

**Al-Sagr National Insurance Company
(Public Shareholding Company)
and its subsidiary**

**Condensed consolidated interim financial
information**

for the three-month period ended 31 March 2016

Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary

Condensed consolidated interim financial information
for the three-month period ended 31 March 2016

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Independent auditors' report on review of condensed consolidated interim financial information

The Shareholders

Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary

Introduction

We have reviewed the accompanying 31 March 2016 condensed consolidated interim financial information of Al-Sagr National Insurance Company (the "Company") and its subsidiary (collectively referred to as the "Group"), which comprises:

- the condensed consolidated interim statement of financial position as at 31 March 2016;
- the condensed consolidated interim statement of profit or loss for the three-month period ended 31 March 2016;
- the condensed consolidated interim statement of comprehensive income for the three-month period ended 31 March 2016;
- the condensed consolidated interim statement of changes in shareholder's equity for the three-month period ended 31 March 2016;
- the condensed consolidated interim statement of cash flows for the three-month period ended 31 March 2016; and
- notes to the condensed consolidated interim financial information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information 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 condensed consolidated 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 31 March 2016 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited
Muhammad Tariq
Registered Auditor No: 793
Date: 15 MAY 2016

Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary

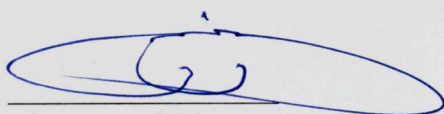
Condensed consolidated interim statement of financial position

as at 31 March 2016

	<i>Note</i>	31 March 2016 AED (Unaudited)	31 December 2015 AED (Audited)
ASSETS			
Property and equipment		8,927,329	9,133,879
Investment properties	6	172,856,118	172,856,118
Investments	7	63,449,656	214,379,787
Investment in associates	8	165,950,233	166,341
Reinsurance contract assets	11	262,831,415	238,228,389
Insurance and other receivables		259,396,049	232,036,207
Due from related parties	16	104,118,780	98,411,277
Cash and bank balances	12	294,072,905	297,824,545
TOTAL ASSETS		1,331,602,485	1,263,036,543
EQUITY AND LIABILITIES			
Equity			
Share capital	13	230,000,000	230,000,000
Statutory reserve		63,115,259	63,115,259
General reserve		200,000,000	200,000,000
Investments revaluation reserve		(1,361,523)	(1,361,523)
Retained earnings		(47,515,201)	(65,301,132)
Equity attributable to shareholders of the Company		444,238,535	426,452,604
Non-controlling interests		539,065	650,230
Total equity		444,777,600	427,102,834
Liabilities			
Due to related parties	16	494,844	519,307
Provision for employees' end of service indemnity		13,570,832	13,367,614
Insurance contract liabilities	11	515,180,280	491,212,881
Bank borrowings		165,328,951	164,370,379
Insurance and other payables		192,249,978	166,463,528
Total liabilities		886,824,885	835,933,709
Total equity and liabilities		1,331,602,485	1,263,036,543

The notes on pages 8 to 20 form an integral part of these condensed consolidated interim financial information.

These condensed consolidated financial information were approved and authorised for issue by the Board of Directors on 15-05-2016 and signed on their behalf by:



Director and CEO

The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1.

**Al-Sagr National Insurance Company (Public Shareholding Company)
and its subsidiary**

Condensed consolidated interim statement of profit or loss
for the three-month period ended 31 March 2016

	Three-month period ended 31 March 2016 AED (Un-audited)	Three-month period ended 31 March 2015 AED (Un-audited) (Restated)
UNDERWRITING RESULTS		
Underwriting income		
Gross insurance premium	129,989,999	111,058,567
Less: insurance premium ceded to reinsurers	(57,484,236)	(45,682,973)
Net retained premium	72,505,763	65,375,594
Net change in unearned premium reserve	(3,607,769)	(4,874,846)
Net insurance premium	68,897,994	60,500,748
Gross claims incurred	(128,298,821)	(77,399,500)
Insurance claims recovered from reinsurers	57,954,678	17,623,060
Net claims paid	(70,344,143)	(59,776,440)
Net change in outstanding claims	4,246,156	16,234,247
Net claims incurred	(66,097,987)	(43,542,193)
Net commission income	12,300,559	15,397,767
	<i>17</i>	
Underwriting profit	15,100,566	32,356,322
Net investments income / (loss)	(1,580,712)	(240,023)
Share of profits from equity accounted investees	13,133,517	-
General and administrative expenses	(8,978,605)	(7,893,587)
Profit for the period	17,674,766	24,222,712
Attributable to:		
Shareholders of the Company	17,785,931	24,222,712
Non-controlling interest	(111,165)	-
	17,674,766	24,222,712
Earnings per share	0.08	0.11
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The notes on pages 8 to 20 form an integral part of these condensed consolidated interim financial information.

The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1.

**Al-Sagr National Insurance Company (Public Shareholding Company)
and its subsidiary**

Condensed consolidated interim statement of comprehensive income
for the three-month period ended 31 March 2016

	Three-month period ended 31 March 2016 AED (Un-audited)	Three-month period ended 31 March 2015 AED (Un-audited) (Restated)
Profit for the period	17,674,766	24,222,712
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss :</i>		
Net change in investment in financial assets at fair value through other comprehensive income	-	-
	<hr/>	<hr/>
Other comprehensive income for the period	-	-
	<hr/>	<hr/>
Total comprehensive income for the period	<u>17,674,766</u>	<u>24,222,712</u>
 Attributable to:		
Shareholders of the Company	17,785,931	24,222,712
Non-controlling interest	(111,165)	-
	<u>17,674,766</u>	<u>24,222,712</u>

The notes on pages 8 to 20 form an integral part of these condensed consolidated interim financial information.

The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1.

Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary

Condensed consolidated interim statement of changes in equity (Un-audited)

for the three-month period ended 31 March 2016

	Attributable to the equity holders of the Company					Total AED	Non- controlling interest AED	Total equity AED
	Share capital AED	Statutory reserve AED	General reserve AED	Investment revaluation reserve AED	Retained earnings AED			
Balance at 1 January 2015 (As previously reported)	230,000,000	63,115,259	200,000,000	(1,361,523)	169,794,298	661,548,034	1,107,110	662,655,144
Effect of changes in accounting policies	-	-	-	-	(106,919,144)	(106,919,144)	-	(106,919,144)
Balance at 1 January 2015 (Audited)	230,000,000	63,115,259	200,000,000	(1,361,523)	62,875,154	554,628,890	1,107,110	555,736,000
Total comprehensive income for the period								
Profit for the period (Restated)	-	-	-	-	24,222,712	24,222,712	-	24,222,712
Other comprehensive income								
Movement in net change in investment in financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the period (Restated)	-	-	-	-	24,222,712	24,222,712	-	24,222,712
Balance at 31 March 2015 (Unaudited) (Restated)	230,000,000	63,115,259	200,000,000	(1,361,523)	87,097,866	578,851,602	1,107,110	579,958,712

The notes on pages 8 to 20 form an integral part of these condensed consolidated interim financial information.

Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary

Condensed consolidated interim statement of changes in equity (Un-audited)

for the three-month period ended 31 March 2016

	Attributable to the equity holders of the Company					Total AED	Non- controlling interest AED	Total equity AED
	Share capital AED	Statutory reserve AED	General reserve AED	Investment revaluation reserve AED	Retained earnings AED			
Balance at 1 January 2016 (Audited)	230,000,000	63,115,259	200,000,000	(1,361,523)	(65,301,132)	426,452,604	650,230	427,102,834
Total comprehensive income for the period								
Profit for the period	-	-	-	-	17,785,931	17,785,931	(111,165)	17,674,766
Other comprehensive income								
Movement in net change in investment in financial asset at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	17,785,931	17,785,931	(111,165)	17,674,766
Balance at 31 March 2016 (Unaudited)	230,000,000	63,115,259	200,000,000	(1,361,523)	(47,515,201)	444,238,535	539,065	444,777,600

The notes on pages 8 to 20 form an integral part of these condensed consolidated interim financial information.

Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary

Condensed consolidated interim statement of cash flows

for the three-month period ended 31 March 2016

	Three-month period ended 31 March 2016 AED (Un-audited)	Three-month period ended 31 March 2015 AED (Un-audited) (Restated)
Cash flows from operating activities		
Profit for the period	17,674,766	24,222,712
<i>Adjustment for:</i>		
Depreciation	575,991	319,380
Net unrealised loss / (income) from investments	664,316	(907,668)
Interest income	(1,996,021)	(2,442,717)
Dividend income	(908,430)	(773,697)
Share of profit from equity accounted investees	(13,133,517)	-
Provision for employees' end of service indemnity	232,303	203,756
Finance costs	1,433,203	2,256,645
Operating cash flows before movements in working capital	4,542,611	22,878,411
Increase in reinsurance contract assets	(24,603,026)	(2,330,803)
Increase in insurance and other receivables	(27,359,842)	(24,311,114)
Increase in due from related parties	(5,707,503)	(5,261,639)
Increase in fixed deposits with bank	3,763,795	(2,689,209)
Increase in insurance contract liabilities	23,967,399	11,243,585
Increase in insurance and other payables	25,786,450	22,025,421
Decrease in due to related parties	(24,463)	(25,688)
Net cash generated from operations	365,421	21,528,964
Interest paid	(1,433,203)	(2,256,645)
Employees' end of service indemnity paid	(29,085)	(82,448)
Net cash (used in) / generated from operating activities	(1,096,867)	19,189,871
Cash flows from investing activities		
Net proceeds used in acquiring investments	-	(1,597,196)
Purchase of property and equipment	(369,441)	(364,666)
Purchase of securities	(2,384,560)	-
Dividends received	908,430	773,697
Interest received	1,996,021	2,442,717
Net cash generated from investing activities	150,450	1,254,552
Cash flows from financing activities		
Increase / (Decrease) in bank borrowings	958,572	(6,889,570)
Net cash generated in / (used) in financing activities	958,572	(6,889,570)
Net increase in cash and cash equivalents	12,155	13,554,853
Cash and cash equivalents at 1 January	63,253,235	63,325,594
Cash and cash equivalents at 31 March (note 12)	63,265,390	76,880,447

The notes on pages 8 to 20 form an integral part of these condensed consolidated interim financial information.

The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1.

Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary

Notes

(forming part of the condensed consolidated interim financial information)

1 Legal status and activities

Al-Sagr National Insurance Company (Public Share holding Company), Dubai (the "Company") was incorporated on 25 December 1979 as a public shareholding company by an Emiri Decree from His Highness, The Ruler of Dubai, and is registered with the Ministry of Economy of the United Arab Emirates under registration No. (16). The Company's address in Dubai is P.O. Box 14614, Dubai, U.A.E. The Company is a subsidiary of Gulf General Investments Company (the "Parent Company"), a public company incorporated in U.A. E.

The principal activity of the Company is the writing of insurance of all types. The Company operates through its Head Office in Dubai and its branches in Dubai, Sharjah, Abu Dhabi, Al Ain, Ras Al Khaima and Ajman in the U.A.E.

The condensed consolidated interim financial information incorporate the condensed interim financial information of the Company and its subsidiary (collectively referred to as "the Group"). Details of the subsidiary are as follows:

Name of subsidiary	Activity	Group's Ownership		Country of incorporation
		31 March 2016	31 December 2015	
Jordan Emirates Insurance Company PSC	Underwriting of insurance of all types	92.83%	92.83%	Jordan

2 Basis of preparation

a) Statement of compliance

These condensed consolidated interim financial information have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all of the information required for full annual audited financial statements, and should be read in conjunction with the annual financial statements as at and for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards (IFRSs).

b) Basis of measurement

These condensed consolidated interim financial information have been prepared on the historical cost basis except for the following which are measured at fair value.

- i) Financial instruments at fair value through profit and loss ("FVTPL");
- ii) Financial instruments at fair value through other comprehensive income ("FVTOCI"); and
- iii) Investment properties.

c) Functional and presentation currency

These condensed consolidated interim financial information are presented in UAE Dirham (AED), which is the functional currency. Except as otherwise indicated, financial information are presented in AED.

Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary

Notes (continued)

2 Basis of preparation (continued)

d) Use of estimates and judgements

The preparation of these condensed consolidated interim financial information in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in the future periods effected.

In preparing these condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited financial statements as at and for the year ended 31 December 2015.

3 Summary of significant accounting policies

The accounting policies applied by the Group in preparation of these condensed consolidated interim financial statements are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2015 except for the adoption of new IFRSs which became effective as of 1 January 2016.

The adoption of the new and amended standards and interpretations have been reflected in these condensed consolidated interim financial statements as appropriate in terms of disclosures but do not have an impact on the financial position or performance of the Group during the period.

Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary

Notes (continued)

4 Financial risk management

Aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements for the year ended 31 December 2015.

5 Interim measurement

The nature of the Group's business is such that income and expense are incurred in a manner, which is not materially impacted by any form of seasonality. These condensed consolidated interim financial information were prepared based upon an accrual concept, which requires income and expense to be recorded as earned or incurred and not as received or paid throughout the period. However, the results may not represent a proportionate share of the annual profits due to variability in contributions and investment income and uncertainty of claims occurrences.

6 Investment properties

	(Un-audited)	(Audited)
	31 March 2016	31 December 2015
	AED	AED
At the beginning of the period / year	172,856,118	172,809,138
Additions during the period / year	-	46,980
	<u>172,856,118</u>	<u>172,856,118</u>

As at 31 March 2016, the Group has four investment properties out of which one property is Meydan Tower (property is under development but construction has not started), located in Dubai controlled by GGICO Real Estate Development Co. L.L.C. in which the Group has 10% ownership. The carrying value of the property is AED 80 million (10% share of AED 800 million) as at 31 March 2016 (31 December 2015: AED 80 million). Another property located in Al Barsha First, Dubai has a carrying value of AED 90 million (31 December 2015: AED 90 million). The other two properties are located in Jordan. The Company assessed fair value of the investment properties during 2015 externally. As at 31 March 2016, the fair value of investment properties portfolio is not significantly different as per Company's internal assessment.

Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary

Notes (continued)

7 Investments

	(Un-audited) 31 March 2016 AED	(Audited) 31 December 2015 AED
Investment in financial assets at fair value through profit or loss ("FVTPL") (note 7.1)	60,911,509	211,841,640
Investment in financial asset at fair value through other comprehensive income ("FVTOCI")	2,538,147	2,538,147
Total	63,449,656	214,379,787

- 7.1** The revaluation of investment securities resulted in net unrealised loss of AED 0.66 million (net) for the three-month period ended 31 March 2016 (*three-month period ended 31 March 2015: AED 0.91 million*). During the current period, Group has received dividend income of AED 0.91 million (*three-month period ended 31 March 2015: AED 0.77 million*) on its investments in securities.

8 Investment in associates

	(Un-audited) 31 March 2016 AED	(Audited) 31 December 2015 AED
Green Air Technology L.L.C., United Arab Emirates (note 8.1)	16,716	16,341
Sogour Al Khaleej General Trading L.L.C., United Arab Emirates (Note 8.1)	150,000	150,000
Al Sagr Cooperative Insurance Company (note 8.2)	165,783,517	-
	165,950,233	166,341

- 8.1** The Group holds 50% ownership in Green Air Technology L.L.C., a limited liability company incorporated in Dubai, United Arab Emirates. The remaining 50% ownership is owned equally by the Parent Company and the CEO of the Company.

The Group holds 50% ownership in Sogour Al Khaleej General Trading L.L.C., a limited liability company incorporated in Dubai, United Arab Emirates. The main activity of the Company is general trading. The remaining 50% ownership is owned by the Parent Company.

Although, the Group holds 50% equity in 2 associates, these are controlled by the Parent Company. The Group's voting rights in these entities do not give it control over these entities.

Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary

Notes (continued)

8 Investment in associates (continued)

8.2 As at 31 December 2015, the Group held 19% shares of Al Sagr Cooperative Insurance Company ("Al Sagr Cooperative"). The Group has reacquired 1% of the shares which it had previously sold. This resulted in an increase in the Group's holding percentage to 20%, thereby giving the Group significant influence over Al Sagr Cooperative. Accordingly, the Group has now reclassified its investment in Al Sagr Cooperative to an investment in associate.

The following summarises the financial information of the Associate and reconciles the summarised financial information to the carrying amount of the Group's interest in the Associate.

	(Un-audited) 31 March 2016 AED	(Audited) 31 December 2015 AED
Initial cost of investment	152,650,000	-
Group share of net profits for the period	13,133,517	-
Investment in associate	<u>165,783,517</u>	<u>-</u>

Percentage of interest

	20% (Un-audited) 31 March 2016 AED
Assets	1,282,670,563
Liabilities	(764,038,136)
Net assets	<u>518,632,427</u>
Group's share in net assets at 20%	103,726,485
Revenue for the period	71,734,496
Profit for the period	65,667,588
Group's share of profit for the period at 20%	13,133,517

The Group is in process of evaluating the fair value of the identifiable net assets acquired as part of the acquisition. This will be completed within 12 months of the acquisition date, in accordance with the guidelines IFRS 3 - Business combinations.

Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary

Notes (continued)

9 Classes and categories of financial assets and financial liabilities

The table below sets out the classification of each class of financial assets and liabilities along with their fair values. For financial assets and liabilities carried at amortised cost, management believes that the amortised cost of those instruments approximates to their fair values.

At 31 March 2016 (Un-audited)

<u>Financial assets</u>	FVTPL	FVTOCI	Amortised cost	Total
	AED	AED	AED	AED
Investments	60,911,509	2,538,147	-	63,449,656
Reinsurance contract assets	-	-	262,831,415	262,831,415
Insurance and other receivables	-	-	258,536,651	258,536,651
Due from related parties	-	-	104,118,780	104,118,780
Cash and bank balances	-	-	294,072,905	294,072,905
	60,911,509	2,538,147	919,559,751	983,009,407

<u>Financial liabilities</u>	FVTPL	FVTOCI	Amortised cost	Total
	AED	AED	AED	AED
Due to related parties	-	-	494,844	494,844
Insurance contract liabilities	-	-	515,180,280	515,180,280
Bank borrowings	-	-	165,328,951	165,328,951
Insurance and other payables	-	-	192,249,978	192,249,978
	-	-	873,254,053	873,254,053

At 31 December 2015 (Audited)

<u>Financial assets</u>	FVTPL	FVTOCI	Amortised cost	Total
	AED	AED	AED	AED
Investments	211,841,640	2,538,147	-	214,379,787
Reinsurance contract assets	-	-	194,318,473	194,318,473
Insurance and other receivables	-	-	231,304,296	231,304,296
Due from related parties	-	-	98,411,277	98,411,277
Cash and bank balances	-	-	297,824,545	297,824,545
	211,841,640	2,538,147	821,858,591	1,036,238,378

<u>Financial liabilities</u>	FVTPL	FVTOCI	Amortised cost	Total
	AED	AED	AED	AED
Due to related parties	-	-	519,307	519,307
Insurance contract liabilities	-	-	491,212,881	491,212,881
Bank borrowings	-	-	164,370,379	164,370,379
Insurance and other payables	-	-	166,463,528	166,463,528
	-	-	822,566,095	822,566,095

Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary

Notes (continued)

10 Fair value of financial instruments

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Partnership has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised:

31 March 2016 (Un-audited)

<u>Financial assets</u>	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
FVTPL - financial assets	60,911,509	-	-	60,911,509
FVTOCI - financial assets	-	-	2,538,147	2,538,147
	60,911,509	-	2,538,147	63,449,656
<u>Non financial assets</u>				
Investment properties	-	-	172,856,118	172,856,118
	-	-	172,856,118	172,856,118

31 December 2015 (Audited)

<u>Financial assets</u>	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
FVTPL - financial assets	211,841,640	-	-	211,841,640
FVTOCI - financial assets	-	-	2,538,147	2,538,147
	211,841,640	-	2,538,147	214,379,787
<u>Non financial assets</u>				
Investment properties	-	-	172,856,118	172,856,118
	-	-	172,856,118	172,856,118

Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary

Notes (continued)

11 Insurance contract liabilities and reinsurance contract assets

	(Un-audited)	(Audited)
	31 March 2016	31 December 2015
	AED	AED
Gross		
Insurance contract liabilities		
Reserve for outstanding claims	236,104,424	255,322,763
Reserve for incurred but not reported claims (IBNR)	65,448,626	54,361,321
Reserve for outstanding claims (including IBNR)	301,553,050	309,684,084
Unearned premium reserve	213,627,230	181,528,797
Total insurance contract liabilities (gross)	515,180,280	491,212,881
Less: Recoverable from reinsurers		
Reinsurer share of outstanding claims	(159,422,031)	(169,700,906)
Reinsurer share of incurred but not reported claims (IBNR)	(31,265,000)	(24,617,567)
Reinsurer share of outstanding claims (including IBNR)	(190,687,031)	(194,318,473)
Unamortised reinsurance premium reserve	(72,144,384)	(43,909,916)
Total reinsurance contract assets	(262,831,415)	(238,228,389)
Net insurance contract liabilities	252,348,865	252,984,492

12 Cash and bank balances

	(Un-audited)	(Audited)
	31 March 2016	31 December 2015
	AED	AED
Cash in hand	734,719	2,457,283
Bank balances:		
Current accounts	11,037,045	12,996,554
Fixed deposits	282,301,141	282,370,708
	294,072,905	297,824,545

Fixed deposits with banks as at 31 March 2016 include AED 10.3 million (31 December 2015: AED 10.3 million) deposited in the name of the Company to the order of the Ministry of Economy and Trade of the United Arab Emirates as required by the Federal Law Number (6) of 2007 relating to Insurance Authority.

Fixed deposits amounting to AED 253.3 million (31 December 2015: AED 253.3 million) are under lien in respect of bank credit facilities granted to the Company.

All fixed deposits with banks mature within different periods not exceeding one year from the financial date of deposit and carry interest rates between 2.5% to 5% per annum (31 December 2015: 2.5% to 5.9% per

Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary

Notes (continued)

12 Cash and bank balances (continued)

For cash flow purposes, the cash and cash equivalents analysed as follows;

	(Un-audited) 31 March 2016 AED	(Audited) 31 December 2015 AED
Bank balances and cash	294,072,905	297,824,545
Long term fixed deposits	(230,807,515)	(234,571,310)
Cash and cash equivalents (for cash flow statement)	63,265,390	63,253,235

13 Share capital

	(Un-audited) 31 March 2016 AED	(Audited) 31 December 2015 AED
Issued and fully paid: 230,000,000 shares of AED 1 each	230,000,000	230,000,000

14 Earnings per share

	Three-month period ended 31 March	
	(Un-audited) 2016	(Un-audited) 2015 (Restated)
Profit for the period attributable to equity holders of the Parent (AED)	17,785,931	24,222,712
Weighted average number of shares	230,000,000	230,000,000
Basic earnings per share (AED)	0.08	0.11

Basic earnings per share are calculated by dividing the profit for the period attributable to shareholders by the weighted average number of shares outstanding at reporting date. There is no dilution impact on basic earnings per share.

15 Contingent liabilities and commitments

	(Un-audited) 31 March 2016 AED	(Audited) 31 December 2015 AED
Letters of guarantee	13,329,407	12,433,401

Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary

Notes (continued)

16 Related party transactions

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard (IAS) 24: Related Party Disclosures. Related parties comprise companies and entities under common ownership and/or common management and control, shareholders, directors and key management personnel of the Group, their close family members and entities controlled, jointly controlled or significantly influenced by such parties.

At the reporting date, amounts due from/to related parties were as follows:

	(Un-audited) 31 March 2016 AED	(Audited) 31 December 2015 AED
Included in due from related parties		
Due from related parties	245,108,155	239,400,652
Allowance for doubtful debts	(140,989,375)	(140,989,375)
	<u>104,118,780</u>	<u>98,411,277</u>
Due from shareholders	<u>2,206,932</u>	<u>1,737,234</u>
Included in due to related parties		
Due to shareholders	<u>494,844</u>	<u>519,307</u>
Included in insurance contract liabilities		
Gross outstanding claims	<u>427,975</u>	<u>975,473</u>

These amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

During the period, the Group entered into the following transactions with related parties:

	Three-month period ended 31 March	
	(Un-audited) 2016 AED	(Un-audited) 2015 AED
Gross premium	311,588	6,820,572
Claims paid	<u>557,483</u>	<u>682,152</u>
Compensation of key management personnel		
Salaries and benefits	<u>1,829,307</u>	<u>1,766,448</u>

17 Net commission income

	Three-month period ended 31 March 2016 AED (Un-audited)	Three-month period ended 31 March 2015 AED (Un-audited)
Gross commission earned	21,316,653	22,433,117
Less: commission incurred	<u>(9,016,094)</u>	<u>(7,035,350)</u>
	<u>12,300,559</u>	<u>15,397,767</u>

Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary

Notes (continued)

18 Segment information

Operating segment information

For management purposes the Group is organised into two operating segments, general insurance and life assurance. These segments are the basis on which the Group reports its primary segment information

	General insurance		Life insurance		Total	
	2016 AED	2015 AED (Restated)	2016 AED	2015 AED (Restated)	2016 AED	2015 AED (Restated)
Underwriting income						
Gross insurance premium	128,935,574	109,874,587	1,054,425	1,183,980	129,989,999	111,058,567
Less: insurance premium ceded to reinsurers	(56,546,646)	(44,612,654)	(937,590)	(1,070,319)	(57,484,236)	(45,682,973)
Net retained premium	72,388,928	65,261,933	116,835	113,661	72,505,763	65,375,594
Net change in unearned premium reserve	(3,656,019)	(4,853,548)	48,250	(21,298)	(3,607,769)	(4,874,846)
Net insurance premium	68,732,909	60,408,385	165,085	92,363	68,897,994	60,500,748
Gross claims paid	(127,731,061)	(75,454,400)	(567,757)	(1,945,100)	(128,298,818)	(77,399,500)
Insurance claims recovered from reinsurers	57,448,495	15,699,725	506,180	1,923,335	57,954,675	17,623,060
Net claims paid	(70,282,566)	(59,754,675)	(61,577)	(21,765)	(70,344,143)	(59,776,440)
Net change in outstanding claims	4,207,971	17,316,634	38,185	(1,082,387)	4,246,156	16,234,247
Net claims incurred	(66,074,595)	(42,438,041)	(23,392)	(1,104,152)	(66,097,987)	(43,542,193)
Net commission income	11,968,169	14,956,365	332,390	441,401	12,300,559	15,397,766
General and administrative expenses	(8,835,018)	(7,746,016)	(143,587)	(147,570)	(8,978,605)	(7,893,586)
Underwriting profit	5,791,465	25,180,693	330,496	(717,958)	6,121,961	24,462,735
Net investments income					11,552,805	(240,023)
Profit for the period					17,674,766	24,222,712

Al-Sagr National Insurance Company (Public Shareholding Company)
and its subsidiary

Notes (continued)

18 Segment information (continued)

Operating segment information

	General insurance		Life insurance		Total	
	2016 AED	2015 AED	2016 AED	2015 AED	2016 AED	2015 AED
ASSETS						
Property and equipment	8,799,211	8,973,731	128,118	160,148	8,927,329	9,133,879
Investment properties	172,856,118	172,856,118	-	-	172,856,118	172,856,118
Investments	63,449,656	214,379,787	-	-	63,449,656	214,379,787
Investment in associates	165,950,233	166,341	-	-	165,950,233	166,341
Reinsurance contract assets	253,751,311	227,853,389	9,080,104	10,375,000	262,831,415	238,228,389
Insurance and other receivables	256,937,832	229,751,069	2,458,217	2,285,138	259,396,049	232,036,207
Due from related parties	104,118,780	98,411,277	-	-	104,118,780	98,411,277
Cash and bank balances	285,572,905	289,324,545	8,500,000	8,500,000	294,072,905	297,824,545
Total assets	1,311,436,046	1,241,716,257	20,166,439	21,320,286	1,331,602,485	1,263,036,543
LIABILITIES						
Due to related parties	494,844	519,307	-	-	494,844	519,307
Provision for employees' end of service indemnity	13,391,362	13,193,430	179,470	174,184	13,570,832	13,367,614
Insurance contract liabilities	505,448,485	480,099,881	9,731,795	11,113,000	515,180,280	491,212,881
Bank borrowings	165,328,951	164,370,379	-	-	165,328,951	164,370,379
Insurance and other payables	189,917,327	164,130,877	2,332,651	2,332,651	192,249,978	166,463,528
Total liabilities	874,580,969	822,313,874	12,243,916	13,619,835	886,824,885	835,933,709
EQUITY						
Share capital	-	-	-	-	230,000,000	230,000,000
Legal reserve	-	-	-	-	63,115,259	63,115,259
General reserve	-	-	-	-	200,000,000	200,000,000
Fair value reserve	-	-	-	-	(1,361,523)	(1,361,523)
Retained earnings	-	-	-	-	(47,515,201)	(65,301,132)
Equity attributable to shareholders of the Company					444,238,535	426,452,604
Non-controlling interests	-	-	-	-	539,065	650,230
Total equity					444,777,600	427,102,834
Total liabilities and equity					1,331,602,485	1,263,036,543

Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary

Notes (continued)

19 Effect of changes in accounting policies

The Group has voluntarily changed its accounting policy for recognising UPR, IBNR and commission income related to underwriting activities.

- (a) Impact of change in accounting policies on the consolidated statement of profit or loss for the period ended 31 March 2015 is as follows:

	As previously reported AED	Adjustment AED	Restated AED
Net change in unearned premium reserve	(12,338,375)	7,463,529	(4,874,846)
Net change in outstanding claims	3,425,592	12,808,655	16,234,247
Earnings per share (AED)	0.02	0.09	0.11

Change in accounting policy resulted in increase in previously reported consolidated profit for the period ended 31 March 2015 by AED 20.27 million and consequently increased earning per share by AED 0.09.

20 Comparative figures

Certain comparative figures have been reclassified where appropriate to conform with the presentation and accounting policies adopted in these condensed consolidated interim financial information.