

**WARBA INSURANCE COMPANY K.S.C.P.  
AND ITS SUBSIDIARY**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION**

**31 MARCH 2018 (UNAUDITED)**



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## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF WARBA INSURANCE COMPANY K.S.C.P.**

### ***Introduction***

We have reviewed the accompanying interim condensed consolidated statement of financial position of Warba Insurance Company K.S.C.P. (the "Parent Company") and its subsidiary (collectively "the Group") as at 31 March 2018, and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34: Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### ***Scope of Review***

We conducted our review in accordance with 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 interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

### ***Emphasis of Matter***

We draw attention to Note 17 to the interim condensed consolidated financial information, which describes the rectification of an error as per IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, retrospectively. Our conclusion is not modified in respect of this matter.

### ***Report on Other Legal and Regulatory Requirements***

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, nor of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the three months period ended 31 March 2018 that might have had a material effect on the business of the Parent Company or on its financial position.

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BADER AL ABDULJADER  
LICENCE NO. 207-A  
EY  
AL AIBAN, AL OSAIMI & PARTNERS

21 May 2018

Kuwait

A member firm of Ernst & Young Global Limited

Warba Insurance Company K.S.C.P. and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(UNAUDITED)

As at 31 March 2018

		(Audited)	Restated*
	Notes	31 March 2018 KD	31 December 2017 KD
		31 March 2017 KD	31 March 2017 KD
<b>ASSETS</b>			
Goodwill		-	62,240
Property and equipment	4	7,576,211	7,838,459
Investment in associates		6,733,649	5,781,214
Loan secured by life insurance policies		25,322	35,627
Financial assets available for sale	5	14,502,737	19,937,480
Financial assets at fair value through profit or loss		6,814,501	2,826,619
Reinsurance share in outstanding claims reserve		18,589,492	16,848,466
Insurance and reinsurance receivables		21,386,829	16,685,470
Other receivables		4,603,282	4,661,703
Fixed deposits	6	6,661,592	5,863,750
Bank balances and cash	7	1,989,272	4,880,018
<b>TOTAL ASSETS</b>		<b>88,882,887</b>	<b>85,421,046</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	9	17,278,874	17,278,874
Statutory reserve		8,781,109	8,781,109
General reserve		4,000,000	4,000,000
Voluntary reserve		764,895	9,206,054
Treasury shares	11	(1,275,970)	(1,275,970)
Treasury shares reserve		164,760	164,760
Cumulative changes in fair values reserve		1,979,211	4,175,449
Share of other comprehensive income of associates		1,687	53,671
Retained earnings (accumulated losses)		381,210	(6,280,176)
<b>Attributable to equity holders of the Parent Company</b>		<b>32,075,776</b>	<b>36,103,771</b>
Non-controlling interests		180,067	281,622
<b>Total equity</b>		<b>32,255,843</b>	<b>36,385,393</b>
<b>Liabilities</b>			
Bank overdraft	7	340,677	1,273,869
Insurance contract liabilities	8	35,194,213	31,955,598
Insurance and reinsurance payables		15,417,358	12,399,920
Other payables		5,674,796	3,406,266
<b>Total liabilities</b>		<b>56,627,044</b>	<b>49,035,653</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>88,882,887</b>	<b>85,421,046</b>

Anwar Jawad Bu-Khamseen  
Chairman



Sheikh Mohammed Jarrah Sabah Al-Sabah  
Vice Chairman

\* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 31 March 2017 and reflect adjustments made as detailed in Note 17.

The attached notes 1 to 17 form part of this interim condensed consolidated financial information.

Warba Insurance Company K.S.C.P. and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 31 March 2018

	Notes	Three months ended 31 March	
		2018 KD	Restated* 2017 KD
<b>Revenues:</b>			
Gross premiums written		9,274,212	9,572,802
Premium ceded to reinsurers		(5,357,031)	(6,399,972)
Net premiums written		3,917,181	3,172,830
Movement in unearned premium reserve		(182,160)	1,132,701
Movement in life mathematical reserve		(160,117)	(491,420)
Net premiums earned		3,574,904	3,814,111
Commissions income on ceded reinsurance		416,240	508,686
Policy issuance fees		44,781	47,866
Investment income from life insurance	12	(26,835)	8,388
		4,009,090	4,379,051
<b>Expenses:</b>			
Net claims incurred		(2,073,503)	(1,676,527)
Commissions and premiums' acquisition costs		(467,729)	(624,409)
General and administrative expenses		(1,065,070)	(1,302,710)
		(3,606,302)	(3,603,646)
<b>Net underwriting income</b>		402,788	775,405
Investment income from non-life insurance	12	407,488	775,872
Insurance services income		99,103	231,590
Foreign currency exchange difference		7,877	(4,379)
Other income		153	372
Share of results of associates		30,294	27,292
		947,703	1,806,152
<b>Other expenses:</b>			
Insurance services expense		(120,560)	(181,599)
Unallocated general and administrative expenses		(447,222)	(105,389)
		(567,782)	(286,988)
<b>PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT</b>			
		379,921	1,519,164
Contribution to KFAS		(3,581)	(11,150)
NLST		(4,026)	(10,193)
Zakat		(1,290)	(3,779)
<b>PROFIT FOR THE PERIOD</b>		371,024	1,494,042
<b>Attributable to:</b>			
Equity holders of the Parent Company		381,210	1,470,580
Non-controlling interest		(10,186)	23,462
		371,024	1,494,042
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	3	2.35 fils	9.07 fils

\* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 31 March 2017 and reflect adjustments made as detailed in Note 17.

The attached notes 1 to 17 form part of this interim condensed consolidated financial information.

Warba Insurance Company K.S.C.P. and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME (UNAUDITED)

For the period ended 31 March 2018

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2018</i>	<i>Restated*</i>
	<i>KD</i>	<i>2017</i>
		<i>KD</i>
<b>Profit for the period</b>	<b>371,024</b>	1,494,042
<b>Other comprehensive (loss) income:</b>		
<i>Items that are or may be reclassified subsequently to the interim condensed consolidated statement of income:</i>		
- Unrealized (loss) gain of financial assets available for sale	<b>(1,335,628)</b>	645,355
- Share of other comprehensive (loss) income of associates	<b>(60,323)</b>	10,131
<b>Other comprehensive (loss) income for the period</b>	<b>(1,395,951)</b>	655,486
<b>Total comprehensive (loss) income for the period</b>	<b>(1,024,927)</b>	2,149,528
<b>Attributable to:</b>		
Equity holders of the Parent Company	<b>(1,014,741)</b>	2,126,066
Non-controlling interests	<b>(10,186)</b>	23,462
	<b>(1,024,927)</b>	2,149,528

\* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 31 March 2017 and reflect adjustments made as detailed in Note 17.

**Warba Insurance Company K.S.C.P. and its Subsidiary**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
For the period ended 31 March 2018

	<i>Equity attributable to equity holders of the Parent Company</i>											
	Share capital KD	Statutory reserve KD	General reserve KD	Voluntary reserve KD	Treasury shares KD	Treasury shares reserve KD	Cumulative changes in fair values reserve KD	Share of other comprehensive income of associates KD	Retained earnings (accumulated losses) KD	Sub total KD	Non- controlling interests KD	Total equity KD
Balance at 1 January 2018 (audited)	17,278,874	8,781,109	4,000,000	764,895	(1,275,970)	164,760	3,314,839	62,010	-	33,090,517	190,253	33,280,770
Loss for the period	-	-	-	-	-	-	-	-	381,210	381,210	(10,186)	371,024
Other comprehensive loss	-	-	-	-	-	-	(1,335,628)	(60,323)	-	(1,395,951)	-	(1,395,951)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(1,335,628)	(60,323)	381,210	(1,014,741)	(10,186)	(1,024,927)
<b>Balance at 31 March 2018</b>	<b>17,278,874</b>	<b>8,781,109</b>	<b>4,000,000</b>	<b>764,895</b>	<b>(1,275,970)</b>	<b>164,760</b>	<b>1,979,211</b>	<b>1,687</b>	<b>381,210</b>	<b>32,075,776</b>	<b>180,067</b>	<b>32,255,843</b>
Balance at 1 January 2017	17,278,874	8,781,109	4,000,000	9,206,054	(1,275,970)	164,760	3,530,094	43,540	1,549,175	43,277,636	258,160	43,535,796
Correction of an error (Note 17)	-	-	-	-	-	-	-	-	(9,299,931)	(9,299,931)	-	(9,299,931)
As at 1 January 2017 (restated)*	17,278,874	8,781,109	4,000,000	9,206,054	(1,275,970)	164,760	3,530,094	43,540	(7,750,756)	33,977,705	258,160	34,235,865
Profit for the period (restated)	-	-	-	-	-	-	-	-	1,470,580	1,470,580	23,462	1,494,042
Other comprehensive loss	-	-	-	-	-	-	645,355	10,131	-	655,486	-	655,486
Total comprehensive (loss) income for the period	-	-	-	-	-	-	645,355	10,131	1,470,580	2,126,066	23,462	2,149,528
Balance at 31 March 2017	17,278,874	8,781,109	4,000,000	9,206,054	(1,275,970)	164,760	4,175,449	53,671	(6,280,176)	36,103,771	281,622	36,385,393

\* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 31 March 2017 and reflect adjustments made as detailed in Note 17.

The attached notes 1 to 17 form part of this interim condensed consolidated financial information.

Warba Insurance Company K.S.C.P. and its Subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

For the period ended 31 March 2018

	Notes	Three months ended 31 March	
		2018 KD	Restated* 2017 KD
<b>OPERATING ACTIVITIES</b>			
Profit for the period before contribution to KFAS, NLST and Zakat		379,921	1,519,164
Adjustments:			
Unrealized loss (gain) of financial assets at fair value through profit or loss	12	78,945	(91,745)
Dividend income	12	(426,762)	(611,713)
Rental income	12	-	(2,100)
Interest income	12	(32,836)	(78,702)
Share of results of associates		(30,294)	(27,292)
Depreciation		67,990	72,046
		<u>36,964</u>	<u>779,658</u>
Changes in working capital:			
Reinsurance share in outstanding claims reserve		(1,390,706)	1,446,809
Insurance and reinsurance receivables		(1,174,250)	(203,071)
Other receivables		(355,427)	(2,811,852)
Insurance contract liabilities		2,034,782	1,325,956
Insurance and reinsurance payables		1,558,083	(992,843)
Other payables		(332,433)	(194,127)
Net cash flows from (used in) operating activities		<u>377,013</u>	<u>(649,470)</u>
<b>INVESTING ACTIVITIES</b>			
Net movement in fixed deposits		3,000	1,001,500
Movement in loans secured by life insurance policies		2,614	2,878
Additions to property and equipment		(391)	(14,116)
Cash dividends received		426,762	609,048
Rental income received		-	2,100
Interest income received		32,836	18,661
Net cash flows from investing activities		<u>464,821</u>	<u>1,620,071</u>
<b>FINANCING ACTIVITIES</b>			
Dividends paid to shareholders		-	(4,313)
Net cash flows used in financing activities		<u>-</u>	<u>(4,313)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of the period		841,834	966,288
		<u>806,761</u>	<u>2,639,861</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	7	<u>1,648,595</u>	<u>3,606,149</u>

\* Certain amounts shown here do not correspond to the interim condensed consolidated financial information as at 31 March 2017 and reflect adjustments made as detailed in Note 17.

# Warba Insurance Company K.S.C.P. and its Subsidiary

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2018

### 1 INCORPORATION AND OBJECTIVES OF THE PARENT COMPANY

Warba Insurance Company K.S.C.P. (the "Parent Company") was incorporated as a Public Kuwaiti Shareholding Company in State of Kuwait in accordance with the Amiri Decree of October 24, 1976.

The objectives of the Parent Company and its subsidiary (collectively the "Group") are to underwrite life and non-life insurance risks such as fire, general accidents, marine and aviation and others; lend funds which resulted from issuance of insurance policies and to invest in permitted securities.

The address of the Parent Company's registered office is at P.O. Box 24282 Safat, 13103 - State of Kuwait.

The interim condensed consolidated financial information of the Group for the three month period ended 31 March 2018 were authorised for issuance by the Board of Directors on 14 May 2018.

The consolidated financial statements of the Group for the year ended 31 December 2017 were approved by the shareholders at the Annual General Meeting held on 3 May 2018.

### 2 BASIS OF PRESENTATION

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard (IAS 34), Interim Financial Reporting.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars which is the functional and reporting currency of the Parent Company.

The interim condensed consolidated financial information does not contain all information and disclosures required for full consolidated financial statements prepared in accordance with IFRS and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2017. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the three months' period ended 31 March 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

#### **New standards, interpretations and amendments adopted by the Group**

The accounting policies adopted in the preparation of the interim condensed financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 9 Financial Instruments is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Group meets the eligibility criteria of the temporary exemption from IFRS 9 and intends to defer the application of IFRS 9 until the effective date of the new insurance contracts standard (IFRS 17) of annual reporting periods beginning on or after 1 January 2021, applying the temporary exemption from applying IFRS 9 as introduced by the amendment; Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts, During 2017, the Group performed an assessment of the amendments and reached the conclusion that its activities are predominantly connected with insurance as at 31 December 2017. The Group has applied the temporary exemption from IFRS 9 and, therefore, continues to apply IAS 39 to its financial assets and liabilities in its reporting period starting on 1 January 2018.

The amendment introduced two alternative options of applying IFRS 9 for entities issuing contracts within the scope of IFRS 4: a temporary exemption; and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 for annual periods beginning before 1 January 2021 and continue to apply IAS 39 to financial assets and liabilities. An entity can apply the temporary exemption from IFRS 9 for annual periods beginning on or after 1 January 2018. An entity may start applying the overlay approach when it applies IFRS 9 for the first time.



# Warba Insurance Company K.S.C.P. and its Subsidiary

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2018

### 2 BASIS OF PRESENTATION (continued)

#### New standards, interpretations and amendments adopted by the Group (continued)

IFRS 15 Revenue from Contracts with Customers was issued in May 2014 and is effective for annual periods commencing on or after 1 January 2018. IFRS 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes previous revenue guidance. It established a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Group has applied IFRS 15 using the modified retrospective application. Given that the insurance contracts are scoped out of IFRS 15; the Group concluded that it has insignificant impact from the application of IFRS 15.

Further, certain prior period amounts have been reclassified to conform to the current period presentation. These reclassifications were made in order to more appropriately present certain items of interim condensed consolidated statement of financial position, interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income and interim condensed consolidated cash flow statement. Such reclassifications do not affect previously reported assets, liabilities, equity and profit for the period, nor materially affect the interim condensed consolidated cash flow statement. The reclassifications are not material to the overall interim condensed consolidated financial information.

### 3 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the period attributable to equity holder of the Parent Company by the weighted average number of shares outstanding during the period (excluding treasury shares).

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2018</i>	<i>2017</i>
	<i>KD</i>	<i>KD</i>
Profit for the period attributable to the equity holders of the Parent Company	<b>381,210</b>	1,470,580
Weighted average number of ordinary shares outstanding during the period (excluding treasury shares)	<b>162,090,569</b>	162,090,569
Basic and diluted earnings per share	<b>2.35 fils</b>	9.07 fils

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of the interim condensed consolidated financial information.

### 4 PROPERTY AND EQUIPMENT

The Group's headquarters building and related land are under lien to the Ministry of Commerce and Industry with historical cost of KD 2,790,780 (31 December 2017: KD 2,790,780 and 31 March 2017 KD: 2,955,780) in accordance with insurance regulations in Kuwait.

### 5 FINANCIAL ASSETS AVAILABLE FOR SALE

	<i>(Audited)</i>		
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2018</i>	<i>2017</i>	<i>2017</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Quoted securities	<b>9,641,330</b>	10,976,958	11,932,936
Unquoted securities	<b>1,461,407</b>	1,461,407	4,589,544
Investment in bonds	<b>3,400,000</b>	3,406,000	3,415,000
	<b>14,502,737</b>	15,844,365	19,937,480

## Warba Insurance Company K.S.C.P. and its Subsidiary

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2018

#### 5 FINANCIAL ASSETS AVAILABLE FOR SALE (continued)

Quoted shares with a fair value of KD 2,785,860 (31 December 2017: KD 2,739,015 and 31 March 2017: KD 2,165,800) are under lien to the Ministry of Commerce and Industry.

Unquoted equity securities amounting KD 836,705 (31 December 2017: KD 836,705 and 31 March 2017: KD 844,104) are carried at cost less impairment loss since their fair values cannot be reliably determined (Note 16).

Bonds carry interest rate ranging from 4.75% to 6.50% per annum (31 December 2017: 4.5% to 6.5 and 31 March 2017: 4.5% to 6.5 %), mature in 10 years, and are carried at cost less impairment since their fair values cannot be reliably determined.

As at 31 March 2018, the management has performed a review of its financial assets available for sale to assess whether any impairment has occurred in their value. Accordingly, no impairment loss has been recorded in the interim condensed consolidated statement of income (31 December 2017: KD 86,506 and 31 March 2017: KD Nil).

#### 6 FIXED DEPOSITS

Fixed deposits represent deposits with banks whose maturity period exceeds three months from date of deposit.

Fixed deposits include an amount of KD 4,169,000 held in State of Kuwait under lien to the Ministry of Commerce and Industry in accordance with insurance regulations of State of Kuwait (31 December 2017: KD 4,169,000 and 31 March 2017: KD 4,169,000).

The effective interest rate on fixed deposits was 1.1% to 2.9% per annum (31 December 2017: 1.1% to 2.9% and 31 March 2017: 1 % to 2.9 %).

#### 7 CASH AND CASH EQUIVALENTS

	<i>31 March 2018 KD</i>	<i>(Audited) 31 December 2017 KD</i>	<i>31 March 2017 KD</i>
Bank balances and cash	1,989,272	1,286,882	4,880,018
<b>Less:</b>			
Bank overdraft	(340,677)	(480,121)	(1,273,869)
Cash and cash equivalents	<u>1,648,595</u>	<u>806,761</u>	<u>3,606,149</u>

#### 8 INSURANCE CONTRACT LIABILITIES

	<i>31 March 2018 KD</i>	<i>(Audited) 31 December 2017 KD</i>	<i>(Restated) 31 March 2017 KD</i>
Outstanding technical reserve	28,875,353	27,182,848	25,469,021
Unearned premiums reserve	3,620,263	3,438,103	3,961,159
Life mathematical reserve	2,698,597	2,538,480	2,525,418
	<u>35,194,213</u>	<u>33,159,431</u>	<u>31,955,598</u>

# Warba Insurance Company K.S.C.P. and its Subsidiary

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2018

### 9 SHARE CAPITAL

The authorized, issued and paid-up capital consists of 172,788,740 shares (31 December 2017: 172,788,740 shares and 31 March 2017: 172,788,740 shares) of 100 fils each, paid in cash.

### 10 DIVIDENDS

The General Assembly meeting of the shareholders of the Parent Company held on 3 May 2018 approved the consolidated financial statements for the year ended 31 December 2017 and directors' proposal not to distribute any dividends for the year then ended (31 December 2016: Nil).

### 11 TREASURY SHARES

	<i>31 March</i> <i>2018</i>	<i>(Audited)</i> <i>31 December</i> <i>2017</i>	<i>31 March</i> <i>2017</i>
Number of treasury shares	10,698,171	10,698,171	10,698,171
Percentage to issued shares (%)	6.19	6.19	6.19
Market value (KD)	675,376	641,890	1,091,213
Cost (KD)	1,275,970	1,275,970	1,275,970

Reserves equivalent to the cost of treasury shares held are not available for distribution.

The weighted average market price of the Parent Company's shares for the year ended 31 March 2018 was 63.1 fils per share (31 December 2017: 60 fils per share and 31 March 2017: 102 fils per share).

### 12 NET INVESTMENT INCOME

	<i>Three months ended</i> <i>31 March</i>	
	<i>2018</i>	<i>2017</i>
	<i>KD</i>	<i>KD</i>
Unrealized (loss) gain of financial assets at fair value through profit or loss	(78,945)	91,745
Dividend income	426,762	611,713
Rental income	-	2,100
Interest income	32,836	78,702
	<u>380,653</u>	<u>784,260</u>

The classification of net investment income is as follows:

	<i>Three months ended</i> <i>31 March</i>	
	<i>2018</i>	<i>2017</i>
	<i>KD</i>	<i>KD</i>
Investment (loss) income from life insurance	(26,835)	8,388
Investment income from non – life insurance	407,488	775,872
	<u>380,653</u>	<u>784,260</u>

Warba Insurance Company K.S.C.P. and its Subsidiary

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2018

13 SEGMENT INFORMATION

The Group operates in three segments: general risk insurance, life and medical insurance and investment. Within general risk insurance is marine and aviation, fire and general accidents.

The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with interim condensed consolidated statement of income.

The following are the details of these segments:

	General risk insurance			Total general risk insurance KD	Life and medical insurance KD	Investment KD	Unallocated KD	Total KD
	Marine & aviation KD	Fire KD	General accidents KD					
31 March 2018								
Segment revenue	159,922	369,290	1,815,418	2,344,630	1,691,294	410,947	107,133	4,554,004
Segment results	68,257	162,450	177,393	408,100	21,522	410,947	(469,545)	371,024
				<b>Total general risk insurance KD</b>	<b>Life and medical insurance KD</b>	<b>Investment KD</b>		<b>Total KD</b>
Assets				46,327,012	14,504,989	28,050,886		88,882,887
Liabilities				38,034,485	18,592,559	-		56,627,044
				<b>Total general risk insurance KD</b>	<b>Life and medical insurance KD</b>	<b>Investment KD</b>		<b>Total KD</b>
31 December 2017 (Audited)				43,342,252	13,934,189	29,501,489		86,777,930
Assets				35,472,546	18,024,614	-		53,497,160
Liabilities								

Warba Insurance Company K.S.C.P. and its Subsidiary

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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13 SEGMENT INFORMATION (continued)

31 March 2017 (Restated)	General risk insurance			Total general risk insurance KD	Life and medical insurance KD	Investment KD	Unallocated KD	Total KD
	Marine & aviation KD	Fire KD	General accidents KD					
Segment revenue	196,214	428,202	2,012,879	2,637,295	1,741,755	811,552	227,583	5,418,185
Segment results	(70,475)	175,559	1,084,629	1,189,713	(422,696)	811,552	(84,527)	1,494,042
Assets				Total general risk insurance KD	Life and medical insurance KD	Investment KD		Total KD
Liabilities				42,133,890	14,741,844	28,545,313		85,421,047
				37,124,934	11,910,720	-		49,035,654

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14 RELATED PARTY DISCLOSURES

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management and the board of directors.

Transactions with related parties included in the interim condensed consolidated statement of income are as follows:

	<i>Three months ended</i>		
	<i>Key management and board members</i>	<i>Parent Company's shareholders</i>	<i>Others</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Gross premiums	-	23,999	115,548
			139,547
			180,457

Balances with related parties included in the interim condensed consolidated statement of financial position are as follows:

	<i>Key management and board members</i>		<i>Parent Company's shareholders</i>		<i>Others</i>	
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Insurance activities</i>						
Insurance services receivable	629	819,113	1,291,039	2,110,781	2,601,280	2,786,672
Insurance services payable	-	4,420	134,781	139,201	129,658	112,019
<i>Investment activities</i>						
Financial assets at fair value through profit or loss	-	-	6,139,782	6,139,782	6,042,908	1,064,505
Financial assets available for sale	-	1,125,000	11,289,558	12,414,558	9,054,130	9,434,499
Fixed deposits and cash and cash equivalent	-	-	7,533,355	7,533,355	6,882,408	5,697,923

Warba Insurance Company K.S.C.P. and its Subsidiary

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2018

**14 RELATED PARTY DISCLOSURES (continued)**

**Key management personnel compensation:**

	<i>Three months ended 31 March</i>	
	<i>2018 KD</i>	<i>2017 KD</i>
Salaries and short term benefits	<b>207,761</b>	214,101
Employees' end of service benefit	<b>8,930</b>	11,714
	<b>216,691</b>	225,815

**15 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

	<i>31 March 2018 KD</i>	<i>(Audited) 31 December 2017 KD</i>	<i>31 March 2017 KD</i>
	Letters of guarantee	<b>1,024,854</b>	237,831
Capital commitments	<b>58,064</b>	65,207	536,868

**16 FAIR VALUE MEASUREMENT**

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of loans secured by life insurance policies, financial assets available for sale, financial assets at fair value through profit or loss, reinsurance share in outstanding claims reserve, insurance and reinsurance receivables, other receivables, fixed deposits and bank balances and cash. Financial liabilities consist of bank overdraft, insurance and reinsurance payable and other payables.

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

Level 1: quoted (unadjusted) prices in an active market for identical assets and liabilities;

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

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

The fair values of financial instruments (financial assets and financial liabilities), with the exception of certain financial assets available for sale carried at cost amounting to KD 4,236,705 (31 December 2017: 4,242,705 and 31 March 2017: KD 4,259,104) are not materially different from their carrying values (Note 5).

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>	<i>Total fair Value KD</i>
<b>31 March 2018</b>			
Financial assets at fair value through profit or loss	<b>6,814,501</b>	-	<b>6,814,501</b>
Financial assets available for sale	<b>9,641,330</b>	<b>624,702</b>	<b>10,266,032</b>
Total	<b>16,455,831</b>	<b>624,702</b>	<b>17,080,533</b>

Warba Insurance Company K.S.C.P. and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2018

16 FAIR VALUE MEASUREMENT (continued)

	<i>Quoted prices in active markets (Level 1)</i> KD	<i>Significant unobservable inputs (Level 3)</i> KD	<i>Total fair Value</i> KD
<b>31 December 2017</b>			
Financial assets at fair value through profit or loss	6,893,446	-	6,893,446
Financial assets available for sale	10,976,958	624,702	11,601,660
<b>Total</b>	<b>17,870,404</b>	<b>624,702</b>	<b>18,495,106</b>
	<i>Quoted prices in active markets (Level 1)</i> KD	<i>Significant unobservable inputs (Level 3)</i> KD	<i>Total fair Value</i> KD
<b>31 March 2017</b>			
Financial assets at fair value through profit or loss	2,826,619	-	2,826,619
Financial assets available for sale	11,932,936	3,745,440	15,678,376
<b>Total</b>	<b>14,759,555</b>	<b>3,745,440</b>	<b>18,504,995</b>

During the period ended 31 March 2018, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The following table shows a reconciliation of the opening and closing amount of level 3 financial assets which are recorded at fair value.

	<i>At the beginning of the period/year</i> KD	<i>Net movement recorded in the interim condensed consolidated statement of income</i> KD	<i>Net results recorded in the interim condensed consolidated statement of income</i> KD	<i>Net purchases, transfer, sales and settlements</i> KD	<i>At the end of the period /year</i> KD
<b>31 March 2018</b>					
<i>Financial assets available for sale</i>	624,702	-	-	-	624,702
	<u>624,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>624,702</u>
<b>31 December 2017</b> (Audited)					
<i>Financial assets available for sale</i>	3,745,440	(893,238)	-	(2,227,500)	624,702
	<u>3,745,440</u>	<u>(893,238)</u>	<u>-</u>	<u>(2,227,500)</u>	<u>624,702</u>



Warba Insurance Company K.S.C.P. and its Subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2018

16 FAIR VALUE MEASUREMENT (continued)

	<i>At the beginning of the period</i>	<i>Net movement recorded in the interim condensed consolidated statement of comprehensive income</i>	<i>Net results recorded in the interim condensed consolidated statement of income</i>	<i>Net purchases, transfer, sales and settlements</i>	<i>At the end of the period</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
31 March 2017					
<i>Financial assets available for sale</i>	3,745,440	-	-	-	3,745,440
	<u>3,745,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,745,440</u>

Description of significant unobservable inputs to valuation performed at the reporting date is as follows:

	<i>Valuation Technique</i>	<i>Significant unobservable inputs</i>	<i>Range</i>	<i>Sensitivity of the input to fair value</i>
Unquoted equity securities	Price to book value	Discount for lack of marketability & lack of Control	10%	An increase (decrease) by 10% in the Discount for lack of marketability & lack of control would result in increase (decrease) in fair value by KD 19 thousands.
	Price to book value	Price to book multiple "Represents amounts used when the Group has determined that market participants would use such multiples when pricing the investments"	10%	An increase (decrease) by 10% in the price to book multiple would result in increase (decrease) in fair value by KD 62 thousands.

# Warba Insurance Company K.S.C.P. and its Subsidiary

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2018

### 17 COMPARATIVE INFORMATION

In accordance with IAS 8: *Accounting policies, changes in accounting estimates and errors*, the comparative information for the period ended 31 March 2017 has been restated as below to correct the error related to uncollected reinsurance receivables, other assets, reinsurance share in reserve for outstanding claims and insurance contract liabilities such position was not reflected in the interim condensed consolidated statement of financial position, interim condensed consolidated statement of income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flow as of and for the period ended 31 March 2017. However, there was no impact in the movement of the interim condensed consolidated statement of comprehensive income.

*As at 31 December 2016*

Consolidated statement of financial position	<i>As previously reported</i> KD	<i>Effect of reclassification</i> KD	<i>Effect of restatement</i> KD	<i>Restated</i> KD
<b>ASSETS</b>				
Insurance and reinsurance receivables	14,449,231	4,795,018	(1,111,970)	18,132,279
Reinsurance share in reserve for outstanding claims	16,671,465	-	(2,372,954)	14,298,511
<b>LIABILITIES</b>				
Insurance contract liabilities	(24,814,635)	-	(5,815,007)	(30,629,642)
Insurance and reinsurance payables	(8,597,745)	(4,687,590)	-	(13,285,335)
Other liabilities	(3,579,584)	(107,428)	-	(3,687,012)
<b>Equity attributable to equity holders of the Parent Company</b>				
Retained earnings / (accumulated losses)	1,549,175	-	(9,299,931)	(7,750,756)
Consolidated statement of income				
Net underwriting income (loss)	175,381		(2,197,800)	(2,022,419)
Profit / (loss) for the year	276,237	-	(2,197,800)	(1,921,563)

*As at 31 March 2017*

<i>Interim condensed consolidated statement of financial position</i>	<i>As previously reported</i> KD	<i>Effect of reclassification</i> KD	<i>Effect of restatement</i> KD	<i>Restated</i> KD
<b>ASSETS</b>				
Insurance and reinsurance receivables	13,002,422	4,795,018	(1,111,970)	16,685,470
Other assets	4,867,025	-	(205,322)	4,661,703
Reinsurance share in reserve for outstanding claims	17,090,698	-	(242,232)	16,848,466
<b>LIABILITIES</b>				
Insurance contract liabilities	(24,566,014)		(7,389,584)	(31,955,598)
Insurance and reinsurance payables	(7,604,902)	(4,795,018)	-	(12,399,920)
<b>Equity attributable to equity holders of the Parent Company</b>				
Retained earnings (accumulated losses)	2,668,932	-	(8,949,108)	(6,280,176)
<i>Interim condensed consolidated statement of income</i>				
Net underwriting income	425,049	-	350,823	775,872
Profit for the period	1,143,219	-	350,823	1,494,042