Orient Insurance PJSC and its subsidiaries

Condensed consolidated interim financial information

for the six-month period ended 30 June 2018

Orient Insurance PJSC and its subsidiaries

Condensed consolidated interim financial information
for the six-month period ended 30 June 2018

Contents | ***Page***

KPMG

KPMG Lower Gulf Limited
Level 13, Boulevard Plaza Tower One
Mohammed Bin Rashid Boulevard, Downtown Dubai, UAE
Tel. +971 (4) 403 0300, Fax +971 (4) 330 1515

Independent auditors' report on review of condensed consolidated interim financial information

To the Shareholders of Orient Insurance P.J.S.C.

Introduction

We have reviewed the accompanying 30 June 2018 condensed consolidated interim financial information of Orient Insurance P.J.S.C. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprises:

- the condensed consolidated interim statement of financial position as at 30 June 2018;
- the condensed consolidated interim statement of profit or loss for the three-month and six-month periods ended 30 June 2018;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2018;
- the condensed consolidated interim statement of changes in equity for the six-month period ended 30 June 2018;
- the condensed consolidated interim statement of cash flows for the six-month period ended 30 June 2018; and
- notes to the condensed consolidated interim financial information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2018 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Other Matter

The condensed consolidated interim financial information for the six-month period ended 30 June 2017 and the consolidated financial statements for the year ended 31 December 2017 were reviewed and audited respectively by another auditor who expressed an unmodified conclusion on the condensed consolidated interim financial information for the six-month period ended 30 June 2017 on 3 August 2017 and an unmodified opinion on the consolidated financial statements for the year ended 31 December 2017 on 11 February 2018.

KPMG Lower Gulf Limited

Vijendra Nath Malhotra
Registration No.: 48
Dubai, United Arab Emirates
Date: 30 JUL 2018

Orient Insurance PJSC and its subsidiaries

Condensed consolidated interim statement of financial position

as at

	Notes	(Un-audited) 30 June 2018 AED '000	(Audited) 31 December 2017 AED '000
Assets			
Property and equipment		**99,666**	102,472
Investment in an associate	*6*	**65,672**	68,317
Held to maturity investments	*7*	**129,537**	105,618
Available for sale investments	*7*	**1,292,707**	1,261,946
Investments carried at fair value through profit and loss	*7*	**74,616**	60,104
Insurance balances receivable	*10*	**1,126,521**	696,462
Statutory deposits	*8*	**63,252**	53,296
Insurance contract assets	*9*	**2,388,159**	2,081,265
Other receivables and prepayments	*11*	**89,159**	56,381
Bank deposits	*12*	**1,941,516**	1,929,254
Cash and cash equivalents	*12*	**221,856**	251,844
Total assets		**7,492,661**	6,666,959
Equity and Liabilities			
Equity			
Share capital	*13*	**500,000**	500,000
Statutory reserve	*14*	**125,000**	125,000
Legal reserve	*14*	**250,000**	250,000
Exceptional loss reserve	*14*	**201,927**	201,927
General reserve	*14*	**884,500**	884,500
Available for sale investments reserve	*14*	**519,261**	494,020
Foreign currency translation reserve	*14*	**(89,010)**	(86,151)
Retained earnings		**270,605**	30,570
Proposed dividends	*15*	**-**	100,000
Equity attributable to equity holders of the parent		**2,662,283**	2,499,866
Non-controlling interests		**30,802**	27,014
Total Equity		**2,693,085**	2,526,880
Liabilities			
Insurance contract liabilities	*9*	**3,594,423**	3,113,502
Retirement benefit obligation		**22,096**	20,248
Reinsurance and other payables	*16*	**1,183,057**	1,006,329
Total liabilities		**4,799,576**	4,140,079
Total liabilities and equity		**7,492,661**	6,666,959

The condensed consolidated interim financial information of the Group was authorised for issue and approved by the Board of Directors on 30 July 2018 and signed on their behalf by:

President - Orient Group

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 and 2.

The notes on pages 9 to 19 form an integral part of these condensed consolidated interim financial information.

Orient Insurance PJSC and its subsidiaries

Condensed consolidated interim statement of profit or loss

for the period ended 30 June

		(Un-audited) For the three-month period ended		(Un-audited) For the six-month period ended	
	Notes	**30 June 2018 AED '000**	30 June 2017 AED '000	**30 June 2018 AED '000**	30 June 2017 AED '000
Gross written premium		**1,011,488**	1,216,418	**2,210,505**	2,168,763
Reinsurance share of ceded premiums		**(624,784)**	(880,973)	**(1,465,497)**	(1,486,806)
Net premium written		**386,704**	335,445	**745,008**	681,957
Net movement in provision for unearned premiums, mathematical reserve and unit-linked funds reserve		**(93,538)**	(84,516)	**(184,166)**	(228,951)
Net premium earned		**293,166**	250,929	**560,842**	453,006
Commission income		**54,988**	69,544	**130,761**	144,856
Commission expense		**(64,853)**	(69,680)	**(136,240)**	(141,425)
Gross underwriting income		**283,301**	250,793	**555,363**	456,437
Gross claims paid		**544,869**	593,229	**1,086,921**	1,958,719
Reinsurance share of claims paid		**(411,570)**	(488,298)	**(812,808)**	(1,735,925)
Net claims paid		**133,299**	104,931	**274,113**	222,794
(Decrease) / increase in provision for outstanding claims		**(20,370)**	19,570	**26,577**	(1,093,005)
Decrease / (increase) in reinsurance share of outstanding claims		**36,839**	480	**(18,880)**	1,065,093
Increase in incurred but not reported claims reserves		**5,169**	10,659	**1,129**	18,095
Increase / (decrease) in loss adjustment expense reserve		**308**	(1,571)	**362**	877
Net claims incurred		**155,245**	134,069	**283,301**	213,854
Net underwriting income		**128,056**	116,724	**272,062**	242,583
Income from investments	*18*	**30,618**	17,539	**104,833**	91,731
Other (loss) / income		**(230)**	(248)	**2,998**	3,573
Share of loss from associate	*6*	**(1,727)**	(437)	**(2,645)**	(700)
Total income		**156,717**	133,578	**377,248**	337,187
General and administrative expenses		**(64,793)**	(58,509)	**(129,222)**	(111,131)
Profit before tax		**91,924**	75,069	**248,026**	226,056
Income tax expenses net of deferred taxes	*17*	**(1,496)**	(838)	**(4,009)**	(1,803)
Profit after tax		**90,428**	74,231	**244,017**	224,253
Attributable to:					
Equity holders of the Parent company		**88,809**	73,671	**240,035**	221,069
Non-controlling interests		**1,619**	560	**3,982**	3,184
Total profit for the period		**90,428**	74,231	**244,017**	224,253
Basic and diluted earnings per share attributable to equity holders of the parent (AED)	*21*	**17.76**	14.73	**48.01**	44.21

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 and 2.

The notes on pages 9 to 19 form an integral part of these condensed consolidated interim financial information.

Orient Insurance PJSC and its subsidiaries

Condensed consolidated interim statement of profit or loss and other comprehensive income

for the period ended 30 June

	(Un-audited) For the three-month period ended		(Un-audited) For the six-month period ended	
	30 June 2018	30 June 2017	**30 June 2018**	30 June 2017
	AED '000	AED '000	**AED '000**	AED '000
Profit after tax	**90,428**	74,231	**244,017**	224,253
Other comprehensive income				
Other comprehensive income to be reclassified to profit and loss in subsequent periods:				
Net unrealised gain / (loss) from investments through other comprehensive income	**49,935**	(135,833)	**25,241**	(235,046)
Foreign currency adjustments from translation of foreign operations	**(2,707)**	459	**(3,053)**	753
Other comprehensive income / (loss) for the period	**47,228**	(135,374)	**22,188**	(234,293)
Total comprehensive income / (loss) for the period	**137,656**	(61,143)	**266,205**	(10,040)
Attributable to:				
Shareholders of the Parent company	**136,368**	(61,642)	**262,417**	(13,518)
Non-controlling interests	**1,288**	499	**3,788**	3,478
	137,656	(61,143)	**266,205**	(10,040)

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 and 2.

The notes on pages 9 to 19 form an integral part of these condensed consolidated interim financial information.

Orient Insurance PJSC and its subsidiaries

Condensed consolidated interim statement of cash flows

for the period ended 30 June

		(Un-audited) For the six-month period ended	
	Notes	**30 June 2018 AED '000**	30 June 2017 AED '000
Cash flows from operating activities			
Profit before tax for the period		**248,026**	226,056
Adjustments for:			
Depreciation		**3,483**	3,710
Interest income	*18*	**(61,098)**	(43,608)
Dividend income	*18*	**(44,274)**	(50,008)
Share of loss from equity accounted investees	*6*	**2,645**	700
Unrealised loss on investments at fair value through profit or loss	*18*	**539**	1,885
(Gain) / loss on sale of property and equipment		**(1)**	1
Allowance for doubtful debts	*10*	**2,094**	920
Operating cash flows before movements in working capital		**151,414**	139,656
Increase in insurance receivables		**(432,153)**	(615,155)
(Increase) / decrease in insurance contract assets		**(306,894)**	607,829
Increase in other receivables and prepayments		**(34,168)**	(35,498)
Increase / (decrease) in other insurance contract liabilities		**480,921**	(386,958)
Increase in reinsurance and other payables		**174,421**	490,105
Increase in retirement benefit obligation		**1,848**	1,925
Income tax paid	*17*	**(312)**	(1,257)
Net cash generated from operating activities		**35,077**	200,647
Cash flows from investing activities			
Purchase of property and equipment		**(1,217)**	(1,731)
Proceeds from disposal of property and equipment		**6**	-
Interest income	*18*	**61,098**	43,608
Dividend income	*18*	**44,274**	50,008
Deposits with bank		**(22,218)**	(344,835)
Movement in investment in associate		**-**	(700)
Purchase of investments carried at fair value through profit and loss		**(17,395)**	(11,207)
Purchase of held to maturity investments		**(36,642)**	(24,196)
Purchase of available-for-sale investments		**(17,986)**	(26,005)
Sale of investments carried at fair value through profit and loss		**2,344**	486
Sale of held to maturity investments		**11,728**	26,736
Sale of available-for-sale investments		**12,067**	26,828
Foreign exchange differences		**1,929**	(1,129)
Net cash generated from / (used in) investing activities		**37,988**	(262,137)
Cash flows from investing activities			
Dividend paid	*15*	**(100,000)**	(100,000)
Dividend paid to non-controlling interests		**-**	(509)
Net cash used in financing activities		**(100,000)**	(100,509)
Net decrease in cash and cash equivalents		**(26,935)**	(161,999)
Cash and cash equivalents at 1 January		**251,844**	350,465
Movement in foreign curreny translation reserve		**(3,053)**	753
Cash and cash equivalents at 30 June	*12*	**221,856**	189,219

The independent auditors' report on review of condensed consolidated interim financial information is set out on pages 1 and 2.

The notes on pages 9 to 19 form an integral part of these condensed consolidated interim financial information.

Orient Insurance PJSC and its subsidiaries

Condensed consolidated interim statement of changes in equity (Un-audited)

for the period ended 30 June

	Equity Attributable to equity holders of the parent											
	Share capital	**Statutory reserve**	**Legal reserve**	**Exceptional loss reserve**	**General reserve**	**Available-for-sale (AFS) reserve**	**Foreign currency translation reserve**	**Retained earnings**	**Prosposed dividend**	**Total**	**Non-Controlling interests**	**Total**
	AED '000	**AED '000**	**AED '000**	**AED '000**	**AED '000**	**AED '000**	**AED '000**	**AED '000**	**AED '000**	**AED '000**	**AED '000**	**AED '000**
Balance as at 1 January 2018	500,000	125,000	250,000	201,927	884,500	494,020	(86,151)	30,570	100,000	2,499,866	27,014	2,526,880
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	240,035	-	240,035	3,982	244,017
Other comprehensive income / (loss) for the period												
Net unrealised gain from investments through other comprehensive income	-	-	-	-	-	25,241	-	-	-	25,241	-	25,241
Foreign currency adjustments from translation of foreign operations	-	-	-	-	-	-	(2,859)	-	-	(2,859)	(194)	(3,053)
Total other comprehensive income / (loss)	-	-	-	-	-	25,241	(2,859)	240,035	-	262,417	3,788	266,205
Transactions with owners directly recorded in equity												
Dividend paid (note 15)	-	-	-	-	-	-	-	-	(100,000)	(100,000)	-	(100,000)
Balance as at 30 June 2018	**500,000**	**125,000**	**250,000**	**201,927**	**884,500**	**519,261**	**(89,010)**	**270,605**	**-**	**2,662,283**	**30,802**	**2,693,085**

The notes on pages 9 to 19 form an integral part of these condensed consolidated interim financial information.

Orient Insurance PJSC and its subsidiaries

Condensed consolidated interim statement of changes in equity (Un-audited)

for the period ended 30 June

	Equity Attributable to equity holders of the parent											
	Share capital AED '000	Statutory reserve AED '000	Legal reserve AED '000	Exceptional loss reserve AED '000	General reserve AED '000	Available-for-sale (AFS) reserve AED '000	Foreign currency translation reserve AED '000	Retained earnings AED '000	Prosposed dividend AED '000	Total AED '000	Non-Controlling interests AED '000	Total AED '000
Balance as at 1 January 2017	500,000	125,000	250,000	177,763	658,664	782,907	(85,814)	26,291	100,000	2,534,811	21,942	2,556,753
Total comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	221,069	-	221,069	3,184	224,253
Other comprehensive income / (loss) for the period												
Net unrealised loss from investments through other comprehensive income	-	-	-	-	-	(235,046)	-	-	-	(235,046)	-	(235,046)
Foreign currency adjustments from translation of foreign operations	-	-	-	-	-	-	459	-	-	459	294	753
Total other comprehensive income / (loss)	-	-	-	-	-	(235,046)	459	221,069	-	(13,518)	3,478	(10,040)
Transactions with owners directly recorded in equity												
Dividend paid	-	-	-	-	-	-	-	-	(100,000)	(100,000)	(509)	(100,509)
Balance as at 30 June 2017	500,000	125,000	250,000	177,763	658,664	547,861	(85,355)	247,360	-	2,421,293	24,911	2,446,204

The notes on pages 9 to 19 form an integral part of these condensed consolidated interim financial information.

1 Legal status and principal activities

Orient Insurance PJSC (the “Company”) was incorporated with limited liability on 22 July 1980 in the Emirate of Dubai by a decree of His Highness the Ruler of Dubai and commenced operations on 1 January 1982. The Company was registered in accordance with the UAE Federal Law No.(9) of 1984, as amended, (“the Insurance Companies Law”) on 29 December 1984 with registration No.14. On 2 May 1988 the Company was converted into a public shareholding company in accordance with the requirements of the Insurance Companies Law and has been registered under UAE Federal Law No.(2) of 2015, as amended, relating to commercial companies. The shares of the Company are listed on the Dubai Financial Market. The Company is subject to the regulations of UAE Federal Law No. (6) of 2007, on Establishment of Insurance Authority and organisation of its operations. The registered address of the Company is P.O. Box 27966, Dubai United Arab Emirates.

The Company engages in the business of issuing short term insurance contracts in connection with Property, Engineering, Motor, Marine, Miscellaneous Accidents and Medical (collectively referred to as General Insurance) and Group Life and Individual Life classes (collectively referred to as Life Insurance). The Company also invests its funds in investment securities and deposits with financial institutions.

The condensed consolidated interim financial information incorporate the condensed interim financial information of the Company and its subsidiaries (collectively referred to as "the Group"). Details of the subsidiaries are as follows:

Subsidiary	*Principal activity*	*Country of incorporation*	*Ownership*	
			2018	*2017*
Arab Orient Insurance Company	General insurance	Syria	40%	40%
Orient Takaful Insurance Company (S.A.E)	General insurance	Egypt	60%	60%
Orient Insurance Limited	General insurance	Sri lanka	100%	100%
Orient Sigorta Anonim Sirketi	General insurance	Turkey	100%	100%

The holding company of the Group is Al Futtaim Development Services Company which is based in Dubai, United Arab Emirates and has a significant influence over the Group. The ultimate holding company of the Group is Al Futtaim Private Co. which is based in Dubai, United Arab Emirates.

2 Basis of preparation

a) Statement of compliance

These condensed consolidated interim financial information have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the audited annual consolidated financial statements as at and for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRSs).

b) Basis of measurement

The condensed consolidated interim financial information has been prepared on the historical cost basis except for the following which are measured at fair value:

i) available-for-sale investments ("AFS"); and
ii) financial assets at fair value through profit or loss ("FVTPL").

c) Functional and presentation currency

These condensed consolidated interim financial information are presented in U.A.E. Dirhams ("AED") rounded to the nearest thousand, since that is the currency in which the majority of the Group's transactions are denominated.

d) Use of estimates and judgments

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

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 and in any future period affected.

2 Basis of preparation (continued)

d) Use of estimates and judgments (continued)

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

3 Summary of significant accounting policies

The accounting policies applied by the Group in preparation of these condensed consolidated interim financial information are consistent with those applied by the Group in its annual audited consolidated financial statements as at and for the year ended 31 December 2017 except for the adoption of new IFRSs which became effective as of 1 January

The Group has adopted all new and revised IFRS and interpretations applicable for accounting period beginning on or after 1 January 2018 except IFRS 9 Financial Instruments, for which the Group has applied the temporary exemption available under IFRS 4 Insurance Contracts. Accordingly, the Group will apply this standard for annual period beginning 1 January 2021.

The adoption of the new and amended standards and interpretations have been reflected in these condensed consolidated interim financial information as appropriate in terms of disclosures but do not have an impact on the financial position or performance of the Group during the period.

4 Financial risk management

Aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements for the year ended 31 December 2017.

5 Interim measurement

The nature of the Group's business is such that income and expense are incurred in a manner, which is not materially impacted by any form of seasonality. These condensed consolidated interim financial information were prepared based upon an accrual concept, which requires income and expense to be recorded as earned or incurred and not as received or paid throughout the period. However, the results may not represent a proportionate share of the annual profits due to variability in contributions and investment income and uncertainty of claims occurrences.

6 Investments in an associate

The investment in an associate represents a 35% (2017: 35%) interest in Orient UNB Takaful PJSC, a public shareholding company registered and incorporated in UAE. The associate commenced its commercial operations in 2017. The principal activity of the associate is issuance of short term takaful contracts in connection with accidents and liabilities insurance, fire insurance, transportation risk insurance, other type of insurance and health insurance. The associate also invests its funds in deposits.

Following is the movement in investment in associate:

	(Un-audited) 30 June 2018 AED'000	(Audited) 31 December 2017 AED'000
Balance as at 1 January	**68,317**	70,000
Additional contribution during the period / year	**-**	700
Group's share of net loss for the period / year	**(2,645)**	(2,102)
Group's share of preincorporation expenses	**-**	(281)
	65,672	68,317

7 Investment securities

At 30 June 2018 (Un-audited)	**Held to maturity AED'000**	**Available for sale AED'000**	**Fair value through profit and loss AED'000**	**Total AED'000**
Equity Securities				
Quoted equity securities in U.A.E.	**-**	**1,246,014**	**10,839**	**1,256,853**
Unquoted equity securities in U.A.E.	**-**	**31,975**	**-**	**31,975**
Unquoted equity securities outside U.A.E.	**-**	**3**	**-**	**3**
Unquoted equity securities in U.A.E. held on behalf of policyholders' unit linked products (note 9)	**-**	**-**	**37,925**	**37,925**
Unquoted equity securities outside U.A.E. held on behalf of policyholders' unit linked products (note 9)	**-**	**-**	**25,852**	**25,852**
Total equity Securities	**-**	**1,277,992**	**74,616**	**1,352,608**
Total other invested assets	**129,537**	**14,715**	**-**	**144,252**
Total	**129,537**	**1,292,707**	**74,616**	**1,496,860**

At 31 December 2017 (Audited)	Held to maturity AED'000	Available for sale AED'000	Fair value through profit and loss AED'000	Total AED'000
Equity Securities				
Quoted equity securities in U.A.E.	-	1,020,774	11,378	1,032,152
Unquoted equity securities in U.A.E.	-	229,828	-	229,828
Unquoted equity securities outside U.A.E.	-	3	-	3
Unquoted equity securities in U.A.E. held on behalf of policyholders' unit linked products (note 9)	-	-	29,952	29,952
Unquoted equity securities outside U.A.E. held on behalf of policyholders' unit linked products (note 9)	-	-	18,774	18,774
Total equity Securities	-	1,250,605	60,104	1,310,709
Total other invested assets	105,618	11,341	-	116,959
Total	105,618	1,261,946	60,104	1,427,668

8 Statutory deposits

		(Un-audited) 30 June 2018 AED '000	(Audited) 31 December 2017 AED '000
a)	Statutory deposit that cannot be withdrawn without the prior approval of the Ministry of Economy in accordance with Article 42 of Federal Law No.6 of 2007	**10,000**	10,000
b)	Amounts under lien with Capital Market Authority, Sultanate of Oman	**29,855**	18,801
c)	Amounts under lien with Omani Unified Bureau for the Orange Card (SAOC)	**494**	494
d)	Amounts under lien with Insurance Authority Syria	**178**	178
e)	Amounts under lien with Egyptian Financial Supervisory Authority	**11,039**	13,953
f)	Amounts under lien with Turkish Treasury	**10,957**	9,141
g)	Amounts under lien with Central Bank of Bahrain	**729**	729
		63,252	53,296

9 Insurance contract liabilities and reinsurance contract assets

	Six-month period ended 30 June (un-audited)					
	Gross written premium		**Reinsurance share of ceded premiums**		**Net premium written**	
	2018 AED '000	2017 AED '000	**2018 AED '000**	2017 AED '000	**2018 AED '000**	2017 AED '000
Gross premiums	**2,210,505**	2,168,763	**(1,465,497)**	(1,486,806)	**745,008**	681,957
Movement in provision for unearned premiums, mathematical reserve and unit-linked funds reserve	**(513,067)**	(672,552)	**328,901**	443,601	**(184,166)**	(228,951)
Net premium earned	**1,697,438**	1,496,211	**(1,136,596)**	(1,043,205)	**560,842**	453,006

	Gross		**Reinsurers' share**		**Net**	
	(Un-audited) 30 June 2018 AED '000	(Audited) 31 December 2017 AED '000	**(Un-audited) 30 June 2018 AED '000**	(Audited) 31 December 2017 AED '000	**(Un-audited) 30 June 2018 AED '000**	(Audited) 31 December 2017 AED '000
Unearned premium reserve	**1,810,110**	1,354,310	**(1,261,720)**	(934,199)	**548,390**	420,111
Mathematical premium	**198,585**	176,567	**(11,015)**	(17,109)	**187,570**	159,458
Unit linked funds' reserve	**63,777**	48,725	**-**	-	**63,777**	48,725
	2,072,472	1,579,602	**(1,272,735)**	(951,308)	**799,737**	628,294
Outstanding claims	**1,001,962**	1,013,459	**(779,168)**	(791,758)	**222,794**	221,701
Incurred but not reported reserve	**493,561**	494,916	**(325,633)**	(328,117)	**167,928**	166,799
Allocated loss adjustment expense reserve	**13,503**	12,600	**(10,623)**	(10,082)	**2,880**	2,518
Unallocated loss adjustment expense reserve	**12,925**	12,925	**-**	-	**12,925**	12,925
	1,521,951	1,533,900	**(1,115,424)**	(1,129,957)	**406,527**	403,943
	3,594,423	3,113,502	**(2,388,159)**	(2,081,265)	**1,206,264**	1,032,237

10 Insurance balances receivable

	(Un-audited) 30 June 2018 AED '000	(Audited) 31 December 2017 AED '000
Inside U.A.E.:		
Due from policyholders	**932,481**	513,661
Due from insurance / reinsurance companies	**33,088**	32,167
	965,569	545,828
Outside U.A.E.:		
Due from policyholders	**78,519**	67,359
Due from insurance / reinsurance companies	**105,074**	103,822
	183,593	171,181
Total Insurance Receivable	**1,149,162**	717,009
Less: Allowance for doubtful debts	**(22,641)**	(20,547)
	1,126,521	696,462

11 Other receivables and prepayments

	(Un-audited) 30 June 2018 AED '000	(Audited) 31 December 2017 AED '000
Receivable from employees	**1,279**	2,063
Refundable deposits	**5,164**	5,129
Prepayments	**31,389**	21,191
Others	**51,327**	27,998
	89,159	56,381

12 Cash and cash equivalents

	(Un-audited) 30 June 2018 AED '000	(Audited) 31 December 2017 AED '000
Bank balances and cash	**154,161**	198,076
Deposits with banks maturing within three months	**67,695**	53,768
Cash and cash equivalents	**221,856**	251,844
Bank deposits maturing after three months	**1,941,516**	1,929,254
	2,163,372	2,181,098
Cash and cash equivalents:		
Inside U.A.E.:	**1,932,954**	1,942,411
Outside U.A.E.:	**230,418**	238,687
	2,163,372	2,181,098

Interest on deposit with banks at fixed rates range from 0.03% -17.40% *(31 December 2017: 0.03% - 16.25%)* per annum.

13 Share capital

	(Un-audited) 30 June 2018 AED '000	(Audited) 31 December 2017 AED '000
Issued and fully paid 5,000,000 shares of AED 100 each (2017: 5,000,000 shares of AED 100 each)	**500,000**	500,000

14 Reserves

Nature and purpose of reserves

- Statutory reserve
In accordance with the UAE Commercial Companies Law no. (2) of 2015 ("the Law") and the Company's Articles of Association, 10% of the profit for the year should be transferred to legal reserve. The Group may resolve to discontinue such transfers when the reserve totals 25% of the paid up share capital. The Company has resolved not to increase the statutory reserve above an amount equal to 25% of it's paid up capital. The reserve can be used for any purpose to be decided by the shareholders upon the recommendation of the Board of Directors.

- Legal reserve
In accordance with the Commercial Companies Law and the Company's Articles of Association, 10% of the profit for the year is required to be transferred to the legal reserve. The Group may resolve to discontinue such transfers when the reserve totals 50% of the paid up share capital which occurred in 2016. The reserve is not available for distribution except in the circumstances stipulated by the law.

- Exceptional Loss Reserve
For UAE operations, an amount equal to 10% of the net underwriting income for the year is to be transferred to an exceptional loss reserve to ensure that the Company has sufficient solvency to meet exceptional, non-recurring claims which may arise in future years. No transfer has been made during the six-month period to 30 June 2018, as this will be based on the results for the year.

For Oman operations, an amount equal to 10% of the outstanding claims (Non-life) for the year and 1% of gross premiums for life assurance is transferred to a contingency loss reserve to ensure that the Company has sufficient solvency to meet exceptional, non-recurring claims which may arise in future years for Oman branch.

- General reserve
Transfers to the general reserve are made on the recommendation of the Board of Directors. This reserve may be used for such purposes as deemed appropriate by the Board of Directors.

- Available-for-sale (AFS) investments reserve
This reserve records fair value changes on available-for-sale financial assets.

- Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of foreign subsidiaries.

15 Dividend payable

Dividends of AED 20 per share (totaling to AED 100 million) relating to the year 2017 were declared upon approval of the shareholders at the Annual General Meeting held on 4 March 2018 and paid during the period.

16 Reinsurance and other payables

	(Un-audited) 30 June 2018 AED '000	(Audited) 31 December 2017 AED '000
Payables – Inside UAE	**394,386**	324,923
Payables – Outside UAE	**788,671**	681,406
	1,183,057	1,006,329
Inside UAE:		
Insurance and reinsurance companies payable	**103,810**	43,996
Payable to agents and brokers	**33,087**	31,759
Payable to employees	**18,156**	22,164
Other payables	**239,333**	227,004
	394,386	324,923
Outside UAE:		
Insurance and reinsurance companies payable	**724,022**	626,791
Payable to agents and brokers	**7,949**	4,170
Payable to employees	**1,299**	2,054
Other payables	**55,401**	48,391
	788,671	681,406

17 Income taxes

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected annual earnings. The Group entities operate in the Sultanate of Oman, Egypt, Syria, Turkey and Sri Lanka and are subject to income tax in these countries.

The component of income tax recognised in the interim consolidated statement of proft or loss is as follows:

	(Un-audited) 30 June 2018 AED '000	(Un-audited) 30 June 2017 AED '000
Current income tax expense	**2,619**	4,525
Deferred taxes	**1,390**	(2,722)
Total	**4,009**	1,803

	(Un-audited) 30 June 2018 AED '000	(Audited) 31 December 2017 AED '000
As at 1 January	**311**	1,724
Provisions during the period	**2,619**	4,202
Less: payments	**(312)**	(5,626)
Exchange differences	**19**	11
Balance as at the end of the period	**2,637**	311

18 Income from investments

	(Un-audited) For the three-month period ended		(Un-audited) For the six-month period ended	
	30 June 2018 AED '000	30 June 2017 AED '000	**30 June 2018 AED '000**	30 June 2017 AED '000
Interest income	**30,348**	19,163	**61,098**	43,608
Dividend income	**49**	-	**44,274**	50,008
Fair value loss on investments carried at fair value through profit or loss	**221**	(1,624)	**(539)**	(1,885)
	30,618	17,539	**104,833**	91,731

19 Commitments and contingent liabilities

	(Un-audited) 30 June 2018 AED '000	(Audited) 31 December 2017 AED '000
a) Commitments		
Commitment for investments	**5,719**	7,866
b) Contingent liabilities		
Bank guarantees	**6,550**	16,888

Bank guarantees have been issued in the normal course of business.

20 Fair value of financial instruments

'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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

20 Fair value of financial instruments (continued)

30 June 2018 (Un-audited)

Financial assets	**Level 1 AED '000**	**Level 2 AED '000**	**Level 3 AED '000**	**Total AED '000**
Financial assets held-for-trading:				
Equity securities	**10,839**	**-**	**-**	**10,839**
Investments held on behalf of policy holders of unit linked products	**63,777**	**-**	**-**	**63,777**
	74,616	**-**	**-**	**74,616**
Available-for-sale financial assets:				
Banking Sector	**1,040,563**	**-**	**200,000**	**1,240,563**
Other Sector	**20,166**	**-**	**31,978**	**52,144**
	1,060,729	**-**	**231,978**	**1,292,707**

31 December 2017 (Audited)

Financial assets	**Level 1 AED '000**	**Level 2 AED '000**	**Level 3 AED '000**	**Total AED '000**
Financial assets held-for-trading:				
Equity securities	11,378	-	-	11,378
Investments held on behalf of policy holders of unit linked products	48,726	-	-	48,726
	60,104	-	-	60,104
Available-for-sale financial assets:				
Banking Sector	1,015,788	-	200,000	1,215,788
Other Sector	16,327	-	29,831	46,158
	1,032,115	-	229,831	1,261,946

The following table shows a reconciliation of the opening and closing amount of Level 3 financial assets and liabilities which are recorded at fair value:

30 June 2018 (Un-audited)

	At 1 January 2018 AED '000	**Purchase AED '000**	**Sales AED '000**	**Total gain or loss recorded equity AED '000**	**At 30 June 2018 AED '000**
Available-for-sale financial assets:					
Banking sector	**200,000**	**-**	**-**	**-**	**200,000**
Other sectors	**29,831**	**2,147**	**-**	**-**	**31,978**
Total	**229,831**	**2,147**	**-**	**-**	**231,978**

20 Fair value of financial instruments (continued)

31 December 2017 (Audited)

	At 1 January 2017	Purchase	Sales	Total gain or loss recorded in equity	At 31 December 2017
	AED '000	AED '000	AED '000	AED '000	AED '000
Available-for-sale financial assets:					
Banking sector	200,000	-	-	-	200,000
Other sectors	44,146	3,191	-	(17,506)	29,831
Total	244,146	3,191	-	(17,506)	229,831

21 Basic and diluted earnings per share attributable to equity holders of the parent

Basic earnings per share are calculated by dividing the profit for the period by the weighted average number of shares outstanding during the period as follows:

	(Un-audited) For the three-month period ended		**(Un-audited) For the six-month period ended**	
	30 June 2018	30 June 2017	**30 June 2018**	30 June 2017
	AED '000	AED '000	**AED '000**	AED '000
Profit after tax for the period	**90,428**	74,231	**244,017**	224,253
Less : Attributable to non-controlling interests	**(1,619)**	(560)	**(3,982)**	(3,184)
Profit attributable to shareholders	**88,809**	73,671	**240,035**	221,069
Weighted avarage number of shares outstanding	**5,000**	5,000	**5,000**	5,000
Earnings per share (AED)	**17.76**	14.73	**48.01**	44.21

22 Segment information

	General insurance		**Life insurance**		**Total**	
	(Un-audited) 30 June 2018	(Un-audited) 30 June 2017	**(Un-audited) 30 June 2018**	(Un-audited) 30 June 2017	**(Un-audited) 30 June 2018**	(Un-audited) 30 June 2017
	AED '000	AED '000	**AED '000**	AED '000	**AED '000**	AED '000
Total premiums written	**1,978,652**	1,974,945	**231,853**	193,818	**2,210,505**	2,168,763
Gross underwritting income	**492,677**	417,046	**62,686**	39,391	**555,363**	456,437
Net underwritting income	**225,471**	219,930	**46,591**	22,653	**272,062**	242,583
General and administration expenses	**(108,493)**	(94,135)	**(20,729)**	(16,996)	**(129,222)**	(111,131)
Net technical profit	**116,978**	125,795	**25,862**	5,657	**142,840**	131,452
Investment and other income					**105,186**	94,604
Profit before tax					**248,026**	226,056
Income tax expense net of deferred taxes					**(4,009)**	(1,803)
Profit after tax					**244,017**	224,253

22 Segment information (continued)

	General insurance		Life insurance		Investments		Total	
	(Un-audited) 30 June 2018 AED '000	(Audited) 31 December 2017 AED '000	**(Un-audited) 30 June 2018 AED '000**	(Audited) 31 December 2017 AED '000	**(Un-audited) 30 June 2018 AED '000**	(Audited) 31 December 2017 AED '000	**(Un-audited) 30 June 2018 AED '000**	(Audited) 31 December 2017 AED '000
Segment assets	**3,517,496**	2,871,087	**407,865**	317,337	**3,567,300**	3,478,535	**7,492,661**	6,666,959
Segment liabilities	**4,204,408**	3,618,612	**595,168**	521,467	**-**	-	**4,799,576**	4,140,079

23 Other matters

As at 30 June 2018, the Group has no exposure to Abraaj Holdings, or any of its subsidiaries, or any of its funds.

24 Comparative figures

Certain comparatives have been reclassified / regrouped to conform to the presentation adopted in the condensed consolidated interim financial information.