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

Condensed consolidated interim financial information

for the nine-month period ended 30 September 2014

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

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

Introduction

We have reviewed the accompanying 30 September 2014 condensed consolidated interim financial information of Al-Sagr National Insurance Company (Public Shareholding Company) and its subsidiary (the "Group"), consisting of:

- the condensed consolidated interim statement of financial position as at 30 September 2014;
- the condensed consolidated interim statement of profit or loss for the three-month and nine-month periods ended 30 September 2014;
- the condensed consolidated interim statement of comprehensive income for the three-month and nine-month periods ended 30 September 2014;
- the condensed consolidated interim statement of changes in equity for the nine-month period ended 30 September 2014;
- the condensed consolidated interim statement of cash flows for the nine-month period ended 30 September 2014; and
- notes to the condensed consolidated 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 30 September 2014 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Other Matter

The condensed consolidated interim financial information for the nine month period ended 30 September 2013 and the consolidated financial statements for the year ended 31 December 2013 were reviewed and audited respectively by another auditor who expressed an unmodified review conclusion on the condensed consolidated interim financial information for the nine-month period ended 30 September 2013 on 11 November 2013 and an unmodified audit opinion on the consolidated financial statements for the year ended 31 December 2013 on 25 March 2014.

KPMG

KPMG Lower Gulf Limited
Muhammad Tariq
Registration No: 793
Date: 11 NOV 2014

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

Condensed consolidated interim statement of financial position

as at 30 September 2014

	Note	30 September 2014 AED (Unaudited)	31 December 2013 AED (Audited)
ASSETS			
Property and equipment		**11,746,427**	5,701,454
Investment properties	*6*	**170,000,000**	170,000,000
Investments	*7*	**321,688,014**	204,649,491
Reinsurance contract assets	*10*	**190,952,985**	157,010,552
Insurance and other receivables		**271,073,334**	229,346,719
Due from related parties	*15*	**155,957,345**	159,452,762
Cash and bank balances	*11*	**343,145,655**	335,968,453
TOTAL ASSETS		**1,464,563,760**	1,262,129,431
EQUITY AND LIABILITIES			
Equity			
Share capital	*12*	**230,000,000**	230,000,000
Statutory reserve		**57,505,110**	57,505,110
General reserve		**200,000,000**	200,000,000
Investments revaluation reserve		**(1,298,925)**	(1,298,925)
Retained earnings		**250,404,702**	136,915,271
Equity attributable to shareholders of the Company		**736,610,887**	623,121,456
Non-controlling interests		**1,161,701**	1,282,199
Total equity		**737,772,588**	624,403,655
Liabilities			
Due to related parties	*15*	**1,562,156**	419,174
Provision for employees' end of service indemnity		**13,116,707**	11,060,017
Insurance contract liabilities	*10*	**349,643,889**	293,348,157
Bank borrowings		**247,079,121**	235,458,953
Insurance and other payables		**115,389,299**	97,439,475
Total liabilities		**726,791,172**	637,725,776
Total equity and liabilities		**1,464,563,760**	1,262,129,431

The notes on pages 8 to 22 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 11 NOV 2014 and signed on their behalf by:

Director and CEO

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

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

Condensed consolidated interim statement of profit or loss

for the nine-month period ended 30 September 2014

	Notes	Three-month period ended 30 September 2014 AED (Un-audited)	Three-month period ended 30 September 2013 AED (Un-audited)	Nine-month period ended 30 September 2014 AED (Un-audited)	Nine-month period ended 30 September 2013 AED (Un-audited)
UNDERWRITING RESULTS					
Underwriting income					
Gross insurance premium		**90,906,611**	79,367,662	**301,359,195**	322,238,592
Less: insurance premium ceded to reinsurers		**(28,158,498)**	(34,746,787)	**(119,303,203)**	(132,863,230)
Net retained premium		**62,748,113**	44,620,875	**182,055,992**	189,375,362
Net change in unearned premium reserve		**(6,802,803)**	11,431,547	**(18,528,888)**	(10,753,653)
Net insurance premium		**55,945,310**	56,052,422	**163,527,104**	178,621,709
Gross claims incurred		**(57,582,424)**	(84,994,731)	**(186,786,279)**	(219,464,577)
Insurance claims recovered from reinsurers		**12,534,396**	38,679,352	**42,526,064**	65,936,281
Net claims paid		**(45,048,028)**	(46,315,379)	**(144,260,215)**	(153,528,296)
Net change in outstanding claims		**(3,870,629)**	(6,857,940)	**(3,824,411)**	(1,278,849)
Net claims incurred		**(48,918,657)**	(53,173,319)	**(148,084,626)**	(154,807,145)
Net commission income	*16*	**14,619,590**	9,646,277	**37,879,853**	27,559,095
Underwriting profit		**21,646,243**	12,525,380	**53,322,331**	51,373,659
Net investments income		**41,167,814**	2,019,381	**113,020,292**	3,110,313
General and administrative expenses		**(15,905,184)**	(9,359,796)	**(35,123,690)**	(29,798,061)
Profit for the period		**46,908,873**	5,184,965	**131,218,933**	24,685,911
Attributable to:					
Shareholders of the Company		**46,630,062**	7,802,303	**131,339,431**	27,248,603
Non-controlling interest		**278,811**	(2,617,338)	**(120,498)**	(2,562,692)
		46,908,873	5,184,965	**131,218,933**	24,685,911
Basic earnings per share (AED)		**0.20**	**0.03**	**0.57**	0.12

The notes on pages 8 to 22 form an integral part of these condensed consolidated interim financial information.

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

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

Condensed consolidated interim statement of comprehensive income

for the nine-month period ended 30 September 2014

	Three-month period ended 30 September 2014 AED (Un-audited)	Three-month period ended 30 September 2013 AED (Un-audited)	**Nine-month period ended 30 September 2014 AED (Un-audited)**	Nine-month period ended 30 September 2013 AED (Un-audited)
Profit for the period	**46,908,873**	5,184,965	**131,218,933**	24,685,911
Other comprehensive income				
Items that will not be reclassified to profit or loss :				
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	**46,908,873**	**5,184,965**	**131,218,933**	24,685,911
Attributable to:				
Shareholders	**46,630,062**	7,802,303	**131,339,431**	27,248,603
Non-controlling interest	**278,811**	(2,617,338)	**(120,498)**	(2,562,692)
	46,908,873	5,184,965	**131,218,933**	24,685,911

The notes on pages 8 to 22 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 2014

	Attributable to the equity holders of the Company							
	Share capital AED	Statutory reserve AED	General reserve AED	Investment revaluation reserve AED	Retained earnings AED	Total AED	Non-controlling interest AED	Total equity AED
Balance at 1 January 2013 (Audited)	230,000,000	52,011,356	200,000,000	(1,298,925)	106,449,561	587,161,992	4,146,458	591,308,450
Total comprehensive income for the period								
Profit / (loss) for the period	-	-	-	-	27,248,603	27,248,603	(2,562,692)	24,685,911
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	-	-	-	-	27,248,603	27,248,603	(2,562,692)	24,685,911
Transactions with owners directly recorded in equity								
Dividend paid	-	-	-	-	(17,250,000)	(17,250,000)	-	(17,250,000)
Directors' fee paid during the period	-	-	-	-	(450,000)	(450,000)	-	(450,000)
Change in controlling interest	-	-	-	-	98,799	98,799	(98,799)	-
Balance at 30 September 2013 (Un-audited)	230,000,000	52,011,356	200,000,000	(1,298,925)	116,096,963	596,809,394	1,484,967	598,294,361

The notes on pages 8 to 22 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 2014

	Attributable to the equity holders of the Company							
	Share capital AED	Statutory reserve AED	General reserve AED	Investment revaluation reserve AED	Retained earnings AED	Total AED	Non-controlling interest AED	Total equity AED
Balance at 1 January 2014 (Audited)	230,000,000	57,505,110	200,000,000	(1,298,925)	136,915,271	623,121,456	1,282,199	624,403,655
Total comprehensive income for the period								
Profit / (loss) for the period	-	-	-	-	131,339,431	131,339,431	(120,498)	131,218,933
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	-	-	-	-	131,339,431	131,339,431	(120,498)	131,218,933
Transactions with owners directly recorded in equity								
Dividend paid	-	-	-	-	(17,250,000)	(17,250,000)	-	(17,250,000)
Directors' fee paid during the period	-	-	-	-	(600,000)	(600,000)	-	(600,000)
Balance at 30 September 2014 (Un-audited)	230,000,000	57,505,110	200,000,000	(1,298,925)	250,404,702	736,610,887	1,161,701	737,772,588

The notes on pages 8 to 22 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 2014

	Nine-month period ended 30 September 2014 AED (Un-audited)	Nine-month period ended 30 September 2013 AED (Un-audited)
Cash flows from operating activities		
Profit for the period	**131,218,933**	24,685,911
Adjustment for:		
Depreciation	**927,480**	2,429,149
Net income from investments	**(118,298,194)**	(5,870,604)
Interest income	**(7,137,343)**	(2,174,071)
Dividend income	**(4,527,274)**	(1,182,137)
Provision for employees' end of service indemnity	**2,287,953**	1,066,736
Finance costs	**(5,974,553)**	6,760,339
Operating cash flows before movements in working capital	**(1,502,998)**	25,715,323
Increase in reinsurance contract assets	**(33,942,433)**	(39,423,839)
Increase in insurance and other receivables	**(41,726,615)**	(48,059,561)
Decrease in due from related parties	**3,495,417**	1,015,772
Decrease / (increase) in fixed deposits with bank	**133,578,829**	(21,930,220)
Increase in insurance contract liabilities	**56,295,732**	51,456,341
Increase in insurance and other payables	**17,949,824**	7,165,853
Increase / (decrease) in due to related parties	**1,142,982**	(6,136)
Net cash generated from / (used in) operations	**135,290,738**	(24,066,467)
Interest paid	**5,974,553**	(6,760,339)
Employees' end of service indemnity paid	**(231,263)**	(59,517)
Net cash generated from / (used in) operating activities	**141,034,028**	(30,886,323)
Cash flows from investing activities		
Net proceeds from sale of / (used in acquiring investment) securities	**1,259,671**	(3,927,139)
Net proceeds from disposal of investment properties	**-**	36,099,514
Purchase of property and equipment	**(6,972,453)**	(3,304,089)
Dividends received	**4,527,274**	1,182,137
Interest received	**7,137,343**	2,174,071
Net cash flows from investing activities	**5,951,835**	32,224,494
Cash flows from financing activities		
Increase in bank borrowings	**11,620,168**	29,279,440
Dividend paid	**(17,250,000)**	(17,250,000)
Payment of directors' fees	**(600,000)**	(450,000)
Net cash (used in) / from financing activities	**(6,229,832)**	11,579,440
Net increase in cash and cash equivalents	**140,756,031**	12,917,611
Cash and cash equivalents at 1 January	**25,145,712**	21,253,990
Cash and cash equivalents at 30 September (note 11)	**165,901,743**	34,171,601

The notes on pages 8 to 22 form an integral part of these condensed consolidated interim financial information.

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

1 Legal status and activities

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

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

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

		Group's Ownership		
Name of subsidiary	**Activity**	**30 September 2014**	31 December 2013	**Country of incorporation**
Jordan Emirates Insurance Company PSC	Underwriting of insurance of all types	**88.90%**	88.90%	Jordan

2 Basis of preparation

a) Statement of compliance

These condensed consolidated interim financial information have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all of the information required for full annual audited financial statements, and should be read in conjunction with the annual financial statements as at and for the year ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards (IFRSs).

b) Basis of measurement

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

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

c) Functional and presentation currency

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

2 **Basis of preparation** (continued)

d) **Change in accounting policy**

Early adoption of IFRS 9: Financial Instruments:

Effective 1 January 2014, the Group has early adopted IFRS 9 Financial Instruments issued in October 2010.

The requirements of IFRS 9 represent a significant change from the classification and measurement requirements in IAS 39 Financial Instruments: Recognition and Measurement in respect of financial assets. IFRS 9 contains two primary measurement categories for financial assets: amortised cost and fair value.

Unless it is designated as measured at fair value, a financial asset is measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal outstanding. All other financial assets are measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivables.

IFRS 9 requires that derivatives embedded in contracts with a host that is a financial asset within the scope of the standard are not separated; instead the hybrid financial instrument is assessed in its entirety as to whether it should be measured at amortised cost or fair value.

For investments in equity instruments that are not held for trading, IFRS 9 allows an irrevocable election, on an investment-by-investment basis, to present fair value changes from the investment in other comprehensive income. Dividends on such investments are generally recognised in profit or loss.

IFRS 9 requires that the effects of changes in credit risk of liabilities designated as at fair value through profit or loss are presented in other comprehensive income unless such treatment would create or enlarge an accounting mismatch in profit or loss, in which case all gains or losses on that liability is presented in profit or loss.

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied on a retrospective basis except as described below from 1 January 2014 without restatement of prior periods.

• The changes are measured as at the first date of the current reporting period (1 January 2014).

– The assessment of whether a financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.

– The designation of certain investments in equity instruments that are not held for trading as at fair value through other comprehensive income.

– The determination of whether the existing designations of liabilities as at fair value through profit or loss would create or enlarge an accounting mismatch in profit or loss. As a result of this analysis no adjustments were required to be made.

2 Basis of preparation (continued)

d) Change in accounting policy (continued)

***Early adoption of IFRS 9: Financial Instruments** (continued)*

• Change resulting from assessments made at the date of initial application (1 January 2014) and measured at the date of initial application - investments in unquoted equity instruments, which were previously accounted for at cost in accordance with IAS 39, are now measured at fair value.

There is no differences between the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 (refer note 7.3). The provisions of IFRS 9 have not been applied to financial assets and financial liabilities derecognised before 31 December 2013.

The change in accounting policy does not have any material impact on basic and diluted earnings per share for the period.

e) 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 financial statements as at and for the year ended 31 December 2013.

3 Summary of significant accounting policies

The accounting policies used in the preparation of the condensed consolidated interim financial information are consistent with those used in the preparation of the Groups's annual consolidated financial statements for the year ended 31 December 2013. Except as explained in note 2(d) of these condensed consolidated interim financial information.

The adoption of the new and amended standards and interpretations effective 1 January 2014 did not have an impact on the financial position or performance of the Group during the period other than those explained elsewhere. Accounting policies for financial assets and liabilities are stated below.

a) Financial assets and liabilities (early adoption of IFRS 9)

i) Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as financial assets at fair value through profit or loss, unless the Group designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI).

3 Summary of significant accounting policies (continued)

a) Financial assets and liabilities (early adoption of IFRS 9) (continued)

i) Financial assets at fair value through profit or loss (FVTPL) (continued)

Financial assets measured at FVTPL are measured at fair value, with any gains or losses arising in re-measurement recognised in the profit or loss.

Dividend income on investments in equity instruments at FVTPL in recognised in the profit or loss.

ii) Financial assets at fair value through other comprehensive income (FVTOCI)

At initial recognition, the Group can make an irrevocable election (on instrument by instrument basis) to designate other investments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

Financial assets measured at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income.

Dividends on these investments in equity instruments are recognised in the profit or loss.

iii) Financial assets measured at amortised costs

A financial asset shall be measured at amortised cost if both of the following conditions are met:

• The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised costs are initially measured at fair value plus transaction costs. Subsequently, they are measured at amortised costs using the effective yield method less any impairment, with profit recognised on effective interest rate basis in the profit or loss.

Subsequent to the initial recognition, the Group is required to reclassify investments from amortised costs to FVTPL, if the objective of the business model changes so that the amortised cost criteria is no longer met.

3 Summary of significant accounting policies (continued)

b) Financial assets and liabilities as per IAS 39 (for comparative purpose only)

i) Classification of financial assets

Held-to-maturity financial assets
Held-to maturity financial assets are non derivative financial assets with fixed or determinable payment and fixed maturities that the Group's management has the positive intent and ability to hold to maturity.

Financial assets at fair value through profit or loss
Financial assets are classified in this category if acquired principally for the purpose of selling in the short term or if so designated by the management.

Available-for-sale financial assets
Available-for-sale financial assets are non derivative financial assets that are not designated as another category of financial assets. Available-for-sale financial assets are carried at fair value.

ii) Recognition of financial instruments

Investments are recognised on the trade date which is the date on which the Group commits to purchase or sell the securities. Loans and receivables are recognised on the basis of underwriting activities.

Financial liabilities are recognised on the date when the Company becomes a party to the contractual provisions of the instrument.

iii) Derecognition of financial instruments

The Group derecognises financial assets when the contractual right to the cash flows from the financial assets expire, or when it transfers the rights to receive the contractual cash flows on the financial assets in a transaction in which substantially all the risk and rewards of the ownership of the financial assets are transferred to other party.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

iv) Fair value measurement principles

Fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is based on quoted market price at the reporting date without any deduction for transaction costs. If quoted market price is not available, the fair value of the instrument is estimated using pricing models or appropriate discounted cash flow techniques. Investments in other unlisted securities are recorded at the net asset value per share as reported by the managers of such fund.

Unquoted financial assets whose fair value can not be reliably measured are carried at cost less any impairment losses.

3 Summary of significant accounting policies (continued)

b) Financial assets and liabilities as per IAS 39 (for comparative purpose only) (continued)

v) Measurement of financial instruments

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Subsequent to the initial recognition, financial assets at fair value through profit or loss and available-for-sale financial assets are stated at their fair value. All other financial instruments are measured at amortised cost less impairment loss, if any.

vi) Impairment

Financial assets are reviewed at each reporting date to determine whether there is objective evidence of impairment for specific assets, or a group of similar assets. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of specific assets or a group of similar assets is calculated as the present value of the expected future cash flows.

Movement in provisions is recognised in the statement of profit or loss. Financial assets are written off only in circumstances where all reasonable restructuring and collecting activities have been exhausted.

Available-for-sale financial assets are re-measured to fair value through equity.

The recoverable amount of any equity instrument is its fair value. Where an asset measured to fair value directly through equity is impaired, and an increase in the fair value of the asset was previously recognised in profit or loss, the increase in fair value of the asset recognised in equity is reversed to the extent the asset is impaired. Any additional impairment loss is recognised in the profit or loss.

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 2013.

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 year. However, the results may not represent a proportionate share of the annual profits due to variability in contributions and investment income and uncertainty of claims occurrences.

6 Investment properties

	(Un-audited) 30 September 2014 AED	(Audited) 31 December 2013 AED
Cost at the beginning of the period / year	**264,153,951**	305,347,114
Disposal during the period / year	**-**	(41,193,163)
Cost at the end of the period / year	**264,153,951**	264,153,951
Net loss on revaluation of investment properties	**(94,153,951)**	(94,153,951)
	170,000,000	170,000,000

As at 30 September 2014, the Group has two investment properties out of which one property is Meydan Tower (one property is under development), 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 2014 *(31 December 2013: AED 80 million)*. The Group has additional commitment of AED 46.6 million as at 30 September 2014 *(31 December 2013: AED 46.6 million)* in relation to the property. The other property located in Al Barsha First, Dubai which has a carrying value of AED 90 million *(31 December 2013: AED 90 million)*.

Fair value hierarchy of the Group's investment properties are as follows:

At 30 September 2014	**Level 1 AED**	**Level 2 AED**	**Level 3 AED**	**Total AED**
Investments properties	-	-	**170,000,000**	**170,000,000**

At 31 December 2013	**Level 1 AED**	**Level 2 AED**	**Level 3 AED**	**Total AED**
Investments properties	-	-	170,000,000	170,000,000

7 Investments

	(Un-audited) 30 September 2014 AED	(Audited) 31 December 2013 AED
Investment in financial assets at fair value through profit or loss ("FVTPL") (note 7.1)	**303,495,381**	194,871,884
Investment in financial asset at fair value through other comprehensive income ("FVTOCI")	**2,539,123**	2,539,123
Held to maturity investments	**-**	6,697,474
Investment in associates (note 7.2)	**541,010**	541,010
Invesments in pre-IPO (note 7.3)	**15,112,500**	-
Total	**321,688,014**	204,649,491

7.1 Further, during the period, the Group sold some shares worth AED 17.6 million, which resulted into realised gain of AED 8.5 million. As at 30 September 2014, the revaluation of investment securities resulted in an unrealised gain of AED 109.7 million for the nine-month period ended 30 September 2014 *(nine-month period ended 30 September 2013: AED 5.2 million)*. During the period, Group has received dividend income of AED 4.5 million *(nine-month period ended 30 September 2013: AED 1.2 million)* on its investments in securities.

7 Investments (continued)

7.2 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 50% share is registered in the name of the Parent Company on behalf and for the benefit 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 does not have voting rights in these entities. Consequently, the Group does not exercise any control on these entities.

7.3 This represents investment in pre-IPO shares of Emaar Mall. The amount was recovered subsequent to the period end.

7.4 Financial assets – accounting classification and fair values

The following table summarises the transitional classification and measurement adjustments to the Group's financial assets on 1 January 2014.

			31 December 2013		1 January 2014	
Particulars	**Old classification under IAS 39**	**New classification under IFRS 9**	**Original carrying amount under IAS 39**	**New carrying amount under IFRS 9**	**Original carrying amount under IAS 39**	**New carrying amount under IFRS 9**
Available-for-sale financial assets	Available-for-sale	Fair value through other comprehensive income	2,539,123	2,539,123	2,539,123	2,539,123
Held-to-maturity financial assets	Held-to-maturity	Fair value through profit or loss	6,697,474	6,697,474	6,697,474	6,697,474
Financial assets through profit or loss	Financial assets through profit or loss	Fair value through profit or loss	194,871,884	194,871,884	194,871,884	194,871,884
Total			**204,108,481**	**204,108,481**	**204,108,481**	**204,108,481**

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

Notes (*continued*)

8 Classes and categories of financials assets and financial liabilities (continued)

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 2014 (Un-audited)

Financial assets	**FVTPL**	**FVTOCI**	**Amortised cost**	**Total**
	AED	**AED**	**AED**	**AED**
Investments	318,607,881	2,539,123	-	321,147,004
Reinsurance contract assets	-	-	190,952,985	190,952,985
Insurance and other receivables	-	-	271,073,334	271,073,334
Due from related parties	-	-	155,957,345	155,957,345
Cash and bank balances	-	-	343,145,655	343,145,655
	318,607,881	**2,539,123**	**961,129,319**	**1,282,276,323**

Financial liabilities	**FVTPL**	**FVTOCI**	**Amortised cost**	**Total**
	AED	**AED**	**AED**	**AED**
Due to related parties	-	-	1,562,156	1,562,156
Insurance contract liabilities	-	-	349,643,889	349,643,889
Bank borrowings	-	-	247,079,121	247,079,121
Insurance and other payables	-	-	115,389,299	115,389,299
	-	-	**713,674,465**	**713,674,465**

At 31 December 2013 (Audited)

Financial assets	FVTPL	AFS	Amortised cost	Total
	AED	AED	AED	AED
Investments	194,871,884	2,539,123	6,697,474	204,108,481
Reinsurance contract assets	-	-	157,010,552	157,010,552
Insurance and other receivables	-	-	229,346,719	229,346,719
Due from related parties	-	-	159,452,762	159,452,762
Cash and bank balances	-	-	335,968,453	335,968,453
	194,871,884	2,539,123	888,475,960	1,085,886,967

Financial liabilities	FVTPL	AFS	Amortised cost	Total
	AED	AED	AED	AED
Due to related parties	-	-	419,174	419,174
Insurance contract liabilities	-	-	293,348,157	293,348,157
Bank borrowings	-	-	235,458,953	235,458,953
Insurance and other payables	-	-	97,439,475	97,439,475
	-	-	626,665,759	626,665,759

9 Fair value of financial instruments

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

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

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

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

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

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

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

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

Investments (continued)	**Level 1 AED**	**Level 2 AED**	**Level 3 AED**	**Total AED**
30 September 2014 (Un-audited)				
FVTPL	**311,417,907**	**-**	**7,189,974**	**318,607,881**
FVTOCI	**-**	**-**	**2,539,123**	**2,539,123**
	311,417,907	**-**	**9,729,097**	**321,147,004**
31 December 2013 (Audited)				
FVTPL	194,871,884	-	6,697,474	201,569,358
FVTOCI	-	-	2,539,123	2,539,123
	194,871,884	-	9,236,597	204,108,481

10 Insurance contract liabilities and reinsurance contract assets

	(Un-audited) 30 September 2014 AED	(Audited) 31 December 2013 AED
Gross		
Insurance contract liabilities		
Claims reported unsettled	**195,219,073**	162,605,790
Claims incurred but not reported	**11,071,365**	11,767,120
Unearned premiums	**143,353,451**	118,975,247
Total insurance contract liabilities (gross)	**349,643,889**	293,348,157
Recoverable from reinsurers		
Claims reported unsettled	**(140,423,060)**	(112,329,943)
Claims incurred but not reported	**-**	-
Unearned premiums	**(50,529,925)**	(44,680,609)
Total recoverable from reinsurers	**(190,952,985)**	(157,010,552)
Net		
Claims reported unsettled	**54,796,013**	50,275,847
Claims incurred but not reported	**11,071,365**	11,767,120
Unearned premiums	**92,823,526**	74,294,638
	158,690,904	136,337,605

11 Cash and bank balances

	(Un-audited) 30 September 2014 AED	(Audited) 31 December 2013 AED
Cash in hand	**308,258**	952,592
Bank balances:		
Current accounts	**12,291,628**	8,201,785
Fixed deposits	**330,545,769**	326,814,076
	343,145,655	335,968,453

Fixed deposits with banks as at 30 September 2014 include AED 10.3 million *(31 December 2013: 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 283.17 million *(31 December 2013: AED 298 million)* are under lien in respect of bank credit facilities granted to the Group.

All fixed deposits with banks mature within different periods not exceeding one year from the financial date of deposit and carry interest rates between 2.75% to 4.5% per annum *(31 December 2013: 2.25% to 3.3% per annum)*.

Notes (*continued*)

11 Cash and bank balances (continued)

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

	(Un-audited) 30 September 2014 AED	(Un-audited) 30 September 2013 AED
Bank balances and cash	**343,145,655**	324,317,657
Long term fixed deposits	**(177,243,912)**	(290,146,056)
Cash and cash equivalents	**165,901,743**	34,171,601

12 Share capital

	(Un-audited) 30 September 2014 AED	(Audited) 31 December 2013 AED
Issued and fully paid:		
230,000,000 shares of AED 1 each		
(31 December 2013: 230,000,000 share of AED 1 each)	**230,000,000**	230,000,000

13 Basic earnings per share

	Three-month period ended 30 September		Nine-month period ended 30 September	
	(Un-audited) 2014 AED	(Un-audited) 2013 AED	(Un-audited) 2014 AED	(Un-audited) 2013 AED
Profit for the period attributable to equity holders of the Parent	**46,630,062**	7,802,303	**131,339,431**	27,248,603
Weighted average number of shares	**230,000,000**	230,000,000	**230,000,000**	230,000,000
Basic earnings per share	**0.20**	0.03	**0.57**	0.12

Basic earnings 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.

14 Contingent liabilities and commitments

	(Un-audited) 30 September 2014 AED	(Audited) 31 December 2013 AED
Letters of guarantee	**15,477,353**	15,183,512
Investment commitment	**46,610,000**	46,610,000

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

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

	(Un-audited)	(Audited)
	################	31 December 2013
Included in insurance and other receivables	**AED**	AED
Due from policyholders	**26,885,727**	18,634,674
Due from shareholders	**1,024,362**	96,031
Included in due from related parties		
Due from related parties	**203,457,345**	206,952,762
Allowance for doubtful debts	**(47,500,000)**	(47,500,000)
	155,957,345	159,452,762
Movement in allowance for doubtful debt is as follows;		
Balance at beginning of the period / year	**47,500,000**	47,500,000
Allowance made during the period / year	-	-
Balance at the period / year end	**47,500,000**	47,500,000
Included in due to related parties		
Due to shareholders	**1,562,156**	419,174
Included in insurance contract liabilities		
Gross outstanding claims	**379,362**	59,417

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)	(Un-audited)	**(Un-audited)**	(Un-audited)
	2014	2013	**2014**	2013
	AED	AED	**AED**	AED
Gross premium	**2,908,245**	1,572,980	**10,627,019**	14,127,345
Claims paid	**795,969**	(12,500)	**1,209,684**	168,098
Compensation of key management personnel				
Salaries and benefits	**2,145,704**	1,467,813	**5,539,779**	5,345,996
	2,145,704	1,467,813	**5,539,779**	5,345,996

Notes (*continued*)

16 Net commission income

	Three-month period ended 30 September 2014 AED (Un-audited)	Three-month period ended 30 September 2013 AED (Un-audited)	**Nine-month period ended 30 September 2014 AED (Un-audited)**	Nine-month period ended 30 September 2013 AED (Un-audited)
Gross commission earned	**19,817,946**	14,407,932	**60,178,620**	51,233,777
Less: commission incurred	**(5,198,356)**	(4,761,655)	**(22,298,767)**	(23,674,682)
	14,619,590	9,646,277	**37,879,853**	27,559,095

17 Segment information

The Group has adopted IFRS 8 Operating Segments with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the Group's 'system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments.

Management has determined the segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. There are no transactions between the business segments.

Business segments

The Group has the following main business segments:

a) Underwriting

- Accident and Liability: Covers damages resulting from work accidents, burglary, motor, civil responsibilities, engineering insurance, medical, life, personal and breach of trust.
- Fire: Covers insurance against damages caused by Fire, explosions, natural phenomena and all kind of
- Marine and aviation: Covers the insurance of cargo and other movables, freight charges, ship and aircraft hulls, machinery and the insurance against risks incidental to its construction, operations, repairs and docking including damages which afflict others.

b) Investment and treasury comprising of investment in securities, fixed deposits and investment property.

	For the nine-month period ended 30 September 2014			For the nine-month period ended 30 September 2013		
	Underwriting AED	**Investment and treasury AED (Un-audited)**	**Total AED**	Underwriting AED	Investment and treasury AED (Un-audited)	Total AED
Segment revenue	**301,359,195**	**-**	**301,359,195**	322,238,592	-	322,238,592
Segment results	**53,322,331**	**77,896,602**	**131,218,933**	51,373,659	(26,687,748)	24,685,911

Notes *(continued)*

17 Segment information (continued)

	For the nine-month period ended 30 September 2014			For the nine-month period ended 30 September 2013		
	Underwriting	Investment and treasury	Total	Underwriting	Investment and treasury	Total
	AED	AED	AED	AED	AED	AED
		(Un-audited)			(Un-audited)	
Segment assets	496,672,632	967,891,128	1,464,563,760	411,513,102	850,616,329	1,262,129,431
Segment liabilities	478,149,895	248,641,277	726,791,172	401,847,649	235,878,127	637,725,776

18 Dividends

At the Annual General Meeting held on 27 April 2014, the Shareholders approved a cash dividend of 7.5% amounting to AED 17,250,000 for 2013 *(2013: cash dividend of 7.5% amounting to AED 17,250,000)*. The Shareholders also approved the Board of Directors' remuneration for 2013 of AED 600,000 *(2013: AED 450,000)*.

19 Comparative figures

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