

Alliance Insurance (PSC)
Dubai - United Arab Emirates

Condensed Interim Financial Statements (Unaudited)
For the period ended 31 March 2018

Alliance Insurance (PSC)
Condensed interim financial statements (Unaudited)
For the period ended 31 March 2018

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Review report of the independent auditor To the shareholders of Alliance Insurance (PSC)

Introduction

We have reviewed the accompanying condensed interim financial statements of Alliance Insurance (PSC) (the “Company”) which comprise the condensed interim statement of financial position of the Company as at 31 March 2018, and the condensed interim income statement of the Company, condensed interim statement of comprehensive income of the Company, condensed interim statement of changes in equity of the Company and condensed interim statement of cash flows of the Company for the three month period then ended, supplementary condensed interim statement of financial position for insurance of persons and fund accumulation operations as at 31 March 2018, supplementary condensed interim income statement for insurance of persons and fund accumulation operations for the three month period then ended, supplementary condensed interim statement of financial position for property and liability insurance as at 31 March 2018, supplementary condensed interim income statement for property and liability insurance for the three month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on these condensed 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 does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.


Grant Thornton

Farouk Mohamed
Registration No. 86
Dubai, 10 May 2018



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Alliance Insurance (PSC)
Condensed interim statement of financial position of the Company (Unaudited)
At 31 March 2018

	Notes	(Unaudited) 31 March 2018 AED	(Audited) 31 December 2017 AED
Assets			
Property and equipment		6,209,377	6,171,779
Investments at amortised cost	5	212,289,970	212,322,237
Investments carried at fair value through other comprehensive income	6	7,459,398	8,601,505
Investment property	7	198,008,250	198,008,250
Statutory deposits		10,000,000	10,000,000
Loans guaranteed by life insurance policies		44,468,002	41,390,375
Premiums and insurance balances receivable	8	73,370,181	53,231,086
Reinsurers' share of technical reserves		133,879,075	127,115,136
Other receivables and prepayments	9	26,367,337	13,027,980
Deposits	10	638,780,238	638,769,461
Cash and cash equivalents		26,182,657	16,932,088
Total assets		1,377,014,485	1,325,569,897
Shareholders' equity and liabilities			
Equity attributable to shareholders			
Issued and paid up share capital		100,000,000	100,000,000
Retained earnings		56,950,436	42,815,483
Statutory reserve		75,283,253	75,283,253
Regular reserve		65,694,053	65,694,053
General reserve		200,000,000	200,000,000
Cumulative changes in fair value of investments carried at fair value through other comprehensive income		(3,304,168)	(2,162,061)
Total shareholders' equity		494,623,574	481,630,728
Liabilities			
Retirement benefits obligation		5,161,038	5,081,574
Accounts payable	11	65,638,388	46,169,539
		70,799,426	51,251,113
Insurance liabilities			
Insurance contract liabilities		59,674,832	55,998,959
Premium collected in advance		7,628,572	8,722,384
		67,303,404	64,721,343
Technical provisions			
Unearned premium reserve		85,586,980	70,877,245
Deferred reinsurance commission reserve – net		58,543	447,432
Claims under settlement reserve		78,151,200	79,574,602
Incurred but not reported reserve		5,342,172	5,286,862
Unallocated loss adjustment expense reserve		432,099	370,837
Unexpired risk reserve		797,628	707,139
Mathematical reserve		573,919,459	570,702,596
Total technical provisions		744,288,081	727,966,713
Total liabilities		882,390,911	843,939,169
Total shareholders' equity and liabilities		1,377,014,485	1,325,569,897

These condensed interim financial statements have been signed on behalf of the Company on 10 May 2018 by:

Sheikh Ahmed Bin Saeed Al Maktoum
Chairman

Saeed Mohammed Al Kamda
Vice-Chairman

Aimen Saba Azara
Director and General Manager

The accompanying supplementary statements and notes 1 to 16 form an integral part of these condensed interim financial statements.

Alliance Insurance (PSC)
Condensed interim income statement of the Company (Unaudited)
For the period ended 31 March 2018

	(Unaudited) Three months ended 31 March 2018 AED	(Unaudited) Three months ended 31 March 2017 AED
Gross premiums	88,683,529	84,235,978
Reinsurance share of gross premiums	(47,111,988)	(43,033,675)
Net premiums	41,571,541	41,202,303
Net transfer to unearned premium reserve	(5,242,193)	(7,051,917)
Net premiums earned	36,329,348	34,150,386
Commissions received	3,499,782	3,797,973
Commissions paid	(3,964,990)	(4,003,961)
Movement in deferred reinsurance commission reserves – net	388,889	405,550
Gross underwriting income	36,253,029	34,349,948
Gross claims paid	(10,115,638)	(6,926,694)
Reinsurance share of insurance claims and loss adjustment expenses recovered from reinsurers	5,752,181	4,254,345
Net claims paid	(4,363,457)	(2,672,349)
Movement of outstanding claims, incurred but not reported claims reserve, unexpired risk reserve and unallocated loss adjustment expense reserve	(1,487,262)	(1,863,880)
Earnings and cancellations of life insurance policies (Increase)/ decrease in mathematical reserves	(14,940,583)	(19,016,872)
Net claims incurred	(24,008,165)	(20,961,330)
Net underwriting income	12,244,864	13,388,618
Income from financial investments	10,271,246	9,794,173
Income from investments property - net	3,773,133	3,877,204
Foreign currency exchange gain	130,422	104,292
Other gain	712,965	798,970
Total income	27,132,630	27,963,257
General and administrative expenses	(6,019,432)	(6,172,240)
Bonuses and rebates (net of reinsurance)	(6,136,612)	(7,846,312)
Other operating expenses	(841,633)	(809,804)
Net profit for the period	14,134,953	13,134,901
Earnings per share:		
Basic and diluted (Note 12)	14.13	13.13

The accompanying supplementary statements and notes 1 to 16 form an integral part of these condensed interim financial statements.

Alliance Insurance (PSC)**Condensed interim statement of comprehensive income of the Company (Unaudited)****For the period ended 31 March 2018**

	Notes	(Unaudited) Three months ended 31 March 2018 AED	(Unaudited) Three months ended 31 March 2017 AED
Net profit for the period		<u>14,134,953</u>	<u>13,134,901</u>
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Net unrealised (loss)/ gain from investments at fair value through other comprehensive income		<u>(1,142,107)</u>	<u>203,949</u>
Total comprehensive income for the period		<u>12,992,846</u>	<u>13,338,850</u>

The accompanying supplementary statements and notes 1 to 16 form an integral part of these condensed interim financial statements.

Alliance Insurance (PSC)
Condensed interim statement of changes in equity of the Company (Unaudited)
For the period ended 31 March 2018

	Issued and paid up share capital AED	Retained earnings AED	Statutory reserve AED	Regular reserve AED	General reserve AED	Cumulative changes in fair value of investments carried at fair value through other comprehensive income AED	Total shareholders' equity AED
At 31 December 2017 (Audited)	100,000,000	42,815,483	75,283,253	65,694,053	200,000,000	(2,162,061)	481,630,728
Net profit for the period	-	14,134,953	-	-	-	-	14,134,953
Net unrealised loss from investments carried at fair value through other comprehensive income	-	-	-	-	-	(1,142,107)	(1,142,107)
Total comprehensive income for the period	-	14,134,953	-	-	-	(1,142,107)	12,992,846
At 31 March 2018 (Unaudited)	100,000,000	56,950,436	75,283,253	65,694,053	200,000,000	(3,304,168)	494,623,574
At 31 December 2016 (Audited)	100,000,000	40,576,864	70,466,568	60,877,368	190,000,000	(2,673,629)	459,247,171
Net profit for the period	-	13,134,901	-	-	-	-	13,134,901
Net unrealised gain from investments carried at fair value through other comprehensive income	-	-	-	-	-	203,949	203,949
Total comprehensive income for the period	-	13,134,901	-	-	-	203,949	13,338,850
Dividend paid (Note 16)	-	(25,000,000)	-	-	-	-	(25,000,000)
Transfer to general reserve	-	(10,000,000)	-	-	10,000,000	-	-
Transactions with owners	-	(35,000,000)	-	-	10,000,000	-	(25,000,000)
At 31 March 2017 (Unaudited)	100,000,000	18,711,765	70,466,568	60,877,368	200,000,000	(2,469,680)	447,586,021

The accompanying supplementary statements and notes 1 to 16 form an integral part of these condensed interim financial statement

Alliance Insurance (PSC)

Condensed interim statement of cash flows of the Company (Unaudited) For the period ended 31 March 2018

	(Unaudited) Three months ended 31 March 2018 AED	(Unaudited) Three months ended 31 March 2017 AED
Cash flows from operating activities		
Net profit for the period	14,134,953	13,134,901
<i>Adjustments:</i>		
Depreciation	154,329	155,569
Gain on disposal of property and equipment	-	(5,000)
Interest income from investments at amortised cost	(3,103,574)	(2,138,869)
Increase/ (decrease) in mathematical reserve	3,216,863	(2,591,771)
Interest income from deposits	(6,319,315)	(6,922,916)
Interest income from loans guaranteed by life insurance policies	(816,090)	(732,388)
Income from investment property – net	(3,773,133)	(3,877,204)
Provision for retirement benefit obligation	110,498	98,748
	<u>3,604,531</u>	<u>(2,878,930)</u>
<i>Changes in operating assets and liabilities:</i>		
Increase in premiums and insurance balances receivables, other receivables and prepayments	(25,435,506)	(14,684,814)
Increase/ (decrease) in reinsurance share of technical reserves	(6,763,939)	2,587,207
Increase in technical reserves	13,104,505	5,923,040
Increase/ (decrease) in accounts payable, insurance contract liabilities and premium collected in advance	8,806,680	(1,520,802)
Cash used in operations	(6,683,729)	(10,574,299)
Retirement benefit obligation paid	(31,034)	(25,457)
Net cash used in operating activities	<u>(6,714,763)</u>	<u>(10,599,756)</u>
Cash flows from investing activities		
Purchase of property and equipment	(191,927)	(52,533)
Proceeds from sale of property and equipment	-	5,000
Net decrease in loans guaranteed by life insurance policies	(2,261,537)	(911,603)
Purchases of financial investments at amortised cost	-	(36,804,810)
Income received on deposits	951,918	2,117,862
Income received from investments at amortised cost	2,558,694	1,929,721
Deposits encashed during the period	5,356,620	44,600,000
Income received from investment property	9,551,564	9,151,825
Net cash generated from investing activities	<u>15,965,332</u>	<u>20,035,462</u>
Net increase in cash and cash equivalents	9,250,569	9,435,706
Cash and cash equivalents at beginning of period	16,932,088	17,316,783
Cash and cash equivalents at end of the period	<u>26,182,657</u>	<u>26,752,489</u>

The accompanying supplementary statements and notes 1 to 16 form an integral part of these condensed interim financial statements.

Alliance Insurance (PSC)**Supplementary condensed interim statement of financial position for insurance of persons and fund accumulation operations (Unaudited)
At 31 March 2018**

	(Unaudited) 31 March 2018 AED	(Audited) 31 December 2017 AED
Assets		
Property and equipment	3,704,583	3,585,256
Investments at amortised cost	145,947,927	145,969,139
Investments carried at fair value through other comprehensive income	-	-
Investment property	116,034,300	116,034,300
Statutory deposits	2,000,000	2,000,000
Loans guaranteed by life insurance policies	44,468,002	41,390,375
Premiums and insurance balances receivable	204,435	235,189
Reinsurers' share of technical reserves	1,589,061	1,809,237
Other receivables and prepayments	9,475,509	3,697,453
Deposits	387,624,901	383,971,206
Cash and cash equivalents	7,912,625	4,462,392
Inter-division balance	149,500,269	150,722,891
Total assets	868,461,612	853,877,438
Shareholders' equity and liabilities		
Issued and paid up share capital	50,000,000	50,000,000
Retained earnings	25,931,724	20,951,355
Statutory reserve	36,322,546	36,322,546
Regular reserve	31,527,946	31,527,946
General reserve	97,219,855	97,219,855
Total shareholders' equity	241,002,071	236,021,702
Liabilities		
Retirement benefits obligation	2,881,013	2,858,240
Accounts payable	21,715,400	9,259,935
	24,596,413	12,118,175
Insurance liabilities		
Insurance contract liabilities	17,030,778	21,723,432
Premiums received in advance	7,628,572	8,722,384
	24,659,350	30,445,816
Technical provisions		
Unearned premium reserve	947,107	1,000,934
Deferred reinsurance commission reserve – net	(93,378)	(100,032)
Claims under settlement reserve	3,360,644	3,581,794
Incurred but not reported reserve	58,556	94,339
Unallocated loss adjustment expense reserve	11,390	12,114
Mathematical reserve	573,919,459	570,702,596
Total technical provisions	578,203,778	575,291,745
Total liabilities	627,459,541	617,855,736
Total shareholders' equity and liabilities	868,461,612	853,877,438

Alliance Insurance (PSC)

Supplementary condensed interim statement of comprehensive income for insurance of persons and fund accumulation operations (Unaudited) For the period ended 31 March 2018

	(Unaudited) Three months ended 31 March 2018 AED	(Unaudited) Three months ended 31 March 2017 AED
Gross premiums	26,165,540	26,383,527
Reinsurance share of gross premiums	(1,022,088)	(739,757)
Net premiums	25,143,452	25,643,770
Net transfer to unearned premium reserve	19,053	177,899
Net premiums earned	25,162,505	25,821,669
Commissions received	39,060	927,120
Commissions paid	(2,172,949)	(2,330,563)
Movement in deferred reinsurance commission reserve – net	(6,654)	(11,882)
Gross underwriting income	23,021,962	24,406,344
Gross claims paid	(774,488)	(416,058)
Reinsurance share of insurance claims and loss adjustment expenses recovered from reinsurers	327,799	202,964
Net claims paid	(446,689)	(213,094)
Movement of outstanding claims, incurred but not reported claims reserve and unallocated loss adjustment expense reserve	72,255	(1,221,609)
Earnings and cancellations of life insurance policies (Increase)/ decrease in mathematical reserves	(14,940,583)	(19,016,872)
Net claims incurred	(18,531,880)	(17,859,804)
Net underwriting income	4,490,082	6,546,540
Income from financial investments	6,518,100	6,407,172
Income from investment property - net	2,375,186	2,449,896
Foreign currency exchange gain	99,559	99,914
Other gain	53,859	45,788
Total income	13,536,786	15,549,310
General and administrative expenses	(2,307,326)	(2,337,720)
Bonuses and rebates (net of reinsurance)	(6,136,612)	(7,846,312)
Other operating expenses	(112,477)	(84,052)
Net profit for the period	4,980,371	5,281,226

Alliance Insurance (PSC)

Supplementary condensed interim statement of financial position for property and liability insurance (Unaudited)

At 31 March 2018

	(Unaudited) 31 March 2018 AED	(Audited) 31 December 2017 AED
Assets		
Property and equipment	2,504,794	2,586,523
Investments at amortised cost	66,342,043	66,353,098
Investments carried at fair value through other comprehensive income	7,459,398	8,601,505
Investments property	81,973,950	81,973,950
Statutory deposits	8,000,000	8,000,000
Premiums and insurance balances receivable	73,165,746	52,995,897
Reinsurers' share of technical reserves	132,290,014	125,305,899
Other receivables and prepayments	16,891,828	9,330,527
Deposits	251,155,337	254,798,255
Cash and cash equivalents	18,270,032	12,469,696
Total assets	658,053,142	622,415,350
Shareholders' equity and liabilities		
Equity attributable to shareholders		
Issued and paid up share capital	50,000,000	50,000,000
Retained earnings	31,018,712	21,864,128
Statutory reserve	38,960,707	38,960,707
Regular reserve	34,166,107	34,166,107
General reserve	102,780,145	102,780,145
Cumulative changes in fair value of investments carried at fair value through other comprehensive income	(3,304,168)	(2,162,061)
Total shareholders' equity	253,621,503	245,609,026
Liabilities		
Retirement benefit obligation	2,280,025	2,223,334
Accounts payable	43,922,988	36,909,604
Inter-division balance	149,500,269	150,722,891
	195,703,282	189,855,829
Insurance liabilities		
Insurance contract liabilities	42,644,054	34,275,527
Technical provisions		
Unearned premium reserve	84,639,873	69,876,311
Deferred reinsurance commission reserve - net	151,921	547,464
Claims under settlement reserve	74,790,556	75,992,808
Incurred but not reported reserve	5,283,616	5,192,523
Unallocated loss adjustment expense reserve	420,709	358,723
Unexpired risk reserve	797,628	707,139
Total technical provisions	166,084,303	152,674,968
Total liabilities	404,431,639	376,806,324
Total shareholders' equity and liabilities	658,053,142	622,415,350

Alliance Insurance (PSC)

Supplementary condensed interim statement of comprehensive income for property and liability insurance (Unaudited) For the period ended 31 March 2018

	(Unaudited) Three months ended 31 March 2018 AED	(Unaudited) Three months ended 31 March 2017 AED
Gross premiums	62,517,989	57,852,451
Reinsurance share of gross premiums	(46,089,900)	(42,293,918)
Net premiums	16,428,089	15,558,533
Net transfer to unearned premium reserve	(5,261,246)	(7,229,816)
Net premiums earned	11,166,843	8,328,717
Commissions received	3,460,722	2,870,853
Commissions paid	(1,792,041)	(1,673,398)
Movement in deferred reinsurance commission reserve – net	395,543	417,432
Gross underwriting income	13,231,067	9,943,604
Gross claims paid	(9,341,150)	(6,510,636)
Reinsurance share of insurance claims and loss adjustment expenses recovered from reinsurers	5,424,382	4,051,381
Net claims paid	(3,916,768)	(2,459,255)
Movement of outstanding claims, incurred but not reported claims reserve and unallocated loss adjustment expense reserve	(1,559,517)	(642,271)
Net claims incurred	(5,476,285)	(3,101,526)
Net underwriting income	7,754,782	6,842,078
Income from financial investments	3,753,146	3,387,001
Income from investment property -net	1,397,947	1,427,308
Foreign currency exchange gain	30,863	4,378
Other gain	659,106	753,182
Total income	13,595,844	12,413,947
General and administrative expenses	(3,712,106)	(3,834,520)
Other operating expenses	(729,156)	(725,752)
Net profit for the period	9,154,582	7,853,675

1 Legal status and activities

Alliance Insurance (PSC) (“the Company”) is a Public Shareholding Company (“PSC”) which was originally established in Dubai on 1 July 1975 as a limited liability company under the name of Credit and Commerce Insurance Company. The Company was subsequently incorporated in Dubai on 6 January 1982 as a limited liability company under an Emiri Decree. The Company was converted to a PSC in January 1995, in accordance with the United Arab Emirates (UAE) Federal Commercial Companies Law No. (8) of 1984 (now superseded by UAE Federal Law No. 2 of 2016). The Company’s shares are listed on the Dubai Financial Market.

The Company underwrites all classes of general, life and health insurance business in accordance with the provisions of the UAE Federal Law No. 6 of 2007 relating to insurance companies and insurance agents.

The registered address of the Company is Warba Centre, P.O. Box 5501, Dubai, UAE.

2 General information and basis of preparation

These condensed interim financial statements are for the three month period ended 31 March 2018 and are presented in United Arab Emirate Dirham (AED), which is the functional currency of the Company. These condensed interim financial statements have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ and do not include all of the information required in annual financial statements in accordance with International Financial Reporting Standards (IFRS), and should be read in conjunction with the annual financial statements for the year ended 31 December 2017. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

Where applicable, these condensed interim financial statements have been presented as per Financial Regulations for Insurance Companies – Annexure I.

3 Summary of significant accounting policies

These condensed interim financial statements have been prepared in accordance with the accounting policies adopted in the Company’s most recent annual financial statements for the year ended 31 December 2017. Certain amendments to accounting standards and annual improvements, as disclosed in the Company’s most recent annual financial statements for the year ended 31 December 2017, are applicable on the Company but do not have any material impact on these condensed interim financial statements. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

4 Critical accounting judgements and key sources of estimation of uncertainty

In the application of the Company’s accounting policies, 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.

These 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. The judgements, estimates and assumptions applied in the condensed interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Company’s most recent annual financial statements for the year ended 31 December 2017.

Alliance Insurance (PSC)
Notes to the condensed interim financial statements (Unaudited)
For the period ended 31 March 2018

5 Investments at amortised cost

	(Unaudited)	(Audited)
	31 March	31 December
	2018	2017
	AED	AED
Quoted bonds	145,638,742	145,698,268
Unquoted bonds	66,651,228	66,623,969
	<u>212,289,970</u>	<u>212,322,237</u>

The bonds carry interest at the rates ranging from 4.75% to 7.5% (2016: 5% to 7.25%) per annum and interest is receivable semi-annually. The Company holds these investments with the objective of receiving the contractual cash flows over the instruments' lives. The fair value of these quoted bonds at 31 March 2018 is AED 146.3 million (31 December 2017: AED 146 million). There were no transfers between each level during the period.

6 Investments carried at fair value through other comprehensive income

	(Unaudited)	(Audited)
	31 March	31 December
	2018	2017
	AED	AED
<i>Equity securities in the UAE market:</i>		
Quoted	<u>7,459,398</u>	<u>8,601,505</u>

7 Investment property

Investment property comprises two commercial buildings in Dubai, UAE.

Management estimates that there has been no change in the fair value of investment property. Investment property is classified as Level 3 in the fair value hierarchy as at 31 March 2018 (31 December 2017: Level 3).

8 Premium and insurance balances receivable

	(Unaudited)	(Audited)
	31 March	31 December
	2018	2017
	AED	AED
Due from policyholders	63,299,523	42,916,956
Less: Allowance for doubtful debts	(1,376,614)	(1,376,614)
	<u>61,922,909</u>	<u>41,540,342</u>
Due from insurance or reinsurance companies	3,025,374	3,218,576
Due from brokers or agents	8,421,898	8,472,168
	<u>73,370,181</u>	<u>53,231,086</u>

Alliance Insurance (PSC)
Notes to the condensed interim financial statements (Unaudited)
For the period ended 31 March 2018

8 Premium and insurance balances receivable (continued)

	(Unaudited) 31 March 2018 AED	(Audited) 31 December 2017 AED
Inside UAE:		
Due from policy holders	63,299,523	42,916,956
Less: Allowances for doubtful debts	(1,376,614)	(1,376,614)
	<u>61,922,909</u>	<u>41,540,342</u>
Due from insurance or reinsurance companies	2,125,413	3,101,375
Due from brokers or agents	8,421,898	8,472,168
	<u>72,470,220</u>	<u>53,113,885</u>
Outside UAE:		
Due from insurance or reinsurance companies	899,961	117,201

9 Other receivables and prepayments

	(Unaudited) 31 March 2018 AED	(Audited) 31 December 2017 AED
Receivable from employees	633,865	660,077
Refundable deposits	155,204	161,135
Prepayments	2,990,462	1,324,737
Others	23,624,347	11,918,572
Less: Allowance for doubtful debts	(1,036,541)	(1,036,541)
	<u>26,367,337</u>	<u>13,027,980</u>

10 Deposits

	(Unaudited) 31 March 2018 AED	(Audited) 31 December 2017 AED
Short term deposits with banks in the UAE	239,493,380	243,250,000
Accrued interest	6,499,490	5,060,742
Total short term deposits	<u>245,992,870</u>	<u>248,310,742</u>
Long term deposits with banks in the UAE	384,305,000	385,905,000
Accrued interest	8,482,368	4,553,719
Total long term deposits	<u>392,787,368</u>	<u>390,458,719</u>
Total deposits	<u>638,780,238</u>	<u>638,769,461</u>

Deposits comprise fixed deposits with banks bearing annual interest at rates ranging from 1.00% to 5.25% (31 December 2017: 1.00% to 5.25%).

Alliance Insurance (PSC)
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11 Accounts payable

	(Unaudited) 31 March 2018 AED	(Audited) 31 December 2017 AED
Payables inside UAE	8,553,459	7,610,880
Payables outside UAE	24,565,975	21,226,853
Other payables	32,518,954	17,331,806
	<u>65,638,388</u>	<u>46,169,539</u>
	(Unaudited) 31 March 2018 AED	(Audited) 31 December 2017 AED
Inside UAE:		
<i>Accounts payable to:</i>		
Insurance companies	2,168,661	2,226,419
Insurance brokers	6,384,798	5,384,461
Other payables	32,518,954	17,331,806
	<u>41,072,413</u>	<u>24,942,686</u>
Outside UAE:		
<i>Accounts payable to:</i>		
Reinsurance companies	<u>24,565,975</u>	<u>21,226,853</u>

12 Basic and diluted earnings per share

	(Unaudited) Three months ended 31 March 2018 AED	(Unaudited) Three months ended 31 March 2017 AED
Net profit for the period (AED)	<u>14,134,953</u>	<u>13,134,901</u>
Weighted average number of ordinary shares for the purpose of earnings per share	<u>1,000,000</u>	<u>1,000,000</u>
Basic and diluted earnings per share (AED)	<u>14.13</u>	<u>13.13</u>

The Company does not have potentially diluted shares and accordingly, diluted earnings per share equals basic earnings per share.

13 Segment analysis

For management purposes, the Company is organised into two business segments, property and liability insurance (general insurance) and insurance of persons and fund accumulation operations (life assurance). The general insurance segment comprises motor, marine, fire, engineering, medical, and general accident. The life assurance segment includes only long term life and group life. These segments are the basis on which the Company reports its primary segment information. Segment-wise information is disclosed in supplementary statements.

14 Related parties

Related parties include the Company's major shareholders, directors and companies over which they exercise significant management influence as well as key management personnel.

Balances with related parties

At the end of the reporting period, amounts due from/to related parties are as follows:

	(Unaudited) 31 March 2018 AED	(Audited) 31 December 2017 AED
Due from companies, shareholders and directors	<u>1,633,345</u>	<u>1,788,369</u>

The above balances are included in premiums and insurance balances receivable.

Transactions with related parties

During the period, the Company entered into the following transactions with related parties:

	(Unaudited) Three months ended 31 March 2018 AED	(Unaudited) Three months ended 31 March 2017 AED
Premiums	1,539,341	1,545,381
Claims paid	<u>43,641</u>	<u>125,427</u>

Transactions are entered with related parties at rates agreed with management.

Compensation of key management personnel

	(Unaudited) Three months ended 31 March 2018 AED	(Unaudited) Three months ended 31 March 2017 AED
Key management personnel remuneration including benefits	<u>368,718</u>	<u>367,236</u>

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15 Contingences and commitments

	(Unaudited)	(Audited)
	31 March	31 December
	2018	2017
	AED	AED
Letters of guarantees	<u>11,433,701</u>	<u>11,362,740</u>

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

16 Dividend

The Board of Directors proposed cash dividends of 30% which is AED 30 per share amounting to AED 30 million for 2017 to be paid to the shareholders in 2018 (2016: AED 25 per share amounting to AED 25 million for 2016 paid in 2017). The proposed dividends are subject to the approval of the Shareholders at the Annual General Meeting and therefore, have not been included as a liability in these condensed interim financial statements.