ORIENT UNB TAKAFUL P.J.S.C.

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2017

Building a better
working world

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REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ORIENT UNB TAKAFUL P.J.S.C.

Introduction

We have reviewed the accompanying interim statement of financial position of Orient UNB Takaful P.J.S.C. (the "Company"), as at 31 March 2017 and the related interim statements of comprehensive income, cash flows and changes in equity for the period ended 31 March 2017 and explanatory notes. Management is responsible for the preparation and presentation of these interim financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim financial statements 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 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, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

For Ernst & Young

Anthony O'Sullivan
Partner
Registration No.: 687

28 May 2017

Dubai, United Arab Emirates

INTERIM STATEMENT OF FINANCIAL POSITION
As at 31 March 2017

	Notes	*31 March 2017 (Unaudited) AED*
ASSETS		
Wakala deposits	3	**180,000,000**
Cash and cash equivalents	4	**22,000,000**
TOTAL ASSETS		**202,000,000**
EQUITY AND LIABILITIES		
Share capital	5	**200,000,000**
Share premium	5	**1,249,765**
Total equity		**201,249,765**
Other payables		**750,235**
Total liabilities		**750,235**
TOTAL EQUITY AND LIABILITIES		**202,000,000**

The financial statements were approved by the Board of Directors on 28th May 2017 and signed on its behalf by:

Chairman

Chief Executive Officer

Head-Finance

The attached notes 1 to 6 form part of these interim financial statements.

INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the period ended 31 March 2017

	Period from 8 November 2016 to 31 March 2017 (Unaudited) AED
Revenue & expenses	-
PROFIT FOR THE PERIOD	-
Other comprehensive income	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-

The attached notes 1 to 6 form part of these interim financial statements.

INTERIM STATEMENT OF CHANGES IN EQUITY
For the period ended 31 March 2017

	Share capital AED	*Share premium AED*	*Total AED*
Issue of share capital (Note 5)	200,000,000	-	200,000,000
Share premium collected	-	2,000,000	2,000,000
Issuance costs of share capital	-	(750,235)	(750,235)
Total comprehensive income for the period	-	-	-
At 31 March 2017 (Unaudited)	**200,000,000**	**1,249,765**	**201,249,765**

INTERIM STATEMENT OF CASH FLOWS
For the period ended 31 March 2017

	Period from 8 November 2016 to 31 March 2017 (Unaudited) AED
INVESTING ACTIVITIES	
Deposits with financial institutions	**(180,000,000)**
Net cash flows from investing activities	**(180,000,000)**
FINANCING ACTIVITIES	
Proceeds from issuance of shares	**200,000,000**
Share premium collected	**2,000,000**
Net cash flows from financing activities	**202,000,000**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**22,000,000**
Cash and cash equivalents at beginning of the period	**-**
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**22,000,000**

The attached notes 1 to 6 form part of these interim financial statements.

1 ACTIVITIES

Orient UNB Takaful P.J.S.C. (the "Company") is a public joint stock company registered under UAE Federal Law No (2) of 2015 relating to the incorporation of commercial companies in the UAE, and UAE Federal Law No. (6) of 2007 (as amended) relating to the establishment of insurance companies. The registered address of the Company is P.O. Box 183368, Dubai, United Arab Emirates.

The Company was incorporated on 8 November 2016, while the formalities of issuance and allotment of shares to the public was finalized on 28 December 2016. The Company obtained a commercial license on 23 January 2017.

The principal activity of the Company is issuance of short term insurance contracts in connection with accidents and liabilities insurance, fire insurance, transportation risk insurance, other type of insurance and health insurance.

Since the operations have not commenced, segmental information is not presented.

2 BASIS OF PREPARATION

Accounting convention
The interim financial statements are prepared under the historical cost convention. The interim financial statements have been presented in UAE Dirhams.

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

Basis of preparation
The interim financial statements for the three months period ended 31 March 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting.

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New standards and interpretations not yet effective
Certain new standards, amendments to standards and interpretations are not yet effective for the period ended 31 March 2017, with the Company not opting for early adoption. These have, therefore, not been applied in preparing these interim financial statements.

IFRS 9 Financial Instruments
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Company plans to adopt the new standard on the required effective date. Overall, the Company expects no significant impact on its interim statement of financial position and changes in equity except for the effect of applying the impairment requirements of IFRS 9.

Amendments to IFRS 4 - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the upcoming new insurance contracts standard (IFRS 17). The Company plans to defer the application of IFRS 9 until the earlier of the effective date of the new insurance contracts standard (IFRS 17) of 1 January 2021, applying the temporary exemption from applying IFRS 9 as introduced by the amendments.

2 BASIS OF PREPARATION (continued)

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

New standards and interpretations not yet effective (continued)

Amendments to IFRS 4 - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (continued)
The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 for annual periods beginning before 1 January 2021 at the latest. An entity may apply the temporary exemption from IFRS 9 if: (i) it has not previously applied any version of IFRS 9 before and (ii) its activities are predominantly connected with insurance on its annual reporting date that immediately precedes 1 April 2016. The overlay approach allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.

An entity can apply the temporary exemption from IFRS 9 for annual periods beginning on or after 1 January 2018. An entity may start applying the overlay approach when it applies IFRS 9 for the first time.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

IFRS 16 Leases
IFRS 16 was issued in January 2016 and replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. In 2017, the Company plans to assess the potential effect of IFRS 16 on its financial statements.

2 BASIS OF PREPARATION (continued)

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

New standards and interpretations not yet effective (continued)

IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2
The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Company is assessing the potential effect of the amendments on its financial statements.

2.2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the interim financial statements:

Judgements
Classification of investments
Management decides on acquisition of an investment whether it should be classified as held to maturity, held for trading, fair value though profit or loss or available-for-sale.

For those investments deemed to be held to maturity, management ensures that the requirements of IAS 39 are met and, in particular, that the Company has the intention and ability to hold these to maturity.

The Company classifies investments as held for trading, if they are acquired primarily for the purpose of making a short term profit.

Classification of investments as fair value through profit or loss depends on how management monitors the performance of these investments. When they are not classified as held for trading but have readily available reliable fair values and the changes in fair values are reported as part of profit or loss in the management accounts, they are classified as fair value through profit or loss.

All other investments are classified as available-for-sale.

Estimates & assumptions

Going concern
The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the interim financial statements continue to be prepared on the going concern basis.

2 BASIS OF PREPARATION (continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial assets

Initial recognition and measurement

Financial assets and liabilities are recognised in the statement of financial position when the Company becomes a party to contractual provisions of the instrument. From this date any gains and losses arising from changes in fair value of the assets or liabilities designated at fair value through profit or loss or available-for-sale assets are recognised. Receivables are recognised on the day they are transferred to or acquired by the Company.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include bank balances and short term deposits.

Subsequent measurement

A financial asset or a financial liability is recognised initially at its fair value plus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent to initial recognition, all financial assets at fair value through profit or loss and all available-for-sale assets are measured at fair value, except any instrument that does not have a quoted market price in an active market and whose fair value cannot be measured reliably is stated at cost, including transaction costs, less impairment allowances.

All other financial assets and non-trading financial liabilities are measured at amortised cost less impairment allowances.

Derecognition

The Company derecognises financial assets when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of the ownership of the financial assets are transferred.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Cash and cash equivalents

Cash and cash equivalents in the interim statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Impairment of financial assets

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the statement of comprehensive income. Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of income;

(b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset; and

(c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows.

2 BASIS OF PREPARATION (continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities
Initial recognition and measurement
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through income statement, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include other payables.

Subsequent measurement
The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through income statement
Financial liabilities at fair value through income statement includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through income statement.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the income statement.

The Company has not designated any financial liabilities upon initial recognition at fair value through income statement.

Other payables and accruals
Liabilities are recognised for amounts to be paid in the future for goods and services rendered, whether billed by the supplier or not.

Provisions
Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Offsetting
Financial assets and liabilities are offset and the net amount reported in the interim statement of financial position only when there is legally enforceable right to offset the recognised amounts, or to realise the assets and settle the liabilities simultaneously. Income and expense will not be offset in the interim statement of comprehensive income unless required or permitted by an accounting standard or interpretation.

Fair value measurement of financial instruments
When the fair values of financial assets and financial liabilities recorded in the interim statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

For financial instruments traded in active markets, fair value at each reporting date is determined by reference to Stock Exchange quoted market bid prices, without any deduction for transaction costs.

For financial instruments not traded in active market, fair value is determined by reference to the current market value of a similar instrument, recent arm's length market transactions or is based on the expected discounted cash flows or any other valuation model.

3 WAKALA DEPOSITS

These consist of short term deposits with an Islamic financial institution in UAE, at profit rates ranging from 2% to 2.5%.

	31 March 2017 (Unaudited) AED
Wakala deposit with an Islamic financial institution	**200,000,000**
Less: Wakala deposit under cash and cash equivalents (Note 4)	**(20,000,000)**
	180,000,000

4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	31 March 2017 (Unaudited) AED
Bank balances	**2,000,000**
Wakala deposit with an Islamic financial institution (Note 3)	**20,000,000**
	22,000,000

5 SHARE CAPITAL AND SHARE PREMIUM

	31 March 2017 (Unaudited) AED
Issued and paid up Capital	
Issued and fully paid 2,000,000 shares of AED 100 each	**200,000,000**
Share premium	**1,249,765**
	201,249,765

Share premium upon initial public subscription amounted to AED 1 for each share. Transaction costs incurred on issuance of shares are recognised in equity and charged to share premium.

6 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of bank balances and deposits. Financial liabilities consist of other payables.

The fair values of financial instruments are not materially different from their carrying values. The fair value of the financial assets and liabilities are considered at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Bank balances, deposits and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

6 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Fair value of disclosure of all Financial Assets and liabilities including those carried at amortised cost expired or put a note explaining the approximate carrying values.