

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

**Condensed consolidated interim financial
information**

for the nine-month period ended 30 September 2016

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

Condensed consolidated interim financial information
for the nine-month period ended 30 September 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 30 September 2016 condensed consolidated interim financial information of Al-Sagr National Insurance Company (Public Shareholding Company) (the "Company") and its subsidiary (collectively referred to as the "Group"), which comprise:

- the condensed consolidated interim statement of financial position as at 30 September 2016;
- the condensed consolidated interim statement of profit or loss for the three-month and nine-month periods ended 30 September 2016;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2016;
- the condensed consolidated interim statement of changes in equity for the nine-month period ended 30 September 2016;
- the condensed consolidated interim statement of cash flows for the nine-month period ended 30 September 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.



Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary
Independent auditors' report on review of condensed consolidated interim financial information
30 September 2016

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 30 September 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
Vijendra Nath Malhotra
Registration number: 48
Dubai, United Arab Emirates

14 NOV 2016

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

Condensed consolidated interim statement of financial position

as at 30 September 2016

	Note	30 September 2016 AED (Unaudited)	31 December 2015 AED (Audited)
ASSETS			
Property and equipment		8,254,348	9,133,879
Investment properties	6	172,856,118	172,856,118
Investments	7	71,218,221	214,379,787
Investment in associates	8	180,967,020	166,341
Reinsurance contract assets	11	206,883,124	238,228,389
Insurance and other receivables		241,741,828	232,036,207
Due from related parties	16	105,107,194	98,411,277
Cash and bank balances	12	277,366,924	297,824,545
TOTAL ASSETS		1,264,394,777	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)
Accumulated loss		(33,706,906)	(65,301,132)
Equity attributable to shareholders of the Company		458,046,830	426,452,604
Non-controlling interests		326,313	650,230
Total equity		458,373,143	427,102,834
Liabilities			
Due to related parties	16	473,832	519,307
Provision for employees' end of service indemnity		13,932,620	13,367,614
Insurance contract liabilities	11	466,042,286	491,212,881
Bank borrowings		153,092,657	164,370,379
Insurance and other payables		172,480,239	166,463,528
Total liabilities		806,021,634	835,933,709
Total equity and liabilities		1,264,394,777	1,263,036,543

The notes on pages 9 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 14 NOV 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 pages 1 - 2.

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

Condensed consolidated interim statement of profit or loss

for the nine-month period ended 30 September 2016

	Three-month period ended 30 September 2016	Three-month period ended 30 September 2015	Nine-month period ended 30 September 2016	Nine-month period ended 30 September 2015
<i>Note</i>	AED	AED	AED	AED
	(Un-audited)	(Un-audited) (Restated)	(Un-audited)	(Un-audited) (Restated)
UNDERWRITING RESULTS				
Underwriting income				
Gross insurance premium	69,907,846	76,732,671	303,629,856	300,712,448
Less: insurance premium ceded to reinsurers	(20,243,815)	(26,279,024)	(118,180,603)	(105,471,259)
Net retained premium	49,664,031	50,453,647	185,449,253	195,241,189
Net change in unearned premium reserve	13,466,900	18,008,698	6,542,787	9,228,197
Net insurance premium	63,130,931	68,462,345	191,992,040	204,469,386
Gross claims incurred	(68,939,253)	(83,345,521)	(257,275,344)	(251,843,379)
Insurance claims recovered from reinsurers	10,345,060	27,770,587	89,124,669	60,861,927
Net claims paid	(58,594,193)	(55,574,934)	(168,150,675)	(190,981,452)
Net change in outstanding claims	(4,541,882)	7,285,787	(12,717,457)	11,008,109
Net claims incurred	(63,136,075)	(48,289,147)	(180,868,132)	(179,973,343)
Net commission income	4,475,789	10,190,474	28,931,891	41,991,024
Underwriting profit	4,470,645	30,363,672	40,055,799	66,487,067
Net investments loss	(1,846,994)	(46,102,353)	(4,271,213)	(66,644,052)
Share of profits from equity accounted investees	4,312,865	-	28,150,304	-
General and administrative expenses	(10,081,910)	(9,590,155)	(32,664,581)	(29,692,823)
(Loss) / profit for the period	(3,145,394)	(25,328,836)	31,270,309	(29,849,808)
Attributable to:				
Shareholders of the Company	(3,167,694)	(25,330,877)	31,594,226	(29,603,398)
Non-controlling interest	22,300	2,041	(323,917)	(246,410)
	(3,145,394)	(25,328,836)	31,270,309	(29,849,808)
(Loss) / earning per share	(0.01)	(0.11)	0.14	(0.13)

The notes on pages 9 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 pages 1 - 2.

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

Condensed consolidated interim statement of profit or loss and other comprehensive income
for the nine-month period ended 30 September 2016

	Three-month period ended 30 September 2016 AED (Un-audited)	Three-month period ended 30 September 2015 AED (Un-audited) (Restated)	Nine-month period ended 30 September 2016 AED (Un-audited)	Nine-month period ended 30 September 2015 AED (Un-audited) (Restated)
(Loss) / profit for the period	(3,145,394)	(25,328,836)	31,270,309	(29,849,808)
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	-	-	-	-
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(3,145,394)</u>	<u>(25,328,836)</u>	<u>31,270,309</u>	<u>(29,849,808)</u>
Attributable to:				
Shareholders of the Company	(3,167,694)	(25,330,877)	31,594,226	(29,603,398)
Non-controlling interest	22,300	2,041	(323,917)	(246,410)
	<u>(3,145,394)</u>	<u>(25,328,836)</u>	<u>31,270,309</u>	<u>(29,849,808)</u>

The notes on pages 9 to 20 form an integral part of these condensed consolidated interim financial information.

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

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

for the nine-month period ended 30 September 2016

	Attributable to the equity holders of the Company						Non-controlling interest AED	Total equity AED
	Share capital AED	Statutory reserve AED	General reserve AED	Investment revaluation reserve AED	Retained earnings AED	Total 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 loss for the period								
Loss for the period (Restated)	-	-	-	-	(29,603,398)	(29,603,398)	(246,410)	(29,849,808)
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 loss for the period (Restated)	-	-	-	-	(29,603,398)	(29,603,398)	(246,410)	(29,849,808)
Balance at 30 September 2015 (Unaudited) (Restated)	230,000,000	63,115,259	200,000,000	(1,361,523)	33,271,756	525,025,492	860,700	525,886,192

The notes on pages 9 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 nine-month period ended 30 September 2016

	Attributable to the equity holders of the Company					Total	Non-controlling interest	Total equity
	Share capital	Statutory reserve	General reserve	Investment revaluation reserve	Accumulated loss			
	AED	AED	AED	AED	AED	AED	AED	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 / (loss) for the period	-	-	-	-	31,594,226	31,594,226	(323,917)	31,270,309
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 / (loss) for the period	-	-	-	-	31,594,226	31,594,226	(323,917)	31,270,309
Balance at 30 September 2016 (Unaudited)	230,000,000	63,115,259	200,000,000	(1,361,523)	(33,706,906)	458,046,830	326,313	458,373,143

The notes on pages 9 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 nine-month period ended 30 September 2016

	Nine-month period ended 30 September 2016 AED (Un-audited)	Nine-month period ended 30 September 2015 AED (Un-audited) (Restated)
Cash flows from operating activities		
Profit / (loss) for the period	31,270,309	(29,849,808)
<i>Adjustment for:</i>		
Depreciation	1,418,802	1,347,342
Net unrealised loss from investments	211,573	65,327,625
Interest income	(5,517,072)	(7,080,812)
Dividend income	(1,792,790)	(4,374,754)
Share of profit from equity accounted investees	(28,150,304)	-
Provision for employees' end of service indemnity	696,909	611,268
Finance costs	4,200,691	6,913,647
Operating cash flows before movements in working capital	2,338,118	32,894,508
Decrease / (increase) in reinsurance contract assets	31,345,265	(18,727,754)
Increase in insurance and other receivables	(9,705,621)	(15,616,232)
Increase in due from related parties	(6,695,917)	(8,795,469)
Decrease in insurance contract liabilities	(25,170,595)	(1,508,552)
Increase in insurance and other payables	6,016,711	44,768,768
Decrease in due to related parties	(45,475)	(104,570)
Net cash (used in) / generated from operations	(1,917,514)	32,910,699
Interest paid	(4,200,691)	(6,913,647)
Employees' end of service indemnity paid	(131,903)	(647,247)
Net cash (used in) / generated from operating activities	(6,250,108)	25,349,805
Cash flows from investing activities		
Net proceeds used in acquiring investments	(9,700,382)	-
Net proceeds from sale of securities	-	11,282,938
Purchase of property and equipment	(539,271)	(487,306)
Purchase of investment properties	-	(46,980)
Dividends received	1,792,790	4,374,754
Interest received	5,517,072	7,080,812
Net cash (used in) / generated from investing activities	(2,929,791)	22,204,218
Cash flows from financing activities		
Dividend paid	-	(23,000,000)
Payment of directors' fees	-	(600,000)
Net cash used in financing activities	-	(23,600,000)
Net (decrease) / increase in cash and cash equivalents	(9,179,899)	23,954,023
Cash and cash equivalents at 1 January	133,454,166	99,156,494
Cash and cash equivalents at 30 September (note 12)	124,274,267	123,110,517

The notes on pages 9 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 pages 1 - 2.

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
		30 September 2016	31 December 2015	
Jordan Emirates Insurance Company PSC	Underwriting of insurance of all types	94.03%	92.83%	Jordan

The Company's shareholding in Jordan Emirates Insurance Company PSC increased from 92.83% to 94.03% effective from 30 September 2016.

2 Basis of preparation

a) Statement of compliance

These condensed 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 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).

On 1 April 2015, a new UAE Federal Law No. 2 of 2015 for Commercial Companies ("UAE Companies Law of 2015") was issued with an effective date of 1 July 2015. In June 2016, the UAE Cabinet passed a resolution to extend the deadline for existing companies in the UAE to ensure compliance with the new UAE Companies Law from 30 June 2016 to 30 June 2017. The Company is in the process of adopting the new federal law and will be fully compliant before the transitional provisions deadline.

Further, under Federal Law No 6 of 2007, relating to Establishment of Insurance Authority and Regulation of Insurance Operations, a new financial regulation for insurance companies was issued on 28 January 2015. The financial regulation provided an alignment period to Insurance companies between one to three years from the publication of financial regulation in Public Gazette from 29 January 2015 to align the operations to the covenants of the regulations therein. The Company is in the process of aligning the operations with the requirement of the regulations and will be fully aligned before the deadline for alignment period.

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

Notes (*continued*)

2 Basis of preparation (continued)

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.

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 a 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 consolidated 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 information are consistent with those applied by the Group in its annual audited 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 information as appropriate in terms of disclosures but do not have an impact on the financial position or performance of the Group during the period.

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.

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

Notes (continued)

6 Investment properties

	(Un-audited)	(Audited)
	30 September 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 30 September 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 and is 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 30 September 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 Group assessed fair value of the investment properties during 2015 externally. As at 30 September 2016, the fair value of investment properties portfolio is not significantly different as per Group's internal assessment.

7 Investments

	(Un-audited)	(Audited)
	30 September 2016	31 December 2015
	AED	AED
Investment in financial assets at fair value through profit or loss ("FVTPL") (note 7.1)	68,680,074	211,841,640
Investment in financial asset at fair value through other comprehensive income ("FVTOCI")	2,538,147	2,538,147
Total	<u>71,218,221</u>	<u>214,379,787</u>

- 7.1 The revaluation of investment securities resulted in net unrealised loss of AED 0.21 million (net) for the nine-month period ended 30 September 2016 (*nine-month period ended 30 September 2015: AED 65.3 million*). During the current period, Group has received dividend income of AED 1.79 million (*nine-month period ended 30 September 2015: AED 4.37 million*) on its investments in securities.

8 Investment in associates

	(Un-audited)	(Audited)
	30 September 2016	31 December 2015
	AED	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)	180,800,304	-
	<u>180,967,020</u>	<u>166,341</u>

- 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) 30 September 2016 AED	(Audited) 31 December 2015 AED
Initial cost of investment	152,650,000	-
Group share of net profits for the period	28,150,304	-
Investment in associate	<u>180,800,304</u>	<u>-</u>

Percentage of interest

	20% (Un-audited) 30 September 2016 AED
Assets	1,232,417,834
Liabilities	(694,229,557)
Net assets	<u><u>538,188,277</u></u>
Group's share in net assets at 20%	<u>107,637,655</u>
Revenue for the period	<u>444,247,620</u>
Profit for the period	<u>140,751,525</u>
Group's share of profit for the period at 20%	<u><u>28,150,304</u></u>

The Group is in the 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 in 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 30 September 2016 (Un-audited)

<u>Financial assets</u>	<u>FVTPL</u>	<u>FVTOCI</u>	<u>Amortised cost</u>	<u>Total</u>
	<u>AED</u>	<u>AED</u>	<u>AED</u>	<u>AED</u>
Investments	68,680,074	2,538,147	-	71,218,221
Reinsurance contract assets	-	-	147,812,030	147,812,030
Insurance and other receivables	-	-	240,535,607	240,535,607
Due from related parties	-	-	105,107,194	105,107,194
Cash and bank balances	-	-	277,366,924	277,366,924
	68,680,074	2,538,147	770,821,755	842,039,976

<u>Financial liabilities</u>	<u>FVTPL</u>	<u>FVTOCI</u>	<u>Amortised cost</u>	<u>Total</u>
	<u>AED</u>	<u>AED</u>	<u>AED</u>	<u>AED</u>
Due to related parties	-	-	473,832	473,832
Insurance contract liabilities	-	-	275,895,098	275,895,098
Bank borrowings	-	-	153,092,657	153,092,657
Insurance and other payables	-	-	172,480,239	172,480,239
	-	-	601,941,826	601,941,826

At 31 December 2015 (Audited)

<u>Financial assets</u>	<u>FVTPL</u>	<u>FVTOCI</u>	<u>Amortised cost</u>	<u>Total</u>
	<u>AED</u>	<u>AED</u>	<u>AED</u>	<u>AED</u>
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>	<u>FVTPL</u>	<u>FVTOCI</u>	<u>Amortised cost</u>	<u>Total</u>
	<u>AED</u>	<u>AED</u>	<u>AED</u>	<u>AED</u>
Due to related parties	-	-	519,307	519,307
Insurance contract liabilities	-	-	309,684,084	309,684,084
Bank borrowings	-	-	164,370,379	164,370,379
Insurance and other payables	-	-	166,463,528	166,463,528
	-	-	641,037,298	641,037,298

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:

30 September 2016 (Un-audited)

<u>Financial assets</u>	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
FVTPL - financial assets	68,680,074	-	-	68,680,074
FVTOCI - financial assets	-	-	2,538,147	2,538,147
	<u>68,680,074</u>	<u>-</u>	<u>2,538,147</u>	<u>71,218,221</u>
<u>Non financial assets</u>				
Investment properties	-	-	172,856,118	172,856,118
	<u>-</u>	<u>-</u>	<u>172,856,118</u>	<u>172,856,118</u>

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
	<u>211,841,640</u>	<u>-</u>	<u>2,538,147</u>	<u>214,379,787</u>
<u>Non financial assets</u>				
Investment properties	-	-	172,856,118	172,856,118
	<u>-</u>	<u>-</u>	<u>172,856,118</u>	<u>172,856,118</u>

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

Notes (continued)

11 Insurance contract liabilities and reinsurance contract assets

	(Un-audited)	(Audited)
	30 September 2016	31 December 2015
	AED	AED
Gross		
Insurance contract liabilities		
Reserve for outstanding claims	231,150,047	255,322,763
Reserve for incurred but not reported claims (IBNR)	44,745,051	54,361,321
Reserve for outstanding claims (including IBNR)	275,895,098	309,684,084
Unearned premium reserve	190,147,188	181,528,797
Total insurance contract liabilities (gross)	466,042,286	491,212,881
Less: Recoverable from reinsurers		
Reinsurer share of outstanding claims	(138,596,030)	(169,700,906)
Reinsurer share of incurred but not reported claims (IBNR)	(9,216,000)	(24,617,567)
Reinsurer share of outstanding claims (including IBNR)	(147,812,030)	(194,318,473)
Unamortised reinsurance premium reserve	(59,071,094)	(43,909,916)
Total reinsurance contract assets	(206,883,124)	(238,228,389)
Net insurance contract liabilities	259,159,162	252,984,492

12 Cash and bank balances

	(Un-audited)	(Audited)
	30 September 2016	31 December 2015
	AED	AED
Cash in hand	3,143,046	2,457,283
Bank balances:		
Current accounts	11,075,508	12,996,554
Fixed deposits	263,148,370	282,370,708
	277,366,924	297,824,545

Fixed deposits with banks as at 30 September 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 243.5 million (31 December 2015: AED 253.3 million) are under lien in respect of bank credit facilities granted to the Group.

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 3.74% per annum (31 December 2015: 2.5% to 5.9% per annum).

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) 30 September 2016 AED	(Audited) 31 December 2015 AED
Bank balances and cash	277,366,924	297,824,545
Bank borrowings	(153,092,657)	(164,370,379)
Cash and cash equivalents (for cash flow statement)	124,274,267	133,454,166

13 Share capital

	(Un-audited) 30 September 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 30 September		Nine-month period ended 30 September	
	(Un-audited) 2016	(Un-audited) 2015 (Restated)	(Un-audited) 2016	(Un-audited) 2015 (Restated)
(Loss) / profit for the period attributable to equity holders of the Parent (AED)	(3,167,694)	(25,330,877)	31,594,226	(29,603,398)
Weighted average number of shares	230,000,000	230,000,000	230,000,000	230,000,000
Basic (loss) / earning per share (AED)	(0.01)	(0.11)	0.14	(0.13)

Basis (loss) / earning per share are calculated by dividing the (loss) / 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 capital commitments

	(Un-audited) 30 September 2016 AED	(Audited) 31 December 2015 AED
Letters of guarantee	14,697,890	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) 30 June 2016 AED	(Audited) 31 December 2015 AED
Included in due from related parties		
Due from related parties - net of write off	101,898,968	96,674,043
Due from shareholders	3,208,226	1,737,234
	<u>105,107,194</u>	<u>98,411,277</u>
Included in insurance contract liabilities		
Gross outstanding claims	622,084	975,473

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 30 September		Nine-month period ended 30 September	
	(Un-audited) 2016 AED	(Un-audited) 2015 AED	(Un-audited) 2016 AED	(Un-audited) 2015 AED
Gross premium	3,196,780	3,327,143	11,413,813	11,926,104
Claims paid	409,972	1,147,750	1,606,951	2,008,104
	<u>3,606,752</u>	<u>4,474,893</u>	<u>13,020,764</u>	<u>13,934,208</u>
Compensation of key management personnel				
Salaries and benefits	1,725,648	1,263,808	6,883,522	5,641,666

17 Net commission income

	Three-month period ended 30 September 2016 AED (Un-audited)	Three-month period ended 30 September 2015 AED (Un-audited)	Nine-month period ended 30 September 2016 AED (Un-audited)	Nine-month period ended 30 September 2015 AED (Un-audited)
Gross commission earned	10,979,904	15,598,672	52,978,527	61,832,503
Less: commission incurred	(6,504,115)	(5,408,198)	(24,046,636)	(19,841,479)
	<u>4,475,789</u>	<u>10,190,474</u>	<u>28,931,891</u>	<u>41,991,024</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	293,797,916	290,901,568	9,831,940	9,810,880	303,629,856	300,712,448
Less: insurance premium ceded to reinsurers	(108,423,832)	(96,162,086)	(9,756,771)	(9,309,173)	(118,180,603)	(105,471,259)
Net retained premium	185,374,084	194,739,482	75,169	501,707	185,449,253	195,241,189
Net change in unearned premium reserve	6,538,787	9,071,158	4,000	157,039	6,542,787	9,228,197
Net insurance premium	191,912,871	203,810,640	79,169	658,746	191,992,040	204,469,386
Gross claims incurred	(256,362,612)	(247,477,110)	(912,732)	(4,366,269)	(257,275,344)	(251,843,379)
Insurance claims recovered from reinsurers	88,324,687	56,780,599	799,982	4,081,328	89,124,669	60,861,927
Net claims paid	(168,037,925)	(190,696,511)	(112,750)	(284,941)	(168,150,675)	(190,981,452)
Net change in outstanding claims	(12,313,583)	11,474,626	(403,874)	(466,517)	(12,717,457)	11,008,109
Net claims incurred	(180,351,508)	(179,221,885)	(516,624)	(751,458)	(180,868,132)	(179,973,343)
Net commission income	24,073,172	37,724,075	4,858,719	4,266,949	28,931,891	41,991,024
General and administrative expenses	(32,217,171)	(28,237,958)	(447,410)	(1,454,865)	(32,664,581)	(29,692,823)
Underwriting profit	3,417,364	34,074,872	3,973,854	2,719,372	7,391,218	36,794,244
Net investments income / loss					23,879,091	(66,644,052)
Profit / (loss) for the period					31,270,309	(29,849,808)

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	8,109,034	8,973,731	145,314	160,148	8,254,348	9,133,879
Investment properties	172,856,118	172,856,118	-	-	172,856,118	172,856,118
Investments	71,218,221	214,379,787	-	-	71,218,221	214,379,787
Investment in associates	180,967,020	166,341	-	-	180,967,020	166,341
Reinsurance contract assets	191,679,124	227,853,389	15,204,000	10,375,000	206,883,124	238,228,389
Insurance and other receivables	238,515,649	229,751,069	3,226,179	2,285,138	241,741,828	232,036,207
Due from related parties	105,107,194	98,411,277	-	-	105,107,194	98,411,277
Cash and bank balances	268,866,924	289,324,545	8,500,000	8,500,000	277,366,924	297,824,545
Total assets	1,237,319,284	1,241,716,257	27,075,493	21,320,286	1,264,394,777	1,263,036,543
LIABILITIES						
Due to related parties	473,832	519,307	-	-	473,832	519,307
Provision for employees' end of service indemnity	13,741,068	13,193,430	191,552	174,184	13,932,620	13,367,614
Insurance contract liabilities	449,700,286	480,099,881	16,342,000	11,113,000	466,042,286	491,212,881
Bank borrowings	153,092,657	164,370,379	-	-	153,092,657	164,370,379
Insurance and other payables	168,626,564	164,130,877	3,853,675	2,332,651	172,480,239	166,463,528
Total liabilities	785,634,407	822,313,874	20,387,227	13,619,835	806,021,634	835,933,709
EQUITY						
Share capital	-	-	-	-	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)
Accumulated loss	-	-	-	-	(33,706,906)	(65,301,132)
Equity attributable to shareholders of the Company					458,046,830	426,452,604
Non-controlling interests					326,313	650,230
Total equity					458,373,143	427,102,834
Total liabilities and equity					1,264,394,777	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 30 September 2015 is as follows:

	As previously reported AED	Adjustment AED	Restated AED
Net change in unearned premium reserve	(5,860,411)	15,088,608	9,228,197
Net change in outstanding claims	(14,110,511)	25,118,620	11,008,109
Loss per share (AED)	(0.30)	0.17	(0.13)

Change in accounting policy resulted in decrease in previously reported consolidated loss for the period ended 30 September 2015 by AED 40.21 million and consequently decreased loss per share by AED 0.17.

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.