

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)**

30 SEPTEMBER 2018



Building a better
working world

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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 30 September 2018, and the related interim condensed consolidated statement of income, and interim condensed consolidated statement of comprehensive income for the three months and nine months periods then ended and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine 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 nine months period ended 30 September 2018 that might have had a material effect on the business of the Parent Company or on its financial position.

BADER AL ABDULJADER

LICENCE NO. 207-A

EY

AL AIBAN, AL OSAIMI & PARTNERS

5 November 2018

Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)

As at 30 September 2018

		30 September 2018	(Audited) 31 December 2017	Restated* 30 September 2017
	Notes	KD	KD	KD
ASSETS				
Goodwill		-	-	62,240
Property and equipment	4	7,443,495	7,643,811	7,716,977
Investment in associates		6,729,416	6,763,678	5,835,841
Loan secured by life insurance policies		19,653	27,936	37,810
Financial assets available for sale	5	17,060,354	15,844,365	17,853,381
Financial assets at fair value through profit or loss		6,927,956	6,893,446	7,011,101
Other receivables		5,059,414	4,241,855	3,859,140
Reinsurance share in outstanding claims reserve		17,827,635	17,198,786	16,938,424
Insurance and reinsurance receivables		17,431,179	20,312,579	16,764,264
Fixed deposits	6	6,674,127	6,664,592	6,664,592
Bank balances and cash	7	2,029,043	1,286,882	1,316,182
TOTAL ASSETS		87,202,271	86,777,930	84,059,952
EQUITY AND LIABILITIES				
Equity				
Share capital	8	17,278,874	17,278,874	17,278,874
Statutory reserve		8,781,109	8,781,109	8,781,109
General reserve		4,000,000	4,000,000	4,000,000
Voluntary reserve		764,895	764,895	9,206,054
Treasury shares	9	(1,275,970)	(1,275,970)	(1,275,970)
Treasury shares reserve		164,760	164,760	164,760
Cumulative changes in fair value reserve		5,030,328	3,314,839	5,235,350
Share of other comprehensive income of associates		1,687	62,010	70,209
Retained earnings/(accumulated losses)		409,219	-	(8,840,705)
Attributable to equity holders of the Parent Company		35,154,902	33,090,517	34,619,681
Non-controlling interests		134,617	190,253	192,833
Total equity		35,289,519	33,280,770	34,812,514
Liabilities				
Insurance contract liabilities	10	34,718,495	33,159,431	31,689,083
Insurance and reinsurance payables		11,145,170	13,859,275	11,944,858
Bank overdraft	7	1,032,957	480,121	600,988
Other payables		5,016,130	5,998,333	5,012,509
Total liabilities		51,912,752	53,497,160	49,247,438
TOTAL EQUITY AND LIABILITIES		87,202,271	86,777,930	84,059,952

Anwar Jawad Bu-Khamseen
Chairman

Sheikh Mohammed Jumah Sabah Al-Sabah
Vice Chairman

* Certain numbers shown here do not correspond to the interim condensed consolidated financial information as at 30 September 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 30 September 2018

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2018 KD	Restated* 2017 KD	2018 KD	Restated* 2017 KD
Revenues:					
Gross premiums written		4,463,462	5,596,060	20,227,624	20,636,830
Premium ceded to reinsurers		(1,926,846)	(2,032,593)	(9,796,466)	(10,911,233)
Net premiums written		2,536,616	3,563,467	10,431,158	9,695,597
Movement in unearned premium reserve		323,551	(13,682)	(144,897)	1,589,244
Movement in life mathematical reserve		(12,977)	382,453	(320,520)	(178,352)
Net premiums earned		2,847,190	3,932,238	9,965,741	11,106,489
Commissions income on ceded reinsurance		294,482	213,247	964,314	1,075,370
Policy issuance fees		49,456	41,989	139,379	134,858
Net investment income from life insurance	12	28,428	19,076	47,495	39,106
		3,219,556	4,206,650	11,116,929	12,355,823
Expenses:					
Net claims incurred		(1,733,805)	(1,917,182)	(6,620,143)	(5,882,428)
Commissions and premiums' acquisition costs		(503,885)	(156,903)	(1,191,773)	(1,401,837)
General and administrative expenses		(1,015,562)	(715,997)	(3,154,473)	(3,442,998)
		(3,253,252)	(2,790,082)	(10,966,389)	(10,727,263)
Net underwriting (loss) income		(33,696)	1,416,568	150,540	1,628,560
Net investment (income) (loss) from non-life insurance	12	200,789	170,319	785,848	(1,444,493)
Insurance services income		61,997	80,207	253,758	399,250
Foreign currency exchange difference		7,068	7,071	19,122	12,635
Other income		3	395	958	1,259
Share of results of associates		(35,315)	15,035	26,063	65,377
		200,846	1,689,595	1,236,289	662,588
Other expenses:					
Insurance services expense		(164,062)	(158,560)	(381,930)	(545,346)
Unallocated general and administrative expenses		(111,966)	(659,549)	(491,501)	(1,272,520)
		(276,028)	(818,109)	(873,231)	(1,817,866)
(LOSS)/PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST) AND ZAKAT		(75,182)	871,486	363,058	(1,155,278)
Contribution to KFAS		(147)	-	(4,130)	-
NLST		(1,836)	-	(3,940)	-
Zakat		(1,084)	-	(1,405)	-
(LOSS)/PROFIT FOR THE PERIOD		(78,249)	871,486	353,583	(1,155,278)
Attributable to:					
Equity holders of the Parent Company		(34,746)	906,732	409,219	(1,089,951)
Non-controlling interest		(43,503)	(35,246)	(55,636)	(65,327)
		(78,249)	871,486	353,583	(1,155,278)
BASIC AND DILUTED (LOSSES)/EARNINGS PER SHARE	3	(0.22) Fils	5.60 Fils	2.52 Fils	(5.72) Fils

* Certain numbers shown here do not correspond to the interim condensed consolidated financial information as at 30 September 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 COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2018

	Three months ended 30 September		Nine months ended 30 September	
	2018 KD	Restated* 2017 KD	2018 KD	Restated* 2017 KD
(Losses)/profit for the period	(78,249)	871,486	353,583	(1,155,278)
Other comprehensive income:				
<i>Items that are or may be reclassified subsequently to the interim condensed consolidated statement of income.</i>				
- Unrealized gain (loss) of financial assets available for sale	432,690	(2,449,964)	1,715,489	(852,244)
- Realized loss from sale of financial asset available for sale	-	2,557,500	-	2,557,500
- Share of other comprehensive income (loss) of associates	-	27,280	(60,323)	26,669
Other comprehensive income for the period	432,690	134,816	1,655,166	1,731,925
Total comprehensive income for the period	354,441	1,006,302	2,008,749	576,647
Attributable to:				
Equity holders of the Parent Company	397,944	1,041,548	2,064,385	641,974
Non-controlling interests	(43,503)	(35,246)	(55,636)	(65,327)
	354,441	1,006,302	2,008,749	576,647

* Certain numbers shown here do not correspond to the interim condensed consolidated financial information as at 30 September 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 CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2018

Equity attributable to equity holders of the Parent Company

	Share capital KD	Statutory reserve KD	General reserve KD	Voluntary reserve KD	Treasury shares KD	Treasury shares reserve KD	Cumulative changes in fair value 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 as 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	-	31,090,517	190,253	33,280,770
Profit (loss) for the period	-	-	-	-	-	-	-	-	409,219	409,219	(55,636)	353,583
Other comprehensive income (loss)	-	-	-	-	-	-	1,715,489	(60,323)	-	1,655,166	-	1,655,166
Total comprehensive income (loss) for the period	-	-	-	-	-	-	1,715,489	(60,323)	409,219	2,064,385	(55,636)	2,008,749
Balance as at 30 September 2018	17,278,874	8,781,109	4,000,000	764,895	(1,275,970)	164,760	5,030,328	1,687	409,219	35,154,902	134,617	35,289,519
Balance at 1 January 2017 Correction of errors (Note 17)	17,278,874	8,781,109	4,000,000	9,206,054	(1,275,970)	164,760	1,530,094	43,540	1,549,175 (9,209,929)	43,277,636 (9,299,929)	258,160	43,535,796 (9,299,929)
As at 1 January 2017 (revised)*	17,278,874	8,781,109	4,000,000	9,206,054	(1,275,970)	164,760	3,530,094	43,540	(7,730,754)	33,977,707	258,160	34,235,867
Loss for the period (revised) note 17	-	-	-	-	-	-	-	-	(1,089,951)	(1,089,951)	(65,327)	(1,155,278)
Other comprehensive income	-	-	-	-	-	-	1,705,256	26,669	-	1,731,925	-	1,731,925
Total comprehensive income (loss) for the period	-	-	-	-	-	-	1,705,256	26,669	(1,089,951)	641,974	(65,327)	576,647
Balance as at 30 September 2017	17,278,874	8,781,109	4,000,000	9,206,054	(1,275,970)	164,760	5,235,350	70,209	(8,840,705)	34,619,681	192,833	34,812,514

* Certain numbers shown here do not correspond to the interim condensed consolidated financial information as at 30 September 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 30 September 2018

	Notes	Nine months ended 30 September	
		2018 KD	Revised ^a 2017 KD
OPERATING ACTIVITIES			
Profit (loss) for the period before contribution to KFAS, NLST and Zakat Adjustments		363,058	(1,153,278)
Unrealized (loss)/gain of financial assets at fair value through profit or loss	12	(34,510)	421,559
Realized gain from sale of financial assets at fair value through profit or loss	12	-	(607,743)
Realized loss from sale of financial assets available for sale	12	-	2,557,500
Dividends income	12	(529,350)	(738,947)
Other income	12	(24,000)	(3,500)
Interest income	12	(245,483)	(223,483)
Share of results of associates		(26,063)	(65,377)
Depreciation		204,200	218,253
Provision for employees' end of service benefits		242,754	-
Forex exchange gain		(2,998)	-
		(52,392)	402,987
Changes in working capital			
Reinsurance share in outstanding claims reserve		(628,849)	(266,961)
Insurance and reinsurance receivables		2,781,400	307,564
Other receivables		(315,059)	510,121
Insurance contract liabilities		1,559,064	(1,313,510)
Insurance and reinsurance payables		(2,714,105)	(863,739)
Account payables		-	436,285
Other payables		(967,818)	1,432,925
		(337,759)	685,672
Employees' end of service benefits paid		(266,614)	-
		(604,373)	685,672
INVESTING ACTIVITIES			
Net movement in fixed deposits		(9,535)	200,658
Purchase of financial assets at fair value through profit or loss		-	(5,128,300)
Proceed from sale of financial assets at fair value through profit or loss		-	1,038,256
Proceeds from sale of financial assets available for sale		-	577,500
Movement in loans secured by life insurance policies		8,284	695
Additions to property and equipment		(3,884)	(38,843)
Cash dividends received		529,350	609,046
Other income received		24,000	3,500
Interest income received		245,483	127,151
		793,698	(2,510,339)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of the period		806,761	2,639,861
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	7	996,086	715,194

^a Certain numbers shown here do not correspond to the interim condensed consolidated financial information as at 30 September 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
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 30 September 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 nine months period ended 30 September 2018 were authorised for issuance by the Board of Directors on 5 November 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 nine months period ended 30 September 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

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.

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.

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 30 September 2018

2 BASIS OF PRESENTATION (continued)

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

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.

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.

3 BASIC AND DILUTED (LOSSES) EARNINGS PER SHARE

Basic (losses) earnings per share is calculated by dividing (loss) 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>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2018</i>	<i>Restated</i> <i>2017</i>	<i>2018</i>	<i>Restated</i> <i>2017</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
(Losses) profit for the period attributable to the equity holders of the Parent Company	(34,746)	906,732	409,219	(1,089,951)
Weighted average number of ordinary shares outstanding during the period (excluding treasury shares)	162,090,569	162,090,569	162,090,569	162,090,569
Basic and diluted (losses) earnings per share	(0.22) Fils	5.60 Fils	2.52 Fils	(6.72) 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 2,955,780 (31 December 2017 KD: 2,955,780 and 30 September 2017 KD: 2,955,780) in accordance with insurance regulations in Kuwait.

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 30 September 2018

5 FINANCIAL ASSETS AVAILABLE FOR SALE

	<i>30 September</i> <i>2018</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2017</i> <i>KD</i>	<i>30 September</i> <i>2017</i> <i>KD</i>
Quoted securities	12,692,445	10,976,958	12,085,336
Unquoted equity securities	958,909	1,461,407	2,362,045
Unquoted debt securities	3,409,000	3,406,000	3,406,000
	<u>17,060,354</u>	<u>15,844,365</u>	<u>17,853,381</u>

Quoted shares with a fair value of KD 2,142,000 (31 December 2017: KD 2,052,000 and 30 September 2017: KD 2,223,000) are under lien to the Ministry of Commerce and Industry.

Unquoted equity securities amounting KD 334,205 (31 December 2017: KD 836,705 and 30 September 2017: KD 844,105) are carried at cost less impairment loss since their fair values cannot be reliably determined (Note 16).

Unquoted debt securities carry interest rate ranging from 4.5% to 6.5% per annum (31 December 2017: 4.5% to 6.5 and 30 September 2017: 4.75% to 6.50%), mature in 10 years.

As at 30 September 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 30 September 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 5,169,000 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 5,169,000 and 30 September 2017: KD 5,169,000).

The effective interest rate on fixed deposits was 1.563% to 3% per annum (31 December 2017: 1.1% to 2.9% and 30 September 2017: 1.1% to 2.9%).

7 CASH AND CASH EQUIVALENTS

	<i>30 September</i> <i>2018</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2017</i> <i>KD</i>	<i>30 September</i> <i>2017</i> <i>KD</i>
Bank balances and cash	2,029,043	1,286,882	1,316,182
Loss:			
Bank overdraft	(1,032,957)	(480,121)	(600,588)
Cash and cash equivalents	<u>996,086</u>	<u>806,761</u>	<u>715,194</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 30 September 2018

8 SHARE CAPITAL

The authorized, issued and paid-up capital consists of 172,788,740 shares (31 December 2017: 172,788,740 shares and 30 September 2017: 172,788,740 shares) of 100 fils each, paid in cash.

9 TREASURY SHARES

	<i>30 September 2018</i>	<i>(Audited) 31 December 2017</i>	<i>30 September 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)	898,646	641,890	1,027,024
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 30 September 2018 was 84 fils per share (31 December 2017: 60 fils per share and 30 September 2017: 96 fils per share).

10 INSURANCE CONTRACT LIABILITIES

	<i>30 September 2018 KD</i>	<i>(Audited) 31 December 2017 KD</i>	<i>(Restated) 30 September 2017 KD</i>
Outstanding claims reserve	28,276,495	27,182,848	25,972,115
Unearned premiums reserve	3,583,000	3,438,103	3,158,613
Life mathematical reserve	2,859,000	2,538,480	2,558,355
	<u>34,718,495</u>	<u>33,159,431</u>	<u>31,689,083</u>

11 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).

12 NET INVESTMENT INCOME (LOSS)

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2018 KD</i>	<i>2017 KD</i>	<i>2018 KD</i>	<i>2017 KD</i>
Interest income	86,219	72,827	245,483	223,483
Unrealized gain (loss) of financial assets at fair value through profit or loss	88,795	66,185	34,510	(421,559)
Realized loss from sale of financial assets available for sale	-	-	-	(2,557,500)
Realized gain from sale of financial assets at fair value through profit or loss	-	-	-	607,742
Dividend income	48,203	49,683	529,350	738,947
Other income	6,000	700	24,000	3,500
	<u>229,217</u>	<u>189,395</u>	<u>833,343</u>	<u>(1,405,387)</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 30 September 2018

12 NET INVESTMENT INCOME (LOSS) (continued)

The classification of net investment income (loss) is as follows:

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Net investment income from life insurance	28,428	19,076	47,495	39,106
Net investment income/(loss) from non – life insurance	200,789	170,319	785,848	(1,444,493)
	<u>229,217</u>	<u>189,395</u>	<u>833,343</u>	<u>(1,405,387)</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 30 September 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			Life and medical insurance	Investment	Unallocated	Total
	Marine & aviation	Fire	General accidents				
	KD	KD	KD	KD	KD	KD	KD
30 September 2018							
Segment revenue	542,108	556,087	4,929,140	5,042,099	859,406	273,838	12,202,678
Segment results	128,835	64,104	162,157	(239,557)	859,406	(621,362)	353,583
Assets							
Liabilities							
31 December 2017 (Audited)							
Assets							
Liabilities							

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 30 September 2018

13 SEGMENT INFORMATION (continued)

30 September 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					
Segment revenue	577,016	610,071	6,330,170	5,986,549	(1,340,010)	413,144	11,389,853
Segment results	69,582	373,677	662,801	43,301	(1,340,010)	(521,370)	(1,155,278)
Assets			Total general risk insurance KD	Life and medical insurance KD	Investment KD		Total KD
Liabilities			40,502,823	12,856,806	30,700,323		84,059,952
			32,546,857	16,700,581	-		49,247,438

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 30 September 2018

14 RELATED PARTIES 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:

	Key management and board members		Parent Company's shareholders		Others		Nine months ended	
	KD		KD		KD		30 September 2018	30 September 2017
Gross premiums	-		16,756		928,172		944,928	321,048

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

	Key management and board members		Parent Company's shareholders		Others		(Audited)	
	KD		KD		KD		31 December 2017	30 September 2017
<i>Insurance activities</i>								
Insurance services receivable	629	1,454,143	2,989,009		4,443,781		3,617,279	2,426,906
Insurance services payable	-	1,148	492,012		493,160		378,933	171,925
<i>Investment activities</i>								
Financial assets at fair value through profit or loss			6,042,908		6,042,908		6,042,908	6,127,234
Amounts due from sale of financial assets available for sale			502,498		502,498		502,498	-
Financial assets available for sale		537,066	7,523,935		8,061,001		9,054,130	9,702,285
Fixed deposits and cash and cash equivalents			7,513,941		7,513,941		6,882,408	6,663,493

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 30 September 2018

14 RELATED PARTY DISCLOSURES (continued)

Key management personnel compensation:

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2018 KD</i>	<i>2017 KD</i>	<i>2018 KD</i>	<i>2017 KD</i>
Salaries and short term benefits	199,037	194,853	602,107	623,058
Employees' end of service benefit	9,903	60,616	28,350	80,203
	<u>208,940</u>	<u>255,469</u>	<u>630,457</u>	<u>703,261</u>

15 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	<i>30 September 2018 KD</i>	<i>(Audited) 31 December 2017 KD</i>	<i>30 September 2017 KD</i>
	Letters of guarantee	115,631	237,831
Capital commitments	58,064	65,207	161,004

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 insurance and reinsurance payable, bank overdraft 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 334,205 (31 December 2017: 836,705 and 30 September 2017: KD 844,105) 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>
30 September 2018			
Financial assets at fair value through profit or loss	6,927,956	-	6,927,956
Financial assets available for sale	12,692,447	4,033,702	16,726,149
Total	<u>19,620,403</u>	<u>4,033,702</u>	<u>23,654,105</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 30 September 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
31 December 2017			
Financial assets at fair value through profit or loss	6,893,446	-	6,893,446
Financial assets available for sale	10,976,958	4,030,702	15,007,660
Total	<u>17,870,404</u>	<u>4,030,702</u>	<u>21,901,106</u>
30 September 2017			
Financial assets at fair value through profit or loss	7,011,101	-	7,011,101
Financial assets available for sale	12,085,336	4,923,940	17,009,276
Total	<u>19,096,437</u>	<u>4,923,940</u>	<u>24,020,377</u>

During the period ended 30 September 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 comprehensive income</i> KD	<i>Net purchases, transfer, sales and settlements</i> KD	<i>At the end of the period/year</i> KD
30 September 2018				
Financial assets available for sale	4,030,702	3,000	-	4,033,702
	<u>4,030,702</u>	<u>3,000</u>	<u>-</u>	<u>4,033,702</u>
31 December 2017 (Audited)				
Financial assets available for sale	7,151,440	(893,238)	(2,227,500)	4,030,702
	<u>7,151,440</u>	<u>(893,238)</u>	<u>(2,227,500)</u>	<u>4,030,702</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 30 September 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 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>
30 September 2017				
<i>Financial assets available for sale</i>	7,151,440	-	(2,227,500)	4,923,940
	<u>7,151,440</u>	<u>-</u>	<u>(2,227,500)</u>	<u>4,923,940</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 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 403 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 30 September 2018

17 COMPARATIVE INFORMATION

In accordance with IAS 8: *Accounting policies, changes in accounting estimates and errors*, the comparative information for the period ended 30 September 2017 has been restated as below to correct the errors 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 30 September 2017. However, there was no impact on the movement of the interim condensed consolidated statement of comprehensive income.

As at 31 December 2016

Consolidated statement of financial position	As previously reported KD	Effect of reclassification KD	Effect of restatement KD	Restated KD
ASSETS				
Insurance and reinsurance receivables	14,449,231	4,795,018	(1,111,970)	18,132,279
Reinsurance share in outstanding claims reserve	16,671,463	-	(2,372,952)	14,298,511
LIABILITIES				
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)
Equity attributable to equity holders of the Parent Company				
Retained earnings / (accumulated losses)	1,549,175	-	(9,299,929)	(7,750,754)
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 30 September 2017

Interim condensed consolidated statement of financial position	As previously reported KD	Effect of reclassification KD	Effect of restatement KD	Restated KD
ASSETS				
Insurance and reinsurance receivables	11,258,314	3,734,567	(228,617)	16,764,264
Other assets	4,071,335	-	(212,195)	3,859,140
Reinsurance share in outstanding claims reserve	17,539,674	-	(601,250)	16,938,424
LIABILITIES				
Insurance contract liabilities	(26,121,837)	-	(5,567,246)	(31,689,083)
Insurance and reinsurance payables	(8,210,291)	(3,734,567)	-	(11,944,858)
Equity attributable to equity holders of the Parent Company				
Accumulated losses	(2,231,397)	-	(6,609,308)	(8,840,705)
Interim condensed consolidated statement of income				
Net underwriting income	(178,708)	-	1,807,268	1,628,560
Loss for the period	(2,962,546)	-	1,807,268	(1,155,278)