

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

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

30 SEPTEMBER 2019



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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 2019, 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.

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 month period ended 30 September 2019 that might have had a material effect on the business of the Parent Company or on its financial position.

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

4 November 2019
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 30 September 2019

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2019 KD	2018 KD	2019 KD	2018 KD
REVENUES:					
Gross premiums written		5,091,458	4,463,462	20,079,617	20,227,624
Premium ceded to reinsurers		(2,376,171)	(1,926,845)	(8,921,343)	(9,796,466)
Net premiums written		2,715,287	2,536,617	11,158,274	10,431,158
Movement in unexpired risk reserve		442,170	304,780	(234,440)	(231,145)
Movement in life mathematical reserve		(115,351)	5,794	(16,374)	(234,272)
Net premiums earned		3,042,106	2,847,191	10,907,460	9,965,741
Commissions income on ceded reinsurance		264,937	294,482	893,499	964,314
Other underwriting income		35,383	49,455	132,463	139,379
Total revenues		3,342,426	3,191,128	11,933,422	11,069,434
EXPENSES:					
Net claims incurred		(2,389,284)	(1,733,805)	(6,936,004)	(6,620,143)
Commissions and premiums' acquisition costs		(363,854)	(503,885)	(1,306,373)	(1,191,773)
General and administrative expenses		(878,012)	(1,119,525)	(3,603,573)	(3,637,771)
Total expenses		(3,631,150)	(3,357,215)	(11,845,950)	(11,449,687)
NET UNDERWRITING (LOSS) INCOME		(288,724)	(166,087)	87,472	(380,253)
Net investment income	3	159,064	229,217	1,354,814	833,343
Share of results of associates		17,162	(35,315)	168,245	26,063
Other insurance services income		112,039	61,997	372,492	253,758
Foreign currency exchange difference		81,740	7,068	95,606	19,122
Other income		26,334	3	87,227	958
		107,615	96,883	2,165,856	752,991
Other insurance services expense		(168,195)	(164,062)	(561,992)	(381,930)
Allowances for impairment of doubtful and bad debts		(7,911)	(8,003)	(516,243)	(8,003)
		(176,106)	(172,065)	(1,078,235)	(389,933)
(Loss) profit before provisions for contribution to Kuwait Foundation for the Advancement of Science (KFAS), National Labor Support Tax (NLST) and Zakat		(68,491)	(75,182)	1,087,621	363,058
Contribution to KFAS		762	(147)	(10,196)	(4,130)
NLST		(292)	(1,836)	(27,701)	(3,940)
Zakat		728	(1,084)	(9,180)	(1,405)
(LOSS) PROFIT FOR THE PERIOD		(67,293)	(78,249)	1,040,544	353,583
Attributable to:					
Equity holders of the Parent Company		(56,396)	(34,746)	1,073,074	409,219
Non-controlling interest		(10,897)	(43,503)	(32,530)	(55,636)
		(67,293)	(78,249)	1,040,544	353,583
BASIC AND DILUTED (LOSSES) EARNINGS PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	4	(0.35) Fils	(0.21) Fils	6.62 Fils	2.52 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 30 September 2019

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
(Loss) profit for the period	(67,293)	(78,249)	1,040,544	353,583
Other comprehensive (loss) income:				
<i>Items that are or may be reclassified to the interim condensed consolidated statement of income in subsequent periods:</i>				
- Net unrealised (loss) gain of financial assets available for sale	(118,339)	432,691	821,441	1,715,489
- Share of other comprehensive loss of associates	(651)	-	(749)	(60,323)
Other comprehensive (loss) income for the period	(118,990)	432,691	820,692	1,655,166
Total comprehensive (loss) income for the period	(186,283)	354,442	1,861,236	2,008,749
Attributable to:				
Equity holders of the Parent Company	(175,386)	397,945	1,893,766	2,064,385
Non-controlling interests	(10,897)	(43,503)	(32,530)	(55,636)
	(186,283)	354,442	1,861,236	2,008,749

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2019

		30 September 2019	(Audited) 31 December 2018	30 September 2018
	Notes	KD	KD	KD
ASSETS				
Property and equipment	5	7,330,520	7,379,487	7,443,495
Investment in associates		7,437,601	7,270,105	6,729,416
Loan secured by life insurance policies		28,955	22,652	19,652
Financial assets available for sale	6	18,718,753	17,112,761	17,060,354
Financial assets at fair value through profit or loss		7,257,449	6,904,762	6,927,956
Reinsurance share in outstanding claims reserve		49,394,010	34,146,156	17,827,635
Insurance and reinsurance receivables		16,676,640	21,666,588	17,264,190
Other assets		5,233,109	4,940,004	5,059,414
Term deposits	7	6,673,579	6,675,057	6,674,127
Bank balances and cash	8	1,108,027	2,120,067	2,227,912
TOTAL ASSETS		119,858,643	108,237,639	87,234,151
EQUITY AND LIABILITIES				
Equity				
Share capital	9	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	764,895
Treasury shares	10	(1,275,970)	(1,275,970)	(1,275,970)
Treasury shares reserve		164,760	164,760	164,760
Cumulative changes in fair values reserve		6,227,363	5,406,671	5,032,015
Retained earnings		1,854,598	781,524	409,219
Equity attributable to equity holders of the Parent Company		37,795,629	35,901,863	35,154,902
Non-controlling interests		(21,246)	11,284	134,617
Total equity		37,774,383	35,913,147	35,289,519
Liabilities				
Bank overdraft	8	-	202,818	1,032,957
Insurance contract liabilities	11	65,322,479	52,202,771	34,718,495
Insurance and reinsurance payables		11,033,097	14,444,134	10,862,939
Other liabilities		5,728,684	5,474,769	5,330,241
Total liabilities		82,084,260	72,324,492	51,944,632
TOTAL EQUITY AND LIABILITIES		119,858,643	108,237,639	87,234,151

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 30 September 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 <i>(audited)</i>	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	-	-	-	-	-	-	-	1,073,074	1,073,074	(32,530)	1,040,544
Other comprehensive income	-	-	-	-	-	-	820,692	-	820,692	-	820,692
Total comprehensive income (loss) for the period	-	-	-	-	-	-	820,692	1,073,074	1,893,766	(32,530)	1,861,236
Balance as at 30 September 2019	17,278,874	8,781,109	4,000,000	764,895	(1,275,970)	164,760	6,227,363	1,854,598	37,795,629	(21,246)	37,774,383
Balance as at 1 January 2018 <i>(audited)</i>	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	-	-	-	-	-	-	-	409,219	409,219	(55,636)	353,583
Other comprehensive income	-	-	-	-	-	-	1,655,166	-	1,655,166	-	1,655,166
Total comprehensive income (loss) for the period	-	-	-	-	-	-	1,655,166	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	5,032,015	409,219	35,154,902	134,617	35,289,519

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)

For the period ended 30 September 2019

	Notes	Nine months ended 30 September	
		2019 KD	2018 KD
OPERATING ACTIVITIES			
Profit for the period before provisions for contribution to KFAS, NLST and Zakat		1,087,621	363,058
<i>Adjustments to reconcile profit for the period to net cash flows:</i>			
Unrealised gain of financial assets at fair value through profit or loss	3	(352,687)	(34,510)
Loss from sale of financial assets available for sale	3	96,464	-
Dividends income	3	(800,211)	(529,350)
Other income		-	(24,000)
Interest income	3	(298,380)	(245,483)
Share of results of associates		(168,245)	(26,063)
Depreciation of property and equipment		142,573	204,200
Forex exchange gain		-	(2,998)
Allowance for impairment of receivables		500,000	-
Provision for employees' end of service benefits		175,700	242,754
		382,835	(52,392)
Changes in operating assets and liabilities:			
Reinsurance share in outstanding claims reserve		(15,247,854)	(628,849)
Insurance and reinsurance receivables		4,489,948	2,781,400
Other assets		(175,302)	(315,059)
Insurance contract liabilities		13,119,708	1,559,064
Insurance and reinsurance payables		(3,411,037)	(2,714,105)
Other liabilities		210,247	(967,818)
Cash flows used in operations		(631,455)	(337,759)
Employees' end of service benefits paid		(179,109)	(266,614)
Net cash flows used in operating activities		(810,564)	(604,373)
INVESTING ACTIVITIES			
Net movement in fixed deposits		1,478	(9,535)
Movement in loans secured by life insurance policies		(6,303)	8,284
Purchases of financial assets available for sale		(918,756)	-
Proceed from sale of financial assets available for sale		37,741	-
Purchases of property and equipment		(93,606)	(3,884)
Dividends received		800,211	529,350
Rental income received		-	24,000
Interest income received		180,577	245,483
Net cash flows from investing activities		1,342	793,698
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(809,222)	189,325
Cash and cash equivalents at beginning of the period		1,917,249	1,005,630
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	8	1,108,027	1,194,955

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 the period ended 30 September 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 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 2019 was authorised for issuance by the Board of Directors on 4 November 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 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPERATION

Statement of Compliance

The interim condensed consolidated financial statements of the Group 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 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 nine months period ended 30 September 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 the period ended 30 September 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 the period ended 30 September 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 judgment 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 judgment 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

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Interest income	108,653	86,219	298,380	245,483
Dividend income	54,066	48,203	800,211	529,350
Loss from sale of financial assets available for sale	-	-	(96,464)	-
Unrealised (loss) gain of financial assets at fair value through profit or loss	(3,655)	88,795	352,687	34,510
Rental income	-	6,000	-	24,000
	<u>159,064</u>	<u>229,217</u>	<u>1,354,814</u>	<u>833,343</u>

4 BASIC AND DILUTED (LOSSES) EARNINGS PER SHARE

Basic (losses) earnings per share is calculated by dividing the (loss) 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>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
(Loss) profit for the period attributable to the equity holders of the Parent Company (KD)	<u>(56,396)</u>	<u>(34,746)</u>	<u>1,073,074</u>	<u>409,219</u>
Weighted average number of ordinary shares outstanding during the period (excluding treasury shares) (shares)	<u>162,090,569</u>	<u>162,090,569</u>	<u>162,090,569</u>	<u>162,090,569</u>
(Losses) earnings per share	<u>(0.35) Fils</u>	<u>(0.21) Fils</u>	<u>6.62 Fils</u>	<u>2.52 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.

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 30 September 2018: KD 2,955,780) are under lien to the Ministry of Commerce and Industry.

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 2019

6 FINANCIAL ASSETS AVAILABLE FOR SALE

	<i>30 September 2019 KD</i>	<i>(Audited) 31 December 2018 KD</i>	<i>30 September 2018 KD</i>
Quoted securities*	13,783,395	12,961,951	12,692,445
Unquoted securities**	604,602	738,810	958,909
Investment in bonds***	4,330,756	3,412,000	3,409,000
	<u>18,718,753</u>	<u>17,112,761</u>	<u>17,060,354</u>

* Quoted shares with a fair value of KD 3,315,915 (31 December 2018: KD 3,139,515 and 30 September 2018: KD 2,142,000) are under lien to the Ministry of Commerce and Industry.

** Unquoted securities amounting KD Nil (31 December 2018: KD 134,208 and 30 September 2018: KD 334,205) are carried at cost less impairment loss since their fair values cannot be readily determined.

*** Bonds carry interest rate ranging from 4.75% to 7% per annum (31 December 2018: 4.5% to 6.5% and 30 September 2018: 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 30 September 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 30 September 2018: 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 30 September 2018: KD 5,169,000).

The effective interest rate on term deposits was 2.6% to 3.5% per annum (31 December 2018: 1.6% to 3.5% and 30 September 2018: 1.563% to 3%).

8 CASH AND CASH EQUIVALENTS

	<i>30 September 2019 KD</i>	<i>(Audited) 31 December 2018 KD</i>	<i>30 September 2018 KD</i>
Cash on Hand	23,572	69,037	98,726
Cash in Portfolio	12,883	437,531	437,508
Bank Balances	1,071,572	1,613,499	1,691,678
	<u>1,108,027</u>	<u>2,120,067</u>	<u>2,227,912</u>
Less:			
Bank overdraft	-	(202,818)	(1,032,957)
Cash and cash equivalents	<u>1,108,027</u>	<u>1,917,249</u>	<u>1,194,955</u>

The effective interest rate on unsecured overdraft facilities from a local bank was 4% per annum (31 December 2018: 4% and 30 September 2018: 3.75%).

9 SHARE CAPITAL

The authorised, issued and paid-up capital consists of 172,788,740 shares (31 December 2018: 172,788,740 shares and 30 September 2018: 172,788,740 shares) of 100 fils each, fully paid in cash.

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

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10 TREASURY SHARES

	<i>30 September 2019</i>	<i>(Audited) 31 December 2018</i>	<i>30 September 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)	663,287	695,381	898,646
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 30 September 2019 was 62 fils per share (31 December 2018: 65 fils per share and 30 September 2018: 84 fils per share).

11 INSURANCE CONTRACT LIABILITIES

	<i>30 September 2019 KD</i>	<i>(Audited) 31 December 2018 KD</i>	<i>30 September 2018 KD</i>
Reserve for outstanding claims	58,806,350	45,930,449	28,276,495
Reserve for unexpired risk	4,369,440	4,135,000	3,583,000
Reserve for life mathematical	1,839,370	1,822,996	2,859,000
Unearned Reinsurance Commission	307,319	314,326	-
	<u>65,322,479</u>	<u>52,202,771</u>	<u>34,718,495</u>

12 ANNUAL GENERAL ASSEMBLY

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
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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	Life and medical insurance			Investment	Unallocated	Total
	Marine & aviation		General		Life and medical		Investment			
	KD	accidents and fire	Motor		KD	KD	KD			
30 September 2019										
Segment revenue	491,219	2,011,229	3,918,534	6,420,982	5,512,440	1,621,236	449,489	14,004,147		
Segment results	550,913	1,824,880	668,624	3,044,417	646,629	1,561,782	(4,212,284)	1,040,544		
Assets				75,745,365	10,699,475	33,413,803		119,858,643		
Liabilities				67,568,874	14,515,386	-		82,084,260		
31 December 2018 (Audited)										
Assets				62,369,351	14,580,660	31,287,628		108,237,639		
Liabilities				53,647,136	18,677,356	-		72,324,492		

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 2019

13 SEGMENT INFORMATION (continued)

30 September 2018	General risk insurance		Total general insurance	Life and medical insurance	Investment	Unallocated	Total
	Marine & aviation KD	Fire KD					
Segment revenue	542,108	1,848,635	6,027,335	5,042,099	859,406	273,838	12,202,678
Segment results	318,011	1,292,603	2,547,201	710,317	877,931	(3,781,866)	353,583
Assets			42,237,059	14,279,366	30,717,726		87,234,151
Liabilities			42,784,150	9,160,482	-		51,944,632

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

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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:

	Key management and board members		Parent Company's shareholders		Others		Nine months ended	
	KD	30 September 2019	KD	30 September 2018	KD	30 September 2019	KD	30 September 2018
Gross premiums written	30		52,327		1,225,035	1,277,392		1,218,562
Dividends income	-		-		335,341	335,341		304,863

Balances 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	30 September 2019	KD	30 September 2019	KD	31 December 2018	KD	30 September 2018
<i>Insurance activities</i>								
Insurance services receivable	221		2,353,112		2,424,266	4,777,599		4,443,781
Insurance services payable	-		-		366,351	366,351		493,160
<i>Investment activities</i>								
Financial assets at fair value through profit or loss	-		-		6,039,250	6,039,250		6,042,908
Due from sale of financial assets available for sale	-		-		-	-		502,498
Financial assets available for sale	-		-		9,216,899	9,216,899		8,061,001
Deposits and bank balances	-		-		7,094,285	7,094,285		7,513,941

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14 RELATED PARTY DISCLOSURES (continued)

Key management personnel compensation:

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Short term employees' benefits	190,717	165,712	516,678	568,782
Employees' end of service benefit	9,476	9,904	28,121	28,351
	<u>200,193</u>	<u>175,616</u>	<u>544,799</u>	<u>597,133</u>

15 CAPITAL COMMITMENTS AND CONTINGENCIES

	<i>30 September</i>	<i>(Audited)</i>	
		<i>31 December</i>	<i>30 September</i>
	<i>2019</i>	<i>2018</i>	<i>2018</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Letters of guarantee	38,016	465,806	115,631
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 4,330,756 (31 December 2018: KD 3,546,208 and 30 September 2018: KD 3,743,207 (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>
30 September 2019				
Financial assets at fair value through profit or loss	7,257,449	-	-	7,257,449
Financial assets available for sale	13,783,395	-	604,602	14,387,997
Total	<u>21,040,844</u>	<u>-</u>	<u>604,602</u>	<u>21,645,446</u>

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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 through profit or loss	6,904,762	-	-	6,904,762
Financial assets available for sale	12,961,951	-	604,602	13,566,553
Total	<u>19,866,713</u>	<u>-</u>	<u>604,602</u>	<u>20,471,315</u>
30 September 2018				
Financial assets at fair value through profit or loss	6,927,956	-	-	6,927,956
Financial assets available for sale	12,692,445	-	624,702	13,317,147
Total	<u>19,620,401</u>	<u>-</u>	<u>624,702</u>	<u>20,245,103</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 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 30 September 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>
30 September 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>
30 September 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>