

## **Alliance Insurance (PSC)**

Condensed Interim Financial Statements (Unaudited)  
For the period ended 30 June 2017

**Alliance Insurance (PSC)**  
**Condensed interim financial statements (Unaudited)**  
**For the period ended 30 June 2017**

**Table of contents**

---

	<b>Page</b>
Review report of the independent auditor	1
Condensed interim statement of financial position of the Company (Unaudited)	2
Condensed interim income statement of the Company (Unaudited)	3
Condensed interim statement of comprehensive income of the Company (Unaudited)	4
Condensed interim statement of changes in equity of the Company (Unaudited)	5
Condensed interim statement of cash flows of the Company (Unaudited)	6
Supplementary condensed interim statement of financial position for insurance of persons and fund accumulation operations (Unaudited)	7
Supplementary condensed interim income statement for insurance of persons and fund accumulation operations (Unaudited)	8
Supplementary condensed interim statement of financial position for property and liability insurance (Unaudited)	9
Supplementary condensed interim income statement for property and liability insurance (Unaudited)	10
Notes to the condensed interim financial statements (Unaudited)	11 - 16

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

Rolex Tower  
23rd floor  
Sheikh Zayed Road  
P.O. Box 1620  
Dubai, United Arab Emirates  
Tel: +971 (4) 388 9925  
Fax: +971 (4) 388 9915  
W: [www.grantthornton.ae](http://www.grantthornton.ae)

### **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 30 June 2017, 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 six month period then ended, supplementary condensed interim statement of financial position for insurance of persons and fund accumulation operations as at 30 June 2017, supplementary condensed interim income statement for insurance of persons and fund accumulation operations for the six month period then ended, supplementary condensed interim statement of financial position for property and liability insurance as at 30 June 2017, supplementary condensed interim income statement for property and liability insurance for the six 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, 31 July 2017**




**Alliance Insurance (PSC)**  
**Condensed interim statement of financial position of the Company (Unaudited)**  
**As at 30 June 2017**

	(Unaudited) 30 June 2017 AED	(Audited) 31 December 2016 AED
<b>Assets</b>		
Property and equipment	5,321,102	5,473,025
Investments at amortised cost	5 164,557,036	127,546,274
Investments carried at fair value through other comprehensive income	6 7,423,706	8,132,287
Investment property	7 193,624,687	193,624,687
Statutory deposits	10,000,000	10,000,000
Loans guaranteed by life insurance policies	41,114,471	40,471,359
Premiums and insurance balances receivable	8 52,820,960	56,321,662
Reinsurers' share of technical reserves	128,071,038	136,522,543
Other receivables and prepayments	9 18,710,158	14,521,674
Deposits	10 676,730,871	724,245,377
Cash and cash equivalents	25,585,766	17,316,783
<b>TOTAL ASSETS</b>	<b>1,323,959,795</b>	<b>1,334,175,671</b>
<b>Shareholders' equity and liabilities</b>		
<b>Equity attributable to shareholders</b>		
Issued and paid up share capital	100,000,000	100,000,000
Retained earnings	29,143,485	40,576,864
Statutory reserve	70,466,568	70,466,568
Regular reserve	60,877,368	60,877,368
General reserve	200,000,000	190,000,000
Cumulative change in fair value of investments carried at fair value through other comprehensive income	(3,339,860)	(2,673,629)
<b>Total shareholders' equity</b>	<b>457,147,561</b>	<b>459,247,171</b>
<b>Liabilities</b>		
Retirement benefit obligation	5,061,566	4,642,096
Accounts payable	11 50,178,498	37,257,261
	<b>55,240,064</b>	<b>41,899,357</b>
<b>Insurance liabilities</b>		
Insurance contract liabilities	60,155,694	67,575,717
Premiums collected in advance	7,379,542	9,054,494
	<b>67,535,236</b>	<b>76,630,211</b>
<b>Technical provisions</b>		
Unearned premium reserve	79,266,303	54,534,407
Deferred reinsurance commission reserve - net	657,270	903,547
Claims under settlement reserve	78,116,602	98,049,707
Incurred but not reported reserve	5,206,399	5,666,201
Unallocated loss adjustment expense reserve	209,445	209,322
Mathematical reserve	580,580,915	597,035,748
<b>Total technical provisions</b>	<b>744,036,934</b>	<b>756,308,932</b>
<b>Total liabilities</b>	<b>866,812,234</b>	<b>874,928,500</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1,323,959,795</b>	<b>1,334,175,671</b>

These condensed interim financial statements have been signed on behalf of the Company on 31 July 2017 by:

  
 Sheikh Ahmed Bin Saeed Al Maktoum  
 Chairman

  
 Saeed Mohammed Ali Al Kamda  
 Vice-Chairman

  
 Aimen Saba Azara  
 Director and General Manager

The accompanying supplementary statements and notes 1 to 17 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 30 June 2017**

	(Unaudited) Three months ended 30 June 2017 AED	(Unaudited) Three months ended 30 June 2016 AED	(Unaudited) Six months ended 30 June 2017 AED	(Unaudited) Six months ended 30 June 2016 AED
Gross premiums	71,031,342	72,304,740	155,267,320	183,750,071
Reinsurance share of gross premiums	(34,197,389)	(39,322,654)	(77,231,064)	(114,569,071)
<b>Net premiums</b>	<b>36,833,953</b>	<b>32,982,086</b>	<b>78,036,256</b>	<b>69,181,000</b>
Net transfer to unearned premium reserve	(3,558,814)	(2,583,291)	(10,610,731)	(8,211,881)
<b>Net premiums earned</b>	<b>33,275,139</b>	<b>30,398,795</b>	<b>67,425,525</b>	<b>60,969,119</b>
Commissions received	3,007,842	3,534,714	6,805,815	8,403,278
Commissions paid	(3,717,180)	(3,542,599)	(7,721,141)	(6,655,157)
Movement in deferred reinsurance commission reserve - net	(159,272)	2,051,496	246,278	1,966,452
<b>Gross underwriting income</b>	<b>32,406,529</b>	<b>32,442,406</b>	<b>66,756,477</b>	<b>64,683,692</b>
Gross claims paid	(7,629,960)	(9,801,789)	(14,556,654)	(21,948,486)
Reinsurance share of insurance claims and loss adjustment expenses recovered from reinsurers	4,671,993	5,642,260	8,926,338	14,095,498
<b>Net claims paid</b>	<b>(2,957,967)</b>	<b>(4,159,529)</b>	<b>(5,630,316)</b>	<b>(7,852,988)</b>
Movement in outstanding claims, incurred but not reported claims reserve and unallocated loss adjustment expense reserve	(316,008)	1,915,431	(2,179,888)	1,784,236
Earnings and cancellations of life insurance policies	(28,609,225)	(22,473,568)	(47,626,097)	(36,559,672)
Decrease/(increase) in mathematical reserve	13,863,062	3,279,433	16,454,833	(7,044,001)
<b>Net claims incurred</b>	<b>(18,020,138)</b>	<b>(21,438,233)</b>	<b>(38,981,468)</b>	<b>(49,672,425)</b>
<b>Net underwriting income</b>	<b>14,386,391</b>	<b>11,004,173</b>	<b>27,775,009</b>	<b>15,011,267</b>
Income from financial investments	10,154,529	10,103,963	19,948,702	19,917,638
Income from investment property - net	3,628,009	3,685,389	7,505,213	7,697,087
Foreign currency exchange gain	86,192	105,769	190,484	230,925
Other gain	591,344	594,571	1,390,314	1,343,045
<b>Total income</b>	<b>28,846,465</b>	<b>25,493,865</b>	<b>56,809,722</b>	<b>44,199,962</b>
General and administrative expenses	(6,610,236)	(6,067,273)	(12,782,476)	(11,415,064)
Bonuses and rebates (net of reinsurance)	(11,066,667)	(6,884,469)	(18,912,979)	(10,478,818)
Other operating expenses	(784,328)	(593,485)	(1,594,132)	(1,236,701)
<b>Net profit for the period</b>	<b>10,385,234</b>	<b>11,948,638</b>	<b>23,520,135</b>	<b>21,069,379</b>
<b>Earnings per share:</b>				
Basic and diluted earnings per share (Note 12)	<b>10.39</b>	<b>11.95</b>	<b>23.52</b>	<b>21.07</b>

The accompanying supplementary statements and notes 1 to 17 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 30 June 2017**

	(Unaudited) Three months ended 30 June 2017 AED	(Unaudited) Three months ended 30 June 2016 AED	(Unaudited) Six months ended 30 June 2017 AED	(Unaudited) Six months ended 30 June 2016 AED
Net profit for the period	10,385,234	11,948,638	23,520,135	21,069,379
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Net unrealised (loss)/gain on investments at fair value through other comprehensive income	(870,180)	(407,896)	(666,231)	67,983
Net realised gain on investments at fair value through other comprehensive income	46,486	-	46,486	-
<b>Total comprehensive income for the period</b>	<b>9,561,540</b>	<b>11,540,742</b>	<b>22,900,390</b>	<b>21,137,362</b>

The accompanying supplementary statements and notes 1 to 17 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 30 June 2017**

	Issued and paid up share capital AED	Retained earnings AED	Statutory reserve AED	Regular reserve AED	General reserve AED	Cumulative change in fair value of investments carried at fair value through other comprehensive income AED	Total shareholders' equity AED
<b>At 31 December 2016 (Audited)</b>	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	-	23,520,135	-	-	-	-	23,520,135
Net unrealised loss from investment carried at fair value through other comprehensive income	-	-	-	-	-	(666,231)	(666,231)
Net realised gain from investment carried at fair value through other comprehensive income	-	46,486	-	-	-	-	46,486
<b>Total comprehensive income for the period</b>	-	<b>23,566,621</b>	-	-	-	<b>(666,231)</b>	<b>22,900,390</b>
Dividend paid (Note 16)	-	(25,000,000)	-	-	-	-	(25,000,000)
Transfer to general reserve	-	(10,000,000)	-	-	10,000,000	-	-
<b>Transactions with owners</b>	-	<b>(35,000,000)</b>	-	-	<b>10,000,000</b>	-	<b>(25,000,000)</b>
<b>At 30 June 2017 (Unaudited)</b>	<b>100,000,000</b>	<b>29,143,485</b>	<b>70,466,568</b>	<b>60,877,368</b>	<b>200,000,000</b>	<b>(3,339,860)</b>	<b>457,147,561</b>
Balance at 31 December 2015 (Audited)	100,000,000	40,737,104	65,956,182	56,366,982	180,000,000	(3,897,317)	439,162,951
Net profit for the period	-	21,069,379	-	-	-	-	21,069,379
Net unrealised gain on investment carried at fair value through other comprehensive income	-	-	-	-	-	67,983	67,983
<b>Total comprehensive income for the period</b>	-	<b>21,069,379</b>	-	-	-	<b>67,983</b>	<b>21,137,362</b>
Dividend paid (Note 16)	-	(25,000,000)	-	-	-	-	(25,000,000)
Transfer to general reserve	-	(10,000,000)	-	-	10,000,000	-	-
<b>Transactions with owners</b>	-	<b>(35,000,000)</b>	-	-	<b>10,000,000</b>	-	<b>(25,000,000)</b>
<b>At 30 June 2016 (Unaudited)</b>	<b>100,000,000</b>	<b>26,806,483</b>	<b>65,956,182</b>	<b>56,366,982</b>	<b>190,000,000</b>	<b>(3,829,334)</b>	<b>435,300,313</b>

The accompanying supplementary statements and notes 1 to 17 form an integral part of these condensed interim financial statements.

**Alliance Insurance (PSC)**  
**Condensed interim statement of cash flows of the Company (Unaudited)**  
**For the period ended 30 June 2017**

	(Unaudited) Six months ended 30 June 2017 AED	(Unaudited) Six months ended 30 June 2016 AED
<b>Cash flows from operating activities</b>		
Net profit for the period	23,520,135	21,069,379
<i>Adjustments:</i>		
Depreciation	336,225	258,748
(Decrease)/increase in mathematical reserve	(16,454,833)	7,044,001
Gain on disposal of property and equipment	(5,000)	(16,700)
Gain from investment at amortised cost	(4,280,846)	(3,840,121)
Interest income from deposits	(14,380,039)	(14,121,271)
Dividend income	(407,896)	(407,896)
Interest on loans guaranteed by life insurance policies	(839,505)	(1,548,350)
Income from investment property - net	(7,505,213)	(7,697,087)
Provision for retirement benefit obligation	471,769	351,399
	<u>(19,545,203)</u>	<u>1,092,102</u>
<i>Net changes in operating assets and liabilities:</i>		
Decrease/(increase) in insurance premium and other receivables and premium collected in advance	2,793,084	(22,529,889)
Decrease/(increase) in reinsurance share of technical reserves (Decrease)/increase in accounts payable, insurance contract liabilities and premium collected in advance	8,451,505	(70,681,819)
Increase in technical reserves	(3,192,153)	11,009,527
Increase in technical reserves	4,092,835	75,143,010
Retirement benefit obligation paid	(52,299)	(69,047)
<b>Net cash used in operating activities</b>	<u>(7,452,231)</u>	<u>(6,036,116)</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(184,302)	(301,264)
Proceeds from sale of property and equipment	5,000	16,700
Proceeds from sale of investment carried at fair value through other comprehensive income	88,836	-
Net decrease in loans guaranteed by life insurance policies	196,393	759,294
Purchases of financial investments at amortised cost	(36,622,451)	-
Income received on deposits	9,544,545	8,861,685
Income received from investments at amortised cost	3,892,535	3,834,839
Deposits encashed during the period	52,350,000	6,331,000
Dividends income received	407,896	407,896
Income from investment property	11,042,762	8,120,507
<b>Net cash generated from investing activities</b>	<u>40,721,214</u>	<u>28,030,657</u>
<b>Cash flows from financing activity</b>		
Dividend paid	(25,000,000)	(25,000,000)
<b>Net cash used in financing activity</b>	<u>(25,000,000)</u>	<u>(25,000,000)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	8,268,983	(3,005,459)
Cash and cash equivalents at beginning of the period	17,316,783	24,155,062
<b>Cash and cash equivalents at end of the period</b>	<u>25,585,766</u>	<u>21,149,603</u>

The accompanying supplementary statements and notes 1 to 17 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 30 June 2017**

	(Unaudited) 30 June 2017 AED	(Audited) 31 December 2016 AED
<b>Assets</b>		
Property and equipment	2,662,683	2,709,471
Investments at amortised cost	112,530,731	86,620,477
Investments carried at fair value through other comprehensive income	-	21,175
Investment property	112,647,151	112,647,151
Statutory deposits	2,000,000	2,000,000
Loans guaranteed by life insurance policies	41,114,471	40,471,359
Premiums and insurance balances receivable	295,263	329,274
Reinsurers' share of technical reserves	3,488,988	2,412,313
Other receivables and prepayments	7,973,642	3,483,306
Deposits	435,950,052	471,564,224
Cash and cash equivalents	3,783,274	6,472,378
<b>TOTAL ASSETS</b>	<b>722,446,255</b>	<b>728,731,128</b>
<b>Shareholders' equity and liabilities</b>		
<b>Equity attributable to shareholders*</b>	-	-
<b>Liabilities</b>		
Retirement benefit obligation	2,862,502	2,671,618
Accounts payable	15,602,745	10,921,771
	<b>18,465,247</b>	<b>13,593,389</b>
<b>Insurance liabilities</b>		
Insurance contract liabilities	23,093,700	25,695,894
Premiums received in advance	7,379,542	9,054,494
Inter-division balance	85,432,409	78,348,161
	<b>115,905,651</b>	<b>113,098,549</b>
<b>Technical provisions</b>		
Unearned premium reserve	1,543,416	1,976,356
Deferred reinsurance commission reserve - net	(136,182)	(134,634)
Claims under settlement reserve-net	5,974,196	3,077,943
Incurred but not reported reserve	97,789	78,466
Unallocated loss adjustment expense reserve	15,223	5,311
Mathematical reserve	580,580,915	597,035,748
<b>Total technical provisions</b>	<b>588,075,357</b>	<b>602,039,190</b>
<b>Total liabilities</b>	<b>722,446,255</b>	<b>728,731,128</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>722,446,255</b>	<b>728,731,128</b>

\* Management has elected to present the shareholders' equity in the condensed interim statement of financial position for property and liability insurance.

**Alliance Insurance (PSC)**  
**Supplementary condensed interim income statement for insurance of persons and fund**  
**accumulation operations (Unaudited)**  
**For the period ended 30 June 2017**

	(Unaudited) Three months ended 30 June 2017 AED	(Unaudited) Three months ended 30 June 2016 AED	(Unaudited) Six months ended 30 June 2017 AED	(Unaudited) Six months ended 30 June 2016 AED
Gross premiums	25,633,247	25,535,315	52,016,774	53,501,885
Reinsurance share of gross premiums	(1,165,194)	(1,185,761)	(1,904,951)	(2,179,702)
<b>Net premiums</b>	<b>24,468,053</b>	<b>24,349,554</b>	<b>50,111,823</b>	<b>51,322,183</b>
Net transfer to unearned premium reserve	(47,342)	(29,991)	130,557	(180,962)
<b>Net premiums earned</b>	<b>24,420,711</b>	<b>24,319,563</b>	<b>50,242,380</b>	<b>51,141,221</b>
Commissions received	37,992	48,944	965,112	1,443,009
Commissions paid	(2,383,343)	(2,317,496)	(4,713,906)	(4,709,787)
Movement in deferred acquisition cost	13,430	(6,090)	1,548	(10,904)
<b>Gross underwriting income</b>	<b>22,088,790</b>	<b>22,044,921</b>	<b>46,495,134</b>	<b>47,863,539</b>
Gross claims paid	(179,170)	(849,163)	(595,228)	(1,726,923)
Reinsurance share of insurance claims and loss adjustment expenses recovered from reinsurers	51,775	277,339	254,739	1,194,452
<b>Net claims paid</b>	<b>(127,395)</b>	<b>(571,824)</b>	<b>(340,489)</b>	<b>(532,471)</b>
Movement in outstanding claims, incurred but not reported claims reserve and unallocated loss adjustment expense reserve	(324,821)	30,617	(1,546,430)	100,429
Earnings and cancellations of life insurance policies	(28,609,225)	(22,473,568)	(47,626,097)	(36,559,672)
Decrease/(increase) in mathematical reserve	13,863,062	3,279,433	16,454,833	(7,044,001)
<b>Net claims incurred</b>	<b>(15,198,379)</b>	<b>(19,735,342)</b>	<b>(33,058,183)</b>	<b>(44,035,715)</b>
<b>Net underwriting income</b>	<b>6,890,411</b>	<b>2,309,579</b>	<b>13,436,951</b>	<b>3,827,824</b>
Income from investments	6,720,562	6,805,540	13,127,734	13,502,575
Income from investment property - net	2,292,199	2,312,023	4,742,095	4,803,729
Foreign currency exchange gain	102,383	86,356	202,297	191,293
Other gain	61,721	39,237	107,509	75,642
<b>Total income</b>	<b>16,067,276</b>	<b>11,552,735</b>	<b>31,616,586</b>	<b>22,401,063</b>
General and administrative expenses	(2,486,770)	(2,223,160)	(4,824,490)	(4,228,210)
Bonuses and rebates (net of reinsurance)	(11,066,667)	(6,884,469)	(18,912,979)	(10,478,818)
Other operating expenses	(96,668)	(90,329)	(180,720)	(190,388)
<b>Net profit for the period</b>	<b>2,417,171</b>	<b>2,354,777</b>	<b>7,698,397</b>	<b>7,503,647</b>

**Alliance Insurance (PSC)**  
**Supplementary condensed interim statement of financial position of property and**  
**liabilities insurance (Unaudited)**  
**At 30 June 2017**

	(Unaudited) 30 June 2017 AED	(Audited) 31 December 2016 AED
<b>Assets</b>		
Property and equipment	2,658,419	2,763,554
Investments at amortised cost	52,026,305	40,925,797
Investments carried at fair value through other comprehensive income	7,423,706	8,111,112
Investment property	80,977,536	80,977,536
Statutory deposits	8,000,000	8,000,000
Premiums and insurance balances receivable	52,525,697	55,992,388
Reinsurers' share of technical reserves	124,582,050	134,110,230
Other receivables and prepayments	10,736,516	11,038,368
Deposits	240,780,819	252,681,153
Cash and cash equivalents	21,802,492	10,844,405
Inter-division balance	85,432,409	78,348,161
<b>TOTAL ASSETS</b>	<b>686,945,949</b>	<b>683,792,704</b>
<b>Shareholders' equity and liabilities</b>		
<b>Equity attributable to shareholders</b>		
Issued and paid up share capital	100,000,000	100,000,000
Retained earnings	29,143,485	40,576,864
Statutory reserve	70,466,568	70,466,568
Regular reserve	60,877,368	60,877,368
General reserve	200,000,000	190,000,000
Cumulative change in fair value of investments carried at fair value through other comprehensive income	(3,339,860)	(2,673,629)
<b>Total shareholders' equity</b>	<b>457,147,561</b>	<b>459,247,171</b>
<b>Liabilities</b>		
Retirement benefit obligation	2,199,064	1,970,478
Accounts payable	34,575,753	26,335,490
	<b>36,774,817</b>	<b>28,305,968</b>
<b>Insurance liabilities</b>		
Insurance contract liabilities	37,061,994	41,879,823
<b>Technical provisions</b>		
Unearned premium reserve	77,722,887	52,558,051
Deferred reinsurance commission reserve - net	793,452	1,038,181
Claims under settlement reserve	72,142,406	94,971,764
Incurred but not reported reserve	5,108,610	5,587,735
Unallocated loss adjustment expense reserve	194,222	204,011
<b>Total technical provisions</b>	<b>155,961,577</b>	<b>154,359,742</b>
<b>Total liabilities</b>	<b>229,798,388</b>	<b>224,545,533</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>686,945,949</b>	<b>683,792,704</b>

Alliance Insurance (PSC)

Supplementary condensed interim income statement for property and liability insurance (Unaudited)

For the period ended 30 June 2017

	(Unaudited) Three months ended 30 June 2017 AED	(Unaudited) Three months ended 30 June 2016 AED	(Unaudited) Six months ended 30 June 2017 AED	(Unaudited) Six months ended 30 June 2016 AED
Gross premiums	45,398,095	46,769,425	103,250,546	130,248,186
Reinsurance share of gross premiums	<b>(33,032,195)</b>	<b>(38,136,893)</b>	<b>(75,326,113)</b>	<b>(112,389,369)</b>
<b>Net premiums</b>	<b>12,365,900</b>	<b>8,632,532</b>	<b>27,924,433</b>	<b>17,858,817</b>
Net transfer to unearned premium reserve	<b>(3,511,472)</b>	<b>(2,553,300)</b>	<b>(10,741,288)</b>	<b>(8,030,919)</b>
<b>Net premiums earned</b>	<b>8,854,428</b>	<b>6,079,232</b>	<b>17,183,145</b>	<b>9,827,898</b>
Commissions received	2,969,850	3,485,770	5,840,703	6,960,269
Commissions paid	<b>(1,333,837)</b>	<b>(1,225,103)</b>	<b>(3,007,235)</b>	<b>(1,945,370)</b>
Movement in deferred acquisition cost	<b>(172,702)</b>	2,057,586	<b>244,730</b>	1,977,356
<b>Gross underwriting income</b>	<b>10,317,739</b>	<b>10,397,485</b>	<b>20,261,343</b>	<b>16,820,153</b>
Gross claims paid	<b>(7,450,790)</b>	<b>(8,952,626)</b>	<b>(13,961,426)</b>	<b>(20,221,563)</b>
Reinsurance share of insurance claims and loss adjustment expenses recovered from reinsurers	<b>4,620,218</b>	5,364,921	<b>8,671,599</b>	12,901,046
<b>Net claims paid</b>	<b>(2,830,572)</b>	<b>(3,587,705)</b>	<b>(5,289,827)</b>	<b>(7,320,517)</b>
Movement in outstanding claims, incurred but not reported claims reserve and unallocated loss adjustment expense reserve	<b>8,813</b>	1,884,814	<b>(633,458)</b>	1,683,807
<b>Net claims incurred</b>	<b>(2,821,759)</b>	<b>(1,702,891)</b>	<b>(5,923,285)</b>	<b>(5,636,710)</b>
<b>Net underwriting income</b>	<b>7,495,980</b>	<b>8,694,594</b>	<b>14,338,058</b>	<b>11,183,443</b>
Income from investments	<b>3,433,967</b>	3,298,423	<b>6,820,968</b>	6,415,063
Income from investment property - net	<b>1,335,810</b>	1,373,366	<b>2,763,118</b>	2,893,358
Foreign currency exchange gain	<b>(16,191)</b>	19,413	<b>(11,813)</b>	39,632
Other gain	<b>529,623</b>	555,334	<b>1,282,805</b>	1,267,403
<b>Total income</b>	<b>12,779,189</b>	<b>13,941,130</b>	<b>25,193,136</b>	<b>21,798,899</b>
General and administrative expenses	<b>(4,123,466)</b>	<b>(3,844,113)</b>	<b>(7,957,986)</b>	<b>(7,186,854)</b>
Other operating expenses	<b>(687,660)</b>	<b>(503,156)</b>	<b>(1,413,412)</b>	<b>(1,046,313)</b>
<b>Net profit for the period</b>	<b>7,968,063</b>	<b>9,593,861</b>	<b>15,821,738</b>	<b>13,565,732</b>

**Alliance Insurance (PSC)**  
**Notes to the condensed interim financial statements (Unaudited)**  
**For the period ended 30 June 2017**

---

**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 2015). 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 six month period ended 30 June 2017 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 2016. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

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 2016. 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 2016, 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 2016.

**Alliance Insurance (PSC)**  
**Notes to the condensed interim financial statements (Unaudited)**  
**For the period ended 30 June 2017**

**5 Investments at amortised cost**

	(Unaudited) 30 June 2017 AED	(Audited) 31 December 2016 AED
Quoted bonds in the UAE	97,988,748	61,032,756
Unquoted bonds in the UAE	66,568,288	66,531,518
	<u>164,557,036</u>	<u>127,564,274</u>

The bonds carry interest at the rates ranging from 4.75% 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 30 June 2017 is AED 99.16 million (31 December 2016: AED 63 million).

**6 Investments carried at fair value through other comprehensive income**

	(Unaudited) 30 June 2017 AED	(Audited) 31 December 2016 AED
<i>Equity securities in the UAE market:</i>		
Quoted	7,423,706	8,089,937
Unquoted	-	42,350
	<u>7,423,706</u>	<u>8,132,287</u>

Equity securities - quoted have been classified as Level 1 in fair value hierarchy as at 30 June 2017 (31 December 2016: Level 1). Equity securities - unquoted had been classified as Level 3 in fair value hierarchy as at 31 December 2016.

**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 30 June 2017 (31 December 2016: Level 3).

**8 Premium and insurance balances receivable**

	(Unaudited) 30 June 2017 AED	(Audited) 31 December 2016 AED
Due from policyholders	49,822,435	53,252,203
Less: Allowance for doubtful debts	(1,346,513)	(1,346,513)
	<u>48,475,922</u>	<u>51,905,690</u>
Due from insurance or reinsurance companies	3,245,067	2,578,716
Due from brokers or agents	1,099,971	1,837,256
	<u>52,820,960</u>	<u>56,321,662</u>

**Alliance Insurance (PSC)**  
**Notes to the condensed interim financial statements (Unaudited)**  
**For the period ended 30 June 2017**

**8 Premium and insurance balances receivable (continued)**

	(Unaudited) 30 June 2017 AED	(Audited) 31 December 2016 AED
<b>Inside UAE:</b>		
Due from policy holders	49,822,435	53,252,203
Less: Allowance for doubtful debts	(1,346,513)	(1,346,513)
	<u>48,475,922</u>	<u>51,905,690</u>
Due from insurance or reinsurance companies	3,046,807	2,135,238
Due from brokers or agents	1,099,971	1,837,256
	<u>52,622,700</u>	<u>55,878,184</u>
<b>Outside UAE:</b>		
Due from insurance or reinsurance companies	<u>198,260</u>	<u>443,478</u>

**9 Other receivables and prepayments**

	(Unaudited) 30 June 2017 AED	(Audited) 31 December 2016 AED
Receivable from employees	571,348	624,085
Refundable deposits	162,015	174,691
Prepayments	3,365,548	2,859,942
Others	14,911,157	11,162,866
Less: Allowance for doubtful debts	(299,910)	(299,910)
	<u>18,710,158</u>	<u>14,521,674</u>

**10 Deposits**

	(Unaudited) 30 June 2017 AED	(Audited) 31 December 2016 AED
Short term deposits with banks in the UAE	378,100,000	430,450,000
Accrued interest	8,573,953	8,031,314
Total short term deposits	<u>386,673,953</u>	<u>438,481,314</u>
Long term deposits with banks in the UAE	284,355,000	284,355,000
Accrued interest	5,701,918	1,409,063
Total long term deposits	<u>290,056,918</u>	<u>285,764,063</u>
Total deposits	<u>676,730,871</u>	<u>724,245,377</u>

Deposits comprise fixed deposits with banks bearing annual interest at rates ranging from 1.00% to 5.25% (31 December 2016: 1.00% to 5.25%).

**Alliance Insurance (PSC)**  
**Notes to the condensed interim financial statements (Unaudited)**  
**For the period ended 30 June 2017**

**11 Accounts payable**

	(Unaudited) 30 June 2017 AED	(Audited) 31 December 2016 AED
Payables inside UAE	29,147,961	24,520,280
Payables outside UAE	21,030,537	12,736,981
	<u>50,178,498</u>	<u>37,257,261</u>
	(Unaudited) 30 June 2017 AED	(Audited) 31 December 2016 AED
<b>Inside UAE:</b>		
<i>Accounts payable to:</i>		
Insurance companies	2,035,818	1,775,625
Insurance brokers	6,169,970	5,676,419
Other payables	20,942,173	17,068,236
	<u>29,147,961</u>	<u>24,520,280</u>
<b>Outside UAE:</b>		
<i>Accounts payable to:</i>		
Reinsurance companies	<u>21,030,537</u>	<u>12,736,981</u>

**12 Basic and diluted earnings per share**

	(Unaudited) Three months ended 30 June 2017 AED	(Unaudited) Three months ended 30 June 2016 AED	(Unaudited) Six months ended 30 June 2017 AED	(Unaudited) Six months ended 30 June 2016 AED
Net profit for the period (AED)	10,385,234	11,948,638	23,520,135	21,069,379
Weighted average number of ordinary shares for the purpose of earnings per share	1,000,000	1,000,000	1,000,000	1,000,000
Basic and diluted earnings per share (AED)	<u>10.39</u>	<u>11.95</u>	<u>23.52</u>	<u>21.07</u>

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



**Alliance Insurance (PSC)**  
**Notes to the condensed interim financial statements (Unaudited)**  
**For the period ended 30 June 2017**

**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) 30 June 2017 AED	(Audited) 31 December 2016 AED
<i>Due from related parties:</i>		
Due from companies, shareholders and directors	837,222	756,639

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 30 June 2017 AED	(Unaudited) Three months ended 30 June 2016 AED	(Unaudited) Six months ended 30 June 2017 AED	(Unaudited) Six months ended 30 June 2016 AED
Premiums	876,074	2,189,803	2,421,455	2,327,404
Claims paid	78,019	112,169	203,446	288,076

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

**Compensation of key management personnel**

	(Unaudited) Six months ended 30 June 2017 AED	(Unaudited) Six months ended 30 June 2016 AED
Key management personnel remuneration including benefits	737,699	735,414

**15 Contingences and commitments**

	(Unaudited) 30 June 2017 AED	(Audited) 31 December 2016 AED
Capital commitments	-	62,000
Letters of guarantees	11,271,920	11,273,545

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.

**Alliance Insurance (PSC)**  
**Notes to the condensed interim financial statements (Unaudited)**  
**For the period ended 30 June 2017**

---

**16 Dividend**

During the period, the Board of Directors proposed cash dividend of 25% for the year ended 31 December 2016 representing AED 25 per share and amounting to AED 25 million. This dividend was approved at the Annual General Meeting held on 29 March 2017 and subsequently paid on 25 April 2017.

During the comparative period, the Board of Directors proposed cash dividend of 25% for the year ended 31 December 2015 representing AED 25 per share and amounting to AED 25 million. This dividend was approved at the Annual General Meeting held on 29 March 2016 and subsequently paid on 20 April 2016.

**17 Comparative information**

These condensed interim financial statements for the current period have been presented in accordance with the format given in Appendix I to the Financial Regulations for Insurance Companies issued by United Arab Emirates (UAE) Insurance Authority. Accordingly, comparative figures have been reclassified in order to conform with the current period's presentation and improve the quality of information. However, there is no effect on previously reported total assets, total equity, total liabilities, net underwriting income and net profit for the period. Therefore, statement of financial position of the Company at the beginning of comparative period has not been presented.