

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

Condensed consolidated interim financial
information

for the six-month period ended 30 June 2017

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

Condensed consolidated interim financial information
for the six-month period ended 30 June 2017

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Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary
Independent auditors' report on review of condensed consolidated interim financial information (continued)
30 June 2017

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 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:

14 AUG 2017

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

Condensed consolidated interim statement of financial position
as at

	<i>Note</i>	30 June 2017 AED (Unaudited)	31 December 2016 AED (Audited)
ASSETS			
Property and equipment		7,672,131	7,660,109
Investment in associates	6	164,785,018	173,581,343
Investment in financial assets at FVTPL	7	53,787,650	61,534,832
Investment in financial assets at FVTOCI		2,538,147	2,538,147
Investment properties	8	173,917,201	172,934,241
Insurance and other receivables		219,541,193	188,873,249
Reinsurer share of outstanding claims		130,638,138	150,434,398
Reinsurer share of incurred but not reported claims (IBNR)		15,116,000	9,821,000
Reinsurer share of unearned premium reserve		78,332,232	47,315,638
Due from related parties	15	110,120,162	104,671,938
Other receivables and prepayments		23,203,526	25,238,635
Security deposits		252,775	239,675
Cash and bank balances	9	280,568,831	268,268,460
TOTAL ASSETS		1,260,473,004	1,213,111,665
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)		53,115,724	(46,589,876)
Equity attributable to shareholders of the Company		446,957,583	447,251,983
Non-controlling interests		300,836	570,543
Total equity		447,258,419	447,822,526
Liabilities			
Due to related parties		78,614	104,752
Provision for employees' end of service indemnity		14,391,384	14,328,526
Bank borrowings		166,578,308	145,909,069
Insurance and other payables		165,975,624	152,489,357
Outstanding claims reserve		207,104,485	235,482,824
Incurred but not reported claims (IBNR) reserve		47,949,851	42,141,174
Unearned premium reserve		206,678,319	170,673,437
Unexpired risk reserve		1,404,000	909,000
Unallocated loss adjustment expense reserve		3,054,000	3,251,000
Total liabilities		813,214,585	765,289,139
Total equity and liabilities		1,260,473,004	1,213,111,665

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 14/08/2017 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 six-month period ended 30 June

	Three-month period ended 30 June 2017	Three-month period ended 30 June 2016	Six-month period ended 30 June 2017	Six-month period ended 30 June 2016
<i>Note</i>	AED	AED	AED	AED
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
UNDERWRITING RESULTS				
Underwriting income				
Gross insurance premium	99,402,539	103,732,011	224,170,317	233,722,010
Less: reinsurance share of gross premium	(44,449,892)	(38,052,912)	(102,638,601)	(91,920,354)
Less: reinsurance share of ceded business premium	33,526	(2,399,640)	(1,723,009)	(6,016,434)
Net retained premium	54,986,173	63,279,459	119,808,707	135,785,222
Net change in unearned premium reserve	3,932,206	(2,743,148)	(4,988,288)	(12,972,113)
Net insurance premium	58,918,379	60,536,311	114,820,419	122,813,109
Commission earned	18,497,734	20,681,970	39,195,809	41,998,623
Commission incurred	(8,280,218)	(8,526,427)	(17,944,333)	(17,542,521)
Underwriting income	69,135,895	72,691,854	136,071,895	147,269,211
Gross claims paid	(80,841,514)	(60,037,270)	(170,609,709)	(188,336,091)
Insurance claims recovered from reinsurers	27,426,368	20,824,931	62,146,477	78,779,609
Net claims paid	(53,415,146)	(39,212,339)	(108,463,232)	(109,556,482)
Decrease in provision for outstanding claims	12,596,699	18,317,228	28,378,339	34,035,327
Decrease in reinsurer share of outstanding claims	(7,318,551)	(28,725,671)	(19,796,260)	(39,004,546)
Increase in unexpired risk reserve	(457,000)	(317,000)	(495,000)	6,048,000
(Increase) / decrease in incurred but not reported claims (IBNR) reserve	(2,446,026)	432,516	(513,677)	(4,007,356)
(Increase) / decrease in unallocated loss adjustment expense reserve	(74,000)	(2,702,000)	197,000	801,000
Net claims incurred	(51,114,024)	(52,207,266)	(100,692,830)	(111,684,057)
Underwriting profit	18,021,871	20,484,588	35,379,065	35,585,154
Net investments loss	(1,629,990)	(843,507)	(3,505,212)	(2,424,219)
Share of profits from equity accounted investees	746,976	10,703,922	1,003,675	23,837,439
General and administrative expenses	(10,371,565)	(13,604,066)	(20,941,635)	(22,582,671)
Profit for the period	6,767,292	16,740,937	11,935,893	34,415,703
Attributable to:				
Shareholders of the Company	6,842,293	16,975,989	12,205,600	34,761,920
Non-controlling interest	(75,001)	(235,052)	(269,707)	(346,217)
	6,767,292	16,740,937	11,935,893	34,415,703
Earnings per share	<i>13</i> 0.03	0.07	0.05	0.15

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 six-month period ended 30 June

	Three-month period ended 30 June 2017 AED (Un-audited)	Three-month period ended 30 June 2016 AED (Un-audited)	Six-month period ended 30 June 2017 AED (Un-audited)	Six-month period ended 30 June 2016 AED (Un-audited)
Profit for the period	6,767,292	16,740,937	11,935,893	34,415,703
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 for the period	6,767,292	16,740,937	11,935,893	34,415,703
Attributable to:				
Shareholders of the Company	6,842,293	16,975,989	12,205,600	34,761,920
Non-controlling interest	(75,001)	(235,052)	(269,707)	(346,217)
	6,767,292	16,740,937	11,935,893	34,415,703

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 changes in equity (Un-audited)
 for the six-month period ended 30 June

	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 losses 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 for the period	-	-	-	-	34,761,920	34,761,920	(346,217)	34,415,703
Other comprehensive income								
Movement in net change in investment in financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	34,761,920	34,761,920	(346,217)	34,415,703
As at 30 June 2016 (Unaudited)	230,000,000	63,115,259	200,000,000	(1,361,523)	(30,539,212)	461,214,524	304,013	461,518,537

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 six-month period ended 30 June

	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 for the period	-	-	-	-	12,205,600	12,205,600	(269,707)	11,935,893
Other comprehensive income								
Movement in net change in investment in financial asset at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	12,205,600	12,205,600	(269,707)	11,935,893
Transactions with owners directly recorded in equity								
Transfer from general reserve	-	-	(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 June 2017 (Unaudited)	230,000,000	65,220,938	100,000,000	(1,379,079)	53,115,724	446,957,583	300,836	447,258,419

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 six-month period ended 30 June

	Six-month period ended 30 June 2017 AED (Un-audited)	Six-month period ended 30 June 2016 AED (Un-audited)
Cash flows from operating activities		
Profit for the period	11,935,893	34,415,703
<i>Adjustment for:</i>		
Depreciation	831,061	996,530
Net unrealised loss from investments	412,751	364,514
Interest income	(3,803,024)	(3,728,776)
Dividend income	(1,447,161)	(1,702,790)
Share of profit from equity accounted investees	(1,003,675)	(23,837,439)
Provision for employees' end of service indemnity	586,614	464,606
Finance costs	3,334,633	2,725,584
Operating cash flows before movements in working capital	10,847,092	9,697,932
Increase in insurance and other receivables	(30,667,944)	(40,431,208)
Decrease in reinsurer share of outstanding claims	19,796,260	39,004,546
(Increase) / decrease in reinsurer share of incurred but not reported claims (IBNR)	(5,295,000)	14,380,567
Increase in reinsurer share of unearned premium reserve	(31,016,594)	(30,126,461)
Increase in due from related parties	(5,448,224)	(5,491,655)
Decrease in other receivables and prepayments	2,035,109	1,991,085
Increase in security deposits	(13,100)	-
Decrease in due to related parties	(26,138)	(47,133)
Increase in insurance and other payables	13,486,267	13,557,239
Decrease in outstanding claims reserve	(28,378,339)	(34,035,327)
Increase / (decrease) in incurred but not reported claims (IBNR) reserve	5,808,677	(10,373,211)
Increase in unearned premium reserve	36,004,882	43,098,574
Increase / (decrease) in unexpired risk reserve	495,000	(6,048,000)
Decrease in unallocated loss adjustment expense reserve	(197,000)	(801,000)
Net cash used in operations	(12,569,052)	(5,624,052)
Interest paid	(3,334,633)	(2,725,584)
Employees' end of service indemnity paid	(523,756)	(58,427)
Net cash used in operating activities	(16,427,441)	(8,408,063)
Cash flows from investing activities		
Purchase of property and equipment	(843,083)	(434,193)
Acquisition of investment properties; net	(982,960)	-
Acquisition of investments in financial assets at FVTPL	-	(5,700,377)
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	1,447,161	1,702,790
Interest received	3,803,024	3,728,776
Net cash generated from / (used in) investing activities	20,558,573	(703,004)

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

Condensed consolidated interim statement of cash flows (continued)

for the six-month period ended 30 June

	Six-month period ended 30 June 2017 AED (Un-audited)	Six-month period ended 30 June 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	(8,368,868)	(9,111,067)
Cash and cash equivalents at 1 January	122,359,391	133,454,166
Cash and cash equivalents at 30 June (note 9)	113,990,523	124,343,099

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), 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
		30 June 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 June 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) 30 June 2017 AED	(Audited) 31 December 2016 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)	<u>164,618,302</u>	<u>173,414,627</u>
	<u>164,785,018</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 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.

- 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 June 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	1,003,675	30,027,127
Dividend received during the period / year	(9,800,000)	(9,262,500)
Investment in associate	<u>164,618,302</u>	<u>173,414,627</u>
Percentage of interest	20%	20%
	(Un-audited) 30 June 2017 AED	(Audited) 31 December 2016 AED
Assets	1,096,804,192	1,061,537,696
Liabilities	(642,213,423)	(562,965,305)
Net assets	<u>454,590,769</u>	<u>498,572,391</u>
Group's share in net assets at 20%	90,918,153	99,714,478
Goodwill and other intangibles at acquisition	73,700,149	73,700,149
Investment in associates	<u>164,618,302</u>	<u>173,414,627</u>
	(Un-audited) 30 June 2017 AED	(Un-audited) 30 June 2016 AED
Revenue for the period	71,342,232	354,512,736
Profit for the period	5,018,377	119,187,198
Group's share of profit for the period at 20%	<u>1,003,675</u>	<u>23,837,439</u>

7 Investment in financial assets at FVTPL

The revaluation of investment securities resulted in net unrealised loss of AED 0.41 million (net) for the six-month period ended 30 June 2017 (six-month period ended 30 June 2016: net unrealised loss of AED 0.36 million). During the current period, Group has received dividend income of AED 1.4 million (six-month period ended 30 June 2016: AED 1.7 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 June 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	982,960	78,123
	173,917,201	172,934,241

As at 30 June 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 June 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 90.98 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 June 2017, the fair value of investment properties portfolio is not significantly different from its carrying value.

9 Cash and bank balances

	(Un-audited) 30 June 2017 AED	(Audited) 31 December 2016 AED
Cash in hand	232,434	498,389
Bank balances:		
Current accounts	2,868,128	5,982,211
Fixed deposits	277,468,269	261,787,860
	280,568,831	268,268,460

Fixed deposits with banks as at 30 June 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 249.7 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 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 June 2017 AED	(Audited) 31 December 2016 AED
Cash and bank balances	280,568,831	268,268,460
Bank borrowings	(166,578,308)	(145,909,069)
Cash and cash equivalents (for cash flow statement)	113,990,523	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 June 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>
Investment in financial assets at FVTPL	53,787,650	-	-	53,787,650
Investment in financial assets at FVTOCI	-	2,538,147	-	2,538,147
Insurance and other receivables	-	-	219,541,193	219,541,193
Due from related parties	-	-	110,120,162	110,120,162
Other receivables	-	-	22,382,987	22,382,987
Deposits	-	-	252,775	252,775
Cash and bank balances	-	-	280,568,831	280,568,831
	<u>53,787,650</u>	<u>2,538,147</u>	<u>632,865,948</u>	<u>689,191,745</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>
Due to related parties	-	-	78,614	78,614
Bank borrowings	-	-	166,578,308	166,578,308
Insurance and other payables	-	-	165,975,624	165,975,624
	-	-	<u>332,632,546</u>	<u>332,632,546</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>
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 and other receivables	-	-	188,873,249	188,873,249
Due from related parties	-	-	104,671,938	104,671,938
Other receivables	-	-	24,202,425	24,202,425
Deposits	-	-	239,675	239,675
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</u>	<u>Total</u>
	<u>AED</u>	<u>AED</u>	<u>cost</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 June 2017 (Un-audited)

<u>Financial assets</u>	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
FVTPL - financial assets	35,215,343	18,572,307	-	53,787,650
FVTOCI - financial assets	-	-	2,538,147	2,538,147
	35,215,343	18,572,307	2,538,147	56,325,797

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 June 2017 AED	(Audited) 31 December 2016 AED
Issued and fully paid:		
230,000,000 shares of AED 1 each	<u>230,000,000</u>	<u>230,000,000</u>

- 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 dated 25 April 2017.

13 Earnings per share

	<u>Three-month period ended 30 June</u>		<u>Six-month period ended 30 June</u>	
	(Un-audited) 2017	(Un-audited) 2016	(Un-audited) 2017	(Un-audited) 2016
Profit for the period attributable to equity holders of the Parent (AED)	<u>6,842,293</u>	16,975,989	<u>12,205,600</u>	34,761,920
Weighted average number of shares	<u>230,000,000</u>	230,000,000	<u>230,000,000</u>	230,000,000
Basic earnings per share (AED)	<u>0.03</u>	0.07	<u>0.05</u>	0.15

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.

14 Contingent liabilities and commitments

	(Un-audited) 30 June 2017 AED	(Audited) 31 December 2016 AED
Letters of guarantee	<u>63,649,809</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 June 2017 AED	(Audited) 31 December 2016 AED
Included in due from related parties		
Due from related parties - net of write off	107,099,266	101,463,712
Due from shareholders	3,020,896	3,208,226
	<u>110,120,162</u>	<u>104,671,938</u>
Included in insurance contract liabilities		
Gross outstanding claims	<u>1,064,865</u>	<u>622,084</u>

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

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

	Three-month period ended 30 June		Six-month period ended 30 June	
	(Un-audited) 2017 AED	(Un-audited) 2016	(Un-audited) 2017 AED	(Un-audited) 2016 AED
Gross premium	5,452,266	7,905,445	7,119,374	8,217,033
Claims paid	722,533	639,496	1,468,537	1,196,979
	<u>5,774,800</u>	<u>8,544,941</u>	<u>8,587,911</u>	<u>9,414,012</u>
Compensation of key management personnel				
Salaries and benefits	<u>2,114,132</u>	<u>3,328,567</u>	<u>4,226,259</u>	<u>5,157,874</u>

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

	Six-month period ended 30 June					
	General insurance		Life insurance		Total	
	2017 AED	2016 AED	2017 AED	2016 AED	2017 AED	2016 AED
Underwriting income						
Gross insurance premium	212,780,938	224,725,973	11,389,379	8,996,037	224,170,317	233,722,010
Less: reinsurance share of gross premium	(91,924,377)	(82,950,266)	(10,714,224)	(8,970,088)	(102,638,601)	(91,920,354)
Less: Reinsurance share of ceded business premium	(1,723,009)	(6,016,434)	-	-	(1,723,009)	(6,016,434)
Net retained premium	119,133,552	135,759,273	675,155	25,949	119,808,707	135,785,222
Net change in unearned premium reserve	(5,250,288)	(13,215,113)	262,000	243,000	(4,988,288)	(12,972,113)
Net insurance premium	113,883,264	122,544,160	937,155	268,949	114,820,419	122,813,109
Commission earned	33,621,418	36,534,988	5,574,391	5,463,635	39,195,809	41,998,623
Commission incurred	(16,961,557)	(16,764,706)	(982,776)	(777,815)	(17,944,333)	(17,542,521)
Net underwriting income	130,543,125	142,314,442	5,528,770	4,954,769	136,071,895	147,269,211
Gross claims paid	(166,772,353)	(187,441,980)	(3,837,356)	(894,111)	(170,609,709)	(188,336,091)
Insurance claims recovered from reinsurers	58,705,054	77,995,454	3,441,423	784,155	62,146,477	78,779,609
Net claims paid	(108,067,299)	(109,446,526)	(395,933)	(109,956)	(108,463,232)	(109,556,482)
Decrease / (increase) in provision for outstanding claims	31,192,303	34,620,954	(2,813,964)	(585,627)	28,378,339	34,035,327
Decrease / (increase) in reinsurer share of outstanding claims	(22,329,901)	(39,529,227)	2,533,641	524,681	(19,796,260)	(39,004,546)
Decrease / (increase) in unexpired risk reserve	35,000	6,180,000	(530,000)	(132,000)	(495,000)	6,048,000
Increase / (decrease) in incurred but not reported claims (IBNR) reserve	(386,677)	(3,984,356)	(127,000)	(23,000)	(513,677)	(4,007,356)
Decrease / (increase) in unallocated loss adjustment expense reserve	298,000	810,000	(101,000)	(9,000)	197,000	801,000
Net claims incurred	(99,258,574)	(111,349,155)	(1,434,256)	(334,902)	(100,692,830)	(111,684,057)
Underwriting profit	31,284,551	30,965,287	4,094,514	4,619,867	35,379,065	35,585,154

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

Notes (continued)

16 Segment information (continued)

	Six-month period ended 30 June	
	(Un-audited) 2017	(Un-audited) 2016
Underwriting profit (continued)	35,379,065	35,585,154
Net investments loss	(3,505,212)	(2,424,219)
Share of profits from equity accounted investees	1,003,675	23,837,439
General and administrative expenses	(20,941,635)	(22,582,671)
Profit for the period	<u>11,935,893</u>	<u>34,415,703</u>

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

Notes (continued)

16 Segment information (continued)

Operating segment information

	General insurance		Life insurance		Total	
	30 June	31 December	30 June	31 December	30 June	31 December
	2017	2016	2017	2016	2017	2016
	AED	AED	AED	AED	AED	AED
ASSETS						
Property and equipment	7,536,380	7,499,961	135,751	160,148	7,672,131	7,660,109
Investment in associates	164,785,018	173,581,343	-	-	164,785,018	173,581,343
Investment in financial assets at FVTPL	53,787,650	61,534,832	-	-	53,787,650	61,534,832
Investment in financial assets at FVTOCI	2,538,147	2,538,147	-	-	2,538,147	2,538,147
Investment properties	173,917,201	172,934,241	-	-	173,917,201	172,934,241
Insurance and other receivables	213,737,303	184,970,902	5,803,890	3,902,347	219,541,193	188,873,249
Reinsurer share of outstanding claims	120,726,334	143,056,234	9,911,804	7,378,164	130,638,138	150,434,398
Reinsurer share of incurred but not reported claims (IBNR)	12,262,000	8,799,000	2,854,000	1,022,000	15,116,000	9,821,000
Reinsurer share of unearned premium reserve	70,418,232	44,356,638	7,914,000	2,959,000	78,332,232	47,315,638
Due from related parties	110,120,162	104,671,938	-	-	110,120,162	104,671,938
Other receivables and prepayments	23,203,526	25,238,635	-	-	23,203,526	25,238,635
Security deposits	252,775	239,675	-	-	252,775	239,675
Cash and bank balances	272,068,831	259,768,460	8,500,000	8,500,000	280,568,831	268,268,460
Total assets	<u>1,225,353,559</u>	<u>1,189,190,006</u>	<u>35,119,445</u>	<u>23,921,659</u>	<u>1,260,473,004</u>	<u>1,213,111,665</u>

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

Notes (continued)

16 Segment information (continued)

	General insurance		Life insurance		Total	
	30 June	31 December	30 June	31 December	30 June	31 December
	2017	2016	2017	2016	2017	2016
	AED	AED	AED	AED	AED	AED
LIABILITIES						
Due to related parties	78,614	104,752	-	-	78,614	104,752
Provision for employees' end of service indemnity	14,107,223	14,056,270	284,161	272,256	14,391,384	14,328,526
Bank borrowings	166,578,308	145,909,069	-	-	166,578,308	145,909,069
Insurance and other payables	165,003,232	151,581,409	972,392	907,948	165,975,624	152,489,357
Outstanding claims reserve	196,417,083	227,609,385	10,687,402	7,873,439	207,104,485	235,482,824
Incurred but not reported claims (IBNR) reserve	44,860,851	41,011,174	3,089,000	1,130,000	47,949,851	42,141,174
Unearned premium reserve	199,084,319	167,772,437	7,594,000	2,901,000	206,678,319	170,673,437
Unexpired risk reserve	644,000	679,000	760,000	230,000	1,404,000	909,000
Unallocated loss adjustment expense reserve	2,801,000	3,099,000	253,000	152,000	3,054,000	3,251,000
Total liabilities	789,574,630	751,822,496	23,639,955	13,466,643	813,214,585	765,289,139
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					53,115,724	(46,589,876)
Equity attributable to shareholders of the Company					446,957,583	447,251,983
Non-controlling interests					300,836	570,543
Total equity					447,258,419	447,822,526
Total liabilities and equity					1,260,473,004	1,213,111,665