

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

Condensed consolidated interim financial  
information

*for the three-month period ended 31 March 2017*

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

Condensed consolidated interim financial information  
*for the three-month period ended 31 March 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 31 March 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 comprise:

- the condensed consolidated interim statement of financial position as at 31 March 2017;
- the condensed consolidated interim statement of profit or loss for the three-month period ended 31 March 2017;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2017;
- the condensed consolidated interim statement of changes in equity for the three-month period ended 31 March 2017;
- the condensed consolidated interim statement of cash flows for the three-month period ended 31 March 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.



*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 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

Fawzi AbuRass  
Registration No.: 968  
Dubai, United Arab Emirates  
Date: 15 MAY 2017

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

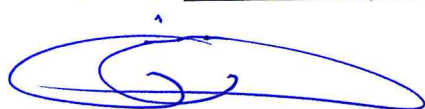
## Condensed consolidated interim statement of financial position

as at

	Note	31 March 2017 AED (Unaudited)	31 December 2016 AED (Audited)
<b>ASSETS</b>			
Property and equipment		7,659,557	7,660,109
Investment properties	6	173,450,130	172,934,241
Investments	7	63,965,486	64,072,979
Investment in associates	8	173,838,042	173,581,343
Reinsurance contract assets	11	219,647,667	207,571,036
Insurance and other receivables		245,436,791	214,351,559
Due from related parties	16	105,102,652	104,671,938
Cash and bank balances	12	294,245,688	268,268,460
<b>TOTAL ASSETS</b>		<b>1,283,346,013</b>	<b>1,213,111,665</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	13	230,000,000	230,000,000
Statutory reserve		65,220,938	65,220,938
General reserve		200,000,000	200,000,000
Investments revaluation reserve		(1,379,079)	(1,379,079)
Accumulated losses		(41,226,569)	(46,589,876)
<b>Equity attributable to shareholders of the Company</b>		<b>452,615,290</b>	<b>447,251,983</b>
<b>Non-controlling interests</b>		<b>375,837</b>	<b>570,543</b>
<b>Total equity</b>		<b>452,991,127</b>	<b>447,822,526</b>
<b>Liabilities</b>			
Due to related parties		81,043	104,752
Provision for employees' end of service indemnity		14,484,985	14,328,526
Insurance contract liabilities	11	467,985,280	452,457,435
Bank borrowings		184,242,104	145,909,069
Insurance and other payables		163,561,474	152,489,357
<b>Total liabilities</b>		<b>830,354,886</b>	<b>765,289,139</b>
<b>Total equity and liabilities</b>		<b>1,283,346,013</b>	<b>1,213,111,665</b>

The notes on pages 9 to 19 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 15-05-2017 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 three month period ended 31 March

	<i>Note</i>	<b>Three-month period ended 31 March 2017 AED (Un-audited)</b>	<b>Three-month period ended 31 March 2016 AED (Un-audited)</b>
<b>UNDERWRITING RESULTS</b>			
<b>Underwriting income</b>			
Gross insurance premium		<b>124,767,778</b>	129,989,999
Less: insurance premium ceded to reinsurers		<b>(59,945,244)</b>	(57,484,236)
Net retained premium		<b>64,822,534</b>	72,505,763
Net change in unearned premium reserve		<b>(8,958,494)</b>	(3,607,769)
<b>Net insurance premium</b>		<b>55,864,040</b>	68,897,994
Gross claims paid		<b>(89,768,195)</b>	(128,298,821)
Insurance claims recovered from reinsurers		<b>34,720,109</b>	57,954,678
Net claims paid		<b>(55,048,086)</b>	(70,344,143)
Net change in outstanding claims		<b>5,507,280</b>	4,246,156
<b>Net claims incurred</b>		<b>(49,540,806)</b>	(66,097,987)
<b>Net commission income</b>	17	<b>11,033,960</b>	12,300,559
<b>Underwriting profit</b>		<b>17,357,194</b>	15,100,566
Net investments loss		<b>(1,875,222)</b>	(1,580,712)
Share of profits from equity accounted investees		<b>256,699</b>	13,133,517
General and administrative expenses		<b>(10,570,070)</b>	(8,978,605)
<b>Profit for the period</b>		<b>5,168,601</b>	17,674,766
<b>Attributable to:</b>			
Shareholders of the Company		<b>5,363,307</b>	17,785,931
Non-controlling interest		<b>(194,706)</b>	(111,165)
		<b>5,168,601</b>	17,674,766
<b>Earnings per share</b>	14	<b>0.02</b>	0.08

The notes on pages 9 to 19 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 three month period ended 31 March

	<b>Three-month period ended 31 March 2017 AED (Un-audited)</b>	Three-month period ended 31 March 2016 AED (Un-audited)
<b>Profit for the period</b>	<b>5,168,601</b>	17,674,766
<b>Other comprehensive income</b>		
<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	-	-
<b>Other comprehensive income for the period</b>	-	-
<b>Total comprehensive income for the period</b>	<b>5,168,601</b>	17,674,766
<b>Attributable to:</b>		
Shareholders of the Company	<b>5,363,307</b>	17,785,931
Non-controlling interest	<b>(194,706)</b>	(111,165)
	<b>5,168,601</b>	17,674,766

The notes on pages 9 to 19 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 changes in equity (Un-audited)**  
*for the three month period ended 31 March*

	<b>Attributable to the equity holders of the Company</b>						<b>Non-</b>	<b>Total</b>
	<b>Share capital AED</b>	<b>Statutory reserve AED</b>	<b>General reserve AED</b>	<b>Investment revaluation reserve AED</b>	<b>Accumulated losses AED</b>	<b>Total AED</b>	<b>controlling interest AED</b>	<b>equity AED</b>
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
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	17,785,931	17,785,931	(111,165)	17,674,766
<b>Other comprehensive income</b>								
Movement in net change in investment in financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	-	17,785,931	17,785,931	(111,165)	17,674,766
<b>As at 31 March 2016 (Unaudited)</b>	<b>230,000,000</b>	<b>63,115,259</b>	<b>200,000,000</b>	<b>(1,361,523)</b>	<b>(47,515,201)</b>	<b>444,238,535</b>	<b>539,065</b>	<b>444,777,600</b>

The notes on pages 9 to 19 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*

	Attributable to the equity holders of the Company						Non-controlling interest	Total equity
	Share capital	Statutory reserve	General reserve	Investment revaluation reserve	Accumulated losses	Total		
	AED	AED	AED	AED	AED	AED	AED	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
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	5,363,307	5,363,307	(194,706)	5,168,601
<b>Other comprehensive income</b>								
Movement in net change in investment in financial asset at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	-	5,363,307	5,363,307	(194,706)	5,168,601
<b>As at 31 March 2017 (Unaudited)</b>	<b>230,000,000</b>	<b>65,220,938</b>	<b>200,000,000</b>	<b>(1,379,079)</b>	<b>(41,226,569)</b>	<b>452,615,290</b>	<b>375,837</b>	<b>452,991,127</b>

The notes on pages 9 to 19 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

	Three-month period ended 31 March 2017 AED (Un-audited)	Three-month period ended 31 March 2016 AED (Un-audited)
<b>Cash flows from operating activities</b>		
Profit for the period	5,168,601	17,674,766
<i>Adjustment for:</i>		
Depreciation	421,361	575,991
Net unrealised (income) / loss from investments	(316,863)	664,316
Interest income	(1,878,678)	(1,996,021)
Dividend income	(127,500)	(908,430)
Share of profit from equity accounted investees	(256,699)	(13,133,517)
Provision for employees' end of service indemnity	293,307	232,303
Finance costs	1,724,725	1,433,203
<b>Operating cash flows before movements in working capital</b>	<b>5,028,254</b>	<b>4,542,611</b>
Increase in reinsurance contract assets	(12,076,631)	(24,603,026)
Increase in insurance and other receivables	(31,085,232)	(27,359,842)
Increase in due from related parties	(430,714)	(5,707,503)
Increase in insurance contract liabilities	15,527,845	23,967,399
Increase in insurance and other payables	11,072,117	25,786,450
Decrease in due to related parties	(23,709)	(24,463)
<b>Net cash used in operations</b>	<b>(11,988,070)</b>	<b>(3,398,374)</b>
Interest paid	(1,724,725)	(1,433,203)
Employees' end of service indemnity paid	(136,848)	(29,085)
<b>Net cash used in operating activities</b>	<b>(13,849,643)</b>	<b>(4,860,662)</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(420,809)	(369,441)
Acquisition of investment properties; net	(515,889)	-
Purchase of investments	-	(2,384,560)
Net proceeds from sale of investment	424,356	-
Dividends received	127,500	908,430
Interest received	1,878,678	1,996,021
<b>Net cash generated from investing activities</b>	<b>1,493,836</b>	<b>150,450</b>
Net decrease in cash and cash equivalents	(12,355,807)	(4,710,212)
Cash and cash equivalents at 1 January	122,359,391	133,454,166
Cash and cash equivalents at 31 March (note 12)	110,003,584	128,743,954

The notes on pages 9 to 19 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), 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 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
		31 March 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". 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 2016, 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 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.

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

Notes (continued)

## 6 Investment properties

	(Un-audited) 31 March 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	515,889	78,123
	<u>173,450,130</u>	<u>172,934,241</u>

As at 31 March 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 31 March 2017 (31 December 2016: AED 80 million). Another property located in Al Barsha First, Dubai is currently under development, has a carrying value of AED 90.52 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 31 March 2017, the fair value of investment properties portfolio is not significantly different from its carrying value.

## 7 Investments

	(Un-audited) 31 March 2017 AED	(Audited) 31 December 2016 AED
Investment in financial assets at fair value through profit or loss ("FVTPL") (note 7.1)	61,427,339	61,534,832
Investment in financial asset at fair value through other comprehensive income ("FVTOCI")	2,538,147	2,538,147
<b>Total</b>	<u>63,965,486</u>	<u>64,072,979</u>

- 7.1 The revaluation of investment securities resulted in net unrealised gain of AED 0.32 million (net) for the three-month period ended 31 March 2017 (three-month period ended 31 March 2016: net unrealised loss of AED 0.66 million). During the current period, Group has received dividend income of AED 0.13 million (three-month period ended 31 March 2016: AED 0.91 million) on its investments in securities.

## 8 Investment in associates

	(Un-audited) 31 March 2017 AED	(Audited) 31 December 2016 AED
Green Air Technology L.L.C., United Arab Emirates (note 8.1)	16,716	16,716
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)	173,671,326	173,414,627
	<u>173,838,042</u>	<u>173,581,343</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 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 has now reclassified its investment in Al Sagr Cooperative to an investment in associate.

	(Un-audited) 31 March 2017 AED	(Audited) 31 December 2016 AED
As at 1 January	173,414,627	152,650,000
Group share of net profits for the period / year	256,699	30,027,127
Dividend received during the period / year	-	(9,262,500)
Investment in associate	<u>173,671,326</u>	<u>173,414,627</u>
<b>Percentage of interest</b>	<b>20%</b>	<b>20%</b>
	(Un-audited) 31 March 2017 AED	(Audited) 31 December 2016 AED
Assets	1,092,642,553	1,061,537,696
Liabilities	(592,786,668)	(562,965,305)
<b>Net assets</b>	<u>499,855,885</u>	<u>498,572,391</u>
Group's share in net assets at 20%	99,971,177	99,714,478
Goodwill and other intangibles at acquisition	73,700,149	73,700,149
Investment in associates	<u>173,671,326</u>	<u>173,414,627</u>
	(Un-audited) 31 March 2017 AED	(Un-audited) 31 March 2016 AED
Revenue for the period	28,595,503	197,482,304
Profit for the period	1,283,494	65,667,588
<b>Group's share of profit for the period at 20%</b>	<u>256,699</u>	<u>13,133,517</u>

# 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 2017 (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	61,427,339	2,538,147	-	63,965,486
Insurance and other receivables	-	-	244,614,593	244,614,593
Due from related parties	-	-	105,102,652	105,102,652
Cash and bank balances	-	-	294,245,688	294,245,688
	<u>61,427,339</u>	<u>2,538,147</u>	<u>643,962,933</u>	<u>707,928,419</u>
<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	-	-	81,043	81,043
Bank borrowings	-	-	184,242,104	184,242,104
Insurance and other payables	-	-	163,561,474	163,561,474
	<u>-</u>	<u>-</u>	<u>347,884,621</u>	<u>347,884,621</u>

At 31 December 2016 (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	61,534,832	2,538,147	-	64,072,979
Insurance and other receivables	-	-	213,315,349	213,315,349
Due from related parties	-	-	104,671,938	104,671,938
Cash and bank balances	-	-	268,268,460	268,268,460
	<u>61,534,832</u>	<u>2,538,147</u>	<u>586,255,747</u>	<u>650,328,726</u>
<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	-	-	104,752	104,752
Bank borrowings	-	-	145,909,069	145,909,069
Insurance and other payables	-	-	152,489,357	152,489,357
	<u>-</u>	<u>-</u>	<u>298,503,178</u>	<u>298,503,178</u>



# 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 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:

### 31 March 2017 (Un-audited)

<u>Financial assets</u>	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
FVTPL - financial assets	38,593,534	22,833,805	-	61,427,339
FVTOCI - financial assets	-	-	2,538,147	2,538,147
	<u>38,593,534</u>	<u>22,833,805</u>	<u>2,538,147</u>	<u>63,965,486</u>
<u>Non financial assets</u>				
Investment properties	-	-	173,450,130	173,450,130
	<u>38,593,534</u>	<u>22,833,805</u>	<u>175,988,277</u>	<u>237,415,616</u>

### 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>
<u>Non financial assets</u>				
Investment properties	-	-	172,934,241	172,934,241
	<u>38,781,027</u>	<u>22,753,805</u>	<u>175,472,388</u>	<u>237,007,220</u>

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

Notes (*continued*)

## 11 Insurance contract liabilities and reinsurance contract assets

	(Un-audited) 31 March 2017 AED	(Audited) 31 December 2016 AED
<b>Gross</b>		
Insurance contract liabilities		
Reserve for outstanding claims	222,681,184	238,733,824
Reserve for incurred but not reported claims (IBNR)	40,808,825	42,141,174
Reserve for outstanding claims (including IBNR)	263,490,009	280,874,998
Unearned premium reserve	204,495,271	171,582,437
<b>Total insurance contract liabilities (gross)</b>	<b>467,985,280</b>	<b>452,457,435</b>
<b>Less: Recoverable from reinsurers</b>		
Reinsurer share of outstanding claims	(137,956,689)	(150,434,398)
Reinsurer share of incurred but not reported claims (IBNR)	(10,421,000)	(9,821,000)
Reinsurer share of outstanding claims (including IBNR)	(148,377,689)	(160,255,398)
Unamortised reinsurance premium reserve	(71,269,978)	(47,315,638)
<b>Total reinsurance contract assets</b>	<b>(219,647,667)</b>	<b>(207,571,036)</b>
<b>Net insurance contract liabilities</b>	<b>248,337,613</b>	<b>244,886,399</b>

## 12 Cash and bank balances

	(Un-audited) 31 March 2017 AED	(Audited) 31 December 2016 AED
Cash in hand	234,994	498,389
Bank balances:		
Current accounts	4,274,555	5,982,211
Fixed deposits	289,736,139	261,787,860
	<b>294,245,688</b>	<b>268,268,460</b>

Fixed deposits with banks as at 31 March 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 259.7 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 5% per annum (*31 December 2016: 2.5% to 5% per annum*).

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

Notes (*continued*)

## 12 Cash and bank balances (*continued*)

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

	(Un-audited) 31 March 2017 AED	(Audited) 31 December 2016 AED
Cash and bank balances	294,245,688	268,268,460
Bank borrowings	(184,242,104)	(145,909,069)
<b>Cash and cash equivalents (for cash flow statement)</b>	<b>110,003,584</b>	<b>122,359,391</b>

## 13 Share capital

	(Un-audited) 31 March 2017 AED	(Audited) 31 December 2016 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) 2017	(Un-audited) 2016
Profit for the period attributable to equity holders of the Parent (AED)	5,363,307	17,785,931
Weighted average number of shares	230,000,000	230,000,000
Basic earnings per share (AED)	0.02	0.08

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 2017 AED	(Audited) 31 December 2016 AED
Letters of guarantee	64,997,890	68,227,682

# 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. 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) 31 March 2017 AED	(Audited) 31 December 2016 AED
<b>Included in due from related parties</b>		
Due from related parties - net of write off	102,131,960	101,463,712
Due from shareholders	2,970,692	3,208,226
	<b>105,102,652</b>	<b>104,671,938</b>
<b>Included in insurance contract liabilities</b>		
Gross outstanding claims	788,860	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 31 March	
	(Un-audited) 2017 AED	(Un-audited) 2016 AED
Gross premium	1,667,108	311,588
Claims paid	746,004	557,483
<b>Compensation of key management personnel</b>		
Salaries and benefits	2,112,127	1,829,307

## 17 Net commission income

	Three-month period ended 31 March 2017 AED (Un-audited)	Three-month period ended 31 March 2016 AED (Un-audited)
Gross commission earned	20,698,075	21,316,653
Less: commission incurred	(9,664,115)	(9,016,094)
	<b>11,033,960</b>	<b>12,300,559</b>

# 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

	Three month period ended 31 March (Un-audited)					
	General insurance		Life insurance		Total	
	2017	2016	2017	2016	2017	2016
	AED	AED	AED	AED	AED	AED
<b>Underwriting income</b>						
Gross insurance premium	124,023,757	128,935,574	744,021	1,054,425	124,767,778	129,989,999
Less: insurance premium ceded to reinsurers	(59,422,431)	(56,546,646)	(522,813)	(937,590)	(59,945,244)	(57,484,236)
Net retained premium	64,601,326	72,388,928	221,208	116,835	64,822,534	72,505,763
Net change in unearned premium reserve	(9,051,494)	(3,656,019)	93,000	48,250	(8,958,494)	(3,607,769)
<b>Net insurance premium</b>	<b>55,549,832</b>	<b>68,732,909</b>	<b>314,208</b>	<b>165,085</b>	<b>55,864,040</b>	<b>68,897,994</b>
Gross claims paid	(86,143,222)	(127,731,064)	(3,624,973)	(567,757)	(89,768,195)	(128,298,821)
Insurance claims recovered from reinsurers	31,459,211	57,448,498	3,260,898	506,180	34,720,109	57,954,678
Net claims paid	(54,684,011)	(70,282,566)	(364,075)	(61,577)	(55,048,086)	(70,344,143)
Net change in outstanding claims	5,418,555	4,207,971	88,725	38,185	5,507,280	4,246,156
<b>Net claims incurred</b>	<b>(49,265,456)</b>	<b>(66,074,595)</b>	<b>(275,350)</b>	<b>(23,392)</b>	<b>(49,540,806)</b>	<b>(66,097,987)</b>
Net commission income	10,845,312	11,968,169	188,648	332,390	11,033,960	12,300,559
<b>Underwriting profit</b>	<b>17,129,688</b>	<b>14,626,483</b>	<b>227,506</b>	<b>474,083</b>	<b>17,357,194</b>	<b>15,100,566</b>
Net investments loss					(1,875,222)	(1,580,712)
Share of profits from equity accounted investees					256,699	13,133,517
General and administrative expenses					(10,570,070)	(8,978,605)
<b>Profit for the period</b>					<b>5,168,601</b>	<b>17,674,766</b>

# 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	
	Un-audited 31 March 2017 AED	Audited 31 December 2016 AED	Un-audited 31 March 2017 AED	Audited 31 December 2016 AED	Un-audited 31 March 2017 AED	Audited 31 December 2016 AED
<b>ASSETS</b>						
Property and equipment	7,504,413	7,499,961	155,144	160,148	7,659,557	7,660,109
Investment properties	173,450,130	172,934,241	-	-	173,450,130	172,934,241
Investments	63,965,486	64,072,979	-	-	63,965,486	64,072,979
Investment in associates	173,838,042	173,581,343	-	-	173,838,042	173,581,343
Reinsurance contract assets	210,914,966	196,211,872	8,732,701	11,359,164	219,647,667	207,571,036
Insurance and other receivables	238,347,383	210,449,212	7,089,408	3,902,347	245,436,791	214,351,559
Due from related parties	105,102,652	104,671,938	-	-	105,102,652	104,671,938
Cash and bank balances	285,745,688	259,768,460	8,500,000	8,500,000	294,245,688	268,268,460
<b>Total assets</b>	<b>1,258,868,760</b>	<b>1,189,190,006</b>	<b>24,477,253</b>	<b>23,921,659</b>	<b>1,283,346,013</b>	<b>1,213,111,665</b>
<b>LIABILITIES</b>						
Due to related parties	81,043	104,752	-	-	81,043	104,752
Provision for employees' end of service indemnity	14,202,729	14,056,270	282,256	272,256	14,484,985	14,328,526
Insurance contract liabilities	458,507,033	440,170,996	9,478,247	12,286,439	467,985,280	452,457,435
Bank borrowings	184,242,104	145,909,069	-	-	184,242,104	145,909,069
Insurance and other payables	162,593,461	151,581,409	968,013	907,948	163,561,474	152,489,357
<b>Total liabilities</b>	<b>819,626,370</b>	<b>751,822,496</b>	<b>10,728,516</b>	<b>13,466,643</b>	<b>830,354,886</b>	<b>765,289,139</b>
<b>EQUITY</b>						
Share capital					230,000,000	230,000,000
Legal reserve					65,220,938	65,220,938
General reserve					200,000,000	200,000,000
Fair value reserve					(1,379,079)	(1,379,079)
Accumulated losses					(41,226,569)	(46,589,876)
<b>Equity attributable to shareholders of the Company</b>					<b>452,615,290</b>	<b>447,251,983</b>
<b>Non-controlling interests</b>					<b>375,837</b>	<b>570,543</b>
<b>Total equity</b>					<b>452,991,127</b>	<b>447,822,526</b>
<b>Total liabilities and equity</b>					<b>1,283,346,013</b>	<b>1,213,111,665</b>