

Nest Investments (Holdings) Ltd



NEST INVESTMENTS (HOLDINGS) LIMITED

**INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2015**

(Primary Statements)

Nest Finance Team
25 August 2015



**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2015**

| | Six month period ended 30 June | |
|--|-----------------------------------|-------------------|
| | 2015 US\$ '000 | 2014 US\$ '000 |
| Transfer from consolidated insurance revenue account | 15,159 | 11,390 |
| Interest income - banking operations | 13,174 | 14,017 |
| Interest expense - banking operations | (432) | (502) |
| Fee and commission income - banking operations | 6,807 | 7,525 |
| Fee and commission expense - banking operations | (216) | (59) |
| Net Income and gains from investments | 4,522 | 11,852 |
| Other income | 8,958 | 10,292 |
| Credit loss expense - banking operations | 5,438 | (778) |
| Administrative expenses | (22,613) | (24,572) |
| Net finance income/ (expense) | (2,397) | 4,390 |
| Profit from operations | 13,240 | 22,164 |
| Share of profit of associate's | 10,438 | 4,015 |
| Profit for the year before tax | 38,838 | 37,569 |
| Income tax expenses | (3,864) | (4,452) |
| Net profit for the year | 34,973 | 33,117 |
| Other comprehensive income | | |
| <i>To be reclassified to profit or loss in subsequent periods:</i> | | |
| Available for sale investments fair value gain, net of tax | (1,620) | 6,027 |
| Exchange difference | (42,300) | (14,528) |
| Net other comprehensive income to be reclassified to profit or loss in subsequent periods | (43,920) | (8,501) |
| <i>Not to be reclassified to profit or loss in subsequent periods:</i> | | |
| Revaluation of property, net of tax | - | - |
| Net other comprehensive income not to be reclassified to profit or loss in subsequent periods | - | - |
| Other comprehensive income | (43,920) | (8,501) |
| Total comprehensive income for the year | (8,947) | 24,616 |
| Total Comprehensive income for the year attributable to: | | |
| Equity holders of the parent | (185) | (4,046) |
| Non-controlling interest | (8,762) | 28,662 |
| | (8,947) | 24,616 |



INTERIM CONSOLIDATED INSURANCE REVENUE ACCOUNT
FOR THE PERIOD ENDED 30 JUNE 2015

| | Six month period ended | |
|---|------------------------|------------------|
| | 30 June | |
| | 2015 | 2014 |
| | US\$ '000 | US\$ '000 |
| Gross written premium | 442,470 | 435,464 |
| Outward reinsurance premium | (172,546) | (152,801) |
| Retained premium | 269,924 | 282,663 |
| Change in unearned premiums | (68,813) | (86,357) |
| Net earned premium | 201,111 | 196,306 |
| Gross claims paid | (155,909) | (154,671) |
| Claims recovered from reinsurers | 51,482 | 58,066 |
| Change in provision for outstanding claims - gross | (26,027) | (36,146) |
| Change in provision for outstanding claims - reinsurance | 8,594 | (5,894) |
| Change in IBNR | (7,758) | 7,030 |
| Claims and related expenses | (129,618) | (131,614) |
| Commissions and taxes paid | (83,547) | (78,376) |
| Commissions and taxes received from reinsurers | 35,069 | 30,051 |
| Interest on premium reserve | 137 | 70 |
| Interest on premium reserve - reinsurance | (24) | (34) |
| Change in deferred acquisition cost – gross | 17,826 | 21,008 |
| Change in deferred acquisition cost – reinsurance | (6,881) | (6,737) |
| Change in unexpired risk reserves | 1 | 11 |
| Acquisition costs, commissions and taxes | (37,418) | (34,008) |
| Gross underwriting profit | 34,075 | 30,684 |
| Operating expenses | (20,948) | (20,826) |
| Transfer to consolidated statement of comprehensive income | 15,159 | 11,390 |



**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015**

| | Unaudited 30 June 2015 US\$ '000 | Audited 31 December 2014 US\$ '000 | Unaudited June 2014 US\$ '000 |
|--|---|---|--|
| Assets | | | |
| Goodwill | 20,907 | 20,907 | 26,817 |
| Intangible assets | 5,979 | 6,400 | 6,973 |
| Property and equipment | 199,872 | 216,179 | 216,320 |
| Properties Held For Trading | 25,608 | 25,399 | 9,090 |
| Investment properties | 1,716,155 | 1,709,521 | 1,629,123 |
| Investment in associates | 485,712 | 486,109 | 410,938 |
| Loans and advances to banking customers | 360,883 | 362,957 | 321,450 |
| Other financial assets | 132,462 | 115,288 | 114,324 |
| Reinsurance assets | 397,620 | 365,783 | 364,122 |
| Insurance receivables | 31,367 | 32,930 | 33,857 |
| Gross deferred acquisition cost | 70,443 | 52,574 | 68,154 |
| Other assets | 262,035 | 119,353 | 165,377 |
| Accounts receivable | 376,763 | 264,619 | 359,103 |
| Due from banks - banking operations | 51,154 | 19,835 | 46,392 |
| Cash and cash equivalents | 659,983 | 708,814 | 681,112 |
| Total assets | 4,796,941 | 4,506,666 | 4,453,150 |
| Equity | | | |
| Share capital | 17 | 17 | 17 |
| Reserves | 1,667,712 | 1,667,697 | 1,545,465 |
| Contribution from Shareholder | 75,000 | 75,000 | 104,190 |
| Equity attributable to equity holders of the parent | 1,742,729 | 1,742,714 | 1,649,672 |
| Non-controlling interest | 641,869 | 654,505 | 617,271 |
| Total equity | 2,384,598 | 2,397,219 | 2,266,944 |
| Liabilities | | | |
| Bank Loans | 518,702 | 375,948 | 301,881 |
| Banking customer deposits | 289,251 | 267,133 | 282,851 |
| Due to banks | 1,735 | 2,177 | 2,588 |
| Insurance contract liabilities | 1,028,127 | 907,197 | 971,367 |
| Reinsurance balances payable | 42,495 | 51,873 | 66,874 |
| Trade creditors and other liabilities | 488,268 | 473,786 | 534,067 |
| Bank overdraft | 16,797 | 11,078 | 2,951 |
| Income received in advance | 2,133 | 2,301 | 2,227 |
| Reinsurers' share of deferred acquisition costs | 24,834 | 17,954 | 21,400 |
| Total Liabilities | 2,412,343 | 2,109,447 | 2,186,206 |
| Total equity and liabilities | 4,796,941 | 4,506,666 | 4,453,150 |
| 21 August 2015 | | | |
| Ghazi Abu Nahl Chairman and CEO | | Mehran Eftekhari, FCA Director | |



INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2015

| | Share capital | Contribution from Shareholder | Statutory reserve | Equity attributable to equity holders of the parent | | | | | Exchange difference reserve | Retained earnings | Total | Non-controlling interest | Total equity |
|---|---------------|-------------------------------|-------------------|---|-------------------------------|------------------------------|--------------------------------|-----------------|-----------------------------|-------------------|----------------|--------------------------|--------------|
| | | | | Optional reserve | General banking risks reserve | Property revaluation reserve | Investment revaluation reserve | | | | | | |
| | US\$ '000 | US\$ '000 | US\$ '000 | US\$ '000 | US\$ '000 | US\$ '000 | US\$ '000 | US\$ '000 | US\$ '000 | US\$ '000 | US\$ '000 | US\$ '000 | |
| At 1 January 2014 | 17 | 112,175 | 38,960 | 3,207 | 2,119 | 90,919 | (1,647) | (31,439) | 1,418,340 | 1,632,652 | 633,196 | 2,265,848 | |
| Prior year adjustments | - | - | (7,073) | (1,878) | - | (1,975) | (4,343) | 3,961 | 12,096 | 787 | (1,543) | (756) | |
| Revised opening balance 1 January 2014 | 17 | 112,175 | 31,888 | 1,328 | 2,119 | 88,944 | (5,990) | (27,479) | 1,430,436 | 1,633,439 | 631,653 | 2,265,091 | |
| Profit for the year | - | - | - | - | - | - | - | - | 160,072 | 160,072 | 39,397 | 199,469 | |
| Other comprehensive income / (loss) | - | - | - | - | - | 10,501 | (2,087) | (22,035) | - | (13,621) | (10,734) | (24,356) | |
| Total comprehensive income | 17 | 112,175 | 31,888 | 1,328 | 2,119 | 99,445 | (8,077) | (49,514) | 1,590,508 | 1,779,889 | 660,315 | 2,440,205 | |
| Repayment of funds contributed by shareholder | - | (37,175) | - | - | - | - | - | - | - | (37,175) | - | (37,175) | |
| Dividends paid to non-controlling interests | - | - | - | - | - | - | - | - | - | - | (7,170) | (7,170) | |
| Transfer to statutory and optional reserve | - | - | 699 | 1,649 | - | - | - | - | (2,348) | - | - | - | |
| Transfer to general banking risks reserve | - | - | - | - | 354 | - | - | - | (354) | - | - | - | |
| Acquisition of share in subsidiary | - | - | - | - | - | - | - | - | - | - | (11) | (11) | |
| At 31 December 2014 | 17 | 75,000 | 32,587 | 2,977 | 2,473 | 99,445 | (8,077) | (49,514) | 1,587,806 | 1,742,714 | 654,505 | 2,397,219 | |
| At 1 January 2015 | 17 | 75,000 | 32,587 | 2,977 | 2,473 | 99,445 | (8,077) | (49,514) | 1,587,806 | 1,742,714 | 654,505 | 2,397,219 | |
| Prior year adjustments | - | - | (8) | - | - | - | 295 | - | (87) | 200 | - | 200 | |
| Revised opening balance 1 January 2015 | 17 | 75,000 | 32,578 | 2,977 | 2,473 | 99,445 | (7,782) | (49,514) | 1,587,719 | 1,742,914 | 654,505 | 2,397,419 | |
| Profit for the year | - | - | - | - | - | - | - | - | 25,025 | 25,025 | 9,948 | 34,973 | |
| Other comprehensive income / (loss) | - | - | - | - | - | - | (1,699) | (23,512) | - | (25,211) | (18,709) | (43,920) | |
| Total comprehensive income | 17 | 75,000 | 32,578 | 2,977 | 2,473 | 99,445 | (9,481) | (73,025) | 1,612,744 | 1,742,729 | 645,743 | 2,388,472 | |
| Increase in subsidiary's share capital | - | - | - | - | - | - | - | - | - | - | 270 | 270 | |
| Dividends paid to non-controlling interests | - | - | - | - | - | - | - | - | - | - | (4,144) | (4,144) | |
| Transfer to statutory and optional reserve | - | - | 649 | 2,165 | - | - | - | (100) | (2,715) | - | - | - | |
| Transfer to general banking risks reserve | - | - | - | - | 263 | - | - | - | (263) | - | - | - | |
| At 30 June 2015 | 17 | 75,000 | 33,228 | 5,142 | 2,737 | 99,445 | (9,481) | (73,125) | 1,609,766 | 1,742,729 | 641,869 | 2,384,598 | |