

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

**Condensed consolidated interim financial
information**

for the nine-month period ended 30 September 2017

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

Condensed consolidated interim financial information
for the nine-month period ended 30 September 2017

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

To the Shareholders of Al-Sagr National Insurance Company (Public Shareholding Company)

Introduction

We have reviewed the accompanying 30 September 2017 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 comprises:

- the condensed consolidated interim statement of financial position as at 30 September 2017;
- the condensed consolidated interim statement of profit or loss for the three-month and nine-month periods ended 30 September 2017;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2017;
- the condensed consolidated interim statement of changes in equity for the nine-month period ended 30 September 2017;
- the condensed consolidated interim statement of cash flows for the nine-month period ended 30 September 2017; 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 (continued)*
30 September 2017

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 2017 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 No.: 48
Dubai, United Arab Emirates
Date: **14 NOV 2017**

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


Condensed consolidated interim statement of financial position

as at

		30 September	31 December
		2017	2016
	<i>Note</i>	AED	AED
		(Unaudited)	(Audited)
ASSETS			
Property and equipment		7,479,189	7,660,109
Investment in associates	6	165,821,386	173,581,343
Investment in financial assets at FVTPL	7	54,967,036	61,534,832
Investment in financial assets at FVTOCI		2,538,147	2,538,147
Investment properties	8	174,655,000	172,934,241
Insurance receivables		174,959,368	139,973,269
Reinsurer share of outstanding claims		109,302,253	150,434,398
Reinsurer share of incurred but not reported claims (IBNR)		18,147,000	9,821,000
Reinsurer share of unearned premium reserve		66,524,659	47,315,638
Due from related parties	15	111,456,335	104,671,938
Other receivables and prepayments		15,286,128	25,238,635
Security deposits		352,775	239,675
Cash and bank balances	9	287,751,779	268,268,460
TOTAL ASSETS		1,189,241,055	1,164,211,685
EQUITY AND LIABILITIES			
Equity			
Share capital	12	230,000,000	230,000,000
Statutory reserve		65,220,938	65,220,938
General reserve	12.1	100,000,000	200,000,000
Investments revaluation reserve		(1,379,079)	(1,379,079)
Retained earning / (accumulated loss)		57,826,203	(46,589,876)
Equity attributable to shareholders of the Company		451,668,062	447,251,983
Non-controlling interests		324,968	570,543
Total equity		451,993,030	447,822,526
Liabilities			
Due to related parties		78,615	104,752
Provision for employees' end of service indemnity		14,533,824	14,328,526
Bank borrowings		173,117,829	145,909,069
Insurance and other payables		167,696,455	152,489,357
Outstanding claims reserve		125,698,466	186,583,844
Incurred but not reported claims (IBNR) reserve		52,101,538	42,141,174
Unearned premium reserve		199,927,298	170,673,437
Unexpired risk reserve		1,204,000	909,000
Unallocated loss adjustment expense reserve		2,890,000	3,250,000
Total liabilities		737,248,025	716,389,159
Total equity and liabilities		1,189,241,055	1,164,211,685

The notes on pages 10 to 21 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 2017** 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 and 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

	Three-month period ended 30 September 2017 AED (Un-audited)	Three-month period ended 30 September 2016 AED (Un-audited)	Nine-month period ended 30 September 2017 AED (Un-audited)	Nine-month period ended 30 September 2016 AED (Un-audited)
<i>Note</i>				
UNDERWRITING RESULTS				
Underwriting income				
Gross insurance premium	91,003,692	69,907,846	315,174,009	303,629,856
Less: reinsurance share of gross premium	(26,343,750)	(20,107,859)	(128,982,351)	(112,028,213)
Less: reinsurance share of ceded business premium	(55,518)	(135,956)	(1,778,527)	(6,152,390)
Net retained premium	64,604,424	49,664,031	184,413,131	185,449,253
Net change in unearned premium reserve	(5,056,552)	13,317,900	(10,044,840)	345,787
Net insurance premium	59,547,872	62,981,931	174,368,291	185,795,040
Commission earned	14,416,855	10,979,904	53,612,664	52,978,527
Commission incurred	(7,625,369)	(6,504,115)	(25,569,702)	(24,046,636)
Underwriting income	66,339,358	67,457,720	202,411,253	214,726,931
Gross claims paid	(99,705,366)	(85,938,400)	(270,315,075)	(274,274,491)
Insurance claims recovered from reinsurers	38,885,812	10,345,060	101,032,289	89,124,669
Net claims paid	(60,819,554)	(75,593,340)	(169,282,786)	(185,149,822)
Decrease / (increase) in provision for outstanding claims	32,507,039	6,551,533	60,885,378	40,586,860
(Decrease) / increase in reinsurer share of outstanding claims	(21,335,885)	7,899,670	(41,132,145)	(31,104,876)
Decrease / (increase) in unexpired risk reserve	200,000	149,000	(295,000)	6,197,000
Increase in incurred but not reported claims (IBNR) reserve	(1,120,687)	(1,777,938)	(1,634,364)	(5,785,294)
Decrease / (increase) in unallocated loss adjustment expense reserve	163,000	(216,000)	360,000	585,000
Net claims incurred	(50,406,087)	(62,987,075)	(151,098,917)	(174,671,132)
Underwriting profit	15,933,271	4,470,645	51,312,336	40,055,799
Net investments loss	(1,307,168)	(1,846,994)	(4,812,380)	(4,271,213)
Share of profits from equity accounted investees	1,036,368	4,312,865	2,040,043	28,150,304
General and administrative expenses	(10,927,860)	(10,081,910)	(31,869,495)	(32,664,581)
Profit / (loss) for the period	4,734,611	(3,145,394)	16,670,504	31,270,309
Attributable to:				
Shareholders of the Company	4,710,479	(3,167,694)	16,916,079	31,594,226
Non-controlling interest	24,132	22,300	(245,575)	(323,917)
	4,734,611	(3,145,394)	16,670,504	31,270,309
Earning / (loss) per share	0.02	(0.01)	0.07	0.14

The notes on pages 10 to 21 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 and 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

	Three-month period ended 30 September 2017 AED (Un-audited)	Three-month period ended 30 September 2016 AED (Un-audited)	Nine-month period ended 30 September 2017 AED (Un-audited)	Nine-month period ended 30 September 2016 AED (Un-audited)
Profit / (loss) for the period	4,734,611	(3,145,394)	16,670,504	31,270,309
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 income / (loss) for the period	4,734,611	(3,145,394)	16,670,504	31,270,309
Attributable to:				
Shareholders of the Company	4,710,479	(3,167,694)	16,916,079	31,594,226
Non-controlling interest	24,132	22,300	(245,575)	(323,917)
	4,734,611	(3,145,394)	16,670,504	31,270,309

The notes on pages 10 to 21 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

	Attributable to the equity holders of the Company							
	Share capital AED	Statutory reserve AED	General reserve AED	Investment revaluation reserve AED	Accumulated losses AED	Total AED	Non-controlling interest AED	Total equity AED
As 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 assets 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
As 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 10 to 21 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

	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	Accumulated loss / retained earning AED			
As at 1 January 2017 (Audited)	230,000,000	65,220,938	200,000,000	(1,379,079)	(46,589,876)	447,251,983	570,543	447,822,526
Total comprehensive income for the period								
Profit / (loss) for the period	-	-	-	-	16,916,079	16,916,079	(245,575)	16,670,504
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	-	-	-	-	16,916,079	16,916,079	(245,575)	16,670,504
Transactions with owners directly recorded in equity								
Transfer from general reserve (note 12.1)	-	-	(100,000,000)	-	100,000,000	-	-	-
Dividend paid	-	-	-	-	(11,500,000)	(11,500,000)	-	(11,500,000)
Directors' fee paid during the period	-	-	-	-	(1,000,000)	(1,000,000)	-	(1,000,000)
As at 30 September 2017 (Unaudited)	230,000,000	65,220,938	100,000,000	(1,379,079)	57,826,203	451,668,062	324,968	451,993,030

The notes on pages 10 to 21 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

	Nine-month period ended 30 September 2017 AED (Un-audited)	Nine-month period ended 30 September 2016 AED (Un-audited)
Cash flows from operating activities		
Profit for the period	16,670,504	31,270,309
<i>Adjustment for:</i>		
Depreciation	1,180,153	1,418,802
Net unrealised (gain) / loss from investments	(766,635)	211,573
Interest income	(5,758,516)	(5,517,072)
Dividend income	(1,455,877)	(1,792,790)
Share of profit from equity accounted investees	(2,040,043)	(28,150,304)
Provision for employees' end of service indemnity	939,920	696,909
Finance costs	4,884,266	4,200,691
Operating cash flows before movements in working capital	13,653,772	2,338,118
Change in insurance receivables	(34,986,099)	(7,609,199)
Change in reinsurer share of outstanding claims	41,132,145	31,104,876
Change in reinsurer share of incurred but not reported claims (IBNR)	(8,326,000)	15,401,567
Change in reinsurer share of unearned premium reserve	(19,209,021)	(15,161,178)
Change in due from related parties	(6,784,397)	(6,695,917)
Change in other receivables and prepayments	9,952,507	(2,097,532)
Change in security deposits	(113,100)	1,110
Change in due to related parties	(26,137)	(45,475)
Change in insurance and other payables	15,207,098	6,016,711
Change in outstanding claims reserve	(60,885,378)	(23,587,713)
Change in incurred but not reported claims (IBNR) reserve	9,960,364	(9,616,273)
Change in unearned premium reserve	29,253,861	14,815,391
Change in unexpired risk reserve	295,000	(6,197,000)
Change in unallocated loss adjustment expense reserve	(360,000)	(585,000)
Net cash used in operations	(11,235,385)	(1,917,514)
Interest paid	(4,884,266)	(4,200,691)
Employees' end of service indemnity paid	(734,622)	(131,903)
Net cash used in operating activities	(16,854,273)	(6,250,108)
Cash flows from investing activities		
Purchase of property and equipment	(999,233)	(539,271)
Addition in investment properties; net	(1,720,759)	-
Acquisition of investments in financial assets at FVTPL	-	(9,700,382)
Net proceeds from sale of investment in financial assets at FVTPL	7,334,431	-
Dividend received from equity accounted investees	9,800,000	-
Dividends received	1,455,877	1,792,790
Interest received	5,758,516	5,517,072
Net cash generated from / (used in) investing activities	21,628,832	(2,929,791)

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

Condensed consolidated interim statement of cash flows (continued)

for the nine-month period ended 30 September

	Nine-month period ended 30 September 2017 AED (Un-audited)	Nine-month period ended 30 September 2016 AED (Un-audited)
Cash flows from financing activities		
Dividend paid	(11,500,000)	-
Payment of directors' fees	(1,000,000)	-
Net cash used in financing activities	(12,500,000)	-
Net decrease in cash and cash equivalents	(7,725,441)	(9,179,899)
Cash and cash equivalents at 1 January	122,359,391	133,454,166
Cash and cash equivalents at 30 September (note 9)	114,633,950	124,274,267

The notes on pages 10 to 21 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 and 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), (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 Khaimah 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 2017	31 December 2016	
Jordan Emirates Insurance Company PSC	Underwriting of insurance of all types	94.03%	94.03%	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" and the applicable provisions of UAE Federal Law No. 2 of 2015. They do not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements as at and for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The Group has complied with the applicable provisions of UAE Federal Law No. 2 of 2015 as at 30 September 2017.

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 Gazzette 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.

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 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 2016.

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 2016 except for the adoption of new IFRSs which became effective as of 1 January 2017.

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 2016.

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 in associates

	(Un-audited)	(Audited)
	30 September 2017	31 December 2016
	2017	2016
	AED	AED
Green Air Technology L.L.C., United Arab Emirates (note 6.1)	16,716	16,716
Sogour Al Khaleej General Trading L.L.C., United Arab Emirates (Note 6.1)	150,000	150,000
Al Sagr Cooperative Insurance Company (note 6.2)	165,654,670	173,414,627
	<u>165,821,386</u>	<u>173,581,343</u>

- 6.1** 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.

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

Notes (continued)

6 Investment in associates (continued)

- 6.1** 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 these two associates, these are controlled by the Parent Company. The Group's voting rights in these entities do not give it control over these entities.

- 6.2** As at 31 December 2015, the Group held 26% shares of Al Sagr Cooperative Insurance Company ("Al Sagr Cooperative"). Out of the 26% shares, the Group holds 6% shares for the beneficial interest of other individuals. Furthermore, the Group had entered into a sale purchase agreement for 1% of shares with a third party. Accordingly, the Group had been accounting for only 19% shares in Al Sagr Cooperative up until 31 December 2015. However, on 1 January 2016, 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 reclassified its investment in Al Sagr Cooperative to an investment in associate.

	(Un-audited) 30 September 2017 AED	(Audited) 31 December 2016 AED
As at 1 January	173,414,627	152,650,000
Group's share of net profits for the period / year	2,040,043	30,027,127
Dividend received during the period / year	(9,800,000)	(9,262,500)
Investment in associate	<u>165,654,670</u>	<u>173,414,627</u>
Percentage of interest	20%	20%
	(Un-audited) 30 September 2017 AED	(Audited) 31 December 2016 AED
Assets	1,102,412,521	1,061,537,696
Liabilities	(642,639,914)	(562,965,305)
Net assets	<u>459,772,607</u>	<u>498,572,391</u>
Group's share in net assets at 20%	91,954,521	99,714,478
Goodwill and other intangibles at acquisition	73,700,149	73,700,149
Investment in associates	<u>165,654,670</u>	<u>173,414,627</u>
	(Un-audited) 30 September 2017 AED	(Un-audited) 30 September 2016 AED
Revenue for the period	129,740,074	444,247,620
Net profit for the period	10,200,215	140,751,525
Group's share of net profit for the period at 20%	<u>2,040,043</u>	<u>28,150,304</u>

7 Investment in financial assets at FVTPL

The revaluation of investment securities resulted in net unrealised gain of AED 0.77 million for the nine-month period ended 30 September 2017 (nine-month period ended 30 September 2016: net unrealised loss of AED 0.21 million). During the current period, Group has received dividend income of AED 1.46 million (nine-month period ended 30 September 2016: AED 1.79 million) on its investments in securities.

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

Notes (continued)

8 Investment properties

	(Un-audited) 30 September 2017 AED	(Audited) 31 December 2016 AED
At the beginning of the period / year	172,934,241	172,856,118
Additions during the period / year	1,720,759	78,123
	174,655,000	172,934,241

As at 30 September 2017, the Group has three 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 30 September 2017 (31 December 2016: AED 80 million). Another property located in Al Barsha First, Dubai is currently under developemnt, has a carrying value of AED 91.72 million (31 December 2016: AED 90 million) and the addition during the period pertains to that property. The third property is located in Jordan. The Group assessed the fair value of the investment properties during 2016 externally. As at 30 September 2017, the fair value of investment properties portfolio is not significantly different from its carrying value.

9 Cash and bank balances

	(Un-audited) 30 September 2017 AED	(Audited) 31 December 2016 AED
Cash in hand	221,263	498,389
Bank balances:		
Current accounts	9,616,765	5,982,211
Fixed deposits	277,913,751	261,787,860
	287,751,779	268,268,460

Fixed deposits with banks as at 30 September 2017 include AED 10.3 million (31 December 2016: 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 239.3 million (31 December 2016: AED 229.7 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 3.85% per annum (31 December 2016: 2.5% to 5% per annum).

Cash and cash equivalents for the purpose of cashflows are analysed as follows;

	(Un-audited) 30 September 2017 AED	(Audited) 31 December 2016 AED
Cash and bank balances	287,751,779	268,268,460
Bank borrowings	(173,117,829)	(145,909,069)
Cash and cash equivalents (for cash flow statement)	114,633,950	122,359,391

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

Notes (continued)

10 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 2017 (Un-audited)

<u>Financial assets</u>	<u>FVTPL</u>	<u>FVTOCI</u>	<u>Amortised</u>	<u>Total</u>
	<u>AED</u>	<u>AED</u>	<u>cost</u>	<u>AED</u>
			<u>AED</u>	
Investment in financial assets at FVTPL	54,967,036	-	-	54,967,036
Investment in financial assets at FVTOCI	-	2,538,147	-	2,538,147
Insurance receivables	-	-	174,959,368	174,959,368
Due from related parties	-	-	111,456,335	111,456,335
Other receivables	-	-	14,439,282	14,439,282
Cash and bank balances	-	-	287,751,779	287,751,779
	<u>54,967,036</u>	<u>2,538,147</u>	<u>588,606,764</u>	<u>646,111,947</u>

<u>Financial liabilities</u>	<u>FVTPL</u>	<u>FVTOCI</u>	<u>Amortised</u>	<u>Total</u>
	<u>AED</u>	<u>AED</u>	<u>cost</u>	<u>AED</u>
			<u>AED</u>	
Due to related parties	-	-	78,615	78,615
Bank borrowings	-	-	173,117,829	173,117,829
Insurance and other payables	-	-	167,696,455	167,696,455
	-	-	<u>340,892,899</u>	<u>340,892,899</u>

At 31 December 2016 (Audited)

<u>Financial assets</u>	<u>FVTPL</u>	<u>FVTOCI</u>	<u>Amortised</u>	<u>Total</u>
	<u>AED</u>	<u>AED</u>	<u>cost</u>	<u>AED</u>
			<u>AED</u>	
Investment in financial assets at FVTPL	61,534,832	-	-	61,534,832
Investment in financial assets at FVTOCI	-	2,538,147	-	2,538,147
Insurance receivables	-	-	139,973,269	139,973,269
Due from related parties	-	-	104,671,938	104,671,938
Other receivables	-	-	24,202,425	24,202,425
Cash and bank balances	-	-	268,268,460	268,268,460
	<u>61,534,832</u>	<u>2,538,147</u>	<u>537,116,092</u>	<u>601,189,071</u>

<u>Financial liabilities</u>	<u>FVTPL</u>	<u>FVTOCI</u>	<u>Amortised</u>	<u>Total</u>
	<u>AED</u>	<u>AED</u>	<u>cost</u>	<u>AED</u>
			<u>AED</u>	
Due to related parties	-	-	104,752	104,752
Bank borrowings	-	-	145,909,069	145,909,069
Insurance and other payables	-	-	152,489,357	152,489,357
	-	-	<u>298,503,178</u>	<u>298,503,178</u>

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

Notes (continued)

11 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 Group 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 2017 (Un-audited)

<u>Financial assets</u>	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
FVTPL - financial assets	36,394,729	18,572,307	-	54,967,036
FVTOCI - financial assets	-	-	2,538,147	2,538,147
	36,394,729	18,572,307	2,538,147	57,505,183

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

Notes (continued)

11 Fair value of financial instruments (continued)

31 December 2016 (Audited)

<u>Financial assets</u>	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
FVTPL - financial assets	38,781,027	22,753,805	-	61,534,832
FVTOCI - financial assets	-	-	2,538,147	2,538,147
	<u>38,781,027</u>	<u>22,753,805</u>	<u>2,538,147</u>	<u>64,072,979</u>

12 Share capital and general reserve

	(Un-audited) 30 September 2017 AED	(Audited) 31 December 2016 AED
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Issued and fully paid:

230,000,000 shares of AED 1 each	<u>230,000,000</u>	<u>230,000,000</u>
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- 12.1** The shareholders of the Company approved the transfer of AED 100 million from general reserve to retained earnings, in their annual general meeting held on 25 April 2017.

13 Earning / (loss) per share

	Three-month period ended 30 September		Nine-month period ended 30 September	
	(Un-audited) 2017	(Un-audited) 2016	(Un-audited) 2017	(Un-audited) 2016
Profit / (loss) for the period attributable to equity holders of the Company (AED)	<u>4,710,479</u>	<u>(3,167,694)</u>	<u>16,916,079</u>	<u>31,594,226</u>
Weighted average number of shares	<u>230,000,000</u>	<u>230,000,000</u>	<u>230,000,000</u>	<u>230,000,000</u>
Basic earning / (loss) per share (AED)	<u>0.02</u>	<u>(0.01)</u>	<u>0.07</u>	<u>0.14</u>

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

14 Contingent liabilities and commitments

	(Un-audited) 30 September 2017 AED	(Audited) 31 December 2016 AED
Letters of guarantee	<u>65,476,809</u>	<u>68,227,682</u>

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

Notes (*continued*)

15 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. The Group's management believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

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

	(Un-audited) 30 September 2017 AED	(Audited) 31 December 2016 AED
Included in due from related parties		
Due from related parties - net of write off	107,394,568	101,463,712
Due from shareholders	4,061,767	3,208,226
	<u>111,456,335</u>	<u>104,671,938</u>
Included in insurance contract liabilities		
Gross outstanding claims	565,133	622,084

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) 2017 AED	(Un-audited) 2016	(Un-audited) 2017 AED	(Un-audited) 2016 AED
Gross premium	3,141,721	3,196,780	10,261,095	11,413,813
Claims paid	924,281	409,972	2,392,818	1,606,951
	<u>3,141,721</u>	<u>3,196,780</u>	<u>10,261,095</u>	<u>11,413,813</u>
	<u>924,281</u>	<u>409,972</u>	<u>2,392,818</u>	<u>1,606,951</u>
Compensation of key management personnel				
Salaries and benefits	2,209,713	1,725,648	6,435,972	6,883,522

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

Notes (continued)

16 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	
	30 September	31 December	30 September	31 December	30 September	31 December
	2017	2016	2017	2016	2017	2016
	AED	AED	AED	AED	AED	AED
ASSETS						
Property and equipment	7,355,637	7,499,961	123,552	160,148	7,479,189	7,660,109
Investment in associates	165,821,386	173,581,343	-	-	165,821,386	173,581,343
Investment in financial assets at FVTPL	54,967,036	61,534,832	-	-	54,967,036	61,534,832
Investment in financial assets at FVTOCI	2,538,147	2,538,147	-	-	2,538,147	2,538,147
Investment properties	174,655,000	172,934,241	-	-	174,655,000	172,934,241
Insurance receivables	170,168,894	136,070,922	4,790,474	3,902,347	174,959,368	139,973,269
Reinsurer share of outstanding claims	99,709,253	143,056,234	9,593,000	7,378,164	109,302,253	150,434,398
Reinsurer share of incurred but not reported claims (IBNR)	14,994,000	8,799,000	3,153,000	1,022,000	18,147,000	9,821,000
Reinsurer share of unearned premium reserve	60,521,659	44,356,638	6,003,000	2,959,000	66,524,659	47,315,638
Due from related parties	111,456,335	104,671,938	-	-	111,456,335	104,671,938
Other receivables and prepayments	15,286,128	25,238,635	-	-	15,286,128	25,238,635
Security deposits	352,775	239,675	-	-	352,775	239,675
Cash and bank balances	279,251,779	259,768,460	8,500,000	8,500,000	287,751,779	268,268,460
Total assets	1,157,078,029	1,140,290,026	32,163,026	23,921,659	1,189,241,055	1,164,211,685

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

Notes (continued)

16 Segment information (continued)

	General insurance		Life insurance		Total	
	30 September	31 December	30 September	31 December	30 September	31 December
	2017	2016	2017	2016	2017	2016
	AED	AED	AED	AED	AED	AED
LIABILITIES						
Due to related parties	78,615	104,752	-	-	78,615	104,752
Provision for employees' end of service indemnity	14,243,710	14,056,270	290,114	272,256	14,533,824	14,328,526
Bank borrowings	173,117,829	145,909,069	-	-	173,117,829	145,909,069
Insurance and other payables	163,229,808	151,581,409	4,466,647	907,948	167,696,455	152,489,357
Outstanding claims reserve	115,357,466	178,710,405	10,341,000	7,873,439	125,698,466	186,583,844
Incurred but not reported claims (IBNR) reserve	48,779,538	41,011,174	3,322,000	1,130,000	52,101,538	42,141,174
Unearned premium reserve	194,059,298	167,772,437	5,868,000	2,901,000	199,927,298	170,673,437
Unexpired risk reserve	716,000	679,000	488,000	230,000	1,204,000	909,000
Unallocated loss adjustment expense reserve	2,635,000	3,098,000	255,000	152,000	2,890,000	3,250,000
Total liabilities	712,217,264	702,922,516	25,030,761	13,466,643	737,248,025	716,389,159
EQUITY						
Share capital					230,000,000	230,000,000
Statutory reserve					65,220,938	65,220,938
General reserve					100,000,000	200,000,000
Investments revaluation reserve					(1,379,079)	(1,379,079)
Retained earning / (accumulated loss)					57,826,203	(46,589,876)
Equity attributable to shareholders of the Company					451,668,062	447,251,983
Non-controlling interests					324,968	570,543
Total equity					451,993,030	447,822,526
Total liabilities and equity					1,189,241,055	1,164,211,685

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

Notes (continued)

16 Segment information (continued)

Operating segment information

	Nine-month period ended 30 September					
	General insurance		Life insurance		Total	
	2017 AED	2016 AED	2017 AED	2016 AED	2017 AED	2016 AED
Underwriting income						
Gross insurance premium	302,534,694	293,797,916	12,639,315	9,831,940	315,174,009	303,629,856
Less: reinsurance share of gross premium	(117,111,235)	(102,271,442)	(11,871,116)	(9,756,771)	(128,982,351)	(112,028,213)
Less: Reinsurance share of ceded business premium	(1,778,527)	(6,152,390)	-	-	(1,778,527)	(6,152,390)
Net retained premium	183,644,932	185,374,084	768,199	75,169	184,413,131	185,449,253
Net change in unearned premium reserve	(10,121,840)	252,661	77,000	93,126	(10,044,840)	345,787
Net insurance premium	173,523,092	185,626,745	845,199	168,295	174,368,291	185,795,040
Commission earned	47,742,656	47,335,236	5,870,008	5,643,291	53,612,664	52,978,527
Commission incurred	(24,574,260)	(23,262,064)	(995,442)	(784,572)	(25,569,702)	(24,046,636)
Net underwriting income	196,691,488	209,699,917	5,719,765	5,027,014	202,411,253	214,726,931
Gross claims paid	(265,250,323)	(273,361,759)	(5,064,752)	(912,732)	(270,315,075)	(274,274,491)
Insurance claims recovered from reinsurers	96,490,489	88,324,687	4,541,800	799,982	101,032,289	89,124,669
Net claims paid	(168,759,834)	(185,037,072)	(522,952)	(112,750)	(169,282,786)	(185,149,822)
Decrease / (increase) in provision for outstanding claims	63,352,811	43,199,860	(2,467,433)	(2,613,000)	60,885,378	40,586,860
(Decrease) / increase in 'reinsurer share of outstanding claims	(43,346,925)	(33,452,876)	2,214,780	2,348,000	(41,132,145)	(31,104,876)
(Increase) / decrease in unexpired risk reserve	(37,000)	6,286,000	(258,000)	(89,000)	(295,000)	6,197,000
Increase in incurred but not reported claims (IBNR) reserve	(1,573,364)	(5,704,294)	(61,000)	(81,000)	(1,634,364)	(5,785,294)
Decrease / (increase) in unallocated loss adjustment expense reserve	463,000	643,000	(103,000)	(58,000)	360,000	585,000
Net claims incurred	(149,901,312)	(174,065,382)	(1,197,605)	(605,750)	(151,098,917)	(174,671,132)
Underwriting profit	46,790,176	35,634,535	4,522,160	4,421,264	51,312,336	40,055,799

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

Notes (continued)

16 Segment information (continued)

	Nine-month period ended 30 September	
	(Un-audited) 2017	(Un-audited) 2016
Underwriting profit (continued)	51,312,336	40,055,799
Net investments loss	(4,812,380)	(4,271,213)
Share of profits from equity accounted investees	2,040,043	28,150,304
General and administrative expenses	(31,869,495)	(32,664,581)
Profit for the period	16,670,504	31,270,309

17 Comparative figures

Following comparatives have been reclassified / regrouped to conform to the presentation adopted in the condensed consolidated interim financial information.

As at 31 December 2016:

	As previously reported AED	Reclassification AED	Reclassified AED
Insurance and other receivables	188,873,249	(48,899,980)	139,973,269
Outstanding claims reserve	235,483,824	48,899,980	186,583,844

For the nine-month period ended 30 September 2016:

	As previously reported AED	Reclassification AED	Reclassified AED
Gross claims paid	(257,275,344)	16,999,147	(274,274,491)
Provision for outstanding claims	23,587,713	(16,999,147)	40,586,860