LivFit Wellness' app to track your fitness plan.

Gym Facilities
Take advantage of free trials & discounted gym packages.

Group Classes
Participate in free weekly fitness classes.

Star Program
Lose weight and get part of the cost sponsored.

Tobacco Cessation
Stop smoking… before it's too late.

Stress Management
Attend seminars to cope with pressure & balance your life.

OFFERS & DISCOUNTS

Partner Offers
Enjoy discounts on various wellness products.

ACTIVATE WELLNESS

Visit	www.livfit.ae
Download the	'Livfit Wellness' App
Like us on	/MyLivfitSpace
Follow us on	/MyLivfitSpace
Participate in	Lifestyle Programs
Email us	info@livfit.ae
Call	04 230 2737

Vision

Our vision is to provide outstanding insurance solutions that help create and protect wealth and well-being.

Mission

Our mission is to develop superior insurance propositions that: Customers recommend to family and friends, Owners buy for their businesses, Brokers select for their clients, Employees are proud of and Shareholders seek for long-term returns.

Values

We are guided in everything we do by five core values:

Constant improvement

We are fast, agile and constantly thinking of new ways to enhance customer experience.

Integrity

We keep our promises, take personal accountability and earn the trust of our customers.

Customer first

We put our customers at the heart of all we do.

Collaboration

We work together as one team to make a difference.

Excellence

We believe quality is never an accident, it's a deliberate practice.

Company at a Glance

43 years
of expertise in the region

3.7 billion
AED revenue in 2018

600,000 clients
trusting us

6.8 billion
AED total assets

OIC listed
on Dubai Stock Market

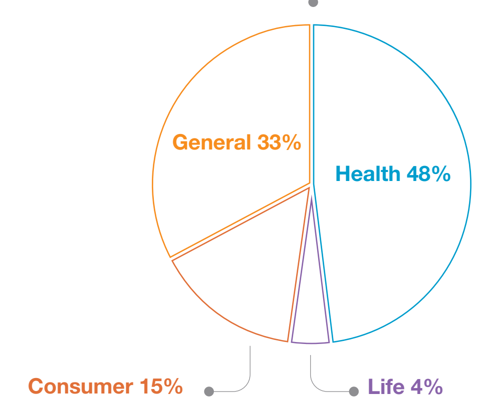
700 professionals
ready to serve you

10.1 million
AED net profits

Some things you plan.
Some things you don't.
We're with you for both.

11 branches
welcoming you in the UAE

3 countries
UAE, Oman, and Turkey



Business in % of 2018 GWP

A
Excellent
by AM Best

A-
Stable
by S&P

Partners

Oman Insurance Company provides a wide range of comprehensive insurance solutions for individuals and commercial clients in Life, Healthcare and General insurance. If the need arises, our clients count on us to have their business up and running again as quick as possible.

Chairman's Statement

On behalf of the Board members, it is my pleasure to present the 2018 Annual Report for Oman Insurance Company.

Oman Insurance, recorded Gross Written Premiums of AED 3.7 billion for the full-year 2018, making the Company the largest insurer in the UAE once again. While the overall premium was unchanged versus last year, the Employee Benefits division had a strong 10% growth supported by a balanced and profitable portfolio in spite of the very competitive market environment.

We witnessed a number of successes during the year under the strong leadership of Jean-Louis Laurent Josi, who took on the role of CEO in April 2018. The company has improved its core underwriting profitability with prudent risk selection, adequate pricing and effective risk diversification. We have increased our solvency to its highest level of the past 4 years, remarkably improved cash collection and materially strengthened the reserves. These achievements will allow Oman Insurance to start 2019 in a very strong position!

The Company continues to be one of the preferred regional insurers for comprehensive insurance solutions for commercial and individual clients in Life, Healthcare and General Insurance. With a financial rating of 'A Excellent' by AM Best and 'A- Stable Outlook' by Standard & Poor's, clients can count on us when they need it most. Our total assets at the end of year 2018 stood at AED 6.82 billion.

In addition to these achievements, Oman Insurance has continued to implement new leaner and less costly processes while remaining obsessed with providing a superior quality of service to corporate and individual clients. In that regard, in 2018, 80% of clients declared to be Satisfied or Very Satisfied with Oman Insurance's services, further setting the company apart from the competition in term of quality and customer experience.

In 2018, Oman Insurance has also adopted new account principles (IFRS 9) that allows to implement a cautious and forward looking provisioning. On top of that, several one-off proactive measures to notably bolster the claim reserving have led to an increase of our provisions. These new accounting principles and the further strengthening of our reserves have impacted the net income of Oman Insurance that stands at AED 10.1 million. While this result is very much below Oman Insurance's normalized level of net income, these management actions have clearly allowed to strengthen the balance sheet and future earnings.

Speaking about our future, the actions to make the Company much stronger start to pay off. With a clear focus on five strategic pillars - customer excellence, digital excellence, technical excellence, capital efficiency and diversified profitable growth - the Company is now confidently steered towards business excellence.

We were honoured to receive 10 awards in 2018, notably Best Insurance Provider and Best Commercial Lines Insurer - a reflection of our leading capabilities, and our commitment to constantly provide customized insurance solutions for unique risk.

LivFit, our unique corporate wellness proposition was increasingly adopted by our medical clients to encourage the adoption of healthy lifestyle amongst their insured members. This award winning program engaged the wider UAE community as well to 'Take Charge' of their wellness and enjoy healthy living practices through social media campaigns, and sponsorship of sport events like the Vertical Run, the Corporate Challenge and Inflatathon.

Our contribution to our community also extends into road safety campaigns, a blood donation campaign and philanthropy through charitable donations to institutes such as Dubai Cares and Rashid Paediatric.

I would like to place on record my appreciation to all our employees, shareholders and other stakeholders for their dedication and support. I would also like to thank our Board for the vision and leadership with which they have guided the Company through 2018.

Having bolstered our strengths in 2018, we look forward to driving excellence in 2019.

Abdul Aziz Abdulla Al Ghurair
Chairman, Oman Insurance Company

Board of Directors

Abdul Aziz Abdulla Al Ghurair
Chairman

Abdul Raouf Al Shaik Ahmed Al Mubarak
Vice Chairman

Ali Rashed Lootah
Board Member

Hani Rashid Al Hamli
Board Member

Rashed Saif Al Jarwan
Board Member

Badr Abdulla Al Ghurair
Board Member

Nabeel Waheed Rashed Waheed
Board Member

Jean-Louis Laurent Josi
Chief Executive Officer

Report of the Board of Directors

Dear Shareholders,

We have the pleasure in presenting you the 42nd Annual Report of Oman Insurance Company (OIC) for the year-ended 31 December 2018. This year we had a change in management who have pro-actively taken strategic decisions and initiatives to ensure that the company delivers sustainable profitable results. These initiatives have been successfully implemented so that the Company has increased its underwriting profits by 12% while strengthening its solvency to its highest level in the past years and reinforcing its reserves.

The increase of 12% (*) of our underwriting results reflects our strong and healthy underwriting performance through a balanced portfolio as well as a strong top line. Indeed, in spite of the very competitive environment, our overall gross written premium has been maintained against last year at AED 3.70 billion while certain businesses, like Employee Benefits, grew by 10%. Also, our level of gross written premiums is also the highest in the UAE.

Oman Insurance has also increased its solvency ratio above 170%, its highest solvency of the past 4 years. This confirms once again the very strong ability of the Company to meet its policyholder's obligations. The strengthening of the solvency is the result of our strong emphasis on generating free cash through strong credit risk management and better receivables collection, with a reduction of more than 50% of our receivables, but also reflects reserves strengthening.

As far as the reserves strengthening are concerned, Oman Insurance has implemented in 2018 new accounting principles (IFRS 9) that allows to implement a cautious and forward looking provisioning. These new accounting principles on top of one-off proactive measures to bolster notably the claim reserving have impacted the net income standing at AED 10.1 million in 2018 as against AED 104.5 million in 2017. Although being much below the normalized level of net income of the Company, this result allows us to strengthen further our balance sheet and future earnings. This also reflects Oman Insurance's financial strength to absorb these proactive measures while in parallel increasing the solvency.

The Company is rated 'A Excellent' by AM Best and 'A- Stable Outlook' by Standard & Poor's Rating Agencies.

Last but not least, the company has undertaken lean management initiatives to ensure continuous efficiency and deliver more enhanced value to our valued customers and partners. This directive has already started to reflect in our expense ratio of 19% in 2018 as compared to 21% in 2017.

Life Assurance

Premiums written in the Life and Medical Insurance division recorded strong growth of 10.28% amounting to AED 1.94 billion against AED 1.76 billion in 2017. Our underlying medical business is extremely profitable running at around ~75% loss ratio supporting an improvement of 19% on the net underwriting results to AED 216.8 million in 2018 against AED 182.8 million in 2017.

General Insurance

Demand in local market experienced volatility resulting to gross premium written at AED 1.76 billion against AED 1.96 billion in 2017. However, selective underwriting process, strong claim management coupled with further strengthening of technical reserves has curtailed the net incurred claims to AED 491.6 million in 2018 against AED 502.2 million in 2017.

Receivables and Investments

Our enhanced credit management and robust cash collection has given us one of its strongest performance by achieving free cash flow of over AED 430 million which was utilized to reduce our bank borrowings and increase our financial investments. This has led to increase in Group's cash and investments for this year of ~10% to AED 3.27 billion against AED 3.00 billion in 2017.

The strong collection efforts with additional provisioning further strengthened our balance sheet with net receivables dropping to more than half at AED 670 million in 2018 from AED 1.46 billion in 2017.

2018 Net Investment income was impaired with the investment properties downward valuation of AED 27.2 million which results to net investment income of AED 49.1 million compared to AED 76.4 million in 2017.

Total assets of the Company at the end of year 2018 stood at AED 6.82 billion as against AED 7.40 billion at the end of year 2017.

(*) Prior one-off past claims reserving

Board of Directors Recommendations

The Board of Directors recommends shareholders do the following:

1. Approve the Board of Directors' Report.
2. Approve the Balance Sheet and Profit and Loss Account for the year ended 31 December 2018 and approve the auditors' report thereon for the mentioned period.
3. Discharge the Auditors from their liabilities arising out of audit work and re-appoint PricewaterhouseCoopers as auditors for the financial year 2019 and approve their remuneration.
4. Discharge the Board of Directors from their liabilities for their management of the Company during 2018.
5. Approve the Board's recommendation regarding the remuneration of the Board members.
6. Approve the Board's recommendation with regards to the distribution of dividends for the financial year 2018.
7. Approve transfer of general reserve to retained earnings of AED 125 million.

We would like to put on record our sincere appreciation and gratitude towards all stakeholders of OIC. We continue to draw inspiration and guidance from our valued customers and partners whose trust and confidence helps us to continue the journey untiringly. We would like to thank our management and staff of the company for their sincere and dedicated contribution to the successful growth of the Company.

May God; the Almighty; guide our steps.

On behalf of the Board,

Abdul Aziz Abdulla Al Ghurair

Chairman

12 February 2019

LivFit in Action

Throughout the year LivFit organized and sponsored various events to reflect its commitment to encourage its members and public at large to take charge of their health. With a great mix of individual competitions, team challenges, prevention programs and fun obstacle run, all the events were connected to 3 key pillars of LivFit – Body, Health and Mind.

VERTICAL RUN

Participants ran up 64 floors to reach the top of Almas Tower
February 2018

BLOOD DONATION

Employees donating blood to save lives
June 2018

{CORPORATE CHALLENGE}

Teams travelled across to 7 different location around Dubai to complete the challenges
September 2018

FLU Vaccination

Employees took the vaccination to protect themselves against flu
October 2018

INFLATATHON

A fun run with inflatable obstacles
November 2018

TODAY IS YOUR DAY

To **START** fresh.
To **EAT** right.
To **TRAIN** hard.
To **LIVE** healthy.
To **BE FIT.**

Independent Auditor's Report

The Shareholders, Oman Insurance Company P.S.C.
Dubai, United Arab Emirates

Report on the Audit of the Consolidated Financial Statements

Our Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Oman Insurance Company P.S.C. (the "Company") and its subsidiaries (together the "Group") as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have Audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2018;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our Audit Approach

Overview

Key Audit Matters

- Valuation of insurance contract liabilities
- Valuation of unquoted investments
- Valuation of investment properties
- Impairment losses on insurance receivables

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

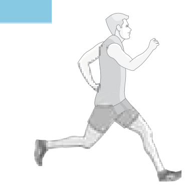
We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our Audit Addressed the Key Audit Matter
Valuation of Insurance Contract Liabilities As disclosed in note 11 to these consolidated financial statements, the Group's insurance contract liabilities amounted to AED 4.1 billion as at 31 December 2018. Note 11 to these consolidated financial statements describes the elements that make up the insurance contract liabilities balance. We comment on the most judgemental elements below: Claims incurred but not reported: This reserve represents the liability for claims incurred but not reported at the end of the reporting period which is determined through an independent actuarial valuation, considering the Group's historical loss experience. Significant assumptions are applied in the valuation of claims that have been incurred at the reporting date but have not yet been reported to the Group. In addition, lines of business where there is a greater length of time between the initial claim event and the settlement tend to display greater variability between initial estimates and final settlement amounts. Mathematical reserves: This reserve represents the liability for the life insurance policies which is determined through an independent actuarial valuation, considering future policy benefits at the end of each reporting period. It involves complex and subjective judgements and uncertainty about future events for which changes in the assumptions can result in a significant impact to the estimate. The valuation of the Group's insurance contract liabilities was carried out by third party actuaries. We consider the valuation of insurance contract liabilities a key audit matter because of the complexity involved in the estimation process and the significant judgements that management make in determining the reasonableness and adequacy of the insurance contract liabilities.	As part of our audit procedures, we: • understood, evaluated and tested a sample of controls relating to the reserve setting process of the Group; • checked on a sample basis the outstanding claims reserves against supporting documentation, such as loss adjusters' reports; • compared on a sample basis the outstanding claims reserves with the subsequent payments, if settled or subsequent reserve amounts, if unsettled; • re-performed reconciliations between the data used in the actuarial reserving calculations and the underlying accounting records of the Group; • evaluated the competence, objectivity and independence of the Group's appointed external actuaries as well as our internal actuarial experts; • using our internal actuarial experts, we applied our industry knowledge and experience and we compared the methodology, models and assumptions used against recognised actuarial practices. In particular we: » considered the suitability of the methodology used in setting the insurance reserves against industry benchmarks; » challenged management's key assumptions and judgements by comparing them to external data and the Group's experience; and » assessed whether the reserving methodology has been applied consistently across the years. • checked the appropriateness of the disclosures made in relation to the valuation of insurance contract liabilities included in these consolidated financial statements.
Valuation of Unquoted Investments As disclosed in note 10.3 to these consolidated financial statements, the Group's financial investments include unquoted equity investments amounting to AED 152 million as at 31 December 2018. The determination of the fair value of unquoted equity investments involves significant judgments which include valuation techniques used and available sources of observable data. The valuation for the majority of the Group's unquoted investments were carried out by third party valuers ("valuers").	As part of our audit procedures, we: • evaluated the competence, objectivity and independence of the management appointed valuers as well as our internal valuation experts; • evaluated the appropriateness of the valuers' work by considering the nature and scope of the instructions provided to the valuers by the Group; • evaluated the completeness and accuracy of source data used in the calculation of fair values, where applicable;

Key Audit Matter (continued)	How our Audit Addressed the Key Audit Matter (continued)
In determining the fair values, the valuers take into account future cash flows, discounted at appropriate discount rates, latest dividends, market values of similar assets / companies, latest available financial statements, etc. We consider the valuation of unquoted investments a key audit matter, given the significant assumptions and judgements involved.	• engaged our internal valuation experts to evaluate the methodologies and the appropriateness of the key assumptions used by the valuers; and • checked the appropriateness of the disclosures made in relation to the valuation of unquoted investments included in these consolidated financial statements.
Valuation of Investment Properties As disclosed in note 7 to these consolidated financial statements, the Group's investment properties comprise of land and residential apartments amounting to AED 484 million as at 31 December 2018 and are measured at fair value. The valuation of the Group's investment properties, as detailed in note 7 to these consolidated financial statements, is inherently subjective due to, among other factors, the nature of each property, its location and the expected future rental income or selling value for that particular property. The valuation of the Group's investment properties were carried out by third party valuers ("valuers"). We consider the valuation of investment properties a key audit matter, given the significant assumptions and judgements involved in estimating the fair values.	As part of our audit procedures, we: • evaluated the competence, objectivity and independence of the management appointed valuers as well as our internal valuation experts; • evaluated the appropriateness of the valuers' work by considering the nature and scope of the instructions provided to the valuers by the Group; • evaluated the completeness and accuracy of source data used in the calculation of fair values, when used; • engaged our internal valuation experts to evaluate the methodologies and the appropriateness of the key assumptions used by the valuers; and • checked the appropriateness of the disclosures made in relation to the valuation of investment properties included in these consolidated financial statements.
Impairment Losses on Insurance Receivables As disclosed in note 12 to these consolidated financial statements, the Group's insurance receivables amounted to AED 1.17 billion and the related provision for impairment amounted to AED 496 million as at 31 December 2018. The Group makes complex and subjective judgements over both the timing of recognition of impairment of insurance receivables and the estimation of the amount of such impairment using the expected credit loss model, which includes determining the probability of default, loss given default, exposure at default, forward looking assessment, discounting and use of practical expedient. We consider the valuation of the insurance receivables as a key audit matter because of the significance of the insurance receivables balance (representing 10% of the total assets as at 31 December 2018), the related estimation uncertainty to the consolidated financial statements and the significance of the judgements used in applying the requirements of IFRS 9.	As part of our audit procedures, we: • evaluated the competence, objectivity and independence of our internal experts; • tested the completeness and accuracy of the input data used in the impairment model calculations; • involved our internal experts to assess and review the: » methodology applied by the Group in calculating the impairment provision to assess its consistency with the requirements of IFRS 9; » the "Expected Credit Loss ("ECL")" impairment model prepared by management which included testing the appropriateness and reasonableness of key assumptions and judgments used. • for balances determined to be individually impaired, we tested a sample to assess the reasonableness of management's estimated provisions; and • checked the appropriateness of the disclosures made in relation to the impairment of insurance and reinsurance receivables included in these consolidated financial statements.



Other Information

The directors are responsible for the other information. The other information comprises the Directors' report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, the UAE Federal Law No. (6) of 2007 and the related Financial Regulations for Insurance Companies issued by the United Arab Emirates Insurance Authority, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

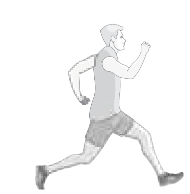
Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

1. we have obtained all the information we considered necessary for the purpose of our audit;
2. the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;
3. the Group has maintained proper books of account;
4. the financial information included in the Directors' report is consistent with the books of account of the Group;
5. as disclosed in note 10.5 to the consolidated financial statements the Group has purchased and invested in shares during the year ended 31 December 2018;
6. note 24 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;
7. based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the year ended 31 December 2018 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2018; and
8. note 38 to the consolidated financial statements discloses the social contributions made during the year ended 31 December 2018.

Further as required by the UAE Federal Law No. (6) of 2007 and the related Financial Regulations for Insurance Companies issued by the UAE Insurance Authority, we have obtained all the required information and explanations we considered necessary for the purpose of our audit.

PricewaterhouseCoopers
12 February 2019

Douglous O'Mahony
Registered Auditor Number 834
Place: Dubai, United Arab Emirates



Consolidated Statement of Financial Position at 31 December 2018

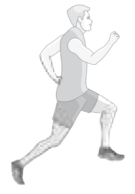
	Note	2018 AED '000	2017 AED '000
ASSETS			
Property and equipment	5	**9,153**	15,133
Intangible assets	6	**71,375**	84,675
Investment properties	7	**483,585**	510,791
Goodwill		**10,896**	14,414
Deferred tax assets		**303**	1,820
Statutory deposits	9	**156,554**	157,486
Financial investments at fair value through profit or loss	10.2	**357,407**	322,497
Financial investments at fair value through other comprehensive income	10.3	**468,169**	457,701
Financial investments at amortised cost	10.4	**1,280,731**	1,179,374
Reinsurance contract assets	11	**2,472,798**	2,518,249
Insurance receivables	12	**669,568**	1,462,250
Deferred acquisition costs	8	**156,672**	148,180
Prepayments and other receivables	13	**160,683**	155,507
Deposits with banks with original maturities of more than three months	14	**280,002**	138,487
Bank balances and cash	14	**244,722**	238,126
Total Assets		**6,822,618**	7,404,690
EQUITY AND LIABILITIES			
Equity			
Share capital	15	**461,872**	461,872
Other reserves	16	**1,479,974**	1,479,294
Cumulative changes in fair value of securities		**(203,293)**	(233,219)
Foreign currency translation reserve		**(44,294)**	(29,378)
(Accumulated losses)/retained earnings		**(44,570)**	360,639
Net Equity Attributable to the Owners of the Company		**1,649,689**	2,039,208
Non-controlling interests		**21,421**	21,619
Total equity		**1,671,110**	2,060,827
Liabilities			
Employees' end of service benefits	17	**37,048**	36,805
Insurance contract liabilities	11	**4,077,160**	4,153,247
Bank borrowings	18	**73,244**	240,927
Insurance payables	19.1	**653,257**	651,630
Other payables	19.2	**109,445**	82,758
Deferred commission income	20	**88,613**	108,216
Reinsurance deposits retained		**112,741**	70,280
Total Liabilities		**5,151,508**	5,343,863
Total Equity and Liabilities		**6,822,618**	7,404,690

These consolidated financial statements were approved for issue by the Board of Directors on 12 February 2019 and signed on their behalf by:

Abdul Aziz Abdulla Al Ghurair
Chairman

Jean-Louis Laurent Josi
Chief Executive Officer

The notes on pages 30 to 86 form an integral part of these consolidated financial statements.



Consolidated Income Statement for the Year Ended 31 December 2018

	Note	2018 AED '000	2017 AED '000
Gross insurance premium	25.1	**3,699,364**	3,718,241
Less: Insurance premium ceded to reinsurers	25.1	**(2,155,671)**	(2,213,250)
Net retained premium		**1,543,693**	1,504,991
Net change in unearned premium and mathematical reserve	25.1	**24,203**	(51,092)
Net Earned Insurance Premium		**1,567,896**	1,453,899
Gross claims settled	25.2	**(2,777,268)**	(2,508,918)
Insurance claims recovered from reinsurers	25.2	**1,647,560**	1,478,686
Net Claims Settled		**(1,129,708)**	(1,030,232)
Net change in outstanding claims and additional reserve		**2,694**	(4,439)
Net Claims Incurred		**(1,127,014)**	(1,034,671)
Reinsurance commission income		**281,819**	327,951
Commission expenses		**(387,913)**	(381,950)
Other income relating to underwriting activities		**41,972**	43,523
Net Commission and other Income		**(64,122)**	(10,476)
Net Underwriting Income		**376,760**	408,752
General and administrative expenses	22	**(297,781)**	(299,081)
Net investment income	21	**49,131**	76,377
Finance costs		**(3,530)**	(2,481)
Allowance for doubtful debts	12.3	**(42,371)**	(36,126)
Other expenses		**(69,335)**	(35,643)
Profit Before Tax		**12,874**	111,798
Income tax expenses		**(2,755)**	(7,313)
Profit for the Year		**10,119**	104,485
Attributable to:			
Owners of the Company		**8,358**	106,321
Non-controlling interests		**1,761**	(1,836)
		10,119	104,485
Earnings per share (AED)	23	**0.02**	0.23

The notes on pages 30 to 86 form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2018

	2018 AED '000	2017 AED '000
Profit for the Year	**10,119**	104,485
Other Comprehensive (Loss)/Income		
Items that will not be Reclassified Subsequently to Profit or Loss:		
Net fair value gains on revaluation of investments designated at fair value through other comprehensive income (FVTOCI)	**12,866**	48,916
Items that may be Reclassified Subsequently to Profit or Loss:		
Exchange loss on translation of foreign operations	**(21,338)**	(3,480)
Total Other Comprehensive (Loss)/Income	**(8,472)**	45,436
Total Comprehensive Income for the Year	**1,647**	149,921
Total Comprehensive Income Attributable to:		
Owners of the Company	**6,308**	152,959
Non-controlling interests	**(4,661)**	(3,038)
	1,647	149,921

The notes on pages 30 to 86 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2018

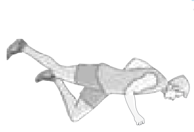
	Share Capital AED '000	Other Reserves AED '000	Cumulative Changes in Fair Value of Securities AED '000	Foreign Currency Translation Reserve AED '000	(Accumulated Losses)/ Retained Earnings AED '000	Equity Attributable to the Owners of the Company AED '000	Non-Controlling Interests AED '000	Total AED '000
At 1 January 2017	461,872	1,477,337	(332,402)	(27,100)	352,729	1,932,436	24,657	1,957,093
Profit for the year	-	-	-	-	106,321	106,321	(1,836)	104,485
Other comprehensive income for the year	-	-	48,916	(2,278)	-	46,638	(1,202)	45,436
Total comprehensive income for the year	-	-	48,916	(2,278)	106,321	152,959	(3,038)	149,921
Transfer to contingency reserve	-	1,957	-	-	(1,957)	-	-	-
Cash dividend paid (note 37)	-	-	-	-	(46,187)	(46,187)	-	(46,187)
Transfer to retained earnings on disposal of investments at FVTOCI	-	-	50,267	-	(50,267)	-	-	-
Balance at 31 December 2017	461,872	1,479,294	(233,219)	(29,378)	360,639	2,039,208	21,619	2,060,827

The notes on pages 30 to 86 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2018 (continued)

	Share Capital AED '000	Other Reserves AED '000	Cumulative Changes in Fair Value of Securities AED '000	Foreign Currency Translation Reserve AED '000	(Accumulated Losses)/ Retained Earnings AED '000	Equity Attributable to the Owners of the Company AED '000	Non-Controlling Interests AED '000	Total AED '000
Balance at 31 December 2017	**461,872**	**1,479,294**	**(233,219)**	**(29,378)**	**360,639**	**2,039,208**	**21,619**	**2,060,827**
Changes on initial application of IFRS 9 (note 3.20)	**-**	**-**	**-**	**-**	**(349,640)**	**(349,640)**	**-**	**(349,640)**
Restated balance at 1 January 2018	**461,872**	**1,479,294**	**(233,219)**	**(29,378)**	**10,999**	**1,689,568**	**21,619**	**1,711,187**
Profit for the year	**-**	**-**	**-**	**-**	**8,358**	**8,358**	**1,761**	**10,119**
Other comprehensive loss for the year	**-**	**-**	**12,866**	**(14,916)**	**-**	**(2,050)**	**(6,422)**	**(8,472)**
Total Comprehensive Income for the Year	**-**	**-**	**12,866**	**(14,916)**	**8,358**	**6,308**	**(4,661)**	**1,647**
Transfer to contingency reserve	**-**	**680**	**-**	**-**	**(680)**	**-**	**-**	**-**
Additional contribution attributable to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**4,463**	**4,463**
Cash dividend paid (note 37)	**-**	**-**	**-**	**-**	**(46,187)**	**(46,187)**	**-**	**(46,187)**
Transfer to retained earnings on disposal of investments at FVTOCI	**-**	**-**	**17,060**	**-**	**(17,060)**	**-**	**-**	**-**
Balance at 31 December 2018	**461,872**	**1,479,974**	**(203,293)**	**(44,294)**	**(44,570)**	**1,649,689**	**21,421**	**1,671,110**

The notes on pages 30 to 86 form an integral part of these consolidated financial statements.



Consolidated Statement of Cash Flows for the Year Ended 31 December 2018

	2018 AED '000	2017 AED '000
Cash Flows From Operating Activities		
Profit for the year before tax	**12,874**	111,798
Adjustments for:		
Depreciation and amortisation	**19,285**	19,029
Fair value adjustments on investment properties	**27,206**	573
Unrealised (losses)/gains on financial investments at FVTPL	**(3,053)**	(3,560)
Loss on sale/write off of fixed assets	**12,761**	222
Provision for employees' end of service benefits	**7,165**	9,338
Allowance for doubtful receivables	**42,371**	36,126
Allowance for impairment of financial investments at amortised cost	**101**	-
Allowance for impairment of bank balances	**268**	-
Dividends income from financial investments at FVTPL and FVTOCI	**(16,485)**	(20,090)
Interest income from financial assets	**(67,908)**	(57,555)
Amortization of financial assets	**5,316**	3,946
Realised losses on sale of financial investments at FVTPL	**990**	271
Realised losses/(gains) on sale of financial investments at amortised cost	**3,052**	(9,072)
Finance costs	**3,530**	2,481
Other investment expenses	**16,209**	23,745
Rental income from investment properties	**(9,511)**	(10,689)
Operating Cash Flows Before Changes in Operating Assets and Liabilities and Payment of Employees' End of Service Benefits and Income Tax	**54,171**	106,563
Changes in Working Capital		
Decrease/(increase) in reinsurance contract assets	**45,451**	(110,762)
Decrease/(increase) in insurance and other receivables	**398,323**	(8,759)
Increase in deferred acquisition costs	**(8,492)**	(19,550)
(Decrease)/increase in insurance contract liabilities	**(99,677)**	155,706
Increase/(decrease) in insurance and other payables	**29,633**	(44,530)
Increase in reinsurance deposits retained	**42,461**	2,958
(Decrease)/increase in deferred commission income	**(19,603)**	12,583
Increase in unit linked investments	**(20,655)**	(41,944)
Increase in unit linked liabilities	**23,590**	40,742
Net Cash Generated from Operations	**445,202**	93,007
Employees' end of service benefits paid	**(6,922)**	(5,302)
Income tax paid	**(1,522)**	-
Net Cash Generated from Operating Activities	**436,758**	87,705

The notes on pages 30 to 86 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows for the Year Ended 31 December 2018 (continued)

	2018 AED '000	2017 AED '000
Cash Flows from Investing Activities		
Purchases of financial investments at FVTOCI	**(95,521)**	(126,270)
Proceeds from sale of financial investments at FVTOCI	**97,910**	297,658
Purchases of financial investments at FVTPL (excluding unit linked investments)	**(17,432)**	-
Proceeds from sale of financial investments at FVTPL (excluding unit linked investments)	**5,240**	17,644
Proceeds from sale of financial investments at amortised cost	**179,259**	654,585
Purchases of financial investments at amortised cost	**(291,340)**	(855,968)
Dividends received from financial investments at FVTPL and FVTOCI	**16,013**	22,506
Interest received from deposits and financial investments	**68,401**	59,325
Rental income received from investment properties	**9,070**	10,852
Other investment expenses paid	**(16,006)**	(23,415)
Purchase of property and equipment	**(1,519)**	(3,333)
Purchase of intangible assets	**(11,573)**	(16,127)
(Increase)/decrease in term deposits maturing after 3 months	**(141,515)**	31,501
Decrease/(increase) in statutory deposits	**932**	(35,771)
Net Cash (used in)/generated from Investing Activities	**(198,081)**	33,187
Cash Flows from Financing Activities		
Finance costs paid	**(3,530)**	(2,481)
Additional contributions by non-controlling interests	**4,463**	-
Dividends paid	**(46,187)**	(46,187)
Cash proceeds from bank borrowings	**186,659**	171,720
Repayments of amounts borrowed	**(354,342)**	(298,525)
Net Cash used in from Financing Activities	**(212,937)**	(175,473)
Net Increase/(Decrease) in Cash and Cash Equivalents	**25,740**	(54,581)
Cash and cash equivalents at the beginning of the year	**238,126**	295,390
Effects of exchange rate changes on the balances of cash held in foreign currency	**(18,723)**	(2,683)
Cash and Cash Equivalents at the End of the Year (Note 14)	**245,143**	238,126

The Group classifies the cash flows for the purchase and disposal of unit-linked investments in its operating cash flows as the purchases are funded from the cash flows associated with the origination of unit linked insurance contracts. These were previously included in investing activities.

The notes on pages 30 to 86 form an integral part of these consolidated financial statements.

MAKING EXCUSES

BURNS

ZERO

CALORIES

per hour

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2018

1. General Information

Oman Insurance Company P.S.C., (the "Company") is a public shareholding company, which was established by an Amiri Decree issued by His Highness, The Ruler of Dubai. The Company is registered under the UAE Federal Law No. (2) of 2015, as amended, relating to commercial companies. The Company is subject to the regulations of the U.A.E. Federal Law No. 6 of 2007 on Establishment of Insurance Authority and Organization of its Operations and is registered in the Insurance Companies Register of Insurance Authority of the U.A.E. under registration number 9. The Company is a subsidiary of Mashreq Bank (PSC) which is incorporated in the Emirate of Dubai. The Company's registered head office is at P.O. Box 5209, Dubai, United Arab Emirates. The Group comprises Oman Insurance Company P.S.C. and its subsidiaries (note 33). 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 IFRS applied on the Consolidated Financial Statements

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

New and Revised IFRSs	Effective for Annual Periods Beginning On or After
• **Annual Improvements to IFRS Standards 2014 — 2016 Cycle** Amending IFRS 1 and IAS 28	1 January 2018
• **IFRIC 22 “Foreign Currency Transactions and Advance Consideration”** The interpretation considers how to determine the date of transaction when applying the standard on applying the date of transactions, IAS 21. The date of transaction determines the exchange rate to be used on initial recognition to be used on an initial recognition of a related asset, expense or income. The interpretation provides guidance for when a single payment / receipt is made, as well as for situations where multiple payments / receipts are made.	1 January 2018
• **Amendments to IFRS 2 “Share Based Payment”** The amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash – settled to equity settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated if it was wholly owned equity – settled, where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share based payment and pay that amount to the tax authority.	1 January 2018

New and Revised IFRSs	Effective for Annual Periods Beginning On or After
• Amendments to IFRS 4 "Insurance Contracts" The amendment address the concerns about the effective dates of IFRS 9, 'Financial Instruments' and the forth-coming new insurance contracts standard. The amendment introduces two approaches for insurance companies: a temporary exemption from IFRS 9 for entities that meet specific requirement, and the 'overlay approach'. Under overlay approach, an insurer is permitted to reclassify in respect of certain financial assets – from profit or loss to other comprehensive the difference between the amount that is reported in profit or loss account under IFRS 9 and the amount that would have been reported in profit or loss under IAS 39. The Group has elected to apply neither temporary exemption nor the overlay approach.	1 January 2018
• Amendments to IAS 40 "Investment Property" The amendment clarified that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition of an investment property. The change must be supported by evidence. It was confirmed that a change in intention, in isolation, is not enough to support a transfer to or from the investment property.	1 January 2018
• IFRS 9, 'Financial Instruments' The complete version of IFRS 9 replaces most of the guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The Group has in previous years adopted the first phase of the IFRS 9 with regards to classification and measurement of financial instruments. The Group adopted the final phase of IFRS 9 with respect to impairment of financial assets with effect from 1 January 2018. The impact of IFRS 9 on the consolidated financial statements of the Group has been disclosed in note 3.20.	1 January 2018
• IFRS 15 "Revenue from Contracts with Customers" The standard replaces IAS 11, 'Construction contracts', IAS 18, 'Revenue' and related interpretations. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use of and obtain the benefits from the good or service. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.	1 January 2018

New and Revised IFRSs	Effective for Annual Periods Beginning On or After
• Amendments to IFRS 15 "Revenue from Contracts with Customers" The amendments comprise clarifications on identifying performance obligations, accounting for licenses of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). The IASB has also included additional practical expedients related to transition to the new revenue standard. Management of the Group assessed the applicability of IFRS 15 to its activities and concluded that IFRS 15 does not have a material impact on the Group's consolidated financial statements since its activities are predominantly connected with insurance and insurance contracts do not fall within the scope of this standard but are within the scope of IFRS 4 and IFRS 17 "Insurance contracts".	1 January 2018

2.2 New and Revised IFRS issued but not yet Effective and not Early Adopted

The Group has not yet applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

New and Revised IFRSs	Effective for Annual Periods Beginning On or After
• 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. There is no material impact on the consolidated financial statements of the Group from the adoption of above amendment on 1 January 2019.	1 January 2019
• 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. There is no material impact on the consolidated financial statements of the Group from the adoption of this new standard on 1 January 2019.	1 January 2019
• IFRIC 23 Uncertainty over Income Tax Treatments The interpretation address the determination of taxable profit (tax loss) tax bases, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers » Whether tax treatments should be considered collectively » Assumptions for taxation authorities » The determination of taxable profit (tax loss), tax bases, unused tax losses, and tax rates » The effect of changes in facts and circumstances There is no material impact on the consolidated financial statements of the Group from the adoption of above interpretations on 1 January 2019.	1 January 2019

New and Revised IFRSs	Effective for Annual Periods Beginning On or After
• Annual Improvements 2015–2017 These amendments includes minor changes to the following standards: » IFRS 3, 'Business combinations', – a company remeasures its previously held interest in a joint operation when it obtains control of the business. » IFRS 11, 'Joint arrangements', – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business. » IAS 12, 'Income taxes' – a company accounts for all income tax consequences of dividend payments in the same way. » IAS 23, 'Borrowing costs' – a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale. There is no material impact on the consolidated financial statements of the Group from the adoption of this new standard on 1 January 2019.	1 January 2019
• Amendments to IAS 19,'Employee benefits' on Plan Amendment, Curtailment or Settlement' These amendments require an entity to: » use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement; and » recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. There is no material impact on the consolidated financial statements of the Group from the adoption of this new standard on 1 January 2019.	1 January 2019
• Amendments to IAS 1 and IAS 8 on the Definition of Material 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: » use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; » clarify the explanation of the definition of material; and » incorporate some of the guidance in IAS 1 about immaterial information. There is no material impact on the consolidated financial statements of the Group from the adoption of this new standard on 1 January 2019.	1 January 2020
• 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 2022, 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.	1 January 2022

New and Revised IFRSs	Effective for Annual Periods Beginning On or After
Management has mobilised a steering committee for the IFRS 17 project and commenced Phase 1 of the project: Gap analysis and impact assessment and is currently in the process of assessing the impact of the above new standard on the consolidated financial statements.	

There are no other relevant applicable new standards and amendments to published standards or IFRIC interpretations that have been issued but are not effective for the first time for the Group's financial year beginning on 1 January 2018 that would be expected to have a material impact on the consolidated financial statements of the Group.

3. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to each of the years presented.

3.1 Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and applicable requirements of United Arab Emirates (U.A.E.) Federal Law No. (2) of 2015, United Arab Emirates (U.A.E.) Federal Law No. 6 of 2007 on Establishment of Insurance Authority and Organization of its Operations and the Financial Regulations for Insurance Companies issued by the United Arab Emirates Insurance Authority.

3.2 Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial investments classified as at fair value through profit or loss ("FVTPL") or as at fair value through other comprehensive income ("FVTOCI") that are being measured at fair value.

The Group's consolidated statement of financial position is not presented using a current / non-current classification. However, the following balances would generally be classified as current: bank balances and cash, 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.

The consolidated financial statements are presented in Arab Emirates Dirham ("AED") and all values are rounded to nearest thousand ("AED'000") except when otherwise indicated.

3.3 Basis of Consolidation

These consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company, i.e. 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 over the investee to affect the amount of the investor's returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

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

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other voteholders;
- 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/or ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement and consolidated statement of other 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.

Changes in Ownership Interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3.4 Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the consolidated income statement as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the consolidated income statement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the consolidated income statement.

3.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 3.4 above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Management has carried out an impairment test for goodwill at the year end and has concluded that no impairment has taken place.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

3.6 Insurance Contracts

3.6.1 Product Classification

Insurance contracts are those contracts that the Group (the insurer) has accepted the significant insurance risk from another party (policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. As a general guideline, the Group determines whether it has significant insurance risk by comparing benefits paid with benefits payable if the insured event did not occur. An insurance contract can also transfer financial risk.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable provided in case of a non-financial variable, that the variable is not specific to a party to the contract.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the reminder of its lifetime even if the insurance risk reduces significantly during this period unless all rights and obligations are extinguished or expire. An investment contract can however be classified as an insurance contract after its inception if the insurance risk becomes significant.

Some insurance contracts and investment contracts contain discretionary participating features (DPF) which entitle the contract holder to receive, as a supplement to the standard guaranteed benefits, additional benefits or bonuses:

- that are likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the insurer; and
- that are contractually based on:

i. the performance of a specified pool of contracts or a specified type of contract;

ii. realised/unrealised investment returns on a specified pool of assets held by the issuer; or,

iii. the profit or loss of the Group, fund or other entity that issues that contract.

Under IFRS 4, DPF can be either treated as an element of equity or as a liability, or can be split between the two elements. The Group's policy is to treat all DPF as a liability within insurance or investment contract liabilities.

The policyholder bears the financial risks relating to some insurance contracts or investment contracts. Such products are usually unit-linked contracts.

3.6.2 Recognition and Measurement

Insurance contracts and are classified into three main categories, depending on the duration of risk and whether or not the terms and conditions are fixed.
i. Short-term insurance contracts

These contracts are short-term general insurance contracts (Medical, Property, Engineering, Marine, Aviation, Motor, Travel, Trade credit, etc.) and short-duration life insurance contracts.

Short-duration life insurance contracts protect the Group's customers from the consequences of events (such as death or disability) that would affect the ability of the customer or his/her dependants to maintain their current level of income.

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the end of the reporting period is reported as the unearned premium liability. Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

Claims and loss adjustment expenses are charged to the consolidated income statement as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

ii. Long-term insurance contracts with fixed and guaranteed terms

These contracts insure events associated with human life (for example, death or survival) over a long duration.

Premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission. Benefits are recorded as an expense when they are incurred.

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is based on assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued. A margin for adverse deviations is included in the assumptions.

Where insurance contracts have a single premium or a limited number of premium payments due over a significantly shorter period than the period during which benefits are provided, the excess of the premiums payable over the valuation premiums is deferred and recognised as income in line with the decrease of unexpired insurance risk of the contracts in force or, for annuities in force, in line with the decrease of the amount of future benefits expected to be paid. The liabilities are recalculated at each end of the reporting period using the assumptions established at inception of the contracts.

iii. Long-term unit linked insurance contracts

These contracts insure human life events (for example, death or survival) over a long duration. However, insurance premiums are recognised directly as liabilities. These liabilities are increased by change in the unit prices and are decreased by policy administration fees, mortality and surrender charges and any withdrawals.

The liability for these contracts includes any amounts necessary to compensate the Group for services to be performed over future periods. This is the case for contracts where the policy administration charges are higher in the initial years than in subsequent years. The mortality charges deducted in each period from the contract holders as a group are considered adequate to cover the expected total death benefit claims in excess of the contract account balances in each period; no additional liability is therefore established for these claims.

A unit-linked insurance contract is an insurance contract with an embedded derivative linking payments on the contract to units of investments. This embedded derivative meets the definition of an insurance contract and is not therefore accounted for separately from the host insurance contract. The liability for such contracts is adjusted for all changes in the fair value of the underlying assets.

a. Deferred policy acquisition costs (DAC)

Commissions and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are capitalised as an intangible asset (DAC). All other costs are recognised as expenses when incurred. The DAC is subsequently amortised over the life of the contracts as follows:

For property, casualty and short-duration life insurance contracts, DAC is amortised over the terms of the policies as premium is earned;

For long-term insurance contracts with fixed and guaranteed terms, DAC is amortised in line with premium revenue using assumptions consistent with those used in calculating future policy benefit liabilities; and

For long-term insurance contracts without fixed terms, DAC is amortised over a period of four years.

b. Liability adequacy test

At each end of the reporting period, liability adequacy tests are performed to ensure the adequacy of the contract liabilities. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to the consolidated income statement by establishing a provision for losses arising from liability adequacy tests (the unexpired risk reserve).

c. Reinsurance contracts held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Group under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts. The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets.

These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Group assesses its reinsurance assets for impairment on a regular basis. The Group assesses that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is calculated following the same method used for these financial assets.

The Group also assumes reinsurance risk in the normal course of business for life insurance and general insurance contracts where applicable. Premium and claims on assumed reinsurance contracts are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business.

d. Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers, insurance contract holders and reinsurance companies.

The Group assess the receivables for impairment using the same process adopted for financial assets held at amortised cost. The impairment loss is calculated following the same method used for these financial assets.

e. Salvage and subrogation reimbursements

Some insurance contracts permit the Group to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Group may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

3.7 Revenue Recognition

a. Interest income and expense

Interest income and expense for all interest-bearing financial instruments is calculated by applying the effective interest rate to the gross carrying amount of the financial instrument, except for financial assets that have subsequently become credit-impaired (or stage 3), for which interest income is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision) and are recognised within 'interest income' in the consolidated income statement.

b. Dividend income

Dividend income from investments is recognised in the consolidated statement of profit or loss when the Group's right to receive dividend has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of Income can be measured reliably).

c. Insurance contracts revenue and insurance commission income

Premiums are recognised as revenue (earned premium) on time-proportion basis over the effective period of policy coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the end of the reporting period is reported as the unearned premium liability.

Premium on life assurance policies are accounted for on the date of writing of policies and on subsequent due dates.

Insurance commission income is recognised when the policies are written based on the terms and percentages agreed with the reinsurers.

d. Rental income

Rental income from investment property which are leased under operating leases are recognised on a straight-line basis over the term of the relevant lease.

3.8 Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.8.1 Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. The tax currently payable is calculated in accordance with fiscal regulations of Sultanate of Oman and Turkey.

3.8.2 Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary differences arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill.

The carrying of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3.8.3 Current and Deferred Tax for the Year

Current and deferred tax are recognised in the consolidated income statement, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.9 Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in United Arab Emirates Dirhams ("AED"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the consolidated income statement in the period in which they arise except for:

- exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur which form part of the net investment in a foreign operation, and which are recognised initially in the foreign currency translation reserve and recognized in the consolidated income statement on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in United Arab Emirates Dirhams ("AED"), using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in the foreign currency translation reserve. Such exchange differences are recognized in the consolidated income statement in the period in which the foreign operation is disposed.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the consolidated income statement. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that does not result in the Company losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to the consolidated income statement.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each period. Exchange differences arising are recognized in equity.

3.10 Property and Equipment

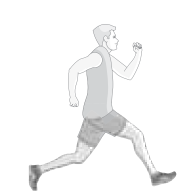
Capital work in progress is carried at cost, less any recognised impairment loss. These assets are classified to the appropriate categories of property and equipment when completed and ready for their intended use. Depreciation of these assets, on the same basis as other property and equipment, commences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

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 consolidated 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

3.11 Intangible Assets
Intangible assets are reported at cost less accumulated amortisation and identified impairment losses, if any. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The useful lives considered in the calculation of amortisation is 3 - 10 years.

3.12 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 year 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.

3.13 Impairment of Non-Financial Assets
At the end of each reporting period, the Group reviews the carrying amounts of their tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Recoverable amount is the higher of fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

3.14 Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.15 Employee Benefits
a. Defined contribution plan

UAE national employees of the Group are members of the Government-managed retirement pension and social security benefit scheme pursuant to U.A.E. labour law no. 7 of 1999. The Group is required to contribute 12.5% of the "contribution calculation salary" of payroll costs to the retirement benefit scheme to fund the benefits. The employees and the Government contribute 5% and 2.5% of the "contribution calculation salary" respectively, to the scheme. The only obligation of the Group with respect to the retirement pension and social security scheme is to make the specified contributions. The contributions are charged to profit or loss.

b. Annual leave and leave passage

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the year.

c. Provision for employees' end of service benefits

The provision for employees' end of service benefits due to non-UAE national employees in accordance with the UAE Labour Law is calculated annually using the projected unit credit method in accordance with IAS 19. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using profit rates on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Provisions for employees' end of service indemnity for the employees working with the entities domiciled in other countries are made in accordance with local laws and regulations applicable in these countries.

3.16 Borrowing Costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

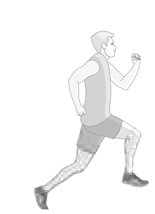
All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

3.17 Leases
Leases in which the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. The Group does not have substantially all the risks and rewards of ownership, and these leases are therefore classified as operating leases.

3.18 Dividend Distribution
Dividend distribution to the Shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Shareholders.



3.19 Financial Instruments

3.19.1 Accounting Policy Applied from 1 January 2018

a. Investments and other financial assets

i. Classification

From 1 January 2018, 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 consolidated income statement.

» 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 consolidated 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

From 1 January 2018, the Group assesses on a forward-looking basis the expected credit losses 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.

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. Financial liabilities

The Group recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract.

All financial liabilities are initially recognised at fair value, minus (in the case of a financial liability that is not at FVTPL) transaction costs that are directly attributable to issuing the financial liability. Financial liabilities are measured at amortised cost, unless the Group opted to measure a liability at FVTPL.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Financial liabilities included in insurance and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and reported net in the consolidated statement of financial position only when there is a legally enforceable right to set off the recognised amounts or when the Group intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

d. Cash and cash equivalents

For the purposes of the consolidated 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.

3.19.2 Accounting Policy Applied until 31 December 2017

a. Impairment

The Group assesses at each financial position date whether there is objective evidence that a financial asset or Group of financial assets is impaired. If there is objective evidence (such as significant financial difficulty of the obligor, breach of contract, or it becomes probable the debtor will enter bankruptcy), the asset is tested for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the consolidated income statement.

In relation to insurance and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. Impaired debts are derecognised when they are assessed as uncollectible.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the consolidated income statement.

3.20 Changes in Accounting Policies

The Group has adopted the impairment requirements of IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the consolidated financial statements.

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

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

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

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

Further details of the specific IFRS 9 accounting policies applied in the current period (as well as previous IAS 39 accounting policies applied in the comparative period) are described in more detail in note 3.19.

Reconciliation of Impairment Allowance Balance from IAS 39 / IAS 37 to IFRS 9

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

	Loss Allowance under IAS 39 / Provision under IAS 37 AED'000	Remeasurements AED'000	ECL under IFRS 9 AED'000
Deposits and balances due from banks measured at amortised cost	-	140	140
Financial investments measured at fair value through other comprehensive income	-	-	-
Financial investments measured at amortised cost	-	2,255	2,255
Insurance receivables measured at amortised cost	138,629	322,055	460,684
Other receivables (excluding prepayments) measured at amortised cost	-	25,177	25,177
Statutory deposits measured at amortised cost	-	13	13
	138,629	**349,640**	**488,269**

The total measurement loss of AED 349,640 thousand was recognised in opening retained earnings as at 1 January 2018.

4. Critical Accounting Judgements and Key Sources of Estimation of Uncertainty

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant areas where management has used estimates, assumptions or exercised judgements are as follows:

4.1 Measurement of the Expected Credit Loss Allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring Expected Credit Loss (ECL) is further detailed in note 32 (b).

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

- Determining the criteria for significant increase in credit risk;
- Determining the criteria and definition of default;
- Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

4.2 Investment Properties

The Group values its investment properties at fair value on the basis of market valuations prepared by independent property consultants. The valuations are based on assumptions which are mainly based on market conditions existing at each reporting date. Therefore, any future change in the market conditions could have an impact on the fair value. For further details of the judgments and assumptions made, refer to note 7.

4.3 The Ultimate Liability Arising from Claims Made under Insurance Contracts

The estimation of ultimate liability arising from the claims made under insurance contracts is the Group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will eventually pay for such claims. Estimates have to be made at the end of the reporting period for both the expected ultimate cost of claims reported and for the expected ultimate cost of claims incurred but not reported ("IBNR"). Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the Group and management estimates based on past claims settlement trends for the claims incurred but not reported. Claims requiring court or arbitration decisions are estimated individually. At the end of each reporting period, prior year claims estimates are reassessed for adequacy and changes are made to the provision.

4.4 Actuarial Valuation of Life Assurance Fund

Life assurance fund is determined by actuarial valuation of future policy benefits on the basis of estimates made by the Group. Estimates are made, amongst other things, of the expected number of deaths for each of the years in which the Group is exposed to risk. The Group bases these estimates on standard industry and mortality tables that best reflect historical mortality experience adjusted where appropriate to reflect the Group's own experiences. 100% A67 – 70 Ultimate Mortality Table of Assured Lives and a discount rate of 3.5% are used for the purpose of discounting the liabilities.

4.5 Valuation of Unquoted Equity Instruments

Valuation of unquoted equity investments is normally based on recent market transactions on an arm's length basis, fair value of another instrument that is substantially the same, expected cash flows discounted at current rates for similar instruments or other valuation models. The Group engages independent third party qualified valuers to establish the appropriate valuation techniques and inputs to the model. In the absence of an active market for these investments or any recent transactions that could provide evidence of the current fair value, management estimates the fair value of these instruments using expected cash flows discounted at current rates for similar instruments or other valuation models. Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed in note 31.

5. Property and Equipment

	Furniture and Equipment AED '000	Motor Vehicles AED '000	Capital Work in Progress AED '000	Total AED '000
Cost				
Balance at 31 December 2016	98,075	984	-	99,059
Additions during the year	3,024	72	237	3,333
Transfers	237	-	(237)	-
Written off/disposals during the year	(937)	(309)	-	(1,246)
Effect of foreign currency exchange differences	291	8	-	299
Balance at 31 December 2017	100,690	755	-	101,445
Additions during the year	1,519	-	-	1,519
Written off/disposals during the year	(9)	-	-	(9)
Effect of foreign currency exchange differences	(2,208)	-	-	(2,208)
Balance at 31 December 2018	**99,992**	**755**	-	**100,747**
Accumulated Depreciation				
Balance at 31 December 2016	77,297	507	-	77,804
Charge for the year	9,222	158	-	9,380
Written off/disposals during the year	(824)	(200)	-	(1,024)
Effect of foreign currency exchange differences	148	4	-	152
Balance at 31 December 2017	85,843	469	-	86,312
Charge for the year	7,014	150	-	7,164
Effect of foreign currency exchange differences	(1,882)	-	-	(1,882)
Balance at 31 December 2018	**90,975**	**619**	-	**91,594**
Carrying Amounts				
Balance at 31 December 2018	**9,017**	**136**	-	**9,153**
Balance at 31 December 2017	14,847	286	-	15,133

6. Intangible Assets

	Computer Software AED '000	Capital Work in Progress AED '000	Total AED '000
Cost			
31 December 2016	54,882	37,835	92,717
Additions during the year	4,124	12,003	16,127
Transfers	31,454	(31,454)	-
Balance at 31 December 2017	90,460	18,384	108,844
Additions during the year	3,598	7,975	11,573
Transfers	11,256	(11,256)	-
Written off/disposals during the year	(8,486)	(6,812)	(15,298)
Balance at 31 December 2018	**96,828**	**8,291**	**105,119**
Accumulated Amortisation			
Balance at 31 December 2016	14,520	-	14,520
Charge for the year	9,649	-	9,649
Balance at 31 December 2017	24,169	-	24,169
Charge for the year	12,121	-	12,121
Written off/disposals during the year	(2,546)	-	(2,546)
Balance at 31 December 2018	**33,744**	**-**	**33,744**
Carrying Amounts			
Balance at 31 December 2018	**63,084**	**8,291**	**71,375**
Balance at 31 December 2017	66,291	18,384	84,675

Capital work-in-progress includes advances paid to consultants and providers of information technology solutions for the improvements to computer software of Group's IT infrastructure.

7. Investment Properties

The Group's investment properties are measured at fair value. The Group holds 7 plots of land located in Dubai, UAE, unit of a building located in DIFC, Dubai, UAE and units of a building located in Motor City, Dubai, UAE.

	Plots of Land Located in Dubai, UAE AED'000	Unit of a Building Located in DIFC, Dubai, UAE AED'000	Units of a Building Located in Motor City, Dubai, UAE AED'000	Total AED '000
Fair value hierarchy	Level 2	Level 2	Level 2	
Fair value at 1 January 2017	373,200	70,795	67,369	511,364
Net decrease in fair value during the year	340	(819)	(94)	(573)
Fair value at 31 December 2017	373,540	69,976	67,275	510,791
Net decrease in fair value during the year	**(11,125)**	**(4,461)**	**(11,620)**	**(27,206)**
Fair Value at 31 December 2018	**362,415**	**65,515**	**55,655**	**483,585**

Valuation Processes

The Group has complied with the requirements of the UAE Insurance Authority Board Decision No. (25) of 2014 with regards to valuation of the investment properties and were accounted accordingly for the purpose of financial reporting. The Group's investment properties were valued as at 31 December 2018 by independent external professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued.

Valuation Techniques Underlying Management's Estimation of Fair Value

The valuation of the Group's investment properties was determined using the sales comparison approach, which uses significant observable inputs. Properties valued using the sales comparison approach take into account comparable properties in close proximity. These values are adjusted for differences in key attributes such as property size and quality of interior fittings. The most significant input into this valuation approach is price per unit of measurement.

There were no changes to the valuation techniques during the year and there are no transfers between level 1, 2 and 3 during the years 2018 and 2017.

8. Deferred Acquisition Costs

	2018 AED '000	2017 AED '000
Balance at the beginning of the year	**148,180**	128,630
Acquisition costs paid during the year	**396,405**	401,500
Amortisation charge for the year	**(387,913)**	(381,950)
Balance at the end of the year	**156,672**	148,180

9. Statutory Deposits

	2018 AED '000	2017 AED '000
Bank deposit maintained in accordance with Article 42 of U.A.E. Federal Law No. 6 of 2007	**10,000**	10,000
Amount under lien with Capital Market Authority – Sultanate of Oman	**97,535**	97,532
Amounts under lien with the Qatar Central Bank	**35,976**	34,955
Amounts under lien with Turkish Treasury, Turkey	**13,043**	14,999
	156,554	157,486

10. Financial Investments

10.1 Composition of Financial Investments

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

	2018 AED '000	2017 AED '000
At fair value through profit or loss (note 10.2)	**357,407**	322,497
At fair value through other comprehensive income (note 10.3)	**468,169**	457,701
Measured at amortised cost (note 10.4)	**1,283,087**	1,179,374
Less: Allowance for impairment for financial investments measured at amortised cost	**(2,356)**	-
	2,106,307	1,959,572

10.2 Financial Investments at Fair Value Through Profit or Loss

	Inside UAE		Outside UAE		Total	
	2018 AED'000	2017 AED'000	**2018 AED'000**	2017 AED'000	**2018 AED'000**	2017 AED'000
Quoted fund	**-**	-	**26,697**	23,194	**26,697**	23,194
Quoted equity	**1,651**	-	**9,101**	-	**10,752**	-
Unit linked investments	**3,866**	5,121	**316,092**	294,182	**319,958**	299,303
	5,517	5,121	**351,890**	317,376	**357,407**	322,497

Unit linked investments are designated at inception as at fair value through profit or loss. The Group designates these investment as at fair value through profit or loss because it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

10.3 Financial Investments at Fair Value Through other Comprehensive Income

	Inside UAE		Outside UAE		Total	
	2018 AED'000	2017 AED'000	**2018 AED'000**	2017 AED'000	**2018 AED'000**	2017 AED'000
Quoted equity	**141,267**	129,292	**143,990**	146,954	**285,257**	276,246
Unquoted equity	**19,716**	21,709	**131,963**	119,172	**151,679**	140,881
Private equity fund	**-**	-	**31,233**	40,574	**31,233**	40,574
	160,983	151,001	**307,186**	306,700	**468,169**	457,701

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI.

10.4 Financial Investments Measured at Amortised Cost

	Inside UAE		Outside UAE		Total	
	2018 AED'000	2017 AED'000	**2018 AED'000**	2017 AED'000	**2018 AED'000**	2017 AED'000
Investments in bonds						
- Quoted	**994,750**	893,944	**269,381**	268,830	**1,264,131**	1,162,774
-Unquoted	**16,600**	16,600	**-**	-	**16,600**	16,600
	1,011,350	910,544	**269,381**	268,830	**1,280,731**	1,179,374

These bonds carry interests at the rates of 2% to 7.75% per annum. The Group holds these investments with the objective of receiving the contractual cash flows over the instruments life. The bonds are redeemable at par from 2019 to 2035 based on their maturity dates. The fair value of these bonds at 31 December 2018 is AED 1,253,136 thousand (2017: AED 1,178,979 thousand).

10.5 Movements in Financial Investments

The movements in financial investments are as follows:

	Fair Value Through Profit or Loss AED'000	**Fair Value Through OCI AED'000**	**Amortised Cost AED'000**	**Total AED '000**
At 31 December 2016	294,908	580,173	972,865	1,847,946
Purchases	129,618	126,270	855,968	1,111,856
Disposals	(150,854)	(297,658)	(579,191)	(1,027,703)
Maturities	-	-	(66,322)	(66,322)
Amortisation	-	-	(3,946)	(3,946)
Changes in fair value	48,825	48,916	-	97,741
At 31 December 2017	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	**357,407**	**468,169**	**1,280,731**	**2,106,307**

There were no reclassifications between financial investments categories during 2018.

10.6 Movement in the Allowance for Impairment of Financial Investments Measured at Amortised Cost During the Year was as Follows:

	2018 AED '000	2017 AED '000
At the beginning of the year	**-**	-
Initial application of IFRS 9	**2,255**	-
Charge during the year	**101**	-
Balance at the End of the Year	**2,356**	-

As of 31 December 2018, there are no significant concentrations of credit risk for debt instruments measured at amortised cost. The carrying amount reflected above represents the Group's maximum exposure for credit risk for such assets.

11. Insurance Contract Liabilities and Reinsurance Contract Assets

	2018 AED '000	2017 AED '000
Insurance Contract Liablilities		
Outstanding claims	**1,772,797**	1,896,312
Additional reserve	**417,269**	340,062
Life assurance fund	**178,142**	208,045
Unearned premium (note 25.1)	**1,381,079**	1,403,432
Unit linked liabilities (note 11.3)	**319,883**	296,293
Unallocated loss adjustment expenses reserve	**7,990**	9,103
	4,077,160	4,153,247
Recoverable from Re-insurers		
Outstanding claims	**1,389,082**	1,509,940
Additional reserve	**301,175**	225,044
Life assurance fund	**4,811**	-
Unearned premiums (note 25.1)	**777,730**	783,265
	2,472,798	2,518,249
Insurance Contract Liabilities – Net		
Outstanding claims	**383,715**	386,372
Additional reserve	**116,094**	115,018
Life assurance fund (note 11.2)	**173,331**	208,045
Unearned premiums (note 25.1)	**603,349**	620,167
Unit linked liabilities (note 11.3)	**319,883**	296,293
Unallocated loss adjustment expenses reserve	**7,990**	9,103
	1,604,362	1,634,998

The technical reserves have been certified by the Appointed Actuary of the Company according to the Financial Regulations issued by Insurance Authority. A summary of the actuary's report on the technical provisions is disclosed in note 34 to the consolidated financial statements.

11.1 Movement in the Provision for Outstanding Claims, IBNR and Unallocated Loss Adjustment Expenses and the Related Reinsurers' Share

	2018			2017		
	Gross AED'000	**Reinsurance AED'000**	**Net AED'000**	Gross AED'000	Reinsurance AED'000	Net AED'000
At 1 January	**2,245,477**	**(1,734,984)**	**510,493**	2,194,833	(1,688,779)	506,054
Claims incurred during the year	**2,729,847**	**(1,602,833)**	**1,127,014**	2,559,562	(1,524,891)	1,034,671
Claims settled during the year	**(2,777,268)**	**1,647,560**	**(1,129,708)**	(2,508,918)	1,478,686	(1,030,232)
At 31 December	**2,198,056**	**(1,690,257)**	**507,799**	2,245,477	(1,734,984)	510,493

11.2 Life Assurance Fund - Net

	AED '000
At 1 January 2017	235,138
Net movement during the year	(27,093)
At 31 December 2017	208,045
Net movement during the year	(34,714)
At 31 December 2018	**173,331**

11.3 Unit Linked Liabilities

	AED '000
At 1 January 2017	255,551
Net movement during the year	40,742
At 31 December 2017	296,293
Net movement during the year	23,590
At 31 December 2018	**319,883**

The following table presents the sensitivity of the value of insurance contract liabilities disclosed in this note to movements in the assumptions used in the estimation of insurance contract liabilities. For liabilities under long-term insurance contracts with fixed and guaranteed terms, changes in assumptions will not cause a change to the amount of the liability, unless the change is severe enough to trigger a liability adequacy test adjustment. No losses arose in either 2018 or 2017, based on the results of the liability adequacy test. The table below indicates the level of the respective variable that will trigger an adjustment and then indicates the liability adjustment required as a result of a further deterioration in the variable.

		Impact on Net Liability	
Scenario	**Change in Assumptions**	**2018 AED '000**	2017 AED '000
Mortality/morbidity	+10%	**850**	1,120
Discount rate	+75bps	**(5,604)**	(7,147)
Mortality/morbidity	-10%	**(851)**	(1,127)
Discount rate	-75bps	**(6,165)**	8,075

12. Insurance Receivables

	2018 AED '000	2017 AED '000
Due from policyholders and brokers	**779,688**	922,510
Less: allowance for doubtful debts	**(309,366)**	(97,690)
Net due from policyholders and brokers	**470,322**	824,820
Due from insurance/reinsurance companies	**386,206**	678,369
Less: allowance for doubtful debts	**(186,960)**	(40,939)
Net due from insurance/reinsurance companies	**199,246**	637,430
Total Insurance Receivables	**669,568**	1,462,250

12.1 Insurance Receivables by Location

Inside UAE	**2018 AED '000**	2017 AED '000
Due from policyholders and brokers	**651,989**	759,654
Less: allowance for doubtful debts	**(272,460)**	(75,272)
Net due from policyholders and brokers	**379,529**	684,382
Due from insurance/reinsurance companies	**311,742**	501,538
Less: allowance for doubtful debts	**(144,154)**	(40,867)
Net due from insurance/reinsurance companies	**167,588**	460,671
Total Insurance Receivables Inside UAE	**547,117**	1,145,053

Outside UAE	**2018 AED '000**	2017 AED '000
Due from policyholders and brokers	**127,699**	162,856
Less: allowance for doubtful debts	**(36,906)**	(22,418)
Net due from policyholders and brokers	**90,793**	140,438
Due from insurance/reinsurance companies	**74,464**	176,831
Less: allowance for doubtful debts	**(42,806)**	(72)
Net due from insurance/reinsurance companies	**31,658**	176,759
Total Insurance Receivables Outside UAE	**122,451**	317,197

12.2 Ageing of Insurance Receivables

		Past Due by Number of Days				
At 31 December 2018	**Not Yet Due AED '000**	**<30 days AED '000**	**30-90 days AED '000**	**91-180 days AED '000**	**≥181 days AED '000**	**Total AED '000**
Due from policyholders	120,689	5,732	13,595	13,761	10,826	164,603
Due from insurance companies	7,588	7,018	9,335	17,834	46,174	87,949
Due from reinsurance companies	5,928	7,530	13,366	6,960	77,513	111,297
Due from brokers	189,392	35,714	47,163	17,968	13,328	303,565
Other receivables	2	15	495	92	1,550	2,154
Insurance Receivables - Net	**323,599**	**56,009**	**83,954**	**56,615**	**149,391**	**669,568**

		Past Due by Number of Days				
At 31 December 2017	Not yet due AED '000	<30 days AED '000	30-90 days AED '000	91-180 days AED '000	≥181 days AED '000	Total AED '000
Due from policyholders	188,719	92,360	200,330	41,360	132,856	655,625
Due from insurance companies	617	1,375	35,798	18,784	152,313	208,887
Due from reinsurance companies	35,321	95,939	181,513	33,933	81,837	428,543
Due from brokers	89,734	52,241	5,570	2,369	3,614	153,528
Other receivables	73	2,258	207	119	13,010	15,667
Insurance Receivables - Net	314,464	244,173	423,418	96,565	383,630	1,462,250

12.2.1 Ageing of Insurance Receivables by Location

Inside UAE		Past Due by Number of Days				
At 31 December 2018	**Not yet due AED '000**	**<30 days AED '000**	**30-90 days AED '000**	**91-180 days AED '000**	**≥181 days AED '000**	**Total AED '000**
Due from policyholders	103,728	3,121	9,061	11,083	9,242	136,235
Due from insurance companies	3,335	5,573	7,695	15,035	39,512	71,150
Due from reinsurance companies	2,884	6,857	11,443	5,219	70,035	96,438
Due from brokers	147,585	28,210	39,909	15,188	10,747	241,639
Other receivables	2	-	87	92	1,474	1,655
Insurance Receivables - Net	**257,534**	**43,761**	**68,195**	**46,617**	**131,010**	**547,117**

		Past Due by Number of Days				
At 31 December 2017	Not yet due AED '000	<30 days AED '000	30-90 days AED '000	91-180 days AED '000	≥181 days AED '000	Total AED '000
Due from policyholders	180,696	77,122	148,601	8,671	107,761	522,851
Due from insurance companies	468	-	35,257	18,603	148,189	202,517
Due from reinsurance companies	35,321	20,689	149,865	13,837	38,442	258,154
Due from brokers	86,557	51,300	5,249	1,912	1,846	146,864
Other receivables	73	1,455	166	104	12,869	14,667
Insurance Receivables - Net	303,115	150,566	339,138	43,127	309,107	1,145,053

12.2.1 Ageing of Insurance Receivables by Location

Outside UAE

		Past Due by Number of Days				
At 31 December 2018	**Not yet due AED '000**	**<30 days AED '000**	**30-90 days AED '000**	**91-180 days AED '000**	**≥181 days AED '000**	**Total AED '000**
Due from policyholders	16,961	2,611	4,534	2,678	1,584	28,368
Due from insurance companies	4,253	1,445	1,640	2,799	6,662	16,799
Due from reinsurance companies	3,044	673	1,923	1,741	7,478	14,859
Due from brokers	41,807	7,504	7,254	2,780	2,581	61,926
Other receivables	-	15	408	-	76	499
Insurance Receivables - Net	**66,065**	**12,248**	**15,759**	**9,998**	**18,381**	**122,451**

		Past Due by Number of Days				
At 31 December 2017	Not yet due AED '000	<30 days AED '000	30-90 days AED '000	91-180 days AED '000	≥181 days AED '000	Total AED '000
Due from policyholders	8,023	15,238	51,729	32,689	25,095	132,774
Due from insurance companies	149	1,375	541	181	4,124	6,370
Due from reinsurance companies	-	75,250	31,648	20,096	43,395	170,389
Due from brokers	3,177	941	321	457	1,768	6,664
Other receivables	-	803	41	15	141	1,000
Insurance Receivables - Net	11,349	93,607	84,280	53,438	74,523	317,197

12.3 Movement in the Allowance for Doubtful Debts

The closing impairment provision for insurance receivables as at 31 December 2018 reconciles to the opening impairment provision as follows:

	2018 AED '000	2017 AED '000
Opening Impairment Provision under IAS 39	**138,629**	117,688
Amount restated through opening retained earnings (note 3.20)	**322,055**	-
Opening Impairment Provision as at 1 January under IFRS 9	**460,684**	117,688
Impairment charge recognized in profit or loss during the year	**42,371**	36,126
Amounts written off as uncollectible during the year	**(3,032)**	(14,322)
Foreign currency exchange differences	**(3,697)**	(863)
Closing Impairment Provision as at 31 December	**496,326**	138,629

13. Prepayments and Other Receivables

	2018 AED '000	2017 AED '000
Accrued income	**14,098**	21,179
Prepayments	**94,368**	66,229
Staff debtors and advances	**8,635**	7,756
Other receivables	**68,759**	60,343
Less: allowance for doubtful debts	**(25,177)**	-
	160,683	155,507

14. Bank Balances and Cash

	2018 AED '000	2017 AED '000
Deposits with banks with original maturities of more than three months	**280,002**	138,487
Deposits with banks with original maturities within three months	**123,805**	122,517
Current accounts and cash	**121,338**	115,609
Less: Impairment provision	**(421)**	-
Total bank balances and cash	**524,724**	376,613
Less: Deposit with banks with original maturities of more than three months	**(280,002)**	(138,487)
Add: Impairment provision	**421**	-
Cash and cash equivalents for the purpose of consolidated statement of cash flows	**245,143**	238,126

The interest rates on fixed deposits and call accounts with banks ranges 0.5% to 24.7% (2017: 0.1% to 13.95%) per annum. Bank balances amounting to AED 309,662 thousand (2017: AED 141,322 thousand) are held in local banks in the United Arab Emirates.

Certain deposits with carrying amount of AED 8,935 thousand at 31 December 2018 (2017: AED 26,009 thousand) are subject to lien in respect of guarantees.

15. Share Capital

	2018 AED '000	2017 AED '000
Authorised, issued and fully paid 461,872,125 shares of AED 1 each (2017: 461,872,125 shares of AED 1 each)	**461,872**	461,872

16. Other Reserves

	Statutory Reserve AED '000	Strategic Reserve AED '000	General Reserve AED '000	Contingency Reserve AED '000	Total AED '000
Balance at 1 January 2017	230,936	303,750	933,051	9,600	1,477,337
Transfer from retained earnings	-	-	-	1,957	1,957
Balance at 31 December 2017	230,936	303,750	933,051	11,557	1,479,294
Transfer from retained earnings	-	-	-	680	680
Balance at 31 December 2018	**230,936**	**303,750**	**933,051**	**12,237**	**1,479,974**

16.1 Statutory Reserve

In accordance with the Commercial Companies Law and the Company's Articles of Association, 10% of profit for the year is required to be transferred to statutory reserve. The Company may resolve to discontinue such annual transfers when the statutory reserve is equal to 50% of the paid up share capital. The reserve is not available for distribution except in the circumstances stipulated by the law. The shareholders had resolved to discontinue the appropriation as the statutory reserve reached 50% of share capital. Accordingly, no transfer was made during the year.

16.2 Strategic Reserve

The strategic reserve may be utilised for any purpose to be determined by a resolution of the Shareholders of the Company at general meeting, on the recommendation of the Board of Directors. No transfers have been made to the strategic reserve during the year.

16.3 General Reserve

In accordance with the amended Articles of Association, 10% of profit for the year is required to be transferred to voluntary reserve. The Company may resolve to discontinue such annual transfers when the general reserve is equal to 50% of the paid up share capital. The Company has discontinued the appropriation as the voluntary reserve reached 50% of paid up share capital. Accordingly, no transfer was made during the year.

16.4 Contingency Reserve - Oman Branch

In accordance with Article 10 (bis) (2) (c) of Regulations for Implementing Insurance Companies Law (Ministerial Order 5/80), as amended, of Sultanate of Oman, 10% of the net outstanding claims at the end of the reporting period is transferred from retained earnings to a contingency reserve until the provision is equal to RO 5 million. In case of insufficient retained earnings or accumulated loss position, the deficit in transfer will be adjusted against retained earnings of future years. The reserves shall not be used without the prior approval of the Capital Market Authority of Sultanate of Oman.

17. Employees' End of Service Benefits

	2018 AED '000	2017 AED '000
Balance at the beginning of the year	**36,805**	32,769
Charge for the year	**7,165**	9,338
Paid during the year	**(6,922)**	(5,302)
Balance at the end of the year	**37,048**	36,805

In accordance with the provisions of IAS 19 "Employee Benefits", management has carried out an exercise to assess the present value of its obligations as at 31 December 2018, using the projected unit credit method, in respect of employees' end of service benefits payable under the UAE Labour Law. The expected liability at the date of leaving the service has been discounted to net present value using a discount rate of 3.45% (2017: 3.08%). Under this method, an assessment has been made of an employee's expected service life with the Group and the expected basic salary at the date of leaving the service. Management has assumed average increment / promotion costs of 5% (2017: 5%). The present value of the obligation as at 31 December 2018 is not materially different from the provision computed in accordance with the UAE Labour Law.

18. Bank Borrowings

	2018 AED '000	2017 AED '000
Short term bank loans	**73,244**	240,927

Short term bank loans are secured by assignment of bonds amounting to AED 80,014 thousand (2017: AED 275,667 thousand) in favour of the financial institutions. During the year 2018 interest rates on borrowings range from 1.87% to 2.95% per annum (2017: 1.45% to 2.15% per annum).

	2018 AED '000	2017 AED '000
Balance at the beginning of the year	**240,927**	367,732
Addition during the year	**186,659**	171,720
Repayment during the year	**(354,342)**	(298,525)
Balance at the end of the year	**73,244**	240,927

19. Insurance and Other Payables

19.1 Insurance Payables

	2018 AED '000	2017 AED '000
Insurance payables – Inside UAE	**515,073**	475,391
Insurance payables – Outside UAE	**138,184**	176,239
	653,257	651,630

Inside UAE	2018 AED '000	2017 AED '000
Due to policyholders and brokers	**91,067**	84,148
Due to insurance/reinsurance companies	**316,574**	303,338
Premiums collected in advance	**229**	245
Other insurance payables	**107,203**	87,660
	515,073	475,391

Outside UAE	2018 AED '000	2017 AED '000
Due to policyholders and brokers	**65,819**	85,229
Due to insurance/reinsurance companies	**45,961**	56,769
Premiums collected in advance	**18,832**	23,529
Other insurance payables	**7,572**	10,712
	138,184	176,239

19.2 Other Payables

	2018 AED '000	2017 AED '000
Accruals for staff costs	**18,701**	21,759
Other payables and accruals	**90,744**	60,999
	109,445	82,758

20. Deferred Commission Income

	2018 AED '000	2017 AED '000
Balance at the beginning of the year	**108,216**	95,633
Commission received during the year	**262,216**	340,534
Commission income earned during the year	**(281,819)**	(327,951)
Balance at the end of the year	**88,613**	108,216

21. Net Investment Income

	2018 AED '000	2017 AED '000
Dividend income from financial investments at FVTOCI	**16,485**	20,090
Interest income from financial investments at amortised cost	**44,557**	37,487
Interest income from deposits	**23,351**	20,068
Change in fair value of investment properties	**(27,206)**	(573)
Fair value gain on financial investments at FVTPL	**3,053**	3,560
Realised losses on sale of financial investments at FVTPL	**(990)**	(271)
Realised (losses)/gains on sale of financial investments at amortised cost	**(3,052)**	9,072
Rental income from investment properties	**9,511**	10,689
Other investment expenses	**(16,578)**	(23,745)
	49,131	76,377

22. General and Administrative Expenses

	2018 AED '000	2017 AED '000
Staff costs	**202,166**	203,728
Depreciation and amortisation	**19,285**	19,029
Rental costs – operating leases	**13,625**	13,591
Other miscellaneous expenses	**62,705**	62,733
	297,781	299,081

23. Earnings Per Share

	2018	2017
Profit for the year attributable to the owners of the Company (AED'000)	**8,358**	106,321
Weighted average number of shares	**461,872,125**	461,872,125
Basic and diluted earnings per share (AED)	**0.02**	0.23

Basic earnings per share are calculated by dividing the profit for the year 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.

24. Related Party 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.

24.1 Balances with Related Parties Included in the Consolidated Statement of Financial Position are as Follows:

	2018 AED '000	2017 AED '000
Balances with Major shareholder:		
Cash and bank balances	**63,744**	76,464
Bank borrowings	**73,244**	240,927
Financial investments	**55,199**	51,499
Statutory deposits	**10,000**	10,000
Due from/(to) Major shareholder:		
Net insurance receivable	**4,592**	6,667
Net insurance payable	**(460)**	(1,341)
Due from/(to) Directors and businesses controlled by the Directors		
Net insurance receivable	**14,459**	19,367
Net insurance payable	**(1,058)**	(1,805)

24.2 Transactions with Related Parties During the Year are as Follows:

	2018 AED '000	2017 AED '000
Transactions arising from insurance contracts with Major shareholder:		
Gross insurance premium	**62,743**	57,391
Gross claims settled	**45,201**	51,807

	2018 AED '000	2017 AED '000
Other transactions with Major shareholder:		
Interest income	**1,741**	726
Dividend income	**2,144**	2,144
Interest expense	**5,377**	3,741
Other investment expenses	**475**	350
Rental expense	**3,650**	3,421
Transactions arising from insurance contracts with Directors and businesses controlled by the Directors:		
Gross insurance premium	**39,573**	47,253
Gross claims settled	**27,824**	27,358
Other transactions with Directors and businesses controlled by the Directors:		
Other investment expenses	**4,666**	5,217

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

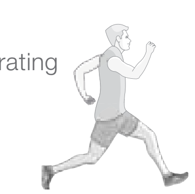
24.3 Compensation of Key Management Personnel

	2018 AED '000	2017 AED '000
Directors' fees	**2,250**	2,250
Salaries and benefits	**3,499**	3,214
End of service benefits	**191**	283
	5,940	5,747

25. 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.



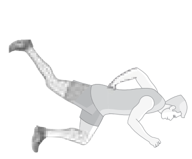
Segmental information is presented below:

25.1 Segment Revenue

	General Insurance			Life Assurance and Medical			Total		
	Gross AED '000	Reinsurance AED '000	Net AED '000	Gross AED '000	Reinsurance AED '000	Net AED '000	Gross AED '000	Reinsurance AED '000	Net AED '000
Year 2018									
Insurance premium	1,758,183	(1,109,530)	648,653	1,941,181	(1,046,141)	895,040	3,699,364	(2,155,671)	1,543,693
Movement in provision for unearned premium and mathematical reserve	62,285	2,413	64,698	(54,191)	13,696	(40,495)	8,094	16,109	24,203
Insurance premium earned	1,820,468	(1,107,117)	713,351	1,886,990	(1,032,445)	854,545	3,707,458	(2,139,562)	1,567,896
Unearned Premium as at 31 December 2018	**701,950**	**(428,518)**	**273,432**	**679,129**	**(349,212)**	**329,917**	**1,381,079**	**(777,730)**	**603,349**
Year 2017									
Insurance premium	1,958,010	(1,183,871)	774,139	1,760,231	(1,029,379)	730,852	3,718,241	(2,213,250)	1,504,991
Movement in provision for unearned premium and mathematical reserve	(83,739)	50,908	(32,831)	(36,697)	18,436	(18,261)	(120,436)	69,344	(51,092)
Insurance premium earned	1,874,271	(1,132,963)	741,308	1,723,534	(1,010,943)	712,591	3,597,805	(2,143,906)	1,453,899
Unearned premium as at 31 December 2017	808,862	(447,749)	361,113	594,570	(335,516)	259,054	1,403,432	(783,265)	620,167

25.2 Segment Claims

	General Insurance			Life Assurance and Medical			Total		
	Gross AED '000	Reinsurance AED '000	Net AED '000	Gross AED '000	Reinsurance AED '000	Net AED '000	Gross AED '000	Reinsurance AED '000	Net AED '000
Year 2018									
Claims settled	1,309,464	(811,171)	498,293	1,467,804	(836,389)	631,415	2,777,268	(1,647,560)	1,129,708
Changes in provision for outstanding claims	(140,659)	119,370	(21,289)	17,144	1,488	18,632	(123,515)	120,858	(2,657)
Movement in additional reserve & ULAE reserve	40,651	(26,052)	14,599	35,443	(50,079)	(14,636)	76,094	(76,131)	(37)
Claims incurred	**1,209,456**	**(717,853)**	**491,603**	**1,520,391**	**(884,980)**	**635,411**	**2,729,847**	**(1,602,833)**	**1,127,014**
Year 2017									
Claims settled	1,235,953	(692,951)	543,002	1,272,965	(785,735)	487,230	2,508,918	(1,478,686)	1,030,232
Changes in provision for outstanding claims	42,563	(50,337)	(7,774)	(13,842)	23,699	9,857	28,721	(26,638)	2,083
Movement in additional reserve & ULAE reserve	(40,509)	7,450	(33,059)	62,432	(27,017)	35,415	21,923	(19,567)	2,356
Claims incurred	1,238,007	(735,838)	502,169	1,321,555	(789,053)	532,502	2,559,562	(1,524,891)	1,034,671

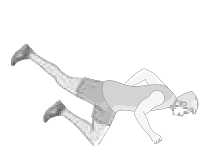


25.3 Segment Results

	Year Ended 31 December 2018			Year Ended 31 December 2017		
	General AED '000	Life and Medical AED '000	Total AED '000	General AED '000	Life and Medical AED '000	Total AED '000
Net Insurance Premium Earned	713,351	854,545	1,567,896	741,308	712,591	1,453,899
Net Claims Incurred	(491,603)	(635,411)	(1,127,014)	(502,169)	(532,502)	(1,034,671)
Reinsurance commission income	193,482	88,337	281,819	244,961	82,990	327,951
Commission expenses	(253,064)	(134,849)	(387,913)	(256,507)	(125,443)	(381,950)
Other (expenses)/ income relating to underwriting activities	(2,201)	44,173	41,972	(1,688)	45,211	43,523
Net Commission and Other (Expenses)/ Income	(61,783)	(2,339)	(64,122)	(13,234)	2,758	(10,476)
Net Underwriting Profit	159,965	216,795	376,760	225,905	182,847	408,752
General and administrative expenses			(297,781)			(299,081)
Net investment income			49,131			76,377
Finance costs			(3,530)			(2,481)
Allowance for doubtful debts			(42,371)			(36,126)
Other expenses			(69,335)			(35,643)
Profit Before Tax			12,874			111,798
Income tax expenses			(2,755)			(7,313)
Profit for the Year			10,119			104,485
Attributable to						
Owners of the Company			8,358			106,321
Non-controlling interests			1,761			(1,836)
			10,119			104,485

25.4 Segment Results by Geographical Distribution

	Year Ended 31 December 2018			Year Ended 31 December 2017		
	GCC AED '000	Turkey AED '000	Total AED '000	GCC AED '000	Turkey AED '000	Total AED '000
Net Insurance Premium Earned	1,489,004	78,892	1,567,896	1,367,245	86,654	1,453,899
Net Claims Incurred	(1,060,694)	(66,320)	(1,127,014)	(966,487)	(68,184)	(1,034,671)
Reinsurance commission income	251,406	30,413	281,819	298,254	29,697	327,951
Commission expenses	(355,813)	(32,100)	(387,913)	(351,435)	(30,515)	(381,950)
Other (expenses)/ income relating to underwriting activities	41,993	(21)	41,972	43,213	310	43,523
Net Commission and other (Expenses)/ Income	(62,414)	(1,708)	(64,122)	(9,968)	(508)	(10,476)
Net Underwriting Income	365,896	10,864	376,760	390,790	17,962	408,752
General and administrative expenses	(278,258)	(19,523)	(297,781)	(278,257)	(20,824)	(299,081)
Net investment income	39,202	9,929	49,131	64,903	11,474	76,377
Finance costs	(3,530)	-	(3,530)	(2,481)	-	(2,481)
Allowance for doubtful debts	(42,371)	-	(42,371)	(36,126)	-	(36,126)
Other expenses	(72,853)	3,518	(69,335)	(29,612)	(6,031)	(35,643)
Profit Before Tax	8,086	4,788	12,874	109,217	2,581	111,798
Income tax expenses	(1,310)	(1,445)	(2,755)	(691)	(6,622)	(7,313)
Profit/(Loss) for the Year	6,776	3,343	10,119	108,526	(4,041)	104,485
Attributable to						
Owners of the Company	6,653	1,705	8,358	108,383	(2,062)	106,321
Non-controlling interests	123	1,638	1,761	143	(1,979)	(1,836)
	6,776	3,343	10,119	108,526	(4,041)	104,485



25.5 Segment Assets and Liabilities

	As at 31 December 2018 General Insurance AED '000	Life Assurance and Medical AED '000	Investments AED '000	Total AED '000	As at 31 December 2017 General Insurance AED '000	Life Assurance and Medical AED '000	Investments AED '000	Total AED '000
Assets								
Property and equipment	5,034	4,119	-	9,153	6,507	8,626	-	15,133
Intangible assets	45,249	37,022	-	82,271	42,608	56,481	-	99,089
Investment properties	-	-	483,585	483,585	-	-	510,791	510,791
Financial investments	-	319,958	1,786,349	2,106,307	-	299,303	1,660,269	1,959,572
Reinsurance contract assets	1,795,248	677,550	-	2,472,798	1,907,797	610,452	-	2,518,249
Insurance receivables	368,262	301,306	-	669,568	628,768	833,482	-	1,462,250
Deferred acquisition costs	80,400	76,272	-	156,672	63,717	84,463	-	148,180
Bank balances and cash and bank deposits	374,703	306,575	-	681,278	229,663	304,436	-	534,099
Other assets	88,543	72,443	-	160,986	67,651	89,676	-	157,327
Total Segment Assets	2,757,439	1,795,245	2,269,934	6,822,618	2,946,711	2,286,919	2,171,060	7,404,690
Liabilities								
Employees' end of service benefits	20,376	16,672	-	37,048	23,187	13,618	-	36,805
Insurance contract liabilities	2,345,788	1,731,372	-	4,077,160	2,552,718	1,600,529	-	4,153,247
Bank borrowings	40,284	32,960	-	73,244	151,784	89,143	-	240,927
Insurance payables	359,291	293,966	-	653,257	410,527	241,103	-	651,630
Deferred commission income	49,023	39,590	-	88,613	68,176	40,040	-	108,216
Other payables	122,203	99,983	-	222,186	96,414	56,624	-	153,038
Total Segment Liabilities	2,936,965	2,214,543	-	5,151,508	3,302,806	2,041,057	-	5,343,863
Capital expenditure	7,201	5,891	-	13,092	19,460	-	-	19,460
Depreciation and amortization	10,607	8,678	-	19,285	10,466	8,563	-	19,029

25.6 Geographical Information of Segment Assets and Liabilities

	As at 31 December 2018			As at 31 December 2017		
	GCC AED '000	**Turkey AED '000**	**Total AED '000**	GCC AED '000	Turkey AED '000	Total AED '000
Segment assets	**6,473,233**	**349,385**	**6,822,618**	6,987,672	417,018	7,404,690
Segment liabilities	**4,844,183**	**307,325**	**5,151,508**	4,981,899	361,964	5,343,863
Capital expenditure	**13,092**	**-**	**13,092**	19,460	-	19,460
Depreciation and amortisation	**18,500**	**785**	**19,285**	18,122	907	19,029

26. Contingent Liabilities

At 31 December 2018, the Group had contingent liabilities in respect of bank guarantees and other matters arising in the ordinary course of business amounting to AED 73 million (2017: AED 100.5 million).

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

27. Commitments

27.1 Purchase Commitments

	2018 AED '000	2017 AED '000
Commitments in respect of uncalled subscription of certain shares held as investments	**7,960**	13,911
Capital commitments towards acquisitions of property and equipment and intangible assets	**10,454**	11,013

27.2 Operating Lease Commitments

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

	2018 AED '000	2017 AED '000
Within one year	**6,134**	8,595
Second to fifth year	**5,724**	5,380

28. Insurance Risk

The Group has a robust process for managing risks in accordance with the groupwide risk appetite. Enterprise Risk Management (ERM) department supervises the Risk Committee and the Risk Management Framework. The Risk Committee is a senior management level committee, reporting to the CEO, which convenes on a quarterly frequency. The Risk Committee is responsible for active management as well as identification of risks. ERM receives periodical updates from all relevant functions on controls in place related to the risk mitigation. ERM provides the senior management with a consolidated view of the Risk Taxonomy. Risk-taking approach is targeted with risk tolerance within the Risk Management Framework. ERM function supports in the embedding of risk management framework in the day-to-day business processes and in identifying, assessing, quantifying, managing, monitoring, reporting and mitigating the risks. Risk Management awareness mindset is promptly developing within the organization. Accountabilities for the implementation and oversight of particular risk are aligned with individual executives.

Our Executive Committee oversees the management of risks through its Risk Committee, Audit Committee, Investment Committee and Receivables Steering Committee.

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the estimated amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

28.1 Frequency and Severity of Claims

The Group manages risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. Underwriting limits are in place to enforce appropriate risk selection criteria.

The Group has the right not to renew individual policies, to re-price the risk, to impose deductibles and to reject the payment of a fraudulent claim. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs (for example, subrogation). Furthermore, the Group's strategy limits the total exposure to any one territory and the exposure to any one industry.

The reinsurance arrangements include excess and catastrophe coverage. The effect of such reinsurance arrangements is that the Group should not suffer net insurance losses of a set minimum limit of AED 4,000 thousand in any one event estimated at 1:250 years. The Group has survey units dealing with the mitigation of risks surrounding claims. This unit investigates and recommends ways to improve risk claims. The risks are reviewed individually at least once in 3 years and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contractual terms and conditions, and other factors. The Group actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

28.2 Sources of Uncertainty in the Estimation of Future Claim Payments

Claims on insurance contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and element of the claims provision includes incurred but not reported claims (IBNR). The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims. For some insurance contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities. In estimating the liability for the cost of reported claims not yet paid, the Group considers information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The amount of insurance claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. Insurance contracts are also subject to the emergence of new types of latent claims, but no allowance is included for this at the end of the reporting period.

Where possible, the Group adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

In calculating the estimated cost of unpaid claims (both reported and not), the Group's estimation techniques are a combination of loss-ratio-based estimates and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes. The initial loss-ratio estimate is an important assumption in the estimation technique and is based on previous years' experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims inflation.

The initial estimate of the loss ratios used for the current year before and after reinsurance are analysed below by type of risk where the insured operates for current and prior year premium earned.

	2018		2017	
Type of Risk	**Gross Loss Ratio**	**Net Loss Ratio**	Gross Loss Ratio	Net Loss Ratio
General insurance	**66.4%**	**68.9%**	66.1%	67.7%
Life and medical insurance	**80.6%**	**74.4%**	76.7%	74.7%

Based on the simulations performed, the impact on profit of a change of 1% in the insurance claims and loss adjustment expenses for both gross and net of reinsurance recoveries would be as follows:

	2018 Gross AED'000	2017 Gross AED'000	**2018 Net AED'000**	2017 Net AED'000
Impact of an increase of 1% in claims ratio	**(27,772)**	(25,089)	**(11,297)**	(10,302)
Impact of a decrease of 1% in claims ratio	**27,772**	25,089	**11,297**	10,302

28.3 Process Used to Decide on Assumptions

The risks associated with insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. The Group uses assumptions based on a mixture of internal and market data to measure its claims liabilities. Internal data is derived mostly from the Group's quarterly claims reports and screening of the actual insurance contracts carried out at the end of the reporting period to derive data for the contracts held. The Group has reviewed the individual contracts and in particular the industries in which the insured companies operate and the actual exposure years of claims. This information is used to develop scenarios related to the latency of claims that are used for the projections of the ultimate number of claims.

The Group uses several statistical methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods more commonly used are the chain-ladder and the Bornhuetter-Ferguson methods.

Chain-ladder methods may be applied to premiums, paid claims or incurred claims (for example, paid claims plus case estimates). The basic technique involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each accident year that is not yet fully developed to produce an estimated ultimate claims cost for each accident year.

Chain-ladder techniques are most appropriate for those accident years and classes of business that have reached a relatively stable development pattern. Chain-ladder techniques are less suitable in cases in which the insurer does not have a developed claims history for a particular class of business.

The Bornhuetter-Ferguson method uses a combination of a benchmark or market- based estimate and an estimate based on claims experience. The former is based on a measure of exposure such as premiums; the latter is based on the paid or incurred claims to date. The two estimates are combined using a formula that gives more weight to the experience-based estimate as time passes. This technique has been used in situations in which developed claims experience was not available for the projection (recent accident years or new classes of business).

The choice of selected results for each accident year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. In certain instances, this has meant that different techniques or combinations of techniques have been selected for individual accident years or groups of accident years within the same class of business.

The Group did not change its assumptions for the insurance contracts disclosed in this note except for a change in the methodology used for the calculation of IBNR reserve for Group and Credit Life lines of business. The Group has estimated this reserve using the Bornhuetter-Ferguson method on Incurred Claims in the current year as compared to applying IBNR factors on the Net earned premium in the prior year.

28.4 Claims Development Process

The following table reflects the development of the gross outstanding claims of general insurance at the end of each year together with cumulative payments subsequent to the year of accident:

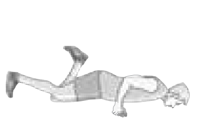
Accident Year	Before 2014 AED '000	2014 AED '000	2015 AED '000	2016 AED '000	2017 AED '000	2018 AED '000	Total AED '000
Estimate of cumulative claims - gross:							
Before 2014	19,544,339	-	-	-	-	-	19,544,339
2014	5,601,540	770,132	-	-	-	-	6,371,672
2015	5,289,573	749,300	721,218	-	-	-	6,760,091
2016	5,289,433	716,828	821,817	1,264,226	-	-	8,092,304
2017	5,291,617	770,575	833,251	1,336,501	1,158,190	-	9,390,134
2018	6,119,477	830,437	902,168	1,481,446	1,315,755	1,215,273	11,864,556
Current estimate of cumulative claims	6,119,477	830,437	902,168	1,481,446	1,315,755	1,215,273	11,864,556
Cumulative payments to date - gross	(6,007,716)	(767,856)	(740,236)	(1,115,340)	(839,071)	(825,292)	(10,295,511)
Total Outstanding Claims Recognised in the Consolidated Statement of Financial Position - Gross	**111,761**	**62,581**	**161,932**	**366,106**	**476,684**	**389,981**	**1,569,045**

28.4 Claims Development Process (continued)

The following table reflects the development of the net outstanding claims of general insurance at the end of each year together with cumulative payments subsequent to the year of accident:

Accident Year	Before 2014 AED '000	2014 AED '000	2015 AED '000	2016 AED '000	2017 AED '000	2018 AED '000	Total AED '000
Estimate of cumulative claims - Net:							
Before 2014	17,039,160	-	-	-	-	-	17,039,160
2014	3,518,991	681,613	-	-	-	-	4,200,604
2015	2,991,939	464,795	1,701,973	-	-	-	5,158,707
2016	2,968,312	302,460	328,624	469,095	-	-	4,068,491
2017	2,960,283	380,750	373,757	421,613	515,595	-	4,651,998
2018	4,163,487	591,096	483,060	498,018	765,839	788,099	7,289,599
Current estimate of cumulative claims	4,163,487	591,096	483,060	498,018	765,839	788,099	7,289,599
Cumulative payments to date - gross	(4,145,035)	(574,045)	(458,513)	(435,599)	(683,027)	(708,192)	(7,004,411)
Total Outstanding Claims Recognised in the Consolidated Statement of Financial Position - Net	**18,452**	**17,051**	**24,547**	**62,419**	**82,812**	**79,907**	**285,188**

The life and medical claims development tables are not disclosed. A Large portion of life and medical claims is usually settled during the 12 months period following their occurrence and the claims usually run-off within 24 months.



28.5 Concentration of Insurance Risk

The Group's underwriting business is based entirely within the UAE, Turkey and other GCC countries, except for some treaty reinsurance arrangements with companies based in Europe and Asia.

In common with other insurance companies, in order to minimise financial exposure arising from large insurance claims, the Group, in the normal course of business, enters into arrangement with other parties for reinsurance purposes.

To minimise its exposure to significant losses from reinsurer insolvencies, the Group evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers. Reinsurance ceded contracts do not relieve the Group from its obligations to policyholders. The Group remains liable to its policyholders for the portion reinsured to the extent that any reinsurer does not meet the obligations assumed under the reinsurance agreements.

The concentration of insurance risk before and after reinsurance by location is summarised below, with reference to the carrying amount of the insurance liabilities (gross and net of reinsurance):

2018	**Gross AED'000**	**Net AED'000**
United Arab Emirates	**3,644,386**	**1,484,124**
Other locations	**432,774**	**120,238**
Total	**4,077,160**	**1,604,362**

2017	Gross AED'000	Net AED'000
United Arab Emirates	3,679,500	1,479,760
Other locations	473,747	155,238
Total	4,153,247	1,634,998

28.6 Sensitivity of Underwriting Profit

The contribution by the insurance operations to the profit of the Group is AED 376,760 thousand for the year ended 31 December 2018 (2017: AED 408,752 thousand). The Group does not foresee any adverse change in the contribution of insurance profit due to the following reasons:

- The Group has an overall risk retention level in the region of 42% (2017: 40%) and this is mainly due to low retention levels in Engineering, Property and Energy. However, for other lines of business, the Group is adequately covered by excess of loss reinsurance programs to guard against major financial impact.
- The Group has commission income of AED 281,819 thousand (2017: AED 327,951 thousand) predominantly from the reinsurance placement which remains a comfortable source of income.

Because of low risk retention of 42% (2017: 40%) of the volume of the business and limited exposure in high retention areas such as motor, the Group is comfortable to maintain an overall net loss ratio in the region of 72% (2017: 71%) and does not foresee any serious financial impact in the net underwriting profit.

29. Capital Management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the consolidated statement of financial position, are:

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

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

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

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year. There have been no changes in the Group's management of capital during the year.

30. Classification of Financial Assets and Liabilities

i. The table below sets out the Group's classification of each class of financial assets and liabilities and their carrying amounts as at 31 December 2018:

	FVTPL AED'000	**FVTOCI AED'000**	**Amortised cost AED'000**	**Total AED'000**
Financial Assets:				
Bank balances and cash	**-**	**-**	**244,722**	**244,722**
Deposits with banks with original maturities of more than three months	**-**	**-**	**280,002**	**280,002**
Statutory deposits	**-**	**-**	**156,554**	**156,554**
Financial assets measured at fair value	**357,407**	**468,169**	**-**	**825,576**
Financial assets measured at amortised cost	**-**	**-**	**1,280,731**	**1,280,731**
Insurance receivables measured at amortised cost	**-**	**-**	**669,568**	**669,568**
Other receivables measured at amortised cost	**-**	**-**	**66,315**	**66,315**
Total	**357,407**	**468,169**	**2,697,892**	**3,523,468**
Financial Liabilities:				
Bank borrowings	**-**	**-**	**73,244**	**73,244**
Re-insurance deposits retained	**-**	**-**	**112,741**	**112,741**
Insurance payables	**-**	**-**	**653,257**	**653,257**
Other payables	**-**	**-**	**109,445**	**109,445**
Total	**-**	**-**	**948,687**	**948,687**

ii. The table below sets out the Group's classification of each class of financial assets and liabilities and their carrying amounts as at 31 December 2017:

	FVTPL AED'000	FVTOCI AED'000	Amortised cost AED'000	Total AED'000
Financial assets:				
Bank balances and cash	-	-	238,126	238,126
Deposits with banks with original maturities of more than three months	-	-	138,487	138,487
Statutory deposits	-	-	157,486	157,486
Financial assets measured at fair value	322,497	457,701	-	780,198
Financial assets measured at amortised cost	-	-	1,179,374	1,179,374
Insurance receivables measured at amortised cost	-	-	1,462,250	1,462,250
Other receivables measured at amortised cost	-	-	89,278	89,278
Total	322,497	457,701	3,265,001	4,045,199
Financial liabilities:				
Bank borrowings	-	-	240,927	240,927
Re-insurance deposits retained	-	-	70,280	70,280
Insurance payables	-	-	651,630	651,630
Other payables	-	-	82,758	82,758
Total	-	-	1,045,595	1,045,595

Management considers that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate their fair values, except for the financial investments measured at amortised cost of which fair value is determined and disclosed in note 10.4 of these consolidated financial statements.

31. 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.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Valuation techniques and assumptions applied for the purposes of measuring fair value
The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used for the year ended 31 December 2017.

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:

Financial Assets	Fair Value as at					
	2018 AED'000	2017 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	**26,697**	23,194	Level 2	Quoted prices in secondary market.	None	Not applicable
Unit linked investments	**319,958**	299,303	Level 2	Quoted prices in secondary market.	None	Not applicable
Quoted equity investments	**10,752**	-	Level 1	Quoted bid prices in an active market	None	Not applicable
Financial assets measured at FVTOCI						
Quoted equity investments	**285,257**	276,246	Level 1	Quoted bid prices in an active market	None	Not applicable
Unquoted equity and private equity fund	**182,912**	181,455	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.

There were no transfers between each of level during the year. There are no financial liabilities which should be categorised under any of the levels in the above table.

Reconciliation of Level 3 Fair Value Measurement of Financial Assets Measured at FVTOCI

	2018 AED'000	2017 AED'000
At 1 January	181,455	266,098
Purchases	-	-
Disposals/matured	(4,750)	(153,675)
Changes in fair value	6,207	69,032
At 31 December	**182,912**	181,455

Fair Value of Financial Instruments Measured at Amortised Cost

Except as detailed in the following table, the management considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the consolidated financial statements to approximate their fair values as these are substantially short term in nature and carry market rates of interest.

	Carrying Amount AED'000	**Level 1 AED'000**	**Level 2 AED'000**	**Level 3 AED'000**
31 December 2018				
Financial assets:				
Quoted debt investments	**1,264,131**	**1,237,662**	**-**	**-**
Unquoted debt investments	**16,600**	**-**	**-**	**15,474**
	1,280,731	**1,237,662**	**-**	**15,474**
31 December 2017				
Financial assets:				
Quoted debt investments	1,162,774	1,162,917	-	-
Unquoted debt investments	16,600	-	-	16,062
	1,179,374	1,162,917	-	16,062

Fair Value Sensitivity Analysis

The following table shows the sensitivity of fair values to 1% increase or decrease in market price as at 31 December 2018 and 31 December 2017 on the consolidated income statement:

	Favourable Change AED'000	**Unfavourable Change AED'000**
31 December 2018		
Financial assets:		
Quoted debt investments	**1,238**	**(1,238)**
Unquoted debt investments	**15**	**(15)**
31 December 2017		
Financial assets:		
Quoted debt investments	1,163	(1,163)
Unquoted debt investments	16	(16)

32. Financial Risk

The Group is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that the in the long-term its investment proceeds are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are market risk (which includes interest rate risk, equity price risk, foreign currency risk), credit risk and liquidity risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Group primarily faces due to the nature of its investments and liabilities are interest rate risk and equity price risk.

The Group manages these positions within an ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance contracts. The principal technique of the Group's ALM is to match assets to the liabilities arising from insurance contracts by reference to the type of benefits payable to contract holders. For each distinct class of liabilities, a separate portfolio of assets is maintained. The Group has not changed the processes used to manage its risks from previous periods.

The Group's ALM is integrated with the management of the financial risks associated with the Group's other classes of financial assets and liabilities not directly associated with insurance liabilities. The notes below explain how financial risks are managed using the categories utilised in the Group's ALM framework. In particular, the ALM Framework requires the management of interest rate risk, equity price risk and liquidity risk at the portfolio level. Foreign currency and credit risk are managed on a group-wide basis.

a. Market risk

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's market risks arise from open positions in (a) foreign currencies and (b) interest bearing assets and liabilities, to the extent they are exposed to general and specific market movements. Management sets limits on the exposure to currency and interest rate risk that may be acceptable, which are monitored on a regular basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Sensitivities to market risks included below are based on a change in one factor while holding all other factors constant. In practice, this is unlikely to occur, and changes in some of the factors may be correlated - for example, changes in interest rate and changes in foreign currency rates.

i. Foreign currency exchange risk

There are no significant exchange rate risks as substantially all monetary assets and monetary liabilities of the Group are denominated in the local currencies of the countries where the Group operates or US Dollars to which local currencies are fixed.

Management believes that there is a minimal risk of significant losses due to exchange rate fluctuations and consequently the Group has not hedged their foreign currency exposure.

ii. Price risk

Equity price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Group is exposed to equity price risk with respect to its quoted equity investments. The Group limits equity price risk by maintaining a diversified portfolio and by continuous monitoring of developments in the market. In addition, the Group actively monitors the key factors that affect stock and market movements, including analysis of the operational and financial performance of investees.

At the end of the reporting period, if the equity prices are 10% higher/lower as per the assumptions mentioned below and all the other variables were held constant, the Group's other comprehensive income would have increased/decreased by AED 28,526 thousand (2017: AED 27,625 thousand) in the case of the financial investments at fair value through other comprehensive income and the Group's profit for the year ended 31 December 2018 would increase/decrease by AED 1,075 thousand (2017: AED Nil) in the case of the financial investments at fair value through profit or loss.

Method and assumptions for sensitivity analysis:

- The sensitivity analysis has been done based on the exposure to equity price risk as at the end of the reporting period.
- As at the end of the reporting period if equity prices are 10% higher/lower on the market value uniformly for all equity while all other variables are held constant, the impact on other comprehensive income has been shown above.
- A 10% change in equity prices has been used to give a realistic assessment as a plausible event.

iii. Cash flow and fair value interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the finance income or finance cost of the Group. The Group is exposed to interest rate risk on its financial investments in bonds and term deposits and bank borrowings that carry both fixed and floating interest rates.

The Group generally manages to minimise the interest rate risk by closely monitoring the market interest rates and investing in those financial assets in which such risk is expected to be minimal.

The sensitivity analyses below have been determined based on the exposure to interest rates for interest-bearing financial assets and liabilities assuming the amount of assets and liabilities at the end of the reporting period were outstanding for the whole year.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2018 would increase/decrease by AED 17,354 thousand (2017: AED 13,168 thousand).

b. Credit risk

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group has no significant concentrations of credit risk.

Key areas where the Group is exposed to credit risk are:

- reinsurance contract assets;
- insurance receivables;
- other receivables;
- deposits with banks with original maturities of more than three months; and
- bank balances and cash

The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of their counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

The Group maintains records of the payment history for significant contract holders with whom it conducts regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Group. Management information reported to the Group includes details of provisions for impairment on insurance receivables and subsequent write-offs. Exposures to individual policyholders and groups of policyholders are mitigated by ongoing credit evaluation of their financial condition.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are registered banks with sound financial positions.

The fair value of cash and cash equivalents as at 31 December 2018 and 31 December 2017 approximates the carrying value.

The carrying amount of financial assets recorded in the consolidated financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

The Group has four types of financial assets that are subject to the expected credit loss model:

- insurance receivables;
- debt investments carried at amortised cost;
- deposits with banks with original maturities of more than three months; and
- bank balances and cash

For insurance receivables, the Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected impairment provision for all insurance receivables. The expected loss rates are based on the payment profiles of policyholders 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. On that basis, the impairment provision as at 31 December 2018 and 1 January 2018 (on adoption of IFRS 9) was determined as follows for insurance receivables:

	Not Yet Due AED'000	**< 30 days AED'000**	**30-90 days AED'000**	**91-180 days AED'000**	**≥181 days AED'000**	**Total AED'000**
31 December 2018						
Expected loss rate	**0.5%**	**4.2%**	**11.1%**	**5.0%**	**76.2%**	
Gross carrying amount - insurance receivables	**325,068**	**58,481**	**94,475**	**59,569**	**628,301**	**1,165,894**
Impairment provision (note 12.3)	**(1,469)**	**(2,472)**	**(10,521)**	**(2,954)**	**(478,910)**	**(496,326)**
	323,599	**56,009**	**83,954**	**56,615**	**149,391**	**669,568**
31 December 2017						
Gross carrying amount - insurance receivables	314,464	244,173	423,418	96,565	522,259	1,600,879
Impairment provision (note 12.3)	-	-	-	-	(138,629)	(138,629)
	314,464	244,173	423,418	96,565	383,630	1,462,250

There is no significant concentration of credit risk with respect to cash and cash equivalents, as the Group holds cash accounts in a large number of financial institutions.

All of the entity's debt investments at amortised cost are considered to have low credit risk, and the impairment charge recognised during the year was therefore limited to 12 months' expected losses. Management considers low credit risk for listed bonds to be an investment grade credit rating with at least one major rating agency.

c. Liquidity risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities at maturity date. The Group manages the liquidity risk through a risk management framework for the Group's short, medium and long-term funding and liquidity management requirements by maintaining adequate reserves, sufficient cash and cash equivalent and bank facilities, to ensure that funds are available to meet their commitments for liabilities as they fall due.

The maturity profile is monitored by management to ensure adequate liquidity is maintained. The table below summarises the maturity profile of the Group's financial assets and liabilities based on remaining undiscounted contractual obligations including interest receivable and payable.

31 December 2018	**Carrying Amount AED'000**	**Less Than 1 Year AED'000**	**1 to 5 Years AED'000**	**Over 5 Years AED'000**	**No Maturity Date AED'000**	**Total AED'000**
Financial Assets						
At fair value through profit or loss	**357,407**	**-**	**-**	**-**	**357,407**	**357,407**
At fair value through OCI	**468,169**	**-**	**-**	**-**	**468,169**	**468,169**
At amortised cost	**1,280,731**	**141,052**	**677,357**	**739,636**	**-**	**1,558,045**
Insurance receivables	**669,568**	**669,568**	**-**	**-**	**-**	**669,568**
Other receivables excluding prepayments)	**66,315**	**66,315**	**-**	**-**	**-**	**66,315**
Statutory deposits	**156,554**	**64,627**	**101,568**	**-**	**-**	**166,195**
Bank balances and cash and bank deposits	**524,724**	**462,687**	**79,734**	**-**	**-**	**542,421**
Total Financial Assets	**3,523,468**	**1,404,249**	**858,659**	**739,636**	**825,576**	**3,828,120**
Financial Liabilities						
Bank borrowings	**73,244**	**73,816**	**-**	**-**	**-**	**73,816**
Reinsurance deposits retained	**112,741**	**112,741**	**-**	**-**	**-**	**112,741**
Insurance payables	**653,257**	**653,257**	**-**	**-**	**-**	**653,257**
Other payables	**109,445**	**109,445**	**-**	**-**	**-**	**109,445**
Total Financial Liabilities	**948,687**	**949,259**	**-**	**-**	**-**	**949,259**

31 December 2017	Carrying amount AED'000	Less than 1 year AED'000	1 to 5 years AED'000	Over 5 years AED'000	No maturity date AED'000	Total AED'000
Financial assets						
At fair value through profit or loss	322,497	-	-	-	322,497	322,497
At fair value through OCI	457,701	-	-	-	457,701	457,701
At amortised cost	1,179,374	136,454	559,171	716,906	-	1,412,531
Insurance receivables	1,462,250	1,462,250	-	-	-	1,462,250
Other receivables (excluding prepayments)	89,278	89,278	-	-	-	89,278
Statutory deposits	157,486	145,620	18,895	-	-	164,515
Bank balances and cash and bank deposits	376,613	291,940	101,850	-	-	393,790
Total financial assets	4,045,199	2,125,542	679,916	716,906	780,198	4,302,562
Financial liabilities						
Bank borrowings	240,927	241,798	-	-	-	241,798
Reinsurance deposits retained	70,280	70,280	-	-	-	70,280
Insurance payables	651,630	651,630	-	-	-	651,630
Other payables	82,758	82,758	-	-	-	82,758
Total financial liabilities	1,045,595	1,046,466	-	-	-	1,046,466

33. Subsidiaries

Details of the Company's subsidiaries at 31 December 2018 are as follows:

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.S**	Istanbul – Turkey	51%	51%	Issuing short-term and long-term insurance contracts
ITACO Bahrain Co W.L.L***	Manama – Kingdom of Bahrain	60%	60%	Brokerage and call center services
Synergize Services FZ L.L.C****	Dubai - UAE.	100%	100%	Management Information technology and transaction processing

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

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

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

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

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

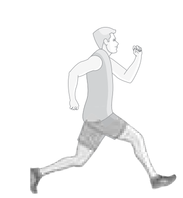
Summarised financial information of the Group's subsidiary – Dubai Star Sigorta A.S., Turkey that the company has a material non-controlling interest in is set out below.

Summarised financial information below represents amounts before inter-group eliminations.

Dubai Starr Sigorta A.S.	2018 AED'000	2017 AED'000
Current assets	**198,396**	239,059
Non-current assets	**150,989**	177,959
Current liabilities	**83,998**	103,138
Non-current liabilities	**223,327**	271,164
Equity attributable to Owners of the Company	**21,451**	21,785
Non-controlling interests	**20,609**	20,931

	2018 AED'000	2017 AED'000
Net cash inflows/(outflows) from operating activities	**927**	(746)
Net cash inflows from investing activities	**19,913**	6,969
Net cash inflows from financing activities	**10,012**	4,112
Net cash inflows	**30,852**	10,335

Details of the above subsidiary's income statement are given in note 25.4, segment information.



34. Summary of the Actuary's Report on the Technical Provisions

This note provides a summary of the actuarial technical provisions calculated and certified by the Appointed Actuary.

The table below provides a summary of the gross of reinsurance technical provisions and related reinsurance assets.

INSURANCE ACTIVITY & TECHNICAL PROVISIONS CATEGORY	2018 GROSS AED'000	2018 RI AED'000	2018 NET AED'000	2017 GROSS AED'000	2017 RI AED'000	2017 NET AED'000
Personal Insurance and Fund Accumulation Operations						
Outstanding claims provisions (OS)	**89,210**	**(59,363)**	**29,847**	87,506	(57,082)	30,424
Provisions for unearned premiums (UPR)	**30,413**	**(6,297)**	**24,116**	35,225	(13,521)	21,704
Provisions for claims incurred but not reported (IBNR)	**101,166**	**(70,558)**	**30,608**	35,186	(23,964)	11,222
Unallocated loss adjustment expenses reserve (ULAE)	**358**	**-**	**358**	569	-	569
Mathematical Reserves:	**498,025**	**(4,811)**	**493,214**	504,338	-	504,338
Unit-Linked	***319,883***	***-***	***319,883***	*296,293*	*-*	*296,293*
Non Unit-Linked	***178,142***	***(4,811)***	***173,331***	*208,045*	*-*	*208,045*
Sub-Total	**719,172**	**(141,029)**	**578,143**	662,824	(94,567)	568,257
Property and Liability Insurance						
Outstanding claims provisions (OS)	**1,683,587**	**(1,329,719)**	**353,868**	1,808,806	(1,452,858)	355,948
Provisions for unearned premiums (UPR)	**1,350,666**	**(771,433)**	**579,233**	1,368,207	(769,744)	598,463
Provisions for claims incurred but not reported (IBNR)	**316,103**	**(230,617)**	**85,486**	304,876	(201,080)	103,796
Unallocated loss adjustment expenses reserve (ULAE)	**7,632**	**-**	**7,632**	8,534	-	8,534
Sub-Total	**3,357,988**	**(2,331,769)**	**1,026,219**	3,490,423	(2,423,682)	1,066,741
Total	**4,077,160**	**(2,472,798)**	**1,604,362**	4,153,247	(2,518,249)	1,634,998

a. Personal insurance and fund accumulation operations

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

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

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

b. Property and liability insurance operations

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

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

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

35. Net Premiums Written

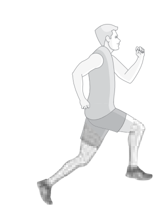
The tables below represent a breakdown of the premiums written by the Group for each category of insurance as defined by the UAE Insurance Authority

35.1 Gross Premiums - Direct Business

	2018 AED'000	2017 AED'000
Property and liability insurance operations	**2,973,635**	3,000,549
Insurance of persons & fund accumulation operations	**154,701**	160,452
Total	**3,128,336**	3,161,001

35.2 Gross Premiums - Reinsurance Assumed

	2018 AED'000	2017 AED'000
Property and liability insurance operations	**563,100**	550,307
Insurance of persons & fund accumulation operations	**7,928**	6,933
Total	**571,028**	557,240



35.3 Reinsurance Premiums Ceded

	2018 AED'000	2017 AED'000
Property and liability insurance operations	**2,094,256**	2,150,170
Insurance of persons & fund accumulation operations	**61,415**	63,080
Total	**2,155,671**	2,213,250

35.4 Net Premiums Written

	2018 AED'000	2017 AED'000
Property and liability insurance operations	**1,442,479**	1,400,686
Insurance of persons & fund accumulation operations	**101,214**	104,305
Total	**1,543,693**	1,504,991

36. Net Claims Paid

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

36.1 Gross Claims Settled - Direct Business

	2018 AED'000	2017 AED'000
Property and liability insurance operations	**2,426,444**	2,121,071
Insurance of persons & fund accumulation operations	**128,075**	137,279
Total	**2,554,519**	2,258,350

36.2 Gross Claims Settled - Reinsurance Assumed

	2018 AED'000	2017 AED'000
Property and liability insurance operations	**208,275**	221,391
Insurance of persons & fund accumulation operations	**14,474**	29,177
Total	**222,749**	250,568

36.3 Reinsurance Share of Claims Settled

	2018 AED'000	2017 AED'000
Property and liability insurance operations	**1,594,111**	1,406,997
Insurance of persons & fund accumulation operations	**53,449**	71,689
Total	**1,647,560**	1,478,686

36.4 Net Claims Settled

	2018 AED'000	2017 AED'000
Property and liability insurance operations	**1,040,608**	935,465
Insurance of persons & fund accumulation operations	**89,100**	94,767
Total	**1,129,708**	1,030,232

37. Dividends

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

38. Social Contributions

The Group made social contributions amounting to AED 134 thousand during the year 2018 (2017: AED 140 thousand).

39. Subsequent Events

There have been no events subsequent to the statement of financial position date that would significantly affect the amounts reported in the consolidated financial statements as at and for the year ended 31 December 2018.

40. Approval of the Consolidated Financial Statements

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 12 February 2019.

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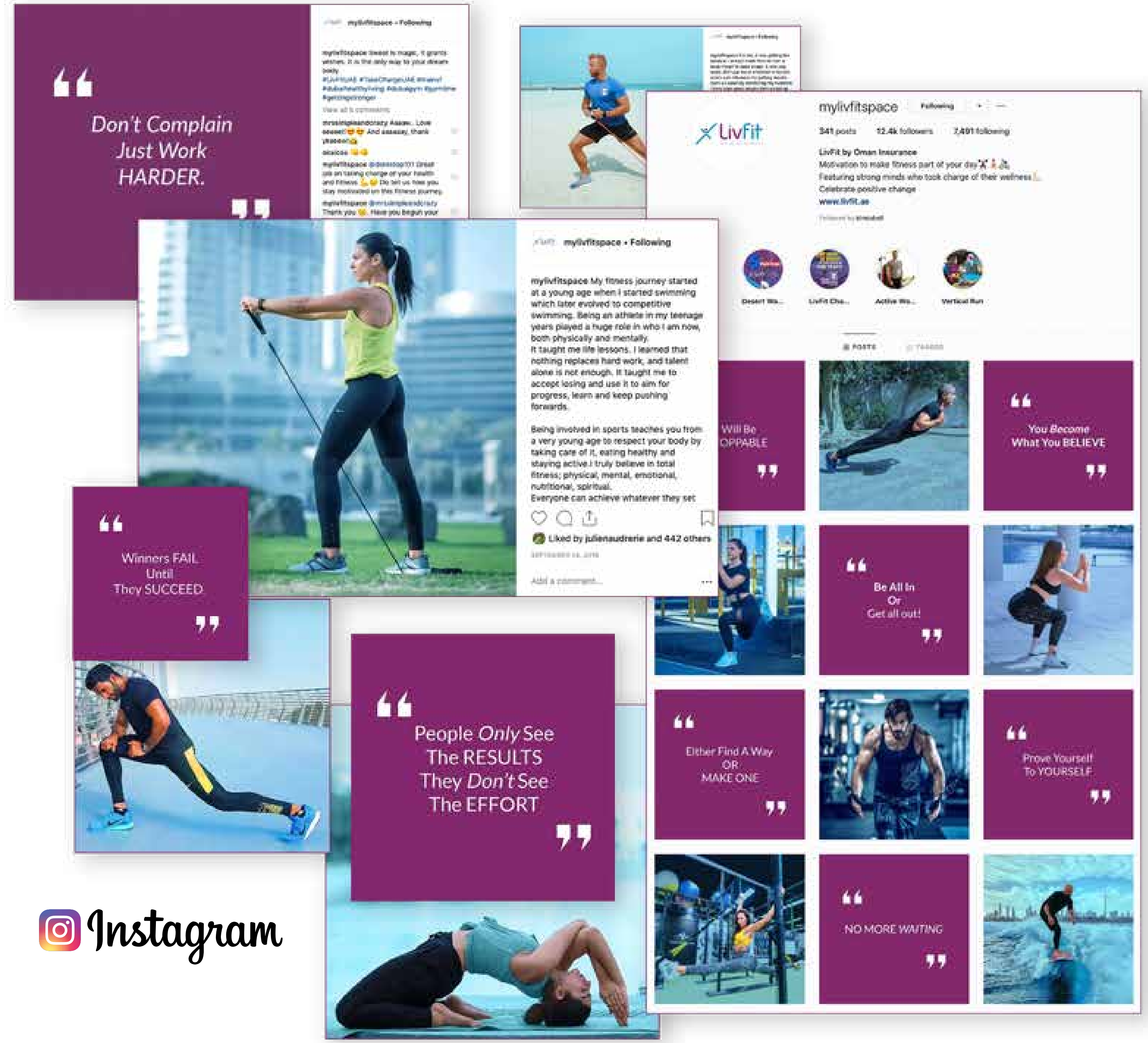

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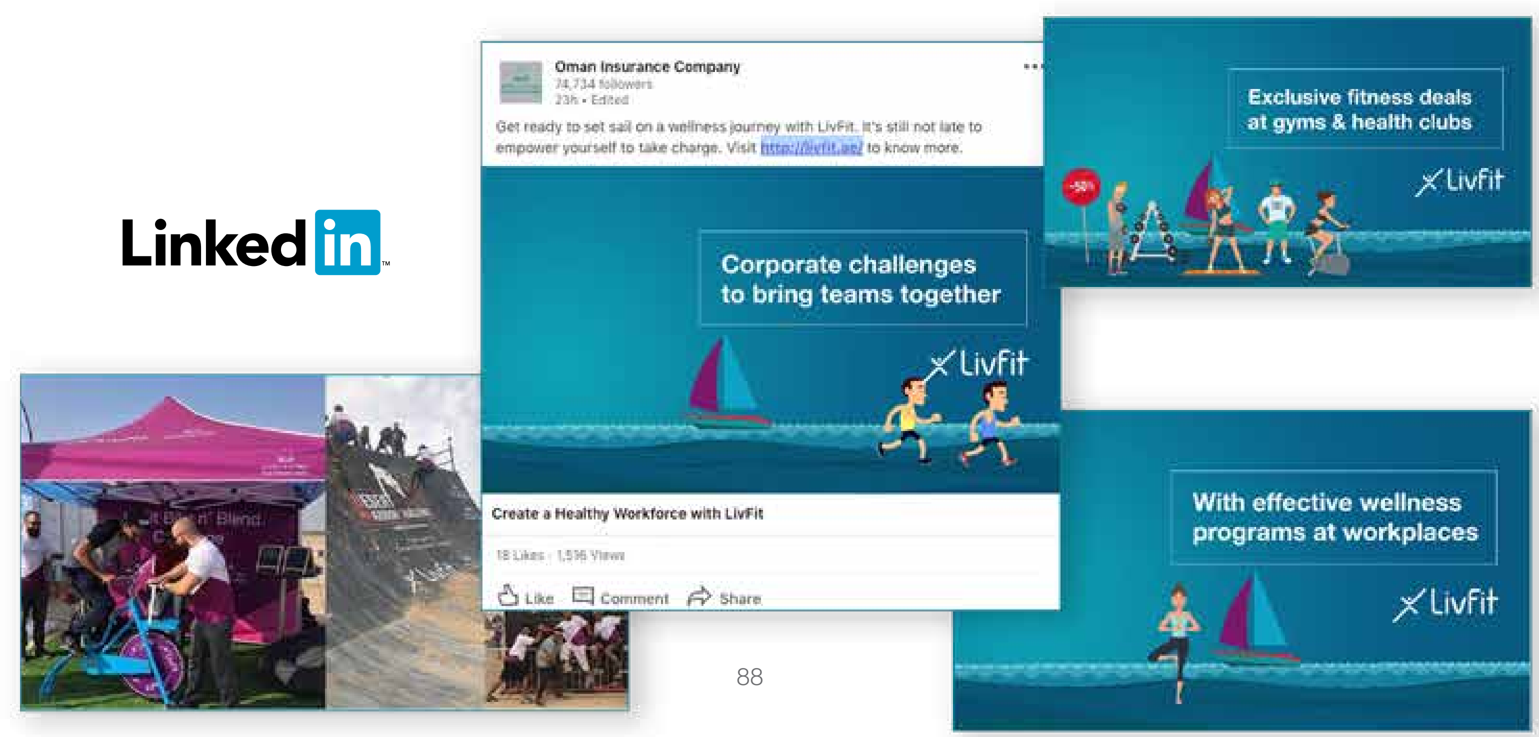

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