

**Alliance Insurance (PSC)**  
Dubai - United Arab Emirates

Condensed Interim Financial Statements (Unaudited)  
For the period ended March 31, 2016

**Alliance Insurance (PSC)  
Condensed Interim Financial Statements (Unaudited)  
For the period ended March 31, 2016**

**Table of contents**

---

	<b>Page</b>
Review report of the independent auditor	1
Condensed interim statement of financial position	2
Condensed interim income statement	3
Condensed interim statement of comprehensive income	4
Condensed interim statement of changes in equity	5
Condensed interim statement of cash flows	6
Notes to the condensed interim financial statements	7

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

**Public Accountants**  
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  
Website : [www.grantthornton.ae](http://www.grantthornton.ae)

**Introduction**


We have reviewed the accompanying condensed interim statement of financial position of Alliance Insurance (PSC) (the "Company") as at March 31, 2016 and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows for the three months period then ended and related explanatory notes. Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 ("IAS 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 IAS 34.

  
Grant Thornton  
Farouk Mohamed  
Registration No. 86  
Dubai, May 10, 2016



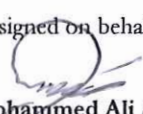
Alliance Insurance (PSC)  
Condensed Interim Financial Statements (Unaudited)

Condensed interim statement of financial position  
As at March 31, 2016

	Notes	(Unaudited) March 31, 2016 AED	(Audited) December 31, 2015 AED
<b>Assets</b>			
Property and equipment		4,896,654	4,819,675
Investments at amortised cost	5	127,511,462	127,499,942
Investments carried at fair value through other comprehensive income	6	7,384,478	6,908,599
Investment property	7	189,926,000	189,926,000
Insurance balances receivable		5,789,048	2,817,722
Statutory deposits		10,000,000	10,000,000
Loans guaranteed by life insurance policies		42,373,380	40,011,400
Premiums and insurance balances receivable		58,448,566	50,303,088
Reinsurers' share of technical reserves		131,108,266	88,298,695
Other receivables and prepayments		13,666,116	11,401,251
Deposits	8	721,226,856	709,913,172
Cash and cash equivalents		23,159,225	24,155,062
<b>Total assets</b>		<b>1,335,490,051</b>	<b>1,266,054,606</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholder equity attributable to shareholders</b>			
Retained earnings		14,857,845	40,737,104
Issued and paid up share capital		100,000,000	100,000,000
Statutory reserve		65,956,182	65,956,182
Regular reserve		56,366,982	56,366,982
General reserve		190,000,000	180,000,000
Cumulative change in fair value of investments carried at fair value through other comprehensive income		(3,421,438)	(3,897,317)
<b>Total share capital and reserves</b>		<b>408,901,726</b>	<b>398,425,847</b>
<b>Total shareholders' equity</b>		<b>423,759,571</b>	<b>439,162,951</b>
<b>Liabilities</b>			
Retirement benefit obligation		4,365,487	4,282,274
Accounts payable		32,962,114	4,026,125
<b>Insurance liabilities</b>			
Insurance contract liabilities		93,043,793	95,262,593
Premiums collected in advance		6,745,399	7,684,808
<b>Technical provisions</b>			
Unearned premium reserve		89,583,347	53,465,311
Claims under settlement reserve		64,554,309	53,946,482
Incurred but not reported reserve		3,624,745	2,570,265
Unallocated loss adjustment expense reserve		874,055	-
Mathematical reserve		615,977,231	605,653,797
<b>Total technical provisions</b>		<b>774,613,687</b>	<b>715,635,855</b>
<b>Total liabilities</b>		<b>911,730,480</b>	<b>826,891,655</b>
<b>Total shareholders' equity and liabilities</b>		<b>1,335,490,051</b>	<b>1,266,054,606</b>

These condensed interim financial statements have been signed on behalf of the Company by on May 10, 2016

  
Sheikh Ahmed Bin Saeed Al Maktoum  
Chairman

  
Saeed Mohammed Ali AlKamda  
Vice-Chairman

  
Aimen Saba Azara  
Director and General Manager

The notes from 1 to 13 form an integral part of these condensed interim financial statements.

Alliance Insurance (PSC)  
Condensed Interim Financial Statements (Unaudited)

Condensed interim income statement  
For the period ended March 31, 2016

	(Unaudited) Three months ended March 31, 2016 AED	(Unaudited) Three months ended March 31, 2015 AED
Gross premiums	111,445,331	122,947,348
Reinsurance share of gross premiums	(75,246,417)	(87,154,206)
<b>Net premiums</b>	<b>36,198,914</b>	<b>35,793,142</b>
Net transfer to unearned premium reserve	(5,694,986)	(2,133,113)
<b>Net premiums earned</b>	<b>30,503,928</b>	<b>33,660,029</b>
Commissions earned	4,868,564	5,096,875
Commissions paid	(3,112,558)	(2,775,290)
<b>Gross underwriting income</b>	<b>32,259,934</b>	<b>35,981,614</b>
Gross claims paid	(12,146,697)	(11,491,540)
Reinsurance share of insurance claims and loss adjustment expenses recovered from reinsurers	8,453,238	6,706,698
<b>Net claims paid</b>	<b>(3,693,459)</b>	<b>(4,784,842)</b>
Reinsurance share of outstanding claims	(149,843)	724,114
Earnings and cancellations of life insurance policies	(14,086,104)	(14,043,049)
Increase in mathematical reserve	(10,323,434)	(7,790,089)
<b>Net claims incurred</b>	<b>(28,252,840)</b>	<b>(25,893,866)</b>
<b>Net underwriting income</b>	<b>4,007,094</b>	<b>10,087,748</b>
Income from investments	9,813,675	9,210,145
Income from investment property	4,011,698	3,775,280
Gain on foreign currency exchange fluctuation	104,936	-
Other gain	768,694	1,128,767
<b>Total income</b>	<b>18,706,097</b>	<b>24,201,940</b>
General and administrative expenses	(5,347,791)	(5,297,545)
Bonuses and rebates (net of reinsurance)	(3,594,349)	(4,136,549)
Other operating expenses	(643,216)	(868,313)
<b>Net profit for the period</b>	<b>9,120,741</b>	<b>13,899,533</b>
Basic and diluted earnings per share (note 9)	9.12	13.90

The notes from 1 to 13 form an integral part of these condensed interim financial statements.

**Alliance Insurance (PSC)**  
**Condensed Interim Financial Statements (Unaudited)**

Condensed interim statement of comprehensive income  
For the period ended March 31, 2016

	(Unaudited) Three months ended March 31, 2016 AED	(Unaudited) Three months ended March 31, 2015 AED
Net profit for the period	<u>9,120,741</u>	<u>13,899,533</u>
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Net unrealised gain from investments at fair value through other comprehensive income	475,879	64,136
<b>Total comprehensive income for the period</b>	<u><u>9,596,620</u></u>	<u><u>13,963,669</u></u>

The notes from 1 to 13 form an integral part of these condensed interim financial statements.

Alliance Insurance (PSC)  
Condensed Interim Financial Statements (Unaudited)

Condensed interim statement of changes in equity  
For the period ended March 31, 2016

	Retained earnings AED	Issued and paid up share capital AED	Statutory reserve AED	Regular reserve AED	General reserve AED	Cumulative change in fair value of investments carried at FVTOCI AED	Total shareholders' equity AED
Balance at December 31, 2014 (Audited)	46,138,085	100,000,000	61,555,797	51,966,597	165,000,000	(3,131,548)	421,528,931
Profit for the period	13,899,533	-	-	-	-	-	13,899,533
Other comprehensive income for the period	-	-	-	-	-	64,136	64,136
<b>Total comprehensive income for the period</b>	<b>13,899,533</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>64,136</b>	<b>13,963,669</b>
Balance at March 31, 2015 (Unaudited)	60,037,618	100,000,000	61,555,797	51,966,597	165,000,000	(3,067,412)	435,492,600
<b>Balance at December 31, 2015 (Audited)</b>	<b>40,737,104</b>	<b>100,000,000</b>	<b>65,956,182</b>	<b>56,366,982</b>	<b>180,000,000</b>	<b>(3,897,317)</b>	<b>439,162,951</b>
Profit for the period	9,120,741	-	-	-	-	-	9,120,741
Other comprehensive income for the period	-	-	-	-	-	475,879	475,879
<b>Total comprehensive income for the period</b>	<b>9,120,741</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>475,879</b>	<b>9,596,620</b>
Dividend (note 13)	(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>-</b>	<b>-</b>	<b>-</b>	<b>10,000,000</b>	<b>-</b>	<b>(25,000,000)</b>
<b>Balance at March 31, 2016 (Unaudited)</b>	<b>14,857,845</b>	<b>100,000,000</b>	<b>65,956,182</b>	<b>56,366,982</b>	<b>190,000,000</b>	<b>(3,421,438)</b>	<b>423,759,571</b>

The notes from 1 to 13 form an integral part of these condensed interim financial statements.

**Alliance Insurance (PSC)**  
**Condensed Interim Financial Statements (Unaudited)**

**Condensed interim statement of cash flows**  
**For the period ended March 31, 2016**

	(Unaudited) Three months ended March 31, 2016 AED	(Unaudited) Three months ended March 31, 2015 AED
<b>Cash flows from operating activities</b>		
Net profit for the period	9,120,741	13,899,533
<i>Adjustments for:</i>		
Depreciation	125,261	70,822
Increase in mathematical reserve	10,323,434	7,790,089
Profit on disposal of property and equipment	(16,500)	-
Income from investments at amortised cost	(7,133,274)	(6,964,724)
Income from debt securities	(1,920,060)	(1,423,895)
Interest on policyholders' loans	(760,341)	(821,526)
Income from investment property	(4,011,698)	(3,775,280)
Unwinding of discount on investments at amortised cost	(11,520)	(15,414)
Provision for retirement benefit obligation	83,213	92,004
Operating cash before working capital changes	<u>5,799,256</u>	<u>8,851,609</u>
<i>Net changes in working capital:</i>		
Increase in insurance, premium and other receivables	(13,534,849)	(8,048,580)
Increase in reinsurance share of technical reserves	(42,809,571)	(72,124,226)
Increase in accounts payable, insurance contract liabilities and premium collected in advance	777,780	6,266,825
Increase in technical reserves	48,654,398	73,533,225
Retirement benefit obligation paid	-	(306,952)
Net cash (used in)/from operating activities	<u>(1,112,986)</u>	<u>8,171,901</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(202,240)	(458,045)
Proceeds from sale of property and equipment	16,500	-
Net (increase)/decrease in loans guaranteed by life policies	(1,601,639)	1,365,868
Purchases of investments at amortised cost	-	(30,090,000)
Income received on deposits	2,849,794	3,772,070
Income received from investments at amortized cost	2,073,240	987,711
Deposits (made)/encashed during the period	(7,030,204)	37,417,716
Rent received in advance	-	6,863,442
Income from investment property - net	4,011,698	3,775,280
Net cash from investing activities	<u>117,149</u>	<u>23,634,042</u>
<b>Net change in cash and cash equivalents</b>	(995,837)	31,805,943
<b>Cash and cash equivalents at beginning of the period</b>	24,155,062	21,877,280
<b>Cash and cash equivalents at end of the period</b>	<u>23,159,225</u>	<u>53,683,223</u>

The notes from 1 to 13 form an integral part of these condensed interim financial statements.



**Alliance Insurance (PSC)**  
**Interim condensed financial statements (Unaudited)**

**Notes to the condensed interim financial statements**  
**For the period ended March 31, 2016**

---

**1 Legal status and activities**

Alliance Insurance (PSC) ("the Company") is a Public Shareholding Company ("PSC") which was originally established in Dubai on July 1, 1975 as a limited liability company under the name of Credit and Commerce Insurance Company. The Company was subsequently incorporated in Dubai on January 6, 1982 as a limited liability company under an Emiri Decree. The Company became 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 three months ended March 31, 2016 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' (IAS 34) 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 December 31, 2015.

**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 December 31, 2015. Certain amendments to accounting standards and annual improvements, as disclosed in the Company's most recent annual financial statements for the year ended December 31, 2015, are applicable on the Company but do not have any material impact on these condensed interim financial statements.

**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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. 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 last annual financial statements for the year ended December 31, 2015. Further, results for interim periods are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2016.

**Alliance Insurance (PSC)**  
**Interim condensed financial statements (Unaudited)**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended March 31, 2016**

**5 Investments at amortised cost**

	(Unaudited)	(Audited)
	March 31,	December 31,
	2016	2015
	AED	AED
Quoted bonds in the UAE	61,081,012	61,096,980
Unquoted bonds in the UAE	66,430,450	66,402,962
	<u>127,511,462</u>	<u>127,499,942</u>

The bonds carry interest at the rates of 5.00% 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 instrument's lives. The fair value of the quoted bonds at March 31, 2016 is AED 61.86 million (December 31, 2015: AED 60 million) and are classified as Level 1 of the fair value hierarchy and other investments measured at amortised costs are classified as Level 3. There were no transfers between each level during the period.

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

	(Unaudited)	(Audited)
	March 31,	December 31,
	2016	2015
	AED	AED
<i>Equity securities in the UAE market:</i>		
Quoted	7,342,128	6,866,249
Unquoted	42,350	42,350
	<u>7,384,478</u>	<u>6,908,599</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 March 31, 2016 (December 31, 2015: Level 3).

**8 Deposits**

	(Unaudited)	(Audited)
	March 31,	December 31,
	2016	2015
	AED	AED
Short term deposits with banks in the UAE	466,861,204	459,831,000
Accrued interest	10,288,924	8,364,007
Total short term deposits (carried forward)	<u>477,150,128</u>	<u>468,195,007</u>

**Alliance Insurance (PSC)**  
**Interim condensed financial statements (Unaudited)**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended March 31, 2016**

**8 Deposits (continued)**

	(Unaudited)	(Audited)
	March 31,	December
	2016	31,
	AED	2015
		AED
Total short term deposits (brought forward)	<u>477,150,128</u>	468,195,007
Long term deposits with banks in the UAE	240,355,000	240,355,000
Accrued interest	<u>3,721,728</u>	1,363,165
Total long term deposits	<u>244,076,728</u>	241,718,165
Total deposits	<u>721,226,856</u>	709,913,172

Deposits comprise fixed deposits with banks bearing annual interest at rates ranging from 1.00% to 5.25% (December 31, 2015: 1.00% to 5.25%).

**9 Basic and diluted earnings per share**

	(Unaudited)	(Unaudited)
	Three months	Three months
	ended	ended
	March 31, 2016	March 31, 2015
Net profit for the period (AED)	<u>9,120,741</u>	13,899,533
Weighted average number of ordinary shares for the purpose of earnings per share	<u>1,000,000</u>	1,000,000
Basic and diluted earnings per share (AED)	<u>9.12</u>	13.90

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

**10 Segment analysis**

For management purposes, the Company is organised into two business segments, general insurance and 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. No transactions were conducted between the segments.

Alliance Insurance (PSC)  
Condensed Interim Financial Statements (Unaudited)

Notes to the condensed interim financial statements (continued)  
For the period ended March 31, 2016

**10 Segment analysis**

	Period ended March 31, 2016			Period ended March 31, 2015		
	General	Life	Total	General	Life	Total
	Insurance	Assurance		Insurance	Assurance	
	AED	AED	AED	AED	AED	AED
Net premiums earned	3,676,912	26,827,016	30,503,928	8,410,200	25,249,829	33,660,029
Net claims paid	(3,732,811)	39,352	(3,693,459)	(4,666,783)	(118,059)	(4,784,842)
Commissions earned	3,474,499	1,394,065	4,868,564	3,997,735	1,099,140	5,096,875
Commissions paid	(720,267)	(2,392,291)	(3,112,558)	(907,931)	(1,867,359)	(2,775,290)
Net commission	2,754,232	(998,226)	1,756,006	3,089,804	(768,219)	2,321,585
Net underwriting income	2,488,850	1,518,244	4,007,094	7,707,305	2,380,443	10,087,748
Income from investment activities	3,116,640	6,697,035	9,813,675	2,998,625	6,211,520	9,210,145
Income from investment property - net	1,519,991	2,491,707	4,011,698	1,417,641	2,357,639	3,775,280
Other gain	732,288	141,342	873,630	1,007,555	121,212	1,128,767
<b>Total Income</b>	<b>7,857,769</b>	<b>10,848,328</b>	<b>18,706,097</b>	<b>13,131,126</b>	<b>11,070,814</b>	<b>24,201,940</b>
General and administrative expenses	(3,342,740)	(2,005,051)	(5,347,791)	(3,366,997)	(1,930,548)	(5,297,545)
Bonuses and related (net of reinsurer)	-	(3,594,349)	(3,594,349)	-	(4,136,549)	(4,136,549)
Other underwriting expenses	(543,158)	(100,058)	(643,216)	(785,362)	(82,951)	(868,313)
<b>Profit for the period</b>	<b>3,971,871</b>	<b>5,148,870</b>	<b>9,120,741</b>	<b>8,978,767</b>	<b>4,920,766</b>	<b>13,899,533</b>
<b>Segment assets and liabilities</b>	<b>As at March 31, 2016</b>			<b>As at December 31, 2015</b>		
Segment assets	596,717,906	738,772,145	1,335,490,051	536,896,078	729,158,528	1,266,054,606
Segment liabilities	251,945,904	659,784,576	911,730,480	177,477,698	649,413,957	826,891,655

**Alliance Insurance (PSC)**  
**Interim condensed financial statements (Unaudited)**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended March 31, 2016**

**11 Related parties**

Related parties include the Company's major shareholders, directors and businesses controlled by them and their families over which they exercise significant management influence as well as key management personnel.

**Balances with related parties**

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

	(Unaudited) March 31, 2016 AED	(Audited) December 31, 2015 AED
Due from related parties	2,050,385	1,857,285
Due to related parties	285,338	-

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

**Transactions with related parties**

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

	(Unaudited) Three months ended March 31, 2016 AED	(Unaudited) Three months ended March 31, 2015 AED
Premiums	137,601	2,841,453
Claims paid	175,907	124,421

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

**Compensation of key management personnel**

	(Unaudited) Three months ended March 31, 2016 AED	(Unaudited) Three months ended March 31, 2015 AED
Directors' remuneration and short-term benefits	366,340	308,954

Directors' remuneration is calculated in accordance with the Article 55 of the Articles of Association of the Company.

**Alliance Insurance (PSC)**  
**Interim condensed financial statements (Unaudited)**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended March 31, 2016**

---

**12 Contingences and commitments**

	(Unaudited) March 31, 2016 AED	(Audited) December 31, 2015 AED
Capital commitments	62,500	100,000
Letters of guarantees	11,374,101	11,270,000

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

**13 Dividend**

The Board of Directors proposed cash dividend of 25% which is AED 25 per share amounting to AED 25 million for the year ended December 31, 2015 which was approved at the Annual General Meeting held on March 29, 2016 and paid on April 20, 2016. Accordingly, as at March 31, 2016 dividend payable is included in accounts payable.