

**Alliance Insurance (PSC)**

Dubai - United Arab Emirates

Condensed Interim Financial Statements (Unaudited)

For the period ended 31 March 2017

## Alliance Insurance (PSC)

Condensed interim financial statements (Unaudited)  
For the period ended 31 March 2017

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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 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 three month period then ended, supplementary condensed interim statement of financial position for insurance of persons and fund accumulation operations as at 31 March 2017, 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 2017, 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, 8 May 2017**



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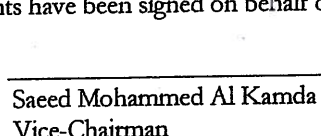
## Alliance Insurance (PSC)

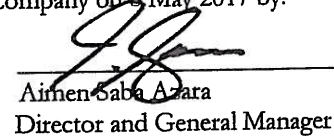
### Condensed interim statement of financial position of the Company (Unaudited) At 31 March 2017

	Notes	(Unaudited) 31 March 2017 AED	(Audited) 31 December 2016 AED
<b>Assets</b>			
Property and equipment		5,369,989	5,473,025
Investments at amortised cost	5	164,560,232	127,546,274
Investments carried at fair value through other comprehensive income	6	8,336,235	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		42,115,350	40,471,359
Premiums and insurance balances receivable	8	69,271,758	56,321,662
Reinsurers' share of technical reserves		133,935,336	136,522,543
Other receivables and prepayments	9	22,880,471	14,521,674
Deposits	10	684,450,431	724,245,377
Cash and cash equivalents		26,752,489	17,316,783
<b>Total assets</b>		<b>1,361,296,978</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		18,711,765	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 changes in fair value of investments carried at fair value through other comprehensive income		(2,469,680)	(2,673,629)
<b>Total shareholders' equity</b>		<b>447,586,021</b>	<b>459,247,171</b>
<b>Liabilities</b>			
Retirement benefits obligation		4,715,387	4,642,096
Accounts payable	11	81,654,346	37,257,261
		86,369,733	41,899,357
<b>Insurance liabilities</b>			
Insurance contract liabilities		60,308,087	67,575,717
Premium collected in advance		7,302,936	9,054,494
		67,611,023	76,630,211
<b>Technical provisions</b>			
Unearned premium reserve		71,085,646	54,534,407
Deferred reinsurance commission reserve – net		497,998	903,547
Claims under settlement reserve		86,909,032	98,049,707
Incurred but not reported reserve		6,577,160	5,666,201
Unallocated loss adjustment expense reserve		216,388	209,322
Mathematical reserve		594,443,977	597,035,748
<b>Total technical provisions</b>		<b>759,730,201</b>	<b>756,398,932</b>
<b>Total liabilities</b>		<b>913,710,957</b>	<b>874,928,500</b>
<b>Total shareholders' equity and liabilities</b>		<b>1,361,296,978</b>	<b>1,334,175,671</b>

These condensed interim financial statements have been signed on behalf of the Company on 8 May 2017 by:

  
Sheikh Ahmed Bin Saeed Al Maktoum  
Chairman

  
Saeed Mohammed Al Kamda  
Vice-Chairman

  
Aimen Saba Al Zara  
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 31 March 2017

	(Unaudited) Three months ended 31 March 2017 AED	(Unaudited) Three months ended 31 March 2016 AED
Gross premiums	84,235,978	111,445,331
Reinsurance share of gross premiums	(43,033,675)	(75,246,417)
<b>Net premiums</b>	<b>41,202,303</b>	<b>36,198,914</b>
Net transfer to unearned premium reserve	(7,051,917)	(5,628,590)
<b>Net premiums earned</b>	<b>34,150,386</b>	<b>30,570,324</b>
Commissions received	3,797,973	4,868,564
Commissions paid	(4,003,961)	(3,112,558)
Movement in deferred reinsurance commission reserves – net	405,550	(85,044)
<b>Gross underwriting income</b>	<b>34,349,948</b>	<b>32,241,286</b>
Gross claims paid	(6,926,694)	(12,146,697)
Reinsurance share of insurance claims and loss adjustment expenses recovered from reinsurers	4,254,345	8,453,238
<b>Net claims paid</b>	<b>(2,672,349)</b>	<b>(3,693,459)</b>
Movement of outstanding claims, incurred but not reported claims reserve and unallocated loss adjustment expense reserve	(1,863,880)	(131,195)
Earnings and cancellations of life insurance policies	(19,016,872)	(14,086,104)
Decrease/(increase) in mathematical reserves	2,591,771	(10,323,434)
<b>Net claims incurred</b>	<b>(20,961,330)</b>	<b>(28,234,192)</b>
<b>Net underwriting income</b>	<b>13,388,618</b>	<b>4,007,094</b>
Income from financial investments	9,794,173	9,813,676
Income from investments property - net	3,877,204	4,011,698
Foreign currency exchange gain	104,292	125,155
Other gain	798,970	748,474
<b>Total income</b>	<b>27,963,257</b>	<b>18,706,097</b>
General and administrative expenses	(6,172,240)	(5,347,791)
Bonuses and rebates (net of reinsurance)	(7,846,312)	(3,594,349)
Other operating expenses	(809,804)	(643,216)
<b>Net profit for the period</b>	<b>13,134,901</b>	<b>9,120,741</b>
<b>Earnings per share:</b>		
Basic and diluted (Note 12)	<b>13.13</b>	<b>9.12</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 31 March 2017

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	(Unaudited) Three months ended 31 March 2017 AED	(Unaudited) Three months ended 31 March 2016 AED
<b>Net profit for the period</b>	<u>13,134,901</u>	9,120,741
<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	<u>203,949</u>	475,879
<b>Total comprehensive income for the period</b>	<u>13,338,850</u>	<u>9,596,620</u>

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 31 March 2017**

	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 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	-	13,134,901	-	-	-	-	13,134,901
Net unrealised gain from investments carried at fair value through other comprehensive income	-	-	-	-	-	203,949	203,949
<b>Total comprehensive income for the period</b>	-	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	-	-
<b>Transactions with owners</b>	-	(35,000,000)	-	-	10,000,000	-	(25,000,000)
<b>At 31 March 2017 (Unaudited)</b>	100,000,000	18,711,765	70,466,568	60,877,368	200,000,000	(2,469,680)	447,586,021
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	-	9,120,741	-	-	-	-	9,120,741
Net unrealised gain from investments carried at fair value through other comprehensive income	-	-	-	-	-	475,879	475,879
<b>Total comprehensive income for the period</b>	-	9,120,741	-	-	-	475,879	9,596,620
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)
<b>At 31 March 2016 (Unaudited)</b>	100,000,000	14,857,845	65,956,182	56,366,982	190,000,000	(3,421,438)	423,759,571

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 31 March 2017

	(Unaudited) Three months ended 31 March 2017 AED	(Unaudited) Three months ended 31 March 2016 AED
<b>Cash flows from operating activities</b>		
Net profit for the period	13,134,901	9,120,741
<i>Adjustments:</i>		
Depreciation	155,569	125,261
Gain on disposal of property and equipment	(5,000)	(16,500)
(Decrease)/ increase in mathematical reserve	(2,591,771)	10,323,434
Interest income from deposits	(6,922,916)	(7,133,274)
Gain from investments at amortised cost	(2,138,869)	(1,931,580)
Interest on loans guaranteed by life insurance policies	(732,388)	(760,341)
Income from investment property – net	(3,877,204)	(4,011,698)
Provision for retirement benefit obligation	98,748	83,213
	<u>(2,878,930)</u>	<u>5,799,256</u>
<i>Changes in operating assets and liabilities:</i>		
Increase in premiums, insurance balances and other receivables	(14,684,814)	(13,534,849)
(Decrease)/increase in reinsurance share of technical reserves	2,587,207	(42,809,571)
Increase in technical reserves	5,923,040	48,654,398
(Decrease)/increase in accounts payable, insurance contract liabilities and premium collected in advance	(1,520,802)	777,780
Cash used in operations	(10,574,299)	(1,112,986)
Retirement benefit obligation paid	(25,457)	-
<b>Net cash used in operating activities</b>	<u>(10,599,756)</u>	<u>(1,112,986)</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(52,533)	(202,240)
Proceeds from sale of property and equipment	5,000	16,500
Net decrease in loans guaranteed by life insurance policies	(911,603)	(1,601,639)
Purchases of financial investments at amortised cost	(36,804,810)	-
Income received on deposits	2,117,862	2,849,794
Income received from investments at amortised cost	1,929,721	2,073,240
Deposits encashed/(made) during the period	44,600,000	(7,030,204)
Income received from investment property	9,151,825	4,011,698
<b>Net cash generated from investing activities</b>	<u>20,035,462</u>	<u>117,149</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>9,435,706</b>	<b>(995,837)</b>
Cash and cash equivalents at beginning of period	17,316,783	24,155,062
<b>Cash and cash equivalents at end of the period</b>	<u><u>26,752,489</u></u>	<u><u>23,159,225</u></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 31 March 2017

	(Unaudited) 31 March 2017 AED	(Audited) 31 December 2016 AED
<b>Assets</b>		
Property and equipment	2,686,651	2,709,471
Investments at amortised cost	112,531,600	86,620,477
Investments carried at fair value through other comprehensive income	21,175	21,175
Investment property	112,647,151	112,647,151
Statutory deposits	2,000,000	2,000,000
Loans guaranteed by life insurance policies	42,115,350	40,471,359
Premiums and insurance balances receivable	249,079	329,274
Reinsurers' share of technical reserves	3,384,559	2,412,313
Other receivables and prepayments	8,655,483	3,483,306
Deposits	451,808,953	471,564,224
Cash and cash equivalents	9,796,040	6,472,378
<b>Total assets</b>	<b>745,896,041</b>	<b>728,731,128</b>
<b>Shareholders' equity and liabilities</b>		
<b>Equity attributable to shareholders*</b>	-	-
<b>Liabilities</b>		
Retirement benefits obligation	2,696,996	2,671,618
Accounts payable	20,821,673	10,921,771
	<b>23,518,669</b>	<b>13,593,389</b>
<b>Insurance liabilities</b>		
Insurance contract liabilities	15,528,954	25,695,894
Premiums received in advance	7,302,936	9,054,494
Inter-division balance	98,070,225	78,348,161
	<b>120,902,115</b>	<b>113,098,549</b>
<b>Technical provisions</b>		
Unearned premium reserve	1,499,950	1,976,356
Deferred reinsurance commission reserve – net	(122,752)	(134,634)
Claims under settlement reserve	5,359,788	3,077,943
Incurred but not reported reserve	282,834	78,466
Unallocated loss adjustment expense reserve	11,460	5,311
Mathematical reserve	594,443,977	597,035,748
<b>Total technical provisions</b>	<b>601,475,257</b>	<b>602,039,190</b>
<b>Total liabilities</b>	<b>745,896,041</b>	<b>728,731,128</b>
<b>Total shareholders' equity and liabilities</b>	<b>745,896,041</b>	<b>728,731,128</b>

\* Management 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 31 March 2017

	(Unaudited) Three months ended 31 March 2017 AED	(Unaudited) Three months ended 31 March 2016 AED
Gross premiums	26,383,527	27,966,570
Reinsurance share of gross premiums	(739,757)	(993,941)
<b>Net premiums</b>	<b>25,643,770</b>	<b>26,972,629</b>
Net transfer to unearned premium reserve	177,899	(150,971)
<b>Net premiums earned</b>	<b>25,821,669</b>	<b>26,821,658</b>
Commissions received	927,120	1,394,065
Commissions paid	(2,330,563)	(2,392,291)
Movement in deferred reinsurance commission reserve – net	(11,882)	(4,814)
<b>Gross underwriting income</b>	<b>24,406,344</b>	<b>25,818,618</b>
Gross claims paid	(416,058)	(877,760)
Reinsurance share of insurance claims and loss adjustment expenses recovered from reinsurers	202,964	917,113
<b>Net claims paid</b>	<b>(213,094)</b>	<b>39,353</b>
Movement of outstanding claims, incurred but not reported claims reserve and unallocated loss adjustment expense reserve	(1,221,609)	69,812
Earnings and cancellations of life insurance policies	(19,016,872)	(14,086,104)
Decrease/(increase) in mathematical reserves	2,591,771	(10,323,434)
<b>Net claims incurred</b>	<b>(17,859,804)</b>	<b>(24,300,373)</b>
<b>Net underwriting income</b>	<b>6,546,540</b>	<b>1,518,245</b>
Income from financial investments	6,407,172	6,697,036
Income from investment property - net	2,449,896	2,491,707
Foreign currency exchange gain	99,914	104,936
Other gain	45,788	36,405
<b>Total income</b>	<b>15,549,310</b>	<b>10,848,329</b>
General and administrative expenses	(2,337,720)	(2,005,051)
Bonuses and rebates (net of reinsurance)	(7,846,312)	(3,594,349)
Other operating expenses	(84,052)	(100,059)
<b>Net profit for the period</b>	<b>5,281,226</b>	<b>5,148,870</b>

## Alliance Insurance (PSC)

### Supplementary condensed interim statement of financial position for property and liability insurance (Unaudited) At 31 March 2017

	(Unaudited) 31 March 2017 AED	(Audited) 31 December 2016 AED
<b>Assets</b>		
Property and equipment	2,683,338	2,763,554
Investments at amortised cost	52,028,632	40,925,797
Investments carried at fair value through other comprehensive income	8,315,060	8,111,112
Investments property	80,977,536	80,977,536
Statutory deposits	8,000,000	8,000,000
Premiums and insurance balances receivable	69,022,679	55,992,388
Reinsurers' share of technical reserves	130,550,777	134,110,230
Other receivables and prepayments	14,224,988	11,038,368
Deposits	232,641,478	252,681,153
Cash and cash equivalents	16,956,449	10,844,405
Inter-division balance	98,070,225	78,348,161
<b>Total assets</b>	<b>713,471,162</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	18,711,765	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 changes in fair value of investments carried at fair value through other comprehensive income	(2,469,680)	(2,673,629)
<b>Total shareholders' equity</b>	<b>447,586,021</b>	<b>459,247,171</b>
<b>Liabilities</b>		
Retirement benefit obligation	2,018,391	1,970,478
Accounts payable	60,832,673	26,335,490
	<b>62,851,064</b>	<b>28,305,968</b>
<b>Insurance liabilities</b>		
Insurance contract liabilities	44,779,133	41,879,823
<b>Technical provisions</b>		
Unearned premium reserve	69,585,696	52,558,051
Deferred reinsurance commission reserve - net	620,750	1,038,181
Claims under settlement reserve	81,549,244	94,971,764
Incurred but not reported reserve	6,294,326	5,587,735
Unallocated loss adjustment expense reserve	204,928	204,011
<b>Total technical provisions</b>	<b>158,254,944</b>	<b>154,359,742</b>
<b>Total liabilities</b>	<b>265,885,141</b>	<b>224,545,533</b>
<b>Total shareholders' equity and liabilities</b>	<b>713,471,162</b>	<b>683,792,704</b>

## Alliance Insurance (PSC)

### Supplementary condensed interim income statement for property and liability insurance (Unaudited) For the period ended 31 March 2017

	(Unaudited) Three months ended 31 March 2017 AED	(Unaudited) Three months ended 31 March 2016 AED
Gross premiums	57,852,451	83,478,761
Reinsurance share of gross premiums	(42,293,918)	(74,252,476)
<b>Net premiums</b>	<b>15,558,533</b>	<b>9,226,285</b>
Net transfer to unearned premium reserve	(7,229,816)	(5,477,619)
<b>Net premiums earned</b>	<b>8,328,717</b>	<b>3,748,666</b>
Commissions received	2,870,853	3,474,499
Commissions paid	(1,673,398)	(720,267)
Movement in deferred reinsurance commission reserve - net	417,432	(80,230)
<b>Gross underwriting income</b>	<b>9,943,604</b>	<b>6,422,668</b>
Gross claims paid	(6,510,636)	(11,268,937)
Reinsurance share of insurance claims and loss adjustment expenses recovered from reinsurers	4,051,381	7,536,125
<b>Net claims paid</b>	<b>(2,459,255)</b>	<b>(3,732,812)</b>
Movement of outstanding claims, incurred but not reported claims reserve and unallocated loss adjustment expense reserve	(642,271)	(201,007)
<b>Net claims incurred</b>	<b>(3,101,526)</b>	<b>(3,933,819)</b>
<b>Net underwriting income</b>	<b>6,842,078</b>	<b>2,488,849</b>
Income from financial investments	3,387,001	3,116,640
Income from investment property -net	1,427,308	1,519,991
Foreign currency exchange gain	4,378	20,219
Other gain	753,182	712,069
<b>Total income</b>	<b>12,413,947</b>	<b>7,857,768</b>
General and administrative expenses	(3,834,520)	(3,342,740)
Other operating expenses	(725,752)	(543,157)
<b>Net profit for the period</b>	<b>7,853,675</b>	<b>3,971,871</b>

## Alliance Insurance (PSC)

Notes to the condensed interim financial statements (Unaudited)  
For the period ended 31 March 2017

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### **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 three month period ended 31 March 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 31 March 2017

### 5 Investments at amortised cost

	(Unaudited)	(Audited)
	31 March	31 December
	2017	2016
	AED	AED
Quoted bonds in the UAE	98,019,479	61,032,756
Unquoted bonds in the UAE	66,540,753	66,513,518
	<u>164,560,232</u>	<u>127,546,274</u>

The bonds carry interest at the rates ranging from 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 instruments' lives. The fair value of these quoted bonds at 31 March 2017 is AED 100.35 million (31 December 2016: AED 63 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
	2017	2016
	AED	AED
<i>Equity securities in the UAE market:</i>		
Quoted	8,293,885	8,089,937
Unquoted	42,350	42,350
	<u>8,336,235</u>	<u>8,132,287</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 2017 (31 December 2016: Level 3).

### 8 Premium and insurance balances receivable

	(Unaudited)	(Audited)
	31 March	31 December
	2017	2016
	AED	AED
Due from policyholders	65,224,217	53,252,203
Less: Allowance for doubtful debts	<u>(1,346,513)</u>	<u>(1,346,513)</u>
	63,877,704	51,905,690
Due from insurance or reinsurance companies	2,824,035	2,578,716
Due from brokers or agents	2,570,019	1,837,256
	<u>69,271,758</u>	<u>56,321,662</u>

## Alliance Insurance (PSC)

Notes to the condensed interim financial statements (Unaudited)  
For the period ended 31 March 2017

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

	(Unaudited) 31 March 2017 AED	(Audited) 31 December 2016 AED
<b>Inside UAE:</b>		
Due from policy holders	65,224,217	53,252,203
Less: Allowances for doubtful debts	(1,346,513)	(1,346,513)
	<u>63,877,704</u>	<u>51,905,690</u>
Due from insurance or reinsurance companies	2,704,811	2,135,238
Due from brokers or agents	2,570,019	1,837,256
	<u>69,152,534</u>	<u>55,878,184</u>
<b>Outside UAE:</b>		
Due from insurance or reinsurance companies	<u>119,224</u>	<u>443,478</u>

### 9 Other receivables and prepayments

	(Unaudited) 31 March 2017 AED	(Audited) 31 December 2016 AED
Receivable from employees	581,897	624,085
Refundable deposits	166,112	174,691
Prepayments	8,222,859	2,859,942
Others	14,209,513	11,162,866
Less: Allowance for doubtful debts	(299,910)	(299,910)
	<u>22,880,471</u>	<u>14,521,674</u>

### 10 Deposits

	(Unaudited) 31 March 2017 AED	(Audited) 31 December 2016 AED
Short term deposits with banks in the UAE	385,850,000	430,450,000
Accrued interest	9,906,553	8,031,314
Total short term deposits	<u>395,756,553</u>	<u>438,481,314</u>
Long term deposits with banks in the UAE	284,355,000	284,355,000
Accrued interest	4,338,878	1,409,063
Total long term deposits	<u>288,693,878</u>	<u>285,764,063</u>
Total deposits	<u>684,450,431</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 31 March 2017

### 11 Accounts payable

	(Unaudited) 31 March 2017 AED	(Audited) 31 December 2016 AED
Payables inside UAE	7,661,808	7,452,044
Payables outside UAE	21,691,772	12,736,981
Other payables	52,300,766	17,068,236
	<u>81,654,346</u>	<u>37,257,261</u>
	(Unaudited) 31 March 2017 AED	(Audited) 31 December 2016 AED
<b>Inside UAE:</b>		
<i>Accounts payable to:</i>		
Insurance companies	1,754,947	1,775,625
Insurance brokers	5,906,861	5,676,419
Other payables	52,300,766	17,068,236
	<u>59,962,574</u>	<u>24,520,280</u>
<b>Outside UAE:</b>		
<i>Accounts payable to:</i>		
Reinsurance companies	<u>21,691,772</u>	<u>12,736,981</u>

### 12 Basic and diluted earnings per share

	(Unaudited) Three months ended 31 March 2017 AED	(Unaudited) Three months ended 31 March 2016 AED
Net profit for the period (AED)	<u>13,134,901</u>	9,120,741
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>13.13</u>	9.12

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



## Alliance Insurance (PSC)

Notes to the condensed interim financial statements (Unaudited)  
For the period ended 31 March 2017

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### 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 2017 AED	(Audited) 31 December 2016 AED
Due from companies, shareholders and directors	<u>1,494,710</u>	<u>756,639</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 2017 AED	(Unaudited) Three months ended 31 March 2016 AED
Premiums	1,545,381	137,601
Claims paid	<u>125,427</u>	<u>175,907</u>

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

#### Compensation of key management personnel

	(Unaudited) Three months ended 31 March 2017 AED	(Unaudited) Three months ended 31 March 2016 AED
Key management personnel remuneration including benefits	<u>367,236</u>	<u>366,340</u>

## Alliance Insurance (PSC)

Notes to the condensed interim financial statements (Unaudited)  
For the period ended 31 March 2017

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### 15 Contingences and commitments

	(Unaudited) 31 March 2017 AED	(Audited) 31 December 2016
Capital commitments	-	62,500
Letters of guarantees	<u>11,273,545</u>	<u>11,374,101</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

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 year 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.