ORIENT UNB TAKAFUL P.J.S.C.

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2017

Building a better working world

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REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ORIENT UNB TAKAFUL P.J.S.C.

Introduction

We have reviewed the accompanying interim financial statements of Orient UNB Takaful P.J.S.C. (the "Company"), as at 30 June 2017 which comprise the interim statement of financial position as at 30 June 2017 and the related interim statements of comprehensive income for the three month and eight month periods then ended and the interim statements of cash flows and changes in equity for the period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim financial statements in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently, it 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 financial statements are not prepared, in all material respects, in accordance with IAS 34.

For Ernst & Young

Signed by:
Anthony O'Sullivan
Partner
Registration No.: 687

10 August 2017

Dubai, United Arab Emirates

INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2017

	Notes	*30 June 2017 (Unaudited) AED*
ASSETS		
Cash and cash equivalents	3	**22,053,000**
Wakala deposits	4	**180,000,000**
Other receivables		**2,232,963**
Statutory deposit	5	**6,000,000**
TOTAL ASSETS		**210,285,963**
EQUITY AND LIABILITIES		
Share capital	6	**200,000,000**
Share premium	6	**1,198,390**
Retained earnings		**(1,197,120)**
Total equity		**200,001,270**
Other payables	7	**10,284,693**
Total liabilities		**10,284,693**
TOTAL EQUITY AND LIABILITIES		**210,285,963**

The interim financial statements were approved by the Board of Directors on 10 August 2017 and signed on its behalf by:

Chairman | Chief Executive Officer | Head-Finance

The attached notes 1 to 9 form part of these interim financial statements.

INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the period ended 30 June 2017

	Three months period ended 30 June 2017 AED (Unaudited)	*Period from 8 November 2016 to 30 June 2017 AED (Unaudited)*
Profit on Wakala deposits	**88,214**	**88,214**
General & administrative expenses	**(1,285,334)**	**(1,285,334)**
LOSS FOR THE PERIOD	**(1,197,120)**	**(1,197,120)**
Other comprehensive income	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(1,197,120)**	**(1,197,120)**

The attached notes 1 to 9 form part of these interim financial statements.

INTERIM STATEMENT OF CHANGES IN EQUITY
For the period ended 30 June 2017

	Share capital AED	*Share premium AED*	*Accumulated losses AED*	*Total AED*
Issue of share capital (Note 6)	200,000,000	-	-	200,000,000
Share premium collected	-	2,000,000	-	2,000,000
Issuance cost of share capital	-	(801,610)	-	(801,610)
Total comprehensive loss for the period	-	-	(1,197,120)	(1,197,120)
At 30 June 2017 (Unaudited)	**200,000,000**	**1,198,390**	**(1,197,120)**	**200,001,270**

The attached notes 1 to 9 form part of these interim financial statements.

INTERIM STATEMENT OF CASH FLOWS
For the period ended 30 June 2017

	Period from 8 November 2016 to 30 June 2017 (Unaudited) AED
OPERATING ACTIVITIES	
Loss for the period	**(1,197,120)**
Working capital changes:	
Other receivables	**(2,232,963)**
Other payables	**10,284,693**
Net cash flows from operating activities	**6,854,610**
INVESTING ACTIVITIES	
Deposits with financial institutions	**(186,000,000)**
Net cash flows used in investing activities	**(186,000,000)**
FINANCING ACTIVITIES	
Proceeds from issuance of shares	**200,000,000**
Share premium collected	**1,198,390**
Net cash flows from financing activities	**201,198,390**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**22,053,000**
Cash and cash equivalents at the beginning of the period	**-**
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**22,053,000**

The attached notes 1 to 9 form part of these interim financial statements.

1 ACTIVITIES

Orient UNB Takaful P.J.S.C. (the "Company") is a public joint stock company registered under UAE Federal Law No (2) of 2015 relating to the incorporation of commercial companies in the UAE, and UAE Federal Law No. (6) of 2007 (as amended) relating to the establishment of insurance companies. The registered address of the Company is P.O. Box 183368, Dubai, United Arab Emirates.

The Company was incorporated on 8 November 2016, while the formalities of issuance and allotment of shares to the public was finalized on 28 December 2016. The Company obtained a commercial license on 23 January 2017.

The principal activity of the Company is issuance of short term insurance contracts in connection with accidents and liabilities insurance, fire insurance, transportation risk insurance, other type of insurance and health insurance. The Company also invests its funds in deposits.

Since the operations have not commenced, segmental information is not presented.

2 BASIS OF PREPARATION

Accounting convention
The interim financial statements are prepared under the historical cost convention. The interim financial statements have been presented in UAE Dirhams.

The Company presents its interim statement of financial position broadly in order of liquidity, with a distinction based on expectations regarding recovery or settlement within twelve months after the reporting date (current) and more than twelve months after the reporting date (non-current), presented in the notes.

Basis of preparation
The interim financial statements for the period ended 30 June 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting.

2.1 STANDARDS ISSUED BUT NOT EFFECTIVE

Certain new standards, amendments to standards and interpretations are not yet effective for the period ended 30 June 2017, with the Company not opting for early adoption. These have, therefore, not been applied in preparing these interim financial statements.

IFRS 9 Financial Instruments
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Company plans to adopt the new standard on the required effective date. Overall, the Company expects no significant impact on its interim statement of financial position and changes in equity except for the effect of applying the impairment requirements of IFRS 9.

Amendments to IFRS 4 - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the upcoming new insurance contracts standard (IFRS 17). The Company plans to defer the application of IFRS 9 until the earlier of the effective date of the new insurance contracts standard (IFRS 17) of 1 January 2021, applying the temporary exemption from applying IFRS 9 as introduced by the amendments.

2.1 STANDARDS ISSUED BUT NOT EFFECTIVE (continued)

Amendments to IFRS 4 - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (continued)
The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably 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 at the latest. An entity may apply the temporary exemption from IFRS 9 if: (i) it has not previously applied any version of IFRS 9 before and (ii) its activities are predominantly connected with insurance on its annual reporting date that immediately precedes 1 April 2016. The overlay approach allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.

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
IFRS 15 was issued in May 2014 and establishes a five-step model to account for 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 new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

IFRS 16 Leases
IFRS 16 was issued in January 2016 and it replaces 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. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. In 2017, the Company plans to assess the potential effect of IFRS 16 on its financial statements.

IFRS 2 Classification and Measurement of Share-based Payment Transactions — Amendments to IFRS 2
The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Company is assessing the potential effect of the amendments on its financial statements.

2.2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the interim financial statements:

Judgements
Classification of investments
Management decides on acquisition of an investment whether it should be classified as held to maturity, held for trading, fair value though profit or loss or available-for-sale.

For those investments deemed to be held to maturity, management ensures that the requirements of IAS 39 are met and, in particular, that the Company has the intention and ability to hold these to maturity.

The Company classifies investments as held for trading if they are acquired primarily for the purpose of making a short term profit.

Classification of investments as fair value through profit or loss depends on how management monitors the performance of these investments. When they are not classified as held for trading but have readily available reliable fair values and the changes in fair values are reported as part of profit or loss in the management accounts, they are classified as fair value through profit or loss.

All other investments are classified as available-for-sale.

Estimates & assumptions
Going concern
The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the interim financial statements continue to be prepared on the going concern basis.

Revenue Recognition

Profit on deposits
Profit on deposits is recognised on a time basis, by reference to the principal outstanding and at the effective rate of return applicable.

Financial assets

Initial recognition and measurement
Financial assets and liabilities are recognised in the statement of financial position when the Company becomes a party to contractual provisions of the instrument. From this date any gains and losses arising from changes in fair value of the assets or liabilities designated at fair value through profit or loss or available-for-sale assets are recognised. Receivables are recognised on the day they are transferred to or acquired by the Company.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include bank balances and short term deposits.

Subsequent measurement
A financial asset or a financial liability is recognised initially at its fair value plus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

2.2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Financial assets (continued)

Subsequent measurement (continued)
Subsequent to initial recognition, all financial assets at fair value through profit or loss and all available-for-sale assets are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be measured reliably is stated at cost, including transaction costs, less impairment allowances.

All other financial assets and non-trading financial liabilities are measured at amortised cost less impairment allowances.

Derecognition
The Company derecognises financial assets when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of the ownership of the financial assets are transferred.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Cash and cash equivalents
Cash and cash equivalents in the interim statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Impairment of financial assets
An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the statement of comprehensive income. Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of income;
(b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset; and
(c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows.

Financial liabilities

Initial recognition and measurement
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through income statement, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include other payables.

Subsequent measurement
The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through income statement
Financial liabilities at fair value through income statement includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through income statement.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the income statement.

The Company has not designated any financial liabilities upon initial recognition as at fair value through income statement.

2.2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Other payables and accruals
Liabilities are recognised for amounts to be paid in the future for goods and services rendered, whether billed by the supplier or not.

Provisions
Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Offsetting
Financial assets and liabilities are offset and the net amount reported in the interim statement of financial position only when there is legally enforceable right to offset the recognised amounts, or to realise the assets and settle the liabilities simultaneously. Income and expense will not be offset in the interim statement of comprehensive income unless required or permitted by an accounting standard or interpretation.

Fair value measurement of financial instruments
When the fair values of financial assets and financial liabilities recorded in the interim statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

For financial instruments traded in active markets, fair value at each reporting date is determined by reference to Stock Exchange quoted market bid prices, without any deduction for transaction costs.

For financial instruments not traded in active market, fair value is determined by reference to the current market value of a similar instrument, recent arm's length market transactions or is based on the expected discounted cash flows or any other valuation model.

3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	30 June 2017 (Unaudited) AED
Bank balances	**2,053,000**
Wakala deposit with an Islamic financial institution, maturing in less than 3 months (Note 4)	**20,000,000**
	22,053,000

4 WAKALA DEPOSITS

These consist of short term deposits with an Islamic financial institution in UAE, at profit rates ranging from 2% to 2.5%.

	30 June 2017 (Unaudited) AED
Wakala deposit with an Islamic financial institution	**200,000,000**
Less: Wakala deposit under cash and cash equivalents (Note 3)	**(20,000,000)**
	180,000,000

5 STATUTORY DEPOSIT

This consists of a fixed deposit on lien with an Islamic bank in UAE, at profit rate of 1.65% per annum, for the purpose of license renewal from the Insurance Authority.

6 SHARE CAPITAL AND SHARE PREMIUM

	30 June 2017 (Unaudited) AED
Issued and paid up Capital	
Issued and fully paid 2,000,000 shares of AED 100 each	**200,000,000**
Share premium	**1,198,390**
	201,198,390

Share premium upon initial public subscription amounted to AED 1 for each share. Transaction costs incurred on issuance of shares are recognised in equity and charged to share premium.

7 OTHER PAYABLES

	30 June 2017 (Unaudited) AED
Payable to shareholders	**10,039,934**
Others	**244,759**
	10,284,693

8 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of bank balances and deposits. Financial liabilities consist of other payables.

The fair values of financial instruments are not materially different from their carrying values. The fair value of the financial assets and liabilities are considered at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Bank balances, deposits and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Fair value hierarchy
The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or 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: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

9 RISK MANAGEMENT

The risks faced by the Company and the manner these risks are managed by the management are summarised below:

(a) Governance framework

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The board of directors, with its associated committees, carries out the Company's risk management function. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to the Company President and Senior Vice Presidents.

The senior management meets regularly to approve any commercial, regulatory and organisational decisions. The Company President under the authority delegated from the board of directors defines the Company's risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirements.

(b) Capital management framework

The primary objective of the Company's capital management is to comply with the regulatory requirements in the UAE to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company fully complied with the externally imposed capital requirements and no changes were made in the objectives, policies or processes during the period ended 30 June 2017.

(c) Regulatory framework

Regulators are primarily interested in protecting the rights of the policyholders and the public shareholders and monitor them closely to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The operations of the Company are also subject to regulatory requirements within the jurisdictions where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

(d) Financial risk

Financial instrument consists of financial assets and financial liabilities. The Company has no derivative financial instruments.

Financial assets of the Company include cash and cash equivalents, deposits with banks, other receivables, statutory deposits and Wakala deposits.

Financial liabilities of the Company include other payables and accruals.

The main risks arising from the Company's financial instruments are profit rate risk, credit risk, and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised as follows:

Profit rate risk

Profit rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in profit rates. Floating rate instruments expose the Company to cash flow profit risk, whereas fixed interest rate instruments expose the Company to fair value profit rate risk.

The Company's only exposure to profit risk is on account of its investment in Wakala deposits and statutory deposits. The Company limits profit rate risk by monitoring changes in profit rates of the investment made. The Wakala deposit is at a fixed rate of profit.

9 RISK MANAGEMENT (continued)

(d) Financial risk (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial assets held by the Company, the maximum exposure to credit risk to the Company is the carrying value as disclosed in the statement of financial position.

The table below shows the maximum exposure to credit risk for the components of the statement of financial position:

	30 June 2017 AED
Wakala deposits	**180,000,000**
Statutory deposits	**6,000,000**
Other receivables	**2,232,963**
Short term wakala deposits	**20,000,000**
TOTAL CREDIT RISK EXPOSURE	**208,232,963**

The Company seeks to limit credit risk by investing in financial assets with only reputed and creditworthy banks in the UAE.

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities as they fall due.

Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise. The Company has adequate funds from the shareholders to meet its financial liabilities.