

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

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

31 MARCH 2019

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 2019, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and 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.

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 2019 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

7 May 2019
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 31 March 2019

	Notes	Three months ended	
		31 March	
		2019	2018
		KD	KD
Revenues:			
Gross premiums written		8,887,978	9,274,212
Premium ceded to reinsurers		(4,233,569)	(5,357,031)
Net premiums written		4,654,409	3,917,181
Movement in unearned premium reserve		(230,783)	(182,160)
Movement in life mathematical reserve		(38,406)	(160,117)
Net premiums earned		4,385,220	3,574,904
Commissions income on ceded reinsurance		357,104	416,240
Policy issuance fees		46,341	44,781
Net investment income (Loss) from life insurance	3	98,792	(26,835)
		4,887,457	4,009,090
Expenses:			
Net claims incurred		(2,377,059)	(2,073,503)
Commissions and premiums' acquisition costs		(511,807)	(467,729)
General and administrative expenses		(1,106,927)	(1,065,070)
		(3,995,793)	(3,606,302)
Net underwriting income		891,664	402,788
Net other investment income	3	255,639	407,488
Other insurance services income		140,693	99,103
Foreign currency exchange difference		5,432	7,877
Other income		67	153
Share of results of associates		71,327	30,294
		1,364,822	947,703
Other expenses:			
Other insurance services expense		(192,862)	(120,560)
Unallocated general and administrative expenses		(480,011)	(447,222)
		(672,873)	(567,782)
Profit before contribution to Kuwait Foundation for the Advancement of Science (KFAS), National Labor Support Tax (NLST) and Zakat		691,949	379,921
Contribution to KFAS		(6,679)	(3,581)
NLST		(20,418)	(4,026)
Zakat		(7,664)	(1,290)
PROFIT FOR THE PERIOD		657,188	371,024
Attributable to:			
Equity holders of the Parent Company		683,504	381,210
Non-controlling interest		(26,316)	(10,186)
		657,188	371,024
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	4	4.22 Fils	2.35 Fils

The attached notes 1 to 16 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 2019

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>KD</i>	<i>KD</i>
Profit for the period	657,188	371,024
Other comprehensive income (Loss):		
<i>Items that are or may be reclassified to the interim condensed consolidated statement of income in subsequent periods:</i>		
- Net unrealized gain (loss) of financial assets available for sale	2,033,559	(1,335,628)
- Share of other comprehensive loss of associates	-	(60,323)
Other comprehensive income (loss) for the period	<u>2,033,559</u>	<u>(1,395,951)</u>
Total comprehensive income (loss) for the period	<u>2,690,747</u>	<u>(1,024,927)</u>
Attributable to:		
Equity holders of the Parent Company	2,717,063	(1,014,741)
Non-controlling interests	(26,316)	(10,186)
	<u>2,690,747</u>	<u>(1,024,927)</u>

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2019

		(Audited)	
	31 March 2019	31 December 2018	31 March 2018
	Notes	KD	KD
ASSETS			
Property and equipment	5	7,320,641	7,379,487
Investment in associates		7,341,432	7,270,105
Loan secured by life insurance policies		20,154	22,652
Financial assets available for sale	6	19,015,112	17,112,761
Financial assets at fair value through profit or loss		7,178,146	6,904,762
Reinsurance share in outstanding claims reserve		34,214,845	34,146,156
Insurance and reinsurance receivables		19,649,436	21,719,794
Other assets		5,608,588	4,940,004
Term deposits	7	6,674,531	6,675,057
Bank balances and cash	8	1,650,438	2,120,067
TOTAL ASSETS		108,673,323	108,290,845
EQUITY AND LIABILITIES			
Equity			
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	764,895
Treasury shares	10	(1,275,970)	(1,275,970)
Treasury shares reserve		164,760	164,760
Cumulative changes in fair values reserve		7,440,230	5,406,671
Retained earnings		1,465,028	781,524
Equity attributable to equity holders of the Parent Company		38,618,926	35,901,863
Non-controlling interests		(15,032)	11,284
Total equity		38,603,894	35,913,147
Liabilities			
Bank overdraft	8	1,684,482	202,818
Insurance contract liabilities	11	51,504,011	52,202,771
Insurance and reinsurance payables		11,125,223	14,444,134
Other Liabilities		5,755,713	5,527,975
Total liabilities		70,069,429	72,377,698
TOTAL EQUITY AND LIABILITIES		108,673,323	108,290,845

Anwar Jawad Bu-Khamseen
Chairman

Sheikh / Mohammed Jarrah Sabah Al-Sabah
Vice Chairman



The attached notes 1 to 16 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 31 March 2019

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 values reserve KD	Retained earnings KD	Sub total KD	Non-controlling interests KD	Total equity KD
Balance as at 1 January 2019 (audited)	17,278,874	8,781,109	4,000,000	764,895	(1,275,970)	164,760	5,406,671	781,524	35,901,863	11,284	35,913,147
Profit (Loss) for the period	-	-	-	-	-	-	-	683,504	683,504	(26,316)	657,188
Other comprehensive income	-	-	-	-	-	-	2,033,559	-	2,033,559	-	2,033,559
Total comprehensive income (loss) for the period	-	-	-	-	-	-	2,033,559	683,504	2,717,063	(26,316)	2,690,747
Balance as at 31 March 2019	17,278,874	8,781,109	4,000,000	764,895	(1,275,970)	164,760	7,440,230	1,465,028	38,618,926	(15,032)	38,603,894
As at 1 January 2018	17,278,874	8,781,109	4,000,000	764,895	(1,275,970)	164,760	3,376,849	-	33,090,517	190,253	33,280,770
Profit (Loss) for the period	-	-	-	-	-	-	-	381,210	381,210	(10,186)	371,024
Other comprehensive loss	-	-	-	-	-	-	(1,395,951)	-	(1,395,951)	-	(1,395,951)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(1,395,951)	381,210	(1,014,741)	(10,186)	(1,024,927)
Balance as at 31 March 2018	17,278,874	8,781,109	4,000,000	764,895	(1,275,970)	164,760	1,980,898	381,210	32,075,776	180,067	32,255,843

The attached notes 1 to 16 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)

As at and for period ended 31 March 2019

	Notes	Three months ended	
		31 March	
		2019	2018
		KD	KD
OPERATING ACTIVITIES			
Profit for the period before contribution to KFAS, NLST and Zakat		691,949	379,921
Adjustments to reconcile profit for the period to net cash flows:			
Unrealized (gain) loss of financial assets at fair value through profit or loss	3	(273,384)	78,945
Loss from sale of financial assets available for sale	3	96,464	-
Foreign currency exchange differences		(3,000)	-
Dividend income	3	(84,765)	(383,546)
Interest income	3	(92,746)	(76,052)
Share of results of associates		(71,327)	(30,294)
Depreciation of property and equipment		66,669	67,990
Allowance for impairment in receivables		153,400	-
Provision for employees' end of service benefits		51,220	-
		<u>534,480</u>	<u>36,964</u>
Changes in operating assets and liabilities:			
Reinsurance share in outstanding claims reserve		(68,689)	(1,390,706)
Insurance and reinsurance receivables		1,916,958	(1,174,561)
Other assets		(630,840)	(355,427)
Insurance contract liabilities		(698,760)	2,034,782
Insurance and reinsurance payables		(3,318,911)	1,558,083
Other liabilities		208,050	(392,614)
		<u>(2,057,712)</u>	<u>316,521</u>
Cash flows (used in) from operations		(2,057,712)	316,521
Employees' end of service benefits paid		(66,293)	-
		<u>(2,124,005)</u>	<u>316,521</u>
INVESTING ACTIVITIES			
Net movement in fixed deposits		526	3,000
Movement in loans secured by life insurance policies		2,498	2,614
Purchases of property and equipment		(7,823)	(391)
Dividends received		84,765	383,546
Interest income received		92,746	76,052
		<u>172,712</u>	<u>464,821</u>
Net cash flows from investing activities		172,712	464,821
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(1,951,293)	781,342
Cash and cash equivalents at beginning of the period		1,917,249	1,248,022
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	8	(34,044)	2,029,364

The attached notes 1 to 16 form part of this interim condensed consolidated financial information.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for period ended 31 March 2019

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 is 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 months period ended 31 March 2019 were authorised for issuance by the Board of Directors on 7 May 2019.

The consolidated financial statements of the Group for the year ended 31 December 2018 were approved by the shareholders at the Annual General Assembly Meeting held on 8 April 2019.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPERATION

Statement of Compliance

The interim condensed consolidated financial statements of the group have 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 2018. 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 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

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 cash flows and disclosures. Such reclassifications do not affect previously reported equity and profit for the period.

2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The adoption of these standards did not have material impact on the financial performance or interim condensed consolidated financial position of the Group.

The Group applies, for the first time, IFRS 16 Leases. As required by IAS 34, the nature and effect of these changes are disclosed below. Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial information of the Group.

IFRS 16: Leases ("IFRS 16")

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for period ended 31 March 2019

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

IFRS 16: Leases (“IFRS 16”) (continued)

Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between finance cost and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in the consolidated statement of income on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under other assets and other liabilities, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases where the Group is the lessee, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019 and accordingly, the comparative information is not restated. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (‘short-term leases’), and lease contracts for which the underlying asset is of low value (‘low-value assets’).

Summary of new accounting policies

The accounting policies of the Group upon adoption of IFRS 16 are as follows:

a. Right of use assets

The Group recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment.

b. Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental profit rate at the lease commencement date if the profit rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of profit and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

c. Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group’s adoption of IFRS 16 had no material impact on these interim condensed consolidated financial information of the Group.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for period ended 31 March 2019

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

IFRS 16: Leases ("IFRS 16") (continued)

c. Significant judgement in determining the lease term of contracts with renewal options (continued)

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

3 NET INVESTMENT INCOME (LOSS)

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>KD</i>	<i>KD</i>
Interest income	92,746	76,052
Dividend income	84,765	383,546
Loss from sale of financial assets available for sale	(96,464)	-
Unrealized gain (loss) of financial assets at fair value through profit or loss	273,384	(78,945)
	<u>354,431</u>	<u>380,653</u>

Presented in the interim condensed consolidated statement of income as follows:

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>KD</i>	<i>KD</i>
Net investment income (loss) from life insurance	98,792	(26,835)
Net other investment income	255,639	407,488
	<u>354,431</u>	<u>380,653</u>

4 BASIC AND DILUTED EARNINGS PER SHARE

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

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>KD</i>	<i>KD</i>
Profit for the period attributable to the equity holders of the Parent Company (KD)	683,504	381,210
Weighted average number of ordinary shares outstanding during the period (excluding treasury shares) (shares)	162,090,569	162,090,569
Earnings per share	<u>4.22 Fils</u>	<u>2.35 Fils</u>

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 authorization of the interim condensed consolidated financial information.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for period ended 31 March 2019

5 PROPERTY AND EQUIPMENT

The Group's land and building with a net carrying value of KD 2,749,503 (31 December 2018 KD: 2,749,503 and 31 March 2018 KD: 2,790,780) are under lien to the Ministry of Commerce and Industry.

6 FINANCIAL ASSETS AVAILABLE FOR SALE

	<i>31 March</i> <i>2019</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2018</i> <i>KD</i>	<i>31 March</i> <i>2018</i> <i>KD</i>
Quoted securities*	14,995,510	12,961,951	9,641,330
Unquoted securities**	604,602	738,810	1,461,407
Investment in bonds***	3,415,000	3,412,000	3,400,000
	<u>19,015,112</u>	<u>17,112,761</u>	<u>14,502,737</u>

* Quoted shares with a fair value of KD 3,698,775 (31 December 2018: KD 3,139,515 and 31 March 2018: KD 2,785,860) are under lien to the Ministry of Commerce and Industry.

**Unquoted securities amounting KD NIL (31 December 2018: KD 134,208 and 31 March 2018: KD 836,705) are carried at cost less impairment loss since their fair values cannot be readily determined.

***Bonds carry interest rate ranging from 4.50% to 6.50% per annum (31 December 2018: 4.50% to 6.50% and 31 March 2018: 4.75% to 6.50%), mature in 10 years, and are carried at cost less impairment since their values cannot be reliably determined.

As at 31 March 2019, 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 2018: KD 268,879 and 31 March 2019: KD Nil).

7 TERM DEPOSITS

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

Term deposits include an amount of KD 5,185,415 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 2018: KD 5,185,415 and 31 March 2018: KD 4,169,000).

The effective interest rate on term deposits was 2% to 3.5% per annum (31 December 2018: 1.6% to 3.5% and 31 March 2018: 1.1 % to 2.9 %).

8 CASH AND CASH EQUIVALENTS

	<i>31 March</i> <i>2019</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2018</i> <i>KD</i>	<i>31 March</i> <i>2018</i> <i>KD</i>
Cash on Hand	20,589	69,037	83,142
Cash in Portfolio	17,645	437,531	223,572
Bank Balances	1,612,204	1,613,499	2,063,327
	<u>1,650,438</u>	<u>2,120,067</u>	<u>2,370,041</u>
Less:			
Bank overdraft	(1,684,482)	(202,818)	(340,677)
Cash and cash equivalents	<u>(34,044)</u>	<u>1,917,249</u>	<u>2,029,364</u>

The effective interest rate on unsecured overdraft facilities from a local bank was 4% per annum (31 December 2018: 4% and 31 March 2018: 3.75%).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for period ended 31 March 2019

9 SHARE CAPITAL

The authorized, issued and paid-up capital consists of 172,788,740 shares (31 December 2018: 172,788,740 shares of 100 fils each and 31 March 2018: 172,788,740 shares) of 100 fils each, fully paid in cash.

10 TREASURY SHARES

	<i>31 March</i> <i>2019</i>	<i>(Audited)</i> <i>31 December</i> <i>2018</i>	<i>31 March</i> <i>2018</i>
Number of shares	10,698,171	10,698,171	10,698,171
Percentage to issued shares (%)	6.19	6.19	6.19
Market value (KD)	647,239	695,381	675,055
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 period ended 31 March 2019 was 60.5 fils per share (31 December 2018: 65 fils per share and 31 March 2018: 63.1 fils per share).

11 INSURANCE CONTRACT LIABILITIES

	<i>31 March</i> <i>2019</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2018</i> <i>KD</i>	<i>31 March</i> <i>2018</i> <i>KD</i>
Reserve for outstanding claims	44,959,537	45,930,449	28,875,353
Reserve for unearned premiums	4,365,783	4,135,000	3,620,263
Reserve for life mathematical	1,861,402	1,822,996	2,698,597
Unearned Reinsurance Commission	317,289	314,326	-
	<u>51,504,011</u>	<u>52,202,771</u>	<u>35,194,213</u>

12 DIVIDENDS

The General Assembly meeting of the shareholders of the Parent Company held on 8 April 2019 approved the consolidated financial statements for the year ended 31 December 2018 and directors' proposal not to distribute any dividends for the year then ended (31 December 2017: Nil).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for period ended 31 March 2019

13 SEGMENT INFORMATION

The Group operates in three segments: general risk insurance, life and medical insurance and investment. Within general risk insurance are Marine and Aviation, Fire and General accidents and Motor.

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	General accidents and fire KD	Motor KD					
31 March 2019								
Segment revenue	134,852	1,153,931	1,269,688	2,558,471	2,230,194	439,382	5,506	5,233,553
Segment results	252,512	569,609	(77,314)	744,807	62,277	439,382	(589,278)	657,188
				Total general risk insurance KD	Life and medical insurance KD	Investment KD		Total KD
Assets				64,752,880	10,385,753	33,534,690		108,673,323
Liabilities				60,980,333	9,089,096	-		70,069,429
				Total general risk insurance KD	Life and medical insurance KD	Investment KD		Total KD
31 December 2018 (Audited)				62,422,557	14,580,660	31,287,628		108,290,845
Assets				53,700,342	18,677,356	-		72,377,698
Liabilities								

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

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13 SEGMENT INFORMATION (continued)

	General risk insurance			Total general risk insurance	Life and medical insurance	Investment	Unallocated	Total
	Marine & aviation KD	General accidents and fire KD	Motor KD					
31 March 2018								
Segment revenue	159,922	1,002,089	1,182,619	2,344,630	1,691,295	437,525	7,429	4,480,879
Segment results	60,406	319,672	(58,475)	321,603	(68,546)	360,749	(242,782)	371,024
Assets				Total general risk insurance KD	Life and medical insurance KD	Investment KD		Total KD
Liabilities				46,207,779	14,863,423	28,050,886		89,122,088
				37,915,252	18,950,993	-		56,866,245

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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14 RELATED PARTIES DISCLOSURES

The Group has entered into various transactions with related parties, i.e. shareholders, Board of directors, key management personnel, associates and other related parties in the normal course of its business concerning financing and other related services. Prices and terms of payment are approved by the Group's management. Significant related party transactions and balances are as follows:

Transactions included in the interim condensed consolidated statement of income:

	<i>Key management and Parent Company's</i>			<i>Three months ended</i>	
	<i>board members</i>	<i>shareholders</i>	<i>Others</i>	<i>31 March 2019</i>	<i>31 March 2018</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Gross premiums written	30	17,356	805,693	823,079	139,547
Dividends income	-	-	48,618	48,618	352,868

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

	<i>Key management and board members</i>			<i>(Audited)</i>		
	<i>board members</i>	<i>Parent Company's shareholders</i>	<i>Others</i>	<i>31 March 2019</i>	<i>31 December 2018</i>	<i>31 March 2018</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	221	2,295,237	3,493,255	5,788,713	5,369,136	2,110,781
Insurance services payable	-	-	540,379	540,379	511,499	139,201
<i>Investment activities</i>						
Financial assets at fair value through profit or loss	-	-	6,007,436	6,007,436	5,879,597	6,139,782
Financial assets available for sale	-	-	10,416,229	10,416,229	8,707,224	12,414,558
Deposits and bank balances	-	-	7,466,271	7,466,271	7,344,918	7,595,803

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for period ended 31 March 2019

14 RELATED PARTY DISCLOSURES (continued)

Key management personnel compensation:

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>KD</i>	<i>KD</i>
Short term employees' benefits	216,490	207,761
Employees' end of service benefit	9,271	8,930
	<u>225,761</u>	<u>216,691</u>

15 CAPITAL COMMITMENTS AND CONTINGENCIES

	<i>(Audited)</i>		
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2019</i>	<i>2018</i>	<i>2018</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Letters of guarantee	63,397	465,806	1,024,854
Capital commitments	58,064	58,064	58,064

16 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of financial assets available for sale, financial assets at fair value through profit or loss, accounts receivable, term deposits and bank balances. Financial liabilities consist of borrowing and credit balances.

The fair values of financial instruments, with the exception of certain financial assets available for sale carried at cost amounting to KD 3,415,000 (31 December 2018: KD 3,546,208 and 31 March 2018: KD 4,236,705) (Note 6), are not materially different from their carrying values.

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

	<i>Quoted prices in</i>	<i>Significant</i>	<i>Significant</i>	<i>Total fair</i>
	<i>active markets</i>	<i>observable</i>	<i>unobservable</i>	<i>Value</i>
	<i>(Level 1)</i>	<i>inputs</i>	<i>inputs</i>	<i>(Level 3)</i>
	<i>KD</i>	<i>(Level 2)</i>	<i>(Level 3)</i>	<i>KD</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
31 March 2019				
Financial assets at fair value through profit or loss	7,178,146	-	-	7,178,146
Financial assets available for sale	14,995,510	-	604,602	15,600,112
Total	<u>22,173,656</u>	<u>-</u>	<u>604,602</u>	<u>22,778,258</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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16 FAIR VALUE MEASUREMENT (continued)

	<i>Quoted prices in active markets (Level 1)</i> KD	<i>Significant observable inputs (Level 2)</i> KD	<i>Significant unobservable inputs (Level 3)</i> KD	<i>Total fair Value</i> KD
31 December 2018				
Financial assets at fair value though profit or loss	6,904,762	-	-	6,904,762
Financial assets available for sale	12,961,951	-	604,602	13,566,553
Total	19,866,713	-	604,602	20,471,315
31 March 2018				
Financial assets at fair value though profit or loss	6,814,501	-	-	6,814,501
Financial assets available for sale	9,641,330	-	624,702	10,266,032
Total	16,455,831	-	624,702	17,080,533

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 60 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 60 thousands.

During the period ended 31 March 2019, 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.

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

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16 FAIR VALUE MEASUREMENT (continued)

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 KD</i>	<i>Net fair value recorded in the interim condensed consolidated statement of comprehensive income KD</i>	<i>Net result recorded in the interim condensed consolidated statement of income KD</i>	<i>Net purchases, transfer, sales and settlements KD</i>	<i>At the end of the period /year KD</i>
31 March 2019					
<i>Financial assets available for sale</i>	604,602	-	-	-	604,602
	<u>604,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>604,602</u>
31 December 2018 (Audited)					
<i>Financial assets available for sale</i>	624,702	48,779	(68,879)	-	604,602
	<u>624,702</u>	<u>48,779</u>	<u>(68,879)</u>	<u>-</u>	<u>604,602</u>
31 March 2018					
<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>